

SECURED TODAY FOR A **BETTER TOMORROW**



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Anticipating and meeting customer expectations has enabled us to build a lifetime of strong customer relationships. With trust and financial protection as cornerstones, we remained true to our promise of securing the interests of our customers – providing confidence and support during tough times. Across the year, we focused on delivering simple and affordable insurance solutions to our customers through a range of products born from their needs and expectations.

While continuing to secure the financial indemnity needs of our customers, we remained financially stable and operationally resilient – securing our today for a better tomorrow. Moreover, despite severe macroeconomic disruptions and rapid technological advancements, we continued to focus on sustainable business strategies – setting in motion the path for formidable growth and expansion.



CONTENT

About the Report	3
About Us	5
Financial Performance Summary	6
Materiality Assessment	8
Sustainable Development Goals	10

LEADERSHIP

Executive Chairman's Message	14
Insights from the Chief Executive Officer	18
Board of Directors	22

MANAGEMENT DISCUSSION AND ANALYSIS

Understanding our Stakeholders	31
Value Creation Model	34
Operating Environment	36
Financial Capital	38
Manufactured Capital	43
Intellectual Capital	50
Social and Relationship Capital	57
Natural Capital	64
Human Capital	66
Corporate Management Team	72
Management Staff - Corporate Sales	76
Management Staff - Regional/ Area Sales Managers	78
Management Staff	80

GOVERNANCE

Enterprise Risk Management	87
Corporate Governance and Internal Controls	90
Reinsurance Arrangements	95
Board Audit Committee Report	96
Report of the Investment Committee	98
Report of the Related Party Transactions Review Committee	102
Remuneration Committee Report	103
Nomination Committee Report	104
Statement of Directors' Responsibility on Financial Reporting	105

FINANCIAL REPORTS

Report of the Board of Directors on the Affairs of the Company	107
Actuarial Report	112
Independent Auditor's Report	114
Statement of Financial Position	116
Income Statement	117
Statement of Comprehensive Income	118
Statement of Changes in Equity	119
Statement of Cash Flows	120
Insurance Revenue Account	122
Notes to the Financial Statements	123
Glossary of Insurance Terms	193
Notice of Annual General Meeting	195
Corporate Information	196

ABOUT THE REPORT

Welcome to the 04th Integrated Annual Report of Ceylinco General Insurance Ltd (also referred to as CGIL), developed to provide a comprehensive presentation of the Company's strategies and actions that contributed to value creation and business growth and provides a thorough understanding of the Company's financial and operational performances. Furthermore, the target readership of this report includes our Shareholders and other stakeholders with an interest in the Company's annual progress.

REPORTING PERIOD AND SCOPE

The report is a detailed yet concise composite of the Company's operational and financial performance for the year ended 31st December 2023 and follows the previous report of 2022. The report's non-financial (operational) segment acknowledges the principles of Integrated Reporting and addresses aspects, such as materiality, value creation and management of the six capitals: financial, human, manufactured, intellectual, social and relationship and natural capital.

APPLICABLE REGULATIONS

Ceylinco General Insurance complies with the following regulatory guidelines and voluntary sustainability framework.

Financial Reporting

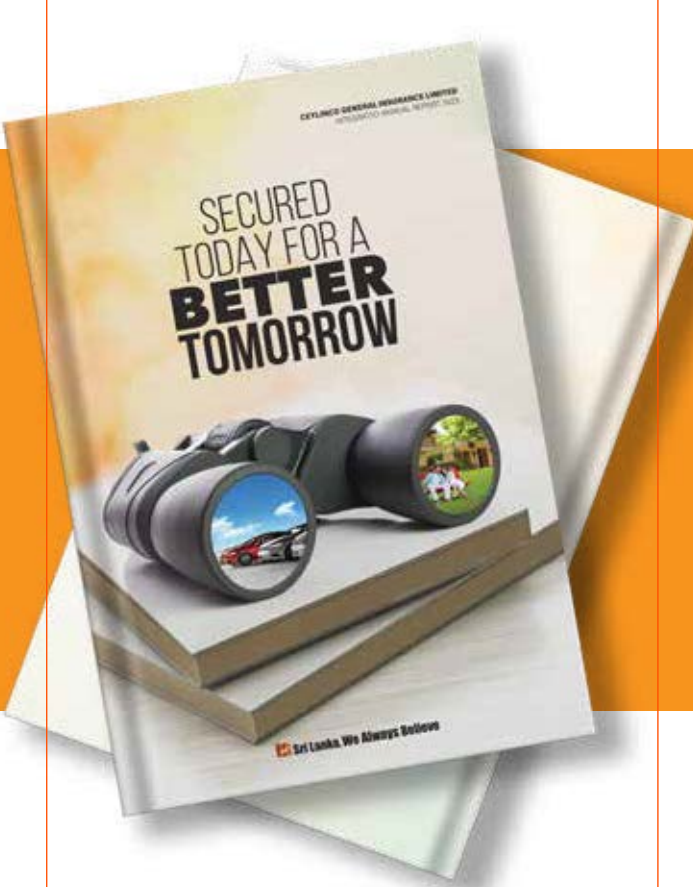
- ✦ Regulations of Insurance Industry Act No. 43 of 2000 and amendments
- ✦ Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants (CA Sri Lanka)
- ✦ Companies Act No. 7 of 2007

Voluntary Reporting

- ✦ International Integrated Reporting Framework (IR) by IIRC

Governance

- ✦ Corporate Governance Framework for Insurance
- ✦ Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka



Social Media



Digital View



The Annual Report is available on our official website, www.ceylinco-insurance.com

Sustainability

- ✦ Sustainable Development Goals (SDGs) of the United Nations

REPORT PROGRESS

As our fourth integrated report, this annual publication is an example of our commitment to best reporting practices to enhance the quality and integrity of information presented herein. It incorporates information for comparability and provides an integrated perspective into value creation.

REPORTING PRINCIPLES

- ✦ **Strategic focus** The report provides insight into the Company's overall strategic approach and management of capitals that enable value creation.
- ✦ **Connectivity** Icons provide easy reference to salient aspects, such as stakeholders and capital.

ABOUT THE REPORT

- Materiality** We have provided an exhaustive list of topics that have a definite impact on our business and how we create value for stakeholders. This is complemented by a materiality determination process.
- Conciseness** The report has been prepared concisely while providing all relevant data without compromising informational integrity.
- Consistency and comparability** Similarities in report structures between 2022 and 2023 enable readers to compare information on the management of integrated capital and financial outcomes between the two financial years. Moreover, quantitative data has been provided for the past three to five years where applicable for better depiction of performance.
- Reliability and completeness** The report has been audited and approved by the Company's independent auditors, Ernst & Young (Chartered Accountants), assuring stakeholders. This external assurance also affirms our compliance with laws and regulations applicable to the Company and the industry. The auditor's report can be found on page 114 of this annual report.

MEDIUMS

The report is available through the corporate website, Please visit www.ceylinco-insurance.com for the PDF version.

REQUEST FOR FEEDBACK

We would love to hear your thoughts on the Report. Please direct your feedback to: nilikaa@ceyins.lk

FORWARD-LOOKING STATEMENT

The annual report may include projections and forward-looking statements about the Company, strategies and industry. Such statements are based on information available to the Management and the team at Ceylinco General Insurance during the year under review and at the time of compiling this report. Such statements are subject to uncertainties and unanticipated events that could alter the expected course of actions, performance or the expected outcomes interpreted through such statements. While actual results may vary from such forward-looking statements, the Company will not accept the obligation to conduct any revisions to such statements.

ICONOGRAPHY

The following icons help readers interpret icons presented across the report.

Stakeholders



Shareholders



Customers



Employees



Strategic Partners



Banks and Financial Institutions



Brokers and Agents



Reinsurers



Suppliers and Service Providers



Regulators



Government



Community

Capitals



Financial Capital



Manufactured Capital



Intellectual Capital



Social and Relationship Capital



Natural Capital



Human Capital

Others



Net Income



Premium Income



Total Assets



Net Claims

ABOUT US

A LEGACY OF TRUST AND PROTECTION

Ceylinco General Insurance Limited takes great pride in its enduring heritage. Our roots reach as far back as 1939, when Ceylon Insurance Company became the first-ever registered company in Sri Lanka, marking the beginning of our journey in Insurance. Since 1988, the Company remained a composite insurer until its segregation in June 2015, after the regulation of the Insurance Industry (Amendment) Act No. 3 of 2011. Consequently, Ceylinco General Insurance Limited was established as a separate subsidiary dedicated exclusively to providing non-life, general insurance solutions, with our sister subsidiary (Ceylinco Life Insurance Limited) offering life insurance solutions.

Time and time again, CGIL has proven to be inventive - a result of investing in the right people and nurturing talent and potential. Our team maps the course for our success; the capabilities they possess enabled us to maintain satisfactory financial performance in the year under review, delivering value to all stakeholders even amidst macroeconomic volatility.

In the year under review, we remained stable and uncontested, continuing to secure the industry-first position in general insurance. Similarly, our industry presence continued to take the lead with the widest network of branches in Sri Lanka. Amidst the year's economic crisis, we continued to protect our loyal clientele, remaining a source of indemnification against contingencies.

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.**

GWP	MOTOR GWP	NON-MOTOR	PROFIT AFTER TAX
<ul style="list-style-type: none"> ● LKR 25.2 Bn ● (2022: LKR 24.4 Bn) 	<ul style="list-style-type: none"> ● LKR. 10.8 Bn ● (2022: LKR 10.9 Bn) 	<ul style="list-style-type: none"> ● LKR. 14.4 Bn ● (2022: LKR 13.5 Bn) 	<ul style="list-style-type: none"> ● LKR 3.7 Bn ● (2022: LKR 3.8 Bn)
NET CLAIMS AND BENEFITS	EARNINGS PER SHARE	NEW BRANCHES	CUSTOMERS SERVED
<ul style="list-style-type: none"> ● LKR 8.2 Bn ● (2022: LKR 7.8 Bn) 	<ul style="list-style-type: none"> ● LKR 1,489 (2022: 1507.1) 	<ul style="list-style-type: none"> ● Three Branches 	<ul style="list-style-type: none"> ● 3.1 Mn

FINANCIAL PERFORMANCE SUMMARY

Our financial performance remained resilient during the year under review despite the economic circumstances and market turbulences.

Key Financial Indicators		2023	2022	2021	Change % (2023 and 2022)
Revenue and profitability					
Gross written premium	Rs. Bn	25.2	24.4	20.2	3.28
Net written premium	Rs. Bn	14.5	14.6	13.1	(0.68)
Net earned premium	Rs. Bn	14.5	14.7	13.3	(1.36)
Investment income and other operating revenue (incl. fees and commission income)	Rs. Bn	5.2	7.5	2.5	(30.67)
Net income	Rs. Bn	19.8	22.2	15.8	(10.81)
Profit before tax (PBT)	Rs. Bn	4.1	3.9	1.7	5.13
Profit after tax (PAT)	Rs. Bn	3.7	3.8	1.5	(2.63)
Other key indicators					
Net claims and benefits	Rs. Bn	8.2	7.8	7.1	5.13
Financial position					
Total assets	Rs. Bn	46.7	42.7	37	9.37
Total liabilities	Rs. Bn	26.5	25.5	22.2	3.92
Total equity	Rs. Bn	20.2	17.2	14.5	17.44
Share performance					
Dividends paid	Rs. Mn.	570	475	463	20.00
No of shares	No.	2,501,000	2,501,000	2,501,000	
Dividend per share	Rs.	228	190	185	20.00
Net asset value per share	Rs.	8,079	6,866	5,785	17.67
Earnings per share (EPS)	Rs.	1,489	1,507	603	(1.19)
Ratios					
Return on assets (ROA)	%	9	9	5	
ROE	%	18	22	10	
Solvency (CAR Ratio)	%	219	193	199	



Rs. **19.8** BN
NET INCOME



Rs. **25.2** BN
**PREMIUM
INCOME**

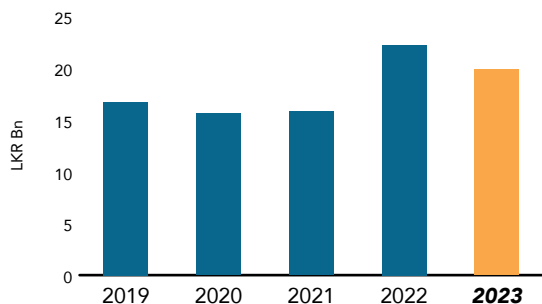


Rs. **46.7** BN
TOTAL ASSETS

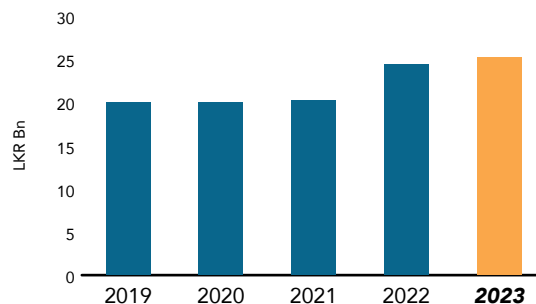


Rs. **8.2** BN
NET CLAIMS

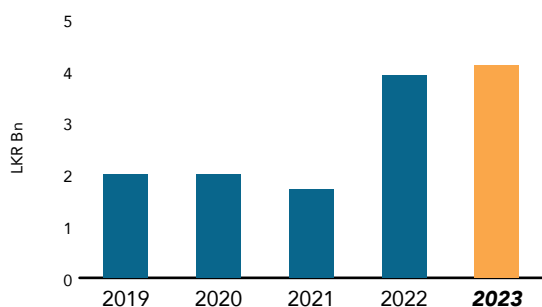
Net Income



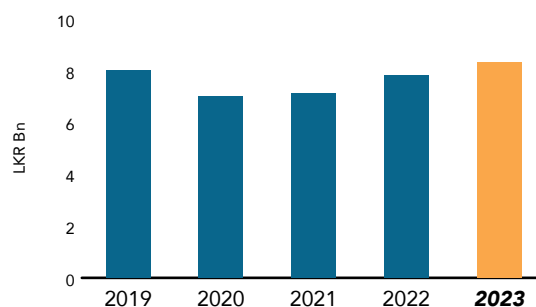
Gross Written Premium



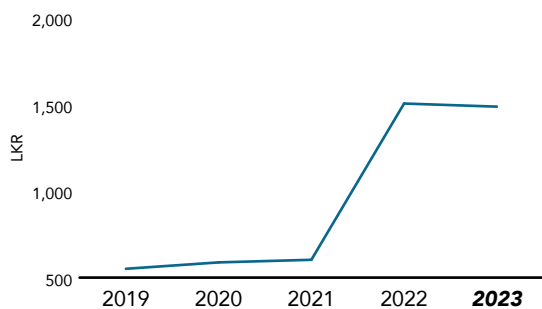
Profit Before Tax



Net Claims and Benefits



EPS



MATERIALITY ASSESSMENT

The following material topics are relevant and important to CGIL, as they could alter or influence the value creation process, business operations and growth. Topics that carry a material impact have been established upon evaluating stakeholder expectations, our strategic direction and goals, and thirdly based on the macroeconomic operating environment; lastly, material topics include ESG priorities that impact stakeholder value creation and sustainable business growth.

DETERMINING MATERIAL TOPICS

Determining materiality is subjective to the Company's operations, stakeholders and the industry in which we operate. Material topics are broader categorisations and remain consistent over time, with the exception of macroeconomic developments. The latter is subject to constant changes due to the fluid and unpredictable nature of political, social and economic environments.

MATERIAL TOPICS

Topic	Approach	Level of importance	References
Profit Growth	<ul style="list-style-type: none"> Revenue growth strategies, including new business growth and relationship management 	High importance <ul style="list-style-type: none"> To operate as a going concern, attract investors, and provide high returns on investor investments. Better profit provides a buffer against solvency. 	<ul style="list-style-type: none"> Financial highlights Financial capital review Financial report section
Financial Stability	<ul style="list-style-type: none"> Pragmatic financial management 	High importance <ul style="list-style-type: none"> This allows us to make significant investments and contribute to market stability as the market leader. Fortifies our ability to provide financial stability to policyholders and meet long-term obligations. 	<ul style="list-style-type: none"> Financial highlights Financial capital review Financial report section
Technological Adoptions	<ul style="list-style-type: none"> Integrating new solutions with existing systems. 	High importance <ul style="list-style-type: none"> New tech adoptions help streamline operations and improve customer service and decision-making while stimulating growth and profitability. Customer experience can also be greatly enhanced. Enables us to innovate processes and operational models, enhancing our competitive edge. 	<ul style="list-style-type: none"> Intellectual capital review Manufactured capital review Social and Relationship capital review
Customer Experience and Accessibility	<ul style="list-style-type: none"> Focus on customer-centric solutions, increasing geographical footprint and enhancing digital accessibility. Speedy claim settlement and services Claims and benefits 	High importance <ul style="list-style-type: none"> Better experience and accessibility set a competitive edge. It fosters customer retention, helps attract a new client base and boosts growth and expansion - ensuring CGIL's commercial sustainability. 	<ul style="list-style-type: none"> Social and relationship capital review Intellectual capital review

Topic	Approach	Level of importance	References
Innovating Insurance Products/ Services	<ul style="list-style-type: none"> Innovating insurance solutions and service delivery. Use of analytics and machine learning to simplify work processes and increase efficiency. 	<p>High-moderate importance</p> <ul style="list-style-type: none"> Innovation helps cater to niche needs and differentiate products. Innovation fosters customer satisfaction and enables innovative risk mitigation. 	<ul style="list-style-type: none"> Social and relationship capital review Intellectual capital review
Brand Communication	<ul style="list-style-type: none"> Capitalising on the already strong brand recognition and market presence. Investments in brand building on traditional and new-age platforms 	<p>High-moderate importance</p> <ul style="list-style-type: none"> These are important elements when building customer confidence and loyalty. Brand communication strategies help shape brand perception and to engage with diverse customer segments. 	<ul style="list-style-type: none"> Social and relationship capital review Intellectual capital review
Community and Environmental Contributions	<ul style="list-style-type: none"> Supporting the community's vulnerable 	<p>High to moderate importance</p> <ul style="list-style-type: none"> CSR/ESG endeavours help address societal and environmental issues, creating a ripple effect. It empowers stakeholders to make a positive impact and create positive associations towards the Company. 	<ul style="list-style-type: none"> Social and relationship capital review Sustainable Development Goals
Talent Management	<ul style="list-style-type: none"> Investing resources in human resource development 	<p>High importance</p> <ul style="list-style-type: none"> Well-structured talent management strategies are crucial for nurturing employee capabilities geared towards the long term. A well-rounded strategy attracts and retains the best industry talent, addressing staffing needs for various capacities. 	<ul style="list-style-type: none"> Human capital review Sustainable Development Goals
Dynamic Corporate Culture	<ul style="list-style-type: none"> The Ceylinco family is deeply steeped in numbers and corporate values 	<p>High-moderate importance</p> <ul style="list-style-type: none"> A dynamic team will foster innovation and elicit stronger brand trust among customers. A strong culture will also attract talent that respects corporate values. 	<ul style="list-style-type: none"> Human capital review
Regulatory Compliances	<ul style="list-style-type: none"> Periodic assessments of compliances and making necessary submissions. Demonstration of financial stability 	<p>High importance</p> <ul style="list-style-type: none"> It is critical for sound corporate governance and can significantly influence operations, corporate image, reputation and profitability. 	<ul style="list-style-type: none"> Corporate governance report Enterprise risk management
Proactively Managing Macroeconomic/ External Developments	<ul style="list-style-type: none"> Analysis to assess the impact on business and make informed decisions. With continued monitoring of risks, opportunities and market competition, we can align strategies. 	<p>High-moderate importance</p> <ul style="list-style-type: none"> Monitoring the external environment helps proactively mitigate risks. Importantly, it helps identify opportunities for growth and diversification, even during times of macro crises. 	<ul style="list-style-type: none"> Operating Environment Enterprise risk management Financial report section

SUSTAINABLE DEVELOPMENT GOALS

Ceylinco General Insurance actively contributes to sustainable development by engaging in activities that align with the United Nations Sustainable Development Goals (SDGs). Over the years, the Company has made efforts consciously and inadvertently to contribute towards environmental and social sustainability to the economy, society and the country's environmental well-being.



SUSTAINABLE DEVELOPMENT GOALS

As an insurance service provider, CGIL provides risk protection to millions of Sri Lankans. This is crucial in supporting sustainable development and aligns with several goals within the 17-goal framework. CGIL inherently makes direct and indirect contributions to reducing poverty, reducing inequalities in social protection, enhancing good health and well-being and providing support towards financial security.

Social inclusion is another aspect of such contributions. Insurance supports those with lesser financial capabilities to rebound from life's unexpected and negative events. Furthermore, insurance stimulates savings for households and businesses, reducing personal spending on healthcare and eliminating unnecessary expenditures during unforeseen incidents.

Importantly, by insuring the public against risks, the Company supports the Government in reducing its expenditure on public risk protection, mainly against natural disasters and public health epidemics, such as the COVID pandemic.



Affordable insurance solutions ensure accessibility and financial protection for low to middle-income earners to protect their property, vehicles and other assets. Moreover, during 2023, we continued to provide a cost-of-living allowance to staff in non-managerial positions, somewhat easing their financial concerns. Importantly, we made financial donations to 121 families in 2023, supporting them through the economic crisis and high cost of living.



Under our CSR banner, we continued to provide meals for over 2,000 students across the year. Students were from rural schools, from financially vulnerable families. Providing regular meals ensured their nourishment, motivation to attend school and energy for better attention span.



First and foremost, as an insurer, we provide financial security against unforeseen health expenditures, which enables individuals to receive healthcare without unwarranted financial concerns. We promote health and safety standards to individuals when providing inclusive insurance and offer encouragement for a healthy lifestyle that reduces risks of unforeseen conditions. Moreover, at times such as a pandemic, CGIL assists the government and public by providing insurance solutions. This minimises the risk of individuals suffering from an infection and helps curb the spread with timely treatment.



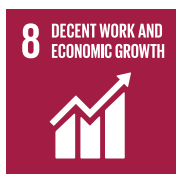
We provide financial protection for education expenses, ensuring uninterrupted education at the time of unforeseen events. Furthermore, we provide all our employees with training and development at the national, regional and branch levels to improve their technical insurance know-how and professional capabilities.



In 2023, we promoted gender equality in our workforce by increasing the female sales cadre to 152 from 110 in 2022, investing in their unique values and capabilities to provide an empathetic and intuitive service to customers. Moreover, employees receive proper remuneration and benefits based on their commitment to employment without any impartiality. We also offer gender-specific insurance plans that empower women to pursue their goals or protect valuables.



Our group Companies have invested in 4 Hydro power plants and 4 ground-mounted solar power projects, delivering 18MW of combined power. These investments, especially solar powered plants have enabled us to supply clean energy to the national grid.



As the largest insurer in non-life insurance, our work has a substantial impact on economic growth and provides decent work for employees; we also ensure that our agents, brokers and local insurance partners receive the right financial incentives for

their performance and dedication, thereby providing decent work and economic growth for our sales personnel, across the country.

We distribute economic value amongst our stakeholders, including dividends to shareholders and claims and benefits to customers. Value delivered to society takes the form of employment and financial and non-financial philanthropic activities, which are detailed under Social and Relationship capital (within this report).



Cascading from the strategic leadership to the branch level, the company is committed to providing insurance and risk management solutions to every niche market segment and cross-section of society.

We provide financial protection to various businesses in numerous sectors, which helps foster growth and promote industry growth.

CGIL continuously collaborates with the industry regulator in matters that impact industry stability and growth. While complying with regulations, we provide insights and raise concerns in creating a sustainable industry. Pursuing sustainable and inclusive industry innovations, we have consistently delivered novel insurance solutions and market delivery mechanisms, addressing niche and mass market requirements for financial protection.



At CGIL, our work culture is characterised by a multi-generational and multi-cultural backdrop, where each individual has equal opportunities for career growth and learning opportunities. Furthermore, we ensure that optimum economic value is distributed amongst our stakeholders, including shareholders. The financial interests of shareholders are protected during strategic investments and honoured through annual dividends. Moreover, we ensure that customers receive all due claims and benefits promptly and through a formal process. Employees are trained to ensure that customer claims are evaluated impartially and indemnified fairly.

SUSTAINABLE DEVELOPMENT GOALS



We play a crucial role in providing financial protection for the assets of individuals and businesses, thereby creating a safety net against unforeseen incidents and financial losses. Our non-motor insurance classes protect the physical assets of thousands of policyholders, providing a safe and reliable way to retain the value of property and assets - protecting life's most valuable interests. Moreover, we provide inclusive insurance solutions that consider the financial capacities of all who seek financial protection, irrespective of the social backdrops. This enables those with even the lowest earning capacity to protect their home or belongings.



As risk managers, we have moderately impacted the environment by replacing plastic insurance cards with digital/electronic versions. In 2023, we strategically opted for this alternative, with plans for continued and widespread implementation.



In 2023, over 850 of our staff members volunteered in the clean-up of several selected shorelines to remove debris and pollutants and restore their natural beauty and cleanliness. This effort directly impacts life below water by stopping pollutants from being washed into the ocean and contributes to preserving life on land by allowing coastal flora, fauna and wildlife to thrive without harmful debris.



Our governance structure, represented by the Board of Directors and senior management, is committed to fostering a culture steeped in accountability. To promote peace and justice we educate our employees to ensure impartiality and empathy with policyholders, ensuring that transparency is a key value in their relationships. To ensure a strong institutional backdrop, CGIL also honours corporate governance guidelines and complies with all regulatory and legal requirements.



We collaborate with various stakeholders, including the industry regulator, the Government, local organisations and international insurance service providers. These enable collective decision-making and foster dialogue towards industry and economic growth.

Supporting the Government, we paid Rs 3.2 Bn in taxes, contributing towards domestic revenue mobilisation, realising our potential to stimulate economic growth as Sri Lanka's highest-grossing general insurance company.

Our partnerships with private-run local businesses have made accessibility to insurance a widespread possibility. Our partnership with SLT-Mobitel to provide 'Ananthaya' was one such initiative that will enable SLT-Mobitel customers the freedom to increase their cover value with mobile bill payments.

Furthermore, work with leading global reinsurers buffers our risk exposures, thereby ensuring that policyholders receive financial indemnification without absorbing additional financial risks during catastrophic events.



LEADERSHIP

EXECUTIVE CHAIRMAN'S MESSAGE

“I am pleased to say that the financial performance of the year under review has fared impressively, contrasting the downward shift of the national economic trajectory. The company recorded a profit after tax of Rs. 3.7 Bn. Despite a slight decline in the bottom line, premium income rose by 3.7%, crossing the 25 billion rupee mark for the first time in the company's history.”



It is a pleasure to present the Integrated Annual Report for the financial year 2023, which narrates the growth outcomes and operational developments. I am also deeply honoured to address you as your newly designated Executive Chairman and express my appreciation for the trust placed in me.

Before I commence, I would like to say that the Company has performed satisfactorily during the year and has overcome the complex interplay of changing economic reforms and many concerns from the external environment. I am proud to say that we have once again reaffirmed our market position as the number one general insurance provider, with a market share of 20.8%.

STRATEGIC PRIORITIES

Our strategic priorities during the year centred on expanding our market presence by enhancing our insurance portfolio and service network. Apart from our fundamental focus on stability and profitability, we focused strongly on introducing new policies to capture niche market segments and honour our commitment to innovation. Maintaining our customer-centric focus, we continued to prioritise the growth of our current portfolio of policies with equal focus on strengthening the service network. In reference to our network, the company operates through 530 locations and a sales force of 1,975, which mirrors our commitment to broadening our market reach and sustaining our position as the market leader in general insurance.

Furthermore, innovations continued to fuel portfolio diversification and supported market growth. Delivering another industry-first, Ceylinco General Insurance introduced 24-hour doorstep delivery of vehicle insurance policies for Ceylinco VIP on the Spot customers at no additional cost. Although the service was launched in January 2024, associated processes were implemented during the review period. Together, these strategic actions and our competitive strengths provided mileage in securing business growth across the year.

FISCAL STRENGTH

I am pleased to say that the financial performance of the year under review has fared impressively, contrasting the downward shift of the national economic trajectory. The company recorded a profit after tax of Rs. 3.7 Bn. Despite a slight decline in the bottom line, premium income rose by 3.7%, crossing the 25 billion rupee mark for the first time in the Company's history.

A solid balance sheet, robust cash flows and healthy liquidity characterised our financial position in 2023. The Company maintained sufficient funds to meet current obligations and invest in strategic opportunities while withstanding macroeconomic challenges. Moreover, the Company's financial stability is reflected in a relatively lower liability of Rs 26 Bn in comparison to Rs. 47 Bn in assets.

MOVING THROUGH CHALLENGES

The past year was marked by several fluctuations, driven largely by the economic crisis. Despite seeing a rebound in the economy in the third quarter, the overall economic growth remained contracted, but with inflation easing to single-digit levels. The exchange rate and the foreign exchange liquidity shortage also became concerns as they required us to act proactively when settling payments to our reinsurers. We were able to overcome the difficulties and timely remittances were made, which even the reinsurers appreciated. However, the biggest brunt the industry faced was the ban on vehicle imports since 2020. It has caused the general insurance industry to haemorrhage New Business Premium (NBP) revenue in recent years, constraining growth and expansion in motor insurance.

Another main concern during the year was the rising cost of operational expenditure, especially as electricity tariffs rose substantially in addition to cost-reflective prices in fuel; high escalations of goods and services had a significant impact on the industry while the purchasing power of people plummeted drastically; in fact, it has been estimated that the country's poverty rate has doubled from 13.1% to 25% between 2021 and 2022 according to World Bank statistics, and is expected to increase by a further 2.4%.

Furthermore, the ban on third-party motor insurance promotion has impacted the industry and consumers. The non-existence of promotion and reliance on word-of-mouth becomes a challenge when taking third-party insurance to rural segments. Given the importance of third-party insurance as a legal requirement that provides financial protection against accidents, the ban could reduce awareness of its importance and potentially affect drivers' sense of responsibility and the financial protection of third parties during accidents.

Within a context where general insurers are subjected to cede 30% of the total reinsurance premium to the National Insurance Trust Fund (NITF) and 100% of SRCC premiums, NITF has failed to secure

EXECUTIVE CHAIRMAN'S MESSAGE

adequate reinsurance protection and NITF will likely deplete funds in the event of a catastrophe, which will compel them to seek government assistance, at a time when the State's revenue is recovering from a steep decline. The regulatory authority (IRCSL) should carefully evaluate the situation and consider a reduction of the compulsory 30% limit to a level where the NITF can comfortably absorb it into their net account.

REWARDING PARTNERSHIPS

Optimising our opportunities for growth and expansion, we enhanced several key partner relationships in the year under review. One of the most notable ventures was an exclusive partnership with SLT-Mobitel, which led to the birth of 'Ananthaya', a serious illness insurance solution with a personal accident cover of Rs 1 Mn. We also increased our bancassurance partners within the year, tapping into their bases of islandwide clientele, with increased potential to provide niche insurance solutions.

With regard to other vital partnerships, we are backed by some of the world's largest and leading reinsurance companies, and a strong relationship with our reinsurers and reinsurance brokers has enabled us to safeguard our objectives of financial stability, growth and expansion. Based on longstanding relationships with our reinsurers, we maintained timely payments despite a foreign exchange shortage in the country; this is partially due to our well-maintained dollar reserve, which proved to be prudent at a time when the country was suffering from a severe foreign currency shortage.

EMPOWERING POTENTIAL

The successes of the year would not have been possible without the professionalism and dedication of our workforce. We place great emphasis on providing our employees with every possible opportunity to learn and grow in their job capacities. Continuous employee development remained a top priority, as we equipped staff with the latest industry knowledge, awareness on regulatory

“Ceylinco General Insurance continued to engage in rewarding business partnerships with our agents and brokers. Across the year, our partners assisted clients in finding suitable insurance solutions and, by doing so, have enabled us to diversify and expand our clientele. These partnerships, which are based on trust and mutual benefits, continued to be a significant competitive advantage.”

changes and access to technological developments – ensuring that they could meet changing macroeconomic demands. Moreover, the Training Division undertakes regional training programs, taking knowledge and capability development to rural branches, providing equal opportunities for all our employees to grow.

PURSuing ENVIRONMENTAL SUSTAINABILITY

I am pleased to share with you our commitment to incrementally safeguarding the environment. Based on the principle of promoting sustainable business practices and significantly reducing the impact of our operations on natural resources and the environment, we commenced several strategically important actions in the year under review.

We introduced the issue of digital policies and certificates, aligning the Company with an increasingly adopted international practice in enhancing sustainability. The move will pave the way for reducing the use of plastic insurance cards and paper, and ultimately eliminate them. Moreover, through the continued use of digital policies/certificates CGIL can make a significant impact across the industry and eliminate the accumulation of plastic cards and ultimately terminate any negative consequences.

In other endeavours, we also conducted the second successive beach clean-up project after 2022, with over 850 employees volunteering their time to restore our shorelines to their natural, unpolluted environment.

LEADING WITH GOOD GOVERNANCE

Our approaches to good governance and accountability have a significant influence on the industry, due to our position as the market leader. Good practices such as transparency, effective risk management, and ethical business conduct can significantly influence the trust of our stakeholders, including customers, regulators, local business partners, foreign principals, and the general public. Good governance and accountability also directly affect overall growth and stability. Being cognizant of such reasons has pushed us to adopt a strong governance structure; apart from adopting stringent internal control processes, we have voluntarily adhered to the Listing Rules of the Colombo Stock Exchange (CSE).

Furthermore, Mr R.A. Ranasinghe and Mr A.R.S. Wijepura were appointed to the Board as Executive Directors. Due to the conclusion of a nine-year tenure on the board, 10 non-executive directors resigned in the year; and I wish to place on record my appreciation for their dedicated work and leadership. We also welcomed nine Independent

Non-Executive Directors and one Non-Executive Director appointed during the period under review; all of whom are veterans in their respective industries, and professions. Additionally, we have set in place Board Sub-Committees as per CSE listing rules complying with IRCSL regulations. Moreover, our risk management committee also oversees ESG-related aspects, ensuring that the company makes viable and meaningful contributions to all aspects of good governance.

In the year under review, we complied with all governance practices and regulatory requirements, including a higher capital adequacy ratio about 200%, well above the regulatory requirement of 120%.

MOVING AHEAD

Looking ahead, we anticipate challenges within the insurance market, especially as the ban on vehicle imports will continue to impact new business growth. Moreover, economic uncertainty and changing regulations are expected to impact the industry, which drives us to be proactive in decision-making and implementation.

In 2023, a committee was appointed by the Ministry of Justice to amend the existing legal framework and appease the current development of the industry. The committee includes representatives from the insurance regulator and prominent individuals from the legal fraternity. We expect the initial draft to come out in the coming months, with some changes to facilitate industry development. We anticipate that this collaborative effort will benefit industry stakeholders by increasing insurance dispersion and align Sri Lanka with international Regulatory frameworks.

APPRECIATION

In conclusion, I would like to express my gratitude to the Board of Directors for their continued support, especially to the Directors who exited the board in 2023. I also take this opportunity to officially

welcome the newly appointed Board members and Chief Executive Officer, Mr Gunathilake; I thank them for their strategic and operational leadership in a tough year of macroeconomic headwinds. I wish to also place on record my appreciation to my predecessor, Mr Patrick Alwis for his transformative leadership as the Company's immediate past Chairman and Mr. Upali Witharana for his inspiring role as the Managing Director.

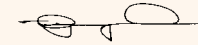
I extend my deepest gratitude to our Executive Chairman/CEO of Ceylino Insurance PLC, Mr Ajith Gunawardena, for his unwavering leadership and invaluable guidance. His strategic vision has helped shape our conglomerate and has been instrumental in our relentless pursuit of innovation and growth.

I convey my appreciation to our corporate management and employees of all levels of the organisation for being the representatives of the Ceylinco brand and for bringing success and honour to the company, at every possibility. Every one of you has been instrumental in your dedication towards company objectives. Moreover, I express my sincerest gratitude to the Chairman, Director General, Board members of the IRCSL and its staff for their continued guidance and support, which was instrumental in ensuring industry growth and stability; I am also thankful to the Insurance Ombudsman for his unwavering support across the year.

My sincere appreciation also goes out to our reinsurance partners, and reinsurance brokers for being partners in our financial stability and risk management objectives. My appreciation also goes to our insurance agents, brokers and loss adjusters for being crucial stakeholders in our market leadership.

I'm grateful to our shareholders for your continued trust in us and for your support. To our valued customers we express our heartfelt gratitude and with your loyalty, we have retained our leading market

position, and your confidence in us has proven to be a pivotal element in our success.



Dr. Jagath Alwis
Executive Chairman

29 February 2024

INSIGHTS FROM THE CHIEF EXECUTIVE OFFICER

“The fiscal year’s success was driven by our employees, as they worked with dedication to raise the bar. They have acted resiliently in a highly competitive industry, by utilising their capabilities and experiences, optimally. Our team, which includes 2,821 individuals and a sales force that has 1,975 members, is one of the largest in the industry. In taking care of their development and proper financial remuneration, we invested a total of Rs. 2.5 Bn during 2023.”



It has been another rewarding fiscal year, but one which came amidst great concerns due to the previous year's economic and political crisis. We have weathered the compounding challenges with immense resilience, as a result of precise and prudent strategies and team fortitude. In the year under review, we crossed Rs 25.2 Bn in premium income – marking a historic financial record and a testament of our capabilities, resources and competitive strengths.

A RELENTLESS FOCUS

For yet another consecutive year, we have secured our industry leadership position, with a market share of 20.8%. This is a reflection of our top-tier position in motor and non-motor insurance classes, with the highest gross written premium within the industry.

We continued with innovations, maintaining our status quo as the industry's pioneer in novel insurance solutions. Our focus in the year under review was on providing unmatched policyholder benefits, adding to our list of pioneering insurance services, maintaining the widest distribution network, improving efficiencies, and prudent financial management as well as skill development. The combination of these strategies worked well in securing a higher premium income, while prudent financial management and cost controls maintained commendable profitability.

The fiscal year's success was driven by our employees, as they worked with dedication to raise the bar. They have acted resiliently in a highly competitive industry, by utilising their capabilities and experiences, optimally. Our team, which includes 2,821 individuals and a sales force that has 1,975 members, is one of the largest in the industry. In taking care of their development and proper financial remuneration, we invested a total of Rs. 2.5 Bn during 2023.

THE MACROECONOMIC CLIMATE

The general insurance sector operated amidst several challenges; the biggest threat to industry growth was the ban on vehicle imports and its negative impact on motor insurance premiums. Despite this drawback, insurers have acclimatised to intensifying their focus on retaining existing clientele and providing solutions to the existing motor market.

The industry worked amidst contracted economic growth but benefitted from improving foreign exchange liquidity, stabilising inflation and foreign exchange rate, alongside lowering interest rates on borrowings. However, the significantly high energy costs exerted pressure on operational expenditure, which impacted the bottom line along with higher allocations for tax payments. The economic crisis restrained consumer spending and demand, while directly impacting their premium payment abilities.

Several unpopular yet necessary economic reforms came into place, including an increased tax regime amidst rising commodity prices. The country also secured a bailout

package of nearly USD 3 Bn from the IMF, which necessitated the aforementioned reforms and economic policy changes.

A TOP-TIER PERFORMANCE

In the face of a demanding operational environment, we demonstrated robust performance. Our Gross Written Premium of Rs. 25.2 Bn, surpassed last year's premium income by Rs. 1 Bn while retaining the top position in the general insurance sector. This was a 3.7% growth that demonstrates the success of our strategic focus. Our gross written premium in non-motor insurance reached Rs. 14.4 Bn against Rs. 13.5 Bn in 2022. Miscellaneous insurance and Fire related insurance recorded GWPs worth Rs. 4.4 Bn and Rs. 6.5 Bn, respectively. For 2023, the Net Written Premium was Rs. 14.5 Bn while the premium ceded to reinsurers rose by 9.9% to Rs. 10.7 Bn. The gross written premium is a result of prudent underwriting and increased premium volumes. At a time when our potential for new business growth was influenced by macroeconomic constraints, we maintained prudent pricing and a strategic mix of insurance policies.

Moreover, investment income was Rs. 4 Bn in the period under review; which demonstrates our prudent investment strategies.

Profitability was marked by Rs. 3.7 Bn in profit after tax, which is a reduction against Rs. 3.8 Bn reported in 2022. Our financial position was marked by an increase in our asset base by Rs. 4 Bn to Rs. 46.7 Bn while liabilities stood Rs. 26.5 Bn. This reflects less reliance of the company on borrowed funds to finance operations and portrays lower financial risk, and financial stability, while assuring stability to shareholders and flexibility for investments in growth opportunities.

Staying in line with regulatory capital requirements our capital adequacy ratio reached 219 % against the previous year's 193% – reflecting sufficient capital buffers to absorb potential losses, which also reduces risks associated with insolvency, safeguarding shareholder investments and provision of policyholder claims and benefits.

INSIGHTS FROM THE CHIEF EXECUTIVE OFFICER

Customer benefits and claims reached Rs. 8.2 Bn, surpassing the previous year's total of Rs. 7.8 Bn. Motor related claims rose to Rs. 4.9 Bn in 2023, followed by claims for miscellaneous insurance which rose to Rs. 2.3 Bn in 2023. The company's net acquisition and underwriting costs rose slightly to Rs. 1.3 Bn due to an increase in new business premiums. Furthermore, our operating costs in the review period was Rs. 5 Bn despite inflationary impacts and rupee depreciation; the increase was controlled through prudent and proper cost management.

SHAPING OUR SUCCESS

At CGIL we have taken several strategic approaches to integrating digital technologies into our work processes and front-end services. We have invested in digital technologies, which further powered digital insurance and enhanced services and productivity. In recent years, we have accelerated our investments in digital insurance and technologies, with the long-term vision of setting the benchmark on innovative insurance services.

In the year under focus, we introduced digital insurance policies and certificates. Despite facing numerous challenges in its widespread implementation and resistance from external stakeholders, we have taken a persistent stance on carrying out the necessary measures. Additionally, we have initiated dialogue with the police to get their support on the road, which will be a determining factor in its success.

In terms of technological initiatives, we have invested in IT related training while taking measures to adopt advancements in cloud-based technologies. We have also embraced advanced development tools and have made significant commitments to removing any gaps within our cyber security infrastructure.

Our operational processes are integrated with the latest operating systems,

while our IT team has created the Virtual Assessor system for assessing damages, remotely. In recent years, we have developed IT systems that enable digital travel quotations, policy renewal and debit follow-ups and most importantly enhance underwriting and claim settlement processes. These systems undergo regular upgrades and improvements, ensuring that our internal operations align with faster and more agile customer services with shorter lead times. By cutting down manual approaches and processes that were strained by physical documentation, we have now made our processes leaner and faster than ever before.

Policy affordability, comprehensiveness and accessibility were focused on extensively in the year, to ensure maximum benefit to our customers. During the year, we identified several niche segments within the motor and health insurance sectors, which resulted in two new health-focused insurance solutions and four new motor insurance covers. 'Ananthaya' was our biggest unveiling during the year, a health insurance cover in partnership with SLT-Mobitel. SLT-Mobitel customers can now obtain a serious illness cover and personal accident insurance for death and total permanent disability from an accident. Cover is given a one-year

“Policy affordability, comprehensiveness and accessibility were focused on extensively in the year, to ensure maximum benefit to our customers. During the year, we identified several niche segments within the motor and health insurance sectors, which resulted in two new health-focused insurance solutions and four new motor insurance covers. ‘Ananthaya’ was our biggest unveiling during the year, a health insurance cover in partnership with SLT-Mobitel.”

policy term which can accumulate up to Rs. 1 Mn as and when bills are paid. This unique solution addresses the need for affordable health insurance for serious illnesses which comes at a time of high healthcare and medical costs.

Furthermore, we introduced 24-hour doorstep delivery of motor insurance policies for Ceylinco VIP on the Spot policyholders. This comes alongside the opportunity for policyholders to obtain digital insurance policies and certificates, replacing the conventional method of using paper for documentation and plastic cards for individual insurance policies. Digital policies are not only based on its benefits to customers, but are a responsible decision to stop the impact of plastic cards on the environment.

We have also adhered to prudent risk management practices and followed necessary governance practices to ensure the stability and sustainability of our business. Through the combined efficacy of our approaches in governance and risk management, we were successful in navigating the uncertainties, and in taking informed decisions in a timely manner.

In relation to brand recognition, we were acknowledged as the People's General Insurance Brand of the Year by SLIM Kantar Awards – a testimony to the brand's acceptance and recognition amongst the country's population, which reflects our capabilities and potential to make revolutionary products that redefine the industry.

OUTLOOK

Looking ahead, we remain committed to investing and adopting increased digital capabilities in taking accelerated approaches to innovation, driving efficiency further and enhancing customer experience and guided by the vision of providing competitive and innovative services.

Our strategic focus will continue on products and expanding the market distribution network by adding to an already strong portfolio of products and service channels. The expansion of branches will be assessed in the future, as and when the cost of such investments becomes prudent. Investing in our employees will also be a core focus, as their creative mindsets, resilient work ethic and strong industry skills are pivotal in achieving our business objectives. Furthermore, creating and distributing economic value to stakeholders, including customers will continue to be a priority as we look forward to another financial year of higher gains and better profitability.

GRATITUDE

I would like to express my sincere appreciation to our Chairman Dr. Jagath Alwis for providing the strategic direction in the year under review and for his empowering guidance in making pragmatic and timely decisions.

I am profoundly grateful to the Executive Chairman/CEO of Ceylinco Insurance PLC, Mr Ajith Gunawardena, for his exemplary and visionary leadership, and the Board of Directors who has inspired

us to strive for excellence. We look forward to greater accomplishments under their leadership.

I extend my sincere appreciation to the team at Ceylinco General Insurance and to every individual who has invested time, skills and shown tremendous passion to achieving great results, despite external headwinds. I take pride in our team as each individual has made it possible to sustain market leadership.

I take this opportunity to also thank our business partners, including brokerages, agents and global strategic partners for investing time and resources towards collaborations and for being partners in mutual economic value creation.

In conclusion, I would like to extend my heartfelt appreciation to our customers who have remained loyal to the Ceylinco brand and to our suppliers, service providers and well wishers who have been dependable stakeholders throughout our business journey.



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

29 February 2024

BOARD OF DIRECTORS



DR. W.C.J. ALWIS
Executive Chairman

Dr. Jagath Alwis graduated with 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 (FII), he is a Chartered Insurer by profession. Dr. Alwis is also Fellow of the Institute of Directors, UK.

Dr. Alwis joined Ceylinco Insurance 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 the Executive

Chairman 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/Chief Executive Officer

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.

He holds a Master of Business Administration from University of West London.



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 has 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. 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 having 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 acts as the country representative for both countries on behalf of Chubb and AXA XL.



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

BOARD OF DIRECTORS

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. AENDRA BANDARANAIKE
Director

Mr. Aendra Bandaranaike has over 25 years of experience in the field of finance, management and marketing. He started his career at Sherman Sons Ltd and subsequently joined Delmege Forsyth and Company Ltd as Marketing Manager. He had been successful in introducing many specialist Interior products to the Sri Lankan market. He is currently the Deputy CEO of the Life Style cluster at Delmege Forsyth.

Mr. Bandaranaike is an Associate of the Chartered Institute of Management Accounts UK.

Having captained his school tennis team, he also represented the National Team in Tennis during his playing days. He was also involved in the administration of tennis and was a National Selector. He held the post of President of the Sri Lanka Tennis Association (Playing Section) from 2019 to 2022.



DR. NAYANA DEHIGAMA
Director

Nayana Dehigama is the Founder and Executive Chairman of Epic Technology Group – An internationally operated Sri Lankan company renowned for its technology and digital transformation solutions with a proven track record of over 24 years. The company has played a significant role as a technology solutions provider in Fintech, banking, finance, telecom and e-government sectors.

After achieving major success in Sri Lanka, his company commenced operations in Malaysia, Singapore and Japan. The company has developed some of the finest Fintech and digitalization solutions in the country such as NTB Frimi (the first digital bank in Sri Lanka), NDB Neos, DFCC Virtual Wallet, Smartpay by BOC, DLB Seep Digital Lottery Platform (the first digital lottery platform in South Asia) and Helaviru (South Asia's first comprehensive digital Economic Center online platform) to name a few. His company has collected over 100 national and international accolades in the past 10 years. Epic won the National Business Excellence Award in ICT sector for the 3 consecutive years from 2008 to 2010. Epic was also adjudged the overall best software company in Sri Lanka for four (04) times at the National Best Quality Software Awards. Epic won the Gold Award for Sri Lanka at the Asia Pacific ICT Awards (APICTA) in 2008 and 2019.

Mr. Dehigama holds a Doctoral Degree from the School of Management of the Asian Institute of Technology (AIT), Thailand. Having acquired professional qualifications in Electronics and Telecommunications Engineering, he also obtained a Postgraduate Diploma in Marketing Management and an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is also a Fellow-member of Chartered Management Institute, United Kingdom.

Mr. Dehigama was adjudged the Sri Lankan Entrepreneur – Platinum Award Winner in 2012, and the most coveted Asia-Pacific Young Entrepreneur Award Winner in 2010 organized by the Confederation of Asia-Pacific Chambers of Commerce and Industry. Over the past years, more than 100 national and international accolades have been bestowed on Mr. Dehigama and his company for entrepreneurial and technology excellence.

He is a sought-after Public Speaker in Entrepreneurship, Strategic Management, Business Innovations, Career Guidance

and Motivation. He has delivered many orations in prominent national and international forums and conferences. Mr. Dehigama is a past Chairman of the Chamber of Young Lankan Entrepreneurs (COYLE), an ex-Board Director of M/s Sri Lanka Insurance Corporation and M/s Litro Gas Lanka Ltd. He also served in several technical committees of the National Science Foundation (NFS) and currently a Faculty Board Member and a Visiting Lecturer of the Faculty of Business, University of Moratuwa.



PROFESSOR H. JANKA DE SILVA

Director

Prof. Janaka de Silva is a Specialist Physician. He is Professor Emeritus of Medicine at the University of Kelaniya. He was Chair Professor of Medicine and served as Dean of the Faculty of Medicine, University of Kelaniya. Prof. de Silva was also Director of the Postgraduate Institute of Medicine, University of Colombo, a member of the University Grants Commission, and

Chairman of the National Research Council of Sri Lanka. He was President of the Ceylon College of Physicians in 2004. He is currently an elected member of the Sri Lanka Medical Council.

Prof. De Silva holds degrees from the Universities of Colombo and Oxford. He has wide research interests, and his name is listed in the world's top 2% of scientists compiled by Stanford University, USA. He has held several editorial appointments and served on committees in health and research organizations including the WHO, Wellcome Trust and National Institute of Health Research, UK. In addition to awards and fellowships from several academic and professional bodies, he was conferred an honorary DSc by his University, and the national titular honour Vidya Jyothi - Sri Lanka's highest honor for science.



MR. W J SHAVINDRA FERNANDO

Director

Mr. W J Shavindra Fernando retired in May 2016 as an Additional Solicitor General after serving the Attorney General's Department for nearly 3 decades, and is currently in active practice. He also retired from the Sri Lanka Navy as a Rear Admiral, as the Judge Advocate General and the Director General Legal Services. He was appointed as a President's Counsel in March 2014. He has Master's Degrees from King's College London in Commercial and Corporate Law and from the University of Colombo in Public International Law. He has served as a Judge of the Court of Appeal of Fiji and as a Senior State Counsel of the Attorney General's Department, Republic of Seychelles. He has served as the Legal Advisor to the Ministry of Foreign Affairs and a Legal Consultant to the Securities and Exchange Commission. He has also been a Legal Advisor to the Sri Lanka delegation for the Human Rights Commission & Human Rights Council Geneva 2003 - 2014. He is a Director of

BOARD OF DIRECTORS

the Petroleum Development Authority Sri Lanka (PDASL). He has served as a visiting lecturer in Military Law and Human Rights at the Kothalawela Defence University. He was a student of St. Peter's College from 1965 to 1975 and of Royal College Colombo from 1975 to 1979.



MR. RIENZIE FERNANDO

Director

Mr. Rienzie Fernando is a dynamic and results-driven professional with a strong background in the hospitality industry. As the Managing Director of Roots Global Pvt Ltd, he has successfully led the company to new heights, driving growth and delivering exceptional results.

With a degree in Hotel, Restaurant, and Motel Management, Rienzie brings a wealth of knowledge and expertise to his role. His passion for the industry is evident in his ability to create innovative strategies that enhance customer experiences and maximize profitability. Throughout his career, Rienzie has demonstrated exceptional leadership

skills, inspiring and motivating teams to achieve excellence. His strong business acumen, coupled with his ability to identify and capitalize on emerging trends, has consistently positioned Roots Global Pvt Ltd as a market leader.

Mr. Fernando's commitment to excellence extends beyond his professional life. He actively engages in community initiatives, promoting sustainable practices and giving back to society. His dedication to social responsibility has earned him recognition and respect within the industry.

In summary, Mr. Rienzie Fernando is a visionary leader with a proven track record of success. His strategic mindset, combined with his passion for the hospitality industry, makes him a valuable asset to any organization.



MR. PRASAD KARIYAWASAM

Director

Mr. Kariyawasam holds over three decades of professional experience

in the Sri Lanka Foreign Service since joining the service in 1981. His career highlights include assignments as the Secretary to the Ministry of Foreign Affairs of Sri Lanka, Ambassador for Sri Lanka to the United States of America, High Commissioner for Sri Lanka to India with concurrent accreditation to Bhutan and Afghanistan, Ambassador and Permanent Representative of Sri Lanka to the United Nations in New York with concurrent accreditation to Jamaica, The Bahamas, Chile, and Colombia, Ambassador and Permanent Representative of Sri Lanka to the United Nations in Geneva with concurrent accreditation to the Holy See in the Vatican, assignments at Sri Lanka's Missions in Riyadh, Geneva, Washington DC., and New Delhi as well as leadership to several divisions in the Ministry of Foreign Affairs in Colombo.

He has held expert assignments as a member of the United Nations Panel of Experts on Small Arms and the UN Group of Government Experts on the Relationship between Disarmament and Development; Chair of the UN Conference to Review Progress in the Implementation of the Programme of Action to Prevent, Combat and Eradicate Illicit Trade in Small Arms and Light Weapons in All its Aspects held in New York; Vice Chairperson of the Economic and Social Council of the United Nations and Vice President of the 62nd General Assembly of the United Nations; Vice Chair of the 59th Session of the United Nations (UN) Commission for Human Rights (CHR). He currently serves as an elected expert member of the UN Committee on the Protection of the Rights of All Migrant Workers and Members of their Families (CMW).



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 Cholamandalam 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. ANURA MEDDEGODA

Director

Mr. Meddegoda is a distinguished individual in the legal profession, possessing a wealth of experience in his field. At present, he is an Attorney-at-Law of the Supreme Court of Sri Lanka and Solicitor, Supreme Court of England and Wales. He was also the Deputy President of the Bar Association of Sri Lanka from 2021-2023.

His professional experience includes State Counsel/Senior State Counsel at the Department of the Attorney General,

Sri Lanka (1982-1998) and his work as the Prosecuting Trial Attorney and Legal Adviser at the Office of the Prosecutor, United Nations International Criminal Tribunal, The Hague, The Netherlands (1995-2005).

From 2010 to 2015 he was a Member of the Executive Committee of the Bar Association of Sri Lanka (2010-2012 and 2013-2015). He was the Chairman of the Public Interest Litigation Committee of the Bar Association of Sri Lanka (2013-2015) and the Chairman of the Continuing Legal Education Committee, Bar Association of Sri Lanka (2013-14). Mr Meddegoda was also the Chairman of the National Law Conference Committee of the Bar Association of Sri Lanka (2014-15) and a Member of the Sri Lanka delegation to the Lawasia Conference New Delhi, India (2009).

Furthermore, he lead the 2015 delegation of the Bar Association of Sri Lanka (BASL) for mid-year sessions of the American Bar Association (ABA) and was the BASL signatory to the BASL-ABA Treaty of Co-operation for Mutual Legal Assistance. He was also Chairman of the Consumer Affairs Authority (2018-2019), a Member of the Committee for Approval of Credit Rating Agencies, GOSL (2015-2017) and a Director of the, Sri Lanka Insurance Corporation (2009-2010).

He was the Keynote Speaker at the ICRC 13th International Humanitarian Law Moot Competition in Hong Kong and was a Judge (Final Round) of the ICRC 13th International Humanitarian Law Moot Competition held in Hong Kong in March 2015.

In April 2017, he was appointed as the President’s Counsel in April 2017 and was called to the Inner Bar. He is a Member of the Committee appointed by HE President of Sri Lanka to study and report on the US Department of State Report on incidents during the recent conflict in Sri Lanka and he is a Life Member of the Bar Association of Sri Lanka.

Mr. Meddegoda holds a Master of Laws (International Law) King’s College, from

BOARD OF DIRECTORS

the University of London and a Diploma in International Relations from the University of Colombo Sri Lanka.



MR. BRAHMANAGE PREMALAL

Director

Mr. Premalal has served Sri Lanka's real estate sector for over two decades. He is a prominent figure in the Sri Lankan business landscape and is the Co-Founder and Co-Chairman of the highly successful Prime Lands (Pvt) Ltd, the parent company of PLR. The Group holds investments in real estate, property development and financial services through its subsidiaries, and has received many accolades as a leader in the Sri Lankan real estate and property market. The Group has a history of over 25 years and has been recognised as one of the country's most respected entities. At present, Mr. Premalal is also a Director of Bhoomi Realty Holdings (Pvt) Ltd and a Director of Prime Lands Australia Pty Ltd.

He was recently appointed as the President of the Condominium

Developers Association – Sri Lanka (CDASL) for the year 2021/22. He is an alumnus of Thurstan College, Colombo and a fellow member of the Chartered Institute of Management Accountants (United Kingdom), Sri Lanka Institute of Marketing, Chartered Business Administrator (Canada) and holds a Master of Business Administration from the Open University of Malaysia and a Postgraduate Diploma in Marketing from the University of Sri Jayawardenapura, Sri Lanka.

He was conferred with the prestigious UCD Entrepreneur of the Year in 2011 considering his vast experience in the real estate industry and exposure to many other industries as an entrepreneur. Mr. Premalal was honoured as one of 2018's A-List of Sri Lankan Businesspeople by LMD and was listed among the top 50 businessmen in Sri Lanka who have made substantial contributions to the nation's growth. Given his experience and leadership in various industries and his contribution towards the advancement of entrepreneurship in Sri Lanka, he was awarded the 'Most Outstanding Entrepreneur in Sri Lanka', in 2018 by the International Association of Lions Club.

He was also recognised as one of Asia's Greatest Brand Leaders in 2017. Under his leadership, Prime Group won the most prestigious award in the industry for Best Developer, awarded by Property Guru at the Asia Property Awards in 2018 and 2019, and also earned the reputation of being placed among the Great Workplaces in Sri Lanka for five consecutive years.



MR. UMESH REVANKAR

Director

Mr. Umesh Revankar is Executive Vice Chairman at Shriram Finance Limited. Mr. Umesh Revankar has three and a half decades of proven leadership experience in the financial services industry.

He started his career with the Shriram Group as an executive trainee in 1987. He has been associated with the Shriram group for the last 35 years, has shouldered various responsibilities, and has worked in several key leadership roles of business operations.

He has been instrumental in Shriram Transport Finance Company Limited, becoming India's largest commercial vehicle financier. He is currently the Chairman of the Finance Industry Development Council (FIDC), which is the industry body for NBFCs.

He holds a Master of Business Administration (MBA) in finance from Mangalore University. He also attended an Advanced Management Program at Harvard Business School.

He is also a Director of Shriram Automal India Limited, Shriram General Insurance Co. Ltd (SGI) Shriram Life Insurance Company Limited (SLIC), Shriram Credit Company Limited.(SCCL), and Shriram Financial Ventures Private Limited (SFVPL).



MR. SENAKA SILVA

Director

Educated at Trinity College, Kandy and Aquinas College, Colombo 8, Mr. Silva began his career 55 years ago at Ceylon Tobacco Company Ltd.

He was selected by the Government to visit and study in Japan for 4 months as the leader of a Youth delegation.

Head hunted by Ceylinco, he became the 2nd employee of its Blue Diamonds Ltd., a pioneering venture in Diamond polishing introduced to Sri Lanka. He studied Jewelry designing and gemology in the USA and specialized at the Top of the field.

With the opening of the economy in Sri Lanka, the opportunities expanded, including initiatives such as the Mahaweli Development scheme. Similarly, the war on terrorism brought forth various prospects for those who could focus on Sri Lanka. Every aspect of the military had to be modernized, and the demand in the telecommunication industry increased. With newer horizons in the Gem and jewelry industry, value addition to local export products became the theme of the government.

Focusing on seizing these opportunities and driven by a profound affection for Sri Lanka, he commenced companies to facilitate modernization of the military, and telecommunication industry, representing over 40 international foreign companies as agents for services to Sri Lanka including blue-chip companies. i.e. Fujitsu and Toyocom of Japan, Samsung of South Korea, Tait of New Zealand, GEC and Plessy from the UK, many others from South Africa, Spain, and Brazil and the UK, providing products, services, and maintenance to more than 380 Sri Lankan companies spanning from government departments and corporations to large medium and small private sector companies. Moreover, he pioneered the supply and successful engineering and installation of the Traffic Lights in Sri Lanka.

He commenced the In-town Duty-Free Industry as a pioneering venture under the leadership of Mr. Lalith Athulathmudali, the then Hon. Minister of Trade.

Mr. Silva was appointed as the Hon. Consul for New Zealand in Sri Lanka approximately 18 years ago and upon completing 14 years of service, he retired after establishing a permanent NZ High Commission in Sri Lanka.

He headed trade delegations to the EU serving as President of the Sri Lanka, Australia, and New Zealand Business Council of the Chamber of Commerce for 2 years, when the first-ever trade delegation to New Zealand from Sri Lanka was organized.

As a committee member of the Sri Lanka Consuls Association he played an active role with great success in the organizing committee for the 2nd FICAC South Asian Regional Conference in Colombo in August 2013 with over 160 delegates from around the world.

He was a member of the NCED in the export sector and of the EDB advisory committee in footwear and leather goods, and a director of IDB.

Mr. Silva also started the pioneering venture to market and sell National Lotteries online with software built in-house, commonly known as 811 NLB by CCWP.



MANAGEMENT
DISCUSSION AND
ANALYSIS

UNDERSTANDING OUR STAKEHOLDERS

ENGAGING WITH STAKEHOLDERS


Stakeholder engagement at CGIL is an ongoing process of communicating and collaborating with multiple stakeholders. The primary objective is to maintain open communication with stakeholders in matters of importance to company growth and value creation for stakeholder benefit.

Our stakeholders range from shareholders to the broader community, with a cross-section of multiple stakeholders that impact how we operate. Moreover, how we create value also immensely impacts and influences our relationship with stakeholders.






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			*	*	*		*	*		*		*
Employees			*	*	*		*		*	*	*	
Strategic partners			*	*	*	*	*			*		
Banks and financial institutions			*	*		*	*			*		
Brokers and agents			*	*	*	*	*		*	*	*	*
Reinsurers			*		*	*	*			*		
Suppliers			*	*	*	*	*			*		
Regulators		*	*	*								
Government		*	*	*	*	*				*		
Community								*	*			*






MANAGING STAKEHOLDER EXPECTATIONS

Our responsibilities to our stakeholders are based on their expectations of us. Stakeholder needs are integrated into our strategic and operational decisions, are expedited prudently and communicated transparently.

	Expectations	Overall approach	Value created
 <p>Shareholders</p>	<ul style="list-style-type: none"> Financial returns on investments Future growth and viability Risk management to secure investments 	<ul style="list-style-type: none"> Pragmatic financial management by exceptionally skilled experts. Financial returns through dividends on annual profit 	<ul style="list-style-type: none"> Crossed Rs 25.2 Bn in GWP Highest GWP in the general insurance sector Profitability Financial stability Higher investment portfolio and higher fixed income

UNDERSTANDING OUR STAKEHOLDERS

	Expectations	Overall approach	Value created
 Customers	<ul style="list-style-type: none"> Financial protection for unique needs Personalized solutions and value-added- innovative solutions Quick claim settlements Enhancing convenience and accessibility Intuitive and friendly customer service 	<ul style="list-style-type: none"> Portfolio of varied insurance solutions Widest industry distribution network and the country's largest insurance Salesforce Team of seasoned and professional staff, highly skilled to deliver exceptional service Improved claim settlement Growing branches and partner distribution network Digital touchpoints 	<ul style="list-style-type: none"> Higher net claims and benefits – Rs. 8.2 Bn Unmatched claim settlement speed Affordable premiums Diversified accessibility and widespread touch points
 Employees	<ul style="list-style-type: none"> Industry-best remuneration, benefits and career growth Training and development to address skill gaps and professional growth Safe and conducive work environment 	<ul style="list-style-type: none"> Annually increasing remuneration and performance incentives Targeted and generalised training programs DEI – Diversity, equity and inclusion 	<ul style="list-style-type: none"> Increased remuneration and staff costs 120 Training programs covering 2,355 staff members
 Strategic partners	<ul style="list-style-type: none"> Relationships based on respect and mutual understanding Honouring contracts and verbal agreements Support partner initiatives 	<ul style="list-style-type: none"> Need-based services to global partners Unique products for global partner customers/markets 	<ul style="list-style-type: none"> Risk management solutions that meet their unique requirements Open communication Professional and ethical conduct
 Banks and financial institutions	<ul style="list-style-type: none"> Timely payments Transparency and risk management for business stability Ethical financial and operational conduct 	<ul style="list-style-type: none"> Investments in financial instruments Full and transparent disclosures Financial risk management 	<ul style="list-style-type: none"> Timely payments on borrowed sums Investments in financial assets
 Brokers and agents	<ul style="list-style-type: none"> Commission schemes that reflect inflation and business volumes Timely payments Commitment to agreements 	<ul style="list-style-type: none"> Support to agents Competitive commissions Fostering stronger relationships Collaborating to provide better solutions/service 	<ul style="list-style-type: none"> Economic value distributed with agents Economic value distributed to brokering companies Economic value provided to bancassurance

	Expectations	Overall approach	Value created
 Reinsurers	<ul style="list-style-type: none"> • Transparent business conduct • Commitment to reinsurance contracts • Maintaining a good reputation • Prudent underwriting 	<ul style="list-style-type: none"> • Understand and honour reinsurer expectations • Comprehensive contracts • Collaborative work • Regulatory compliances • Ethical business conduct and transparency 	<ul style="list-style-type: none"> • Premium ceded to reinsurers Rs. 10.7 Bn
 Suppliers and service providers	<ul style="list-style-type: none"> • Honouring contractual obligations • Clear communication • Timely payments 	<ul style="list-style-type: none"> • On-time payments • Contractual obligations • Understanding supplier expectations • Collaborations to optimise savings and enhance shared benefits 	<ul style="list-style-type: none"> • Cooperation and collaboration in marketing products • Market insights
 Regulators	<ul style="list-style-type: none"> • Compliance with rules and regulations • Adoption of voluntary governance practices • Timely submissions • Adequate capital buffers to safeguard stakeholder financial interests 	<ul style="list-style-type: none"> • Timely and periodic disclosures • Commitment to regulatory expectations • Consumer protection • Risk management 	<ul style="list-style-type: none"> • Regulatory adherence • Solvency management (219% CAR) • Integration of risk management into processes
 Government	<ul style="list-style-type: none"> • Support for revenue mobilisation (taxes) • Support for social and economic progress • Compliance to regulations • Risk management 	<ul style="list-style-type: none"> • Timely tax payments • Fair practices to protect policyholders • Provide affordable solutions in conjunction with state authorities/institutions. 	<ul style="list-style-type: none"> • Tax payment of Rs 3.2 Bn • Investments in government financial instruments
 Community	<ul style="list-style-type: none"> • Financial and non-financial support to underserved and underprivileged 	<ul style="list-style-type: none"> • Programs that support the economically burdened and investments 	<ul style="list-style-type: none"> • Several lives impacted through our CSR banner 'Ceylinco VIP Pihita' • Over Rs 25 Mn in social contributions

VALUE CREATION MODEL

INPUTS



FINANCIAL CAPITAL

Capital from shareholders **Rs. 500 Mn**
Retained earnings **Rs. 11.8 Bn**
Investment portfolio **Rs. 21.8 Bn**
Total assets **Rs. 46.7 Bn**



MANUFACTURED CAPITAL

City Office **1**
VIP Centre **1**
Branches **190**
VIP counters **298**
Digital and IT infrastructure



INTELLECTUAL CAPITAL

Organisational capital
Brand capital
Culture



SOCIAL AND RELATIONSHIP CAPITAL

Customers **3.1 Mn**
Strategic partners
Other business partners
Bancassurance partners **8**
Banks and financial institutions
Agents and brokers
Reinsurers
Government
Regulator
Community



NATURAL CAPITAL

Water use
Energy consumption



HUMAN CAPITAL

Employees **2,821**
Sales staff **1,975**
Training **2,355**

GOVERNANCE

VALUE CREATION PROCESS

Our Mission

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



Corporate Governance



Managing Key Risks

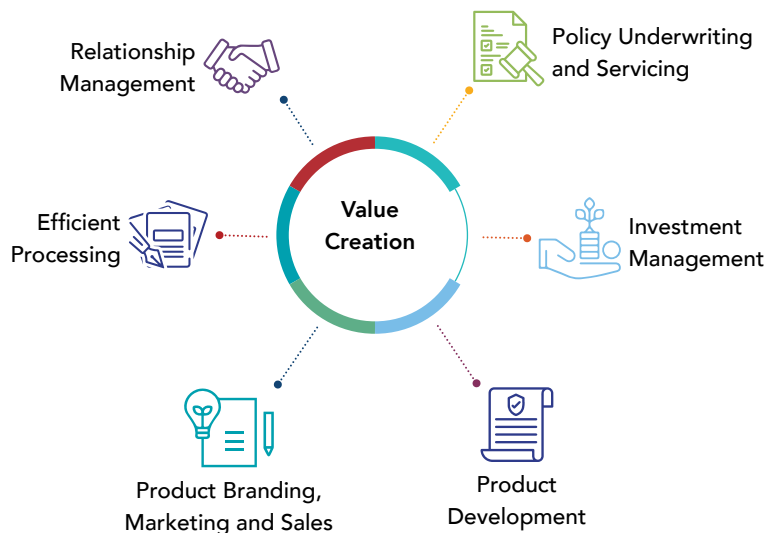


Prudent Corporate Strategy



Regulatory Compliance

Our Strategy



Capital Management

OUR OUTPUTS

PRODUCTS

Insurance solutions for individual clients and their dependents and businesses

- Motor insurance (Ceylinco VIP ON THE SPOT)
- Fire insurance
- Health insurance
- Miscellaneous policies (personal and business)
- Engineering insurance
- Marine insurance
- Title insurance
- Corporate insurance
- Value-added products and services

Rs. 570 Mn
As dividends to shareholders

Rs. 8.2 Bn
In net claims and benefits

Rs. 2.5 Bn
In total remuneration

Rs. 3.2 Bn
In tax payments

VALUE DELIVERED OUTCOMES



SHAREHOLDERS

Attractive dividends and growth in share price.

Gross Written Premiums **Rs. 25.2 Bn**

Profit after tax **Rs. 3.7 Bn**

Dividend per share **228**

Capital Adequacy Ratio **219**



CUSTOMERS

Innovative insurance offerings
Increased customer convenience

Quick claim settlements

Enhanced policy benefits

Increased accessibility

3.1 Mn customers



EMPLOYEES

Opportunities for career progression

Increase in revenue per employee **Rs. 8.9 Mn**

Promoted employees **265**

Cost of living allowance

Increased remuneration



STRATEGIC PARTNERS

Stronger partnerships

100% on time settlement to vendors

Increased CSR spending **Rs. 25 Mn**

Helped thousands of lives



COMMUNITY

Contributing to creating a healthier community



REGULATORS

Compliance and support to develop industry

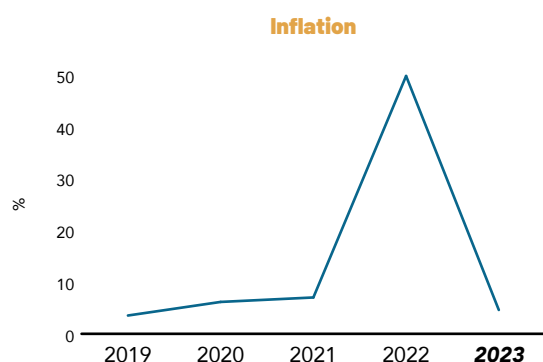
Compliance to regulations

Actively involved in meetings & activities of Associations

OPERATING ENVIRONMENT

MACROECONOMIC OVERVIEW

Economic growth and inflation The broader strokes of Sri Lanka's external environment include positive and unfavourable undertones. We begin our review with the country's economic growth, which has recorded a 1.6% growth in the year's third quarter, according to IMF, and has a close association with recent economic reforms introduced. However, the first six months registered a 7.9% contraction. Further, inflation, which recorded a record high at 69.8% in 2022, decelerated to 4% in August 2023.



Data source: www.macrotrends.net/global-metrics

External sector According to the Central Bank, merchandise trade recorded a lower deficit due to a notable contraction in import expenditure. Gross official reserves reached USD 4.4 Bn by the end of 2023 compared to USD 1.9 Bn at the end of 2022. Tourism earnings increased by 82% in 2023, compared to 2022, while workers' remittances rose by 57.5%. The trade balance contracted to USD 4.9 Bn against USD 5.2 Bn recorded in 2022 - showing a resilient economy on the road to recovery.

Rupee depreciation Rupee depreciation remained a major concern for the industry and the business community. However, the rupee appreciated 11% between the first eight months of 2023, contrasting the 81% depreciation against the USD in 2022, according to the World Bank's Sri Lanka Development Update, 2023.

Tax changes The revised tax regime in 2023 also posed concerns about profitability. The changes came as part of the need for stringent economic reforms. Consequently, corporate income tax rose to 30% from 24%, while the taxable personal income threshold was reduced.

Policy rates Moreover, the Central Bank revised policy interest rates on several occasions in 2023. In March, CBSL raised the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) by 100 basis points, followed by a 200-basis point reduction in July that brought down the SDFR to 11% and the SLFR to 12%. Another reduction was made in November, bringing down the SDFR and SLFR to 9% and 10%, respectively.

Globally, growth contracted from 3.1% in 2022 to 2.3% in 2023, according to IMF statistics. Inflation reached 7%, moving below 9% in 2022, with the help of lower commodity prices. Economic recovery from the pandemic and Ukraine's invasion by Russia remained slow moreover, increasing regional economic disparities also hindered recovery.

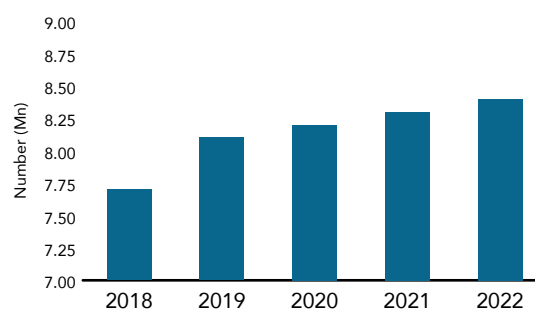
INDUSTRY OPERATING ENVIRONMENT

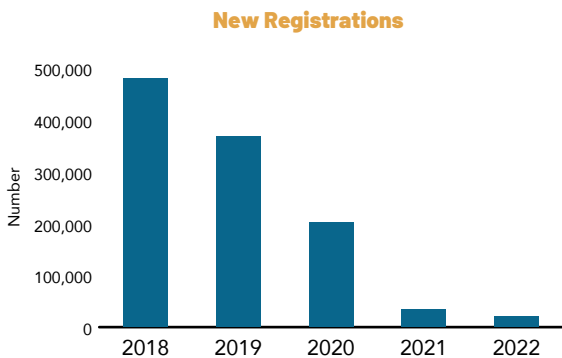
The operating environment turned somewhat uncertain for the sector with unsatisfactory macroeconomic growth, the ban on vehicle imports, downside risks to insurer credit profiles and limited foreign currency to service forex obligations. For motor insurance providers, increasing spare part costs due to the undesirable rupee depreciation impacted underwriting profit and posed concerns on earnings during the year.

Moreover, a new directive has come into effect, mandating to pay in full Strike, Riot, Civil Commotion and Terrorism (SRCCT) premiums for motor insurance to the National Insurance Trust Fund Board (NITF). Repercussions of this could include the inevitable impact on underwriting profitability and the bottom line of non-life insurers, especially companies with a bigger motor insurance portfolio. Moreover, it will also have some effect on capital levels. This new directive comes amidst the expiration of the reinsurance cover of NITF with reinsurers for SRCCT in 2023, posing a threat to its financial capital.

In general, the insurance sector faced the unfavourable consequences of receding household income due to accelerating inflation; this resulted in the reduction of new long-term insurance policies issued in 2022 with a domino effect in 2023. Another significant concern for the non-life insurance segment is the ban on vehicle imports imposed since 2019. While the ban has undoubtedly helped ease foreign currency woes, the insurance sector has increased its focus and opportunities within the existing automobile market. However, in August 2023, the Government relaxed restrictions on special-purpose public transport vehicles, which positively correlates with increasing related premium revenues. However, despite an increase in the cumulative total of registered vehicles on the roads of Sri Lanka, new registrations show a decline.

Total Registered Vehicles





Data source: Department of motor traffic. Statistics (transport.gov.lk)

Industry performance

The cumulative GWP for the general insurance sector grew by 5.8% and amounted to LKR 121 Bn, compared to LKR 115 Bn reported by end-2022.

Within the broader spectrum of general insurance, motor insurance topped LKR 65 Bn in Gross Premiums. Non-motor categories, which include fire and engineering, marine, medical, accidents and miscellaneous insurance totalled LKR 55.9 Bn in 2023, surpassing the previous year’s GWP of LKR 49.8 Bn - marking a 12% increase.

BETTER PROSPECTS - THE OUTLOOK

Digital transformations drive the long-term growth of the industry as consumer behaviours shift increasingly towards digital solutions. As a result, digital transformation strategies must include solutions tailored to address unique needs and emerging requirements delivered through unconventional channels. By leveraging digitalisation’s agility and competitive edge, insurers can maximise productivity and reduce human errors while allowing companies to optimise data and analytical solutions. In addition to providing a competitive edge, technology will reduce long-term operational expenditure, help optimise profits and scale business operations; this is immensely crucial when the country is facing a slow economic revival with constrained potential for broad bottom lines or expansions.

However, the adoption of digital insurance and related technologies has taken a slow pace, in the country, especially in relation to developed markets. The number of online insurance policies being purchased is at a minimal level, despite seeing efforts by insurance companies to leverage digital technologies to enhance services. Ceylinco General Insurance has also made considerable investments to implement several digital technologies, and we expect that efforts to assimilate customer behaviour towards the adoption of such technologies will reap palpable outcomes in the near future.



FINANCIAL CAPITAL

'STEERING FINANCIAL CAPITAL TOWARDS SUCCESS'



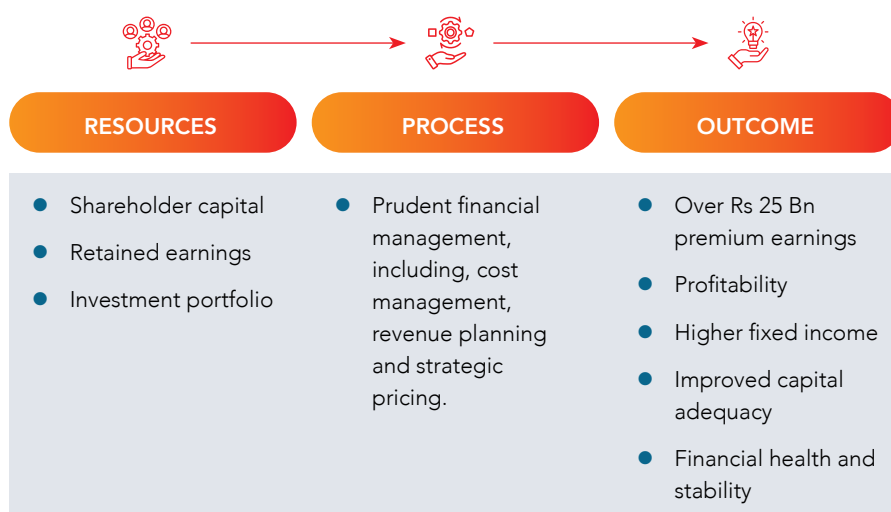
Related Goal	Contribution
	Financial indemnity for social protection (claims). Employee investments
	Economic value for all stakeholders

At Ceylinco General Insurance, securing financial capital and managing it pragmatically are fundamental and critical functions that ensure long-term business viability. Importantly, managing financial resources enables long-term value creation for all stakeholders. Our approach to financial capital entails strategic management and allocation of financial resources to ensure stability and liquidity, meet regulatory capital requirements and power future growth – all while maximising shareholder value.

Our team manages various financial sources, including premiums, investment income, fees and commissions and other operating incomes, with expert financial management skills and risk management capabilities while being mindful of regulatory requirements. This sets the tone for how strategic success is achieved and how stable and profitable we remain to ensure sustainable growth.

VALUE CREATION APPROACH

During the year under review, a substantial part of our focus included prudent cost management against rising costs. Through careful planning, controls and expense reductions, we secured profitability while distributing claims prudently. The Company also maintained its obligations to reinsurance amidst a dollar appreciation and reduced foreign exchange liquidity.



PERFORMANCE INDICATORS

Indicator	2023	2022
GWP	Rs. 25 Bn	Rs 24 Bn
PAT	Rs. 3.7 Bn	Rs 3.8 Bn
Net Claims	Rs. 8.2 Bn	Rs. 7.8 Bn
Net Income	Rs. 20 Bn	Rs. 22 Bn
Combined Ratio	100.4%	99.5%
Underwriting Result	Rs. 5 Bn	Rs. 5.6 Bn

EARNINGS

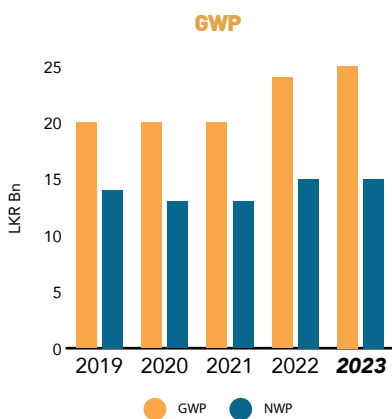
Gross written premium (GWP)

Gross written premium (GWP) crossed over Rs. 25 Bn for the first time in our history, marking a 3.7% growth over the previous year. This has come amidst higher macroeconomic concerns and exponentially rising cost of living, which burdened consumer buying potential. Nevertheless, we topped the industry's GWP growth rate by 5.7%, providing effective marketing and pricing strategies as well as tactical sales and revenue optimisation strategies.

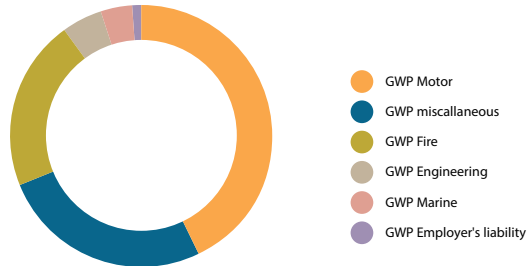
Motor gross written premium took the lead with Rs. 10.8 Bn, reflecting the Company's leading market position in motor insurance. The outcome came amidst a vehicle import ban, which has impacted the industry's new business growth. GWP related to non-motor insurance GWP rose to Rs. 14.5 Bn compared to Rs. 13.5 Bn reported in 2022. Furthermore, motor insurance formed 42.9% of gross written premium, while miscellaneous insurance classes contributed to 26.2% of GWP during 2023.

NWP and NEP

Net written premium (NWP) stood at Rs. 14.5 Bn after Rs 10.7 Bn premium was ceded to reinsurers. Net earned premium amounted to Rs. 14.5 Bn compared to Rs. 14.7 Bn in 2022.



GWP Composition (2023)

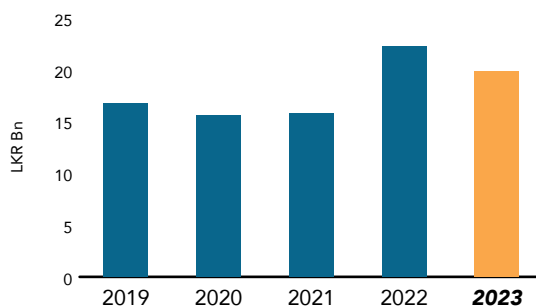


Other revenue sources

Net income reached Rs. 19.8 Bn compared to Rs. 22.1 Bn in 2022.

	NWP '000	Fees and commission income '000
2023	14,541,725	1,123,157
2022	14,608,866	909,249
2021	13,078,410	789,772
2020	13,397,895	642,621
2019	14,325,976	726,094

Net Income



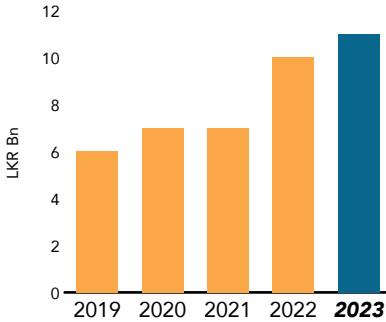
Investment income decreased due to reduction in exchange gains despite increased interest rates benefiting investment income.

PREMIUM CEDED TO REINSURERS

Premium ceded to reinsurers rose by 9.9% to Rs. 10.7 Bn against Rs. 9.7 Bn reported in 2022. This increase mirrors the 7% increase in the GWP of non-motor insurance. Non-motor categories, largely fire insurance, had the highest premium ceded to reinsurers - a total of Rs 9.6 Bn. Meanwhile, motor insurance-based premiums ceded to reinsurers included Rs 1 Bn in 2023.

FINANCIAL CAPITAL

Premium Ceded to Reinsurers



PROFITABILITY

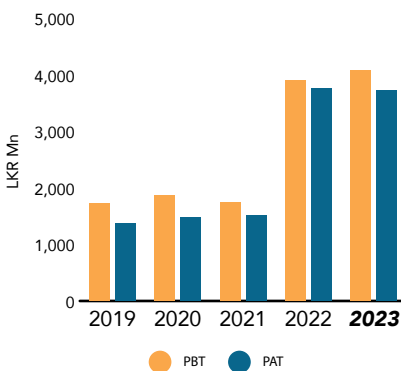
Underwriting performance

The underwriting result was recorded as Rs. 5 Bn against Rs. 5.6 Bn reported in 2022; this demonstrates CGIL's ability to adequately cover its claims from earned premiums and has succeeded in maintaining financial growth. The combined ratio was registered as 100%, indicating financial health and higher premiums over outflows.

Profit

CGIL recorded a profit before tax of Rs. 4 Bn compared to Rs. 3.9 Bn in 2022. Profit after tax reached Rs. 3.7 Bn after a higher tax expense. PAT has declined slightly compared to Rs. 3.8 Bn in 2022.

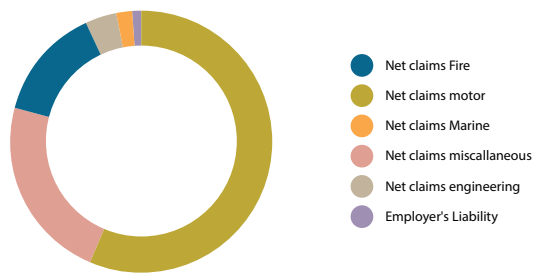
PBT and PAT



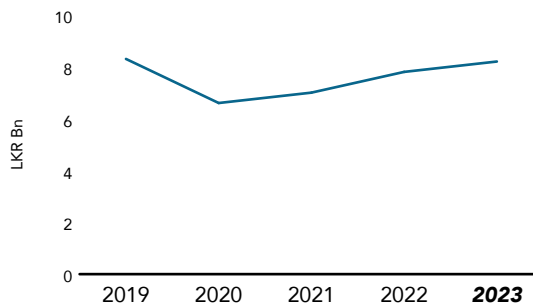
NET BENEFITS AND CLAIMS AND EXPENDITURE

Net claims and benefits form the highest proportion of expenditure. In 2023, net claims increased to Rs. 8.2 Bn from Rs. 7.8 Bn – increasing by 5%. Motor-related claims formed 60% of total net claims, followed by 27.8% by miscellaneous non-motor insurance claims. Fire-related claims amounted to 12% of the net claims disbursed in 2023. Net claims and benefits as a percentage of NWP was 56.6%, which reflects a healthy proportion of net premiums paid out as claims and benefits.

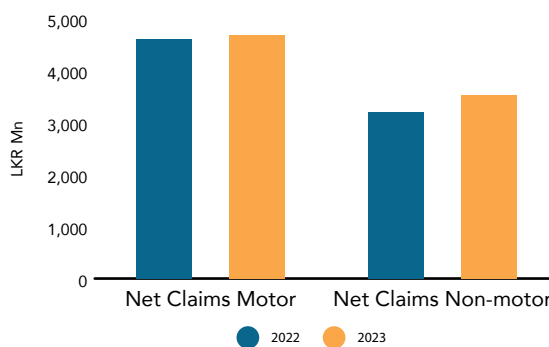
Net Claims Composition



Net Claims and Benefits



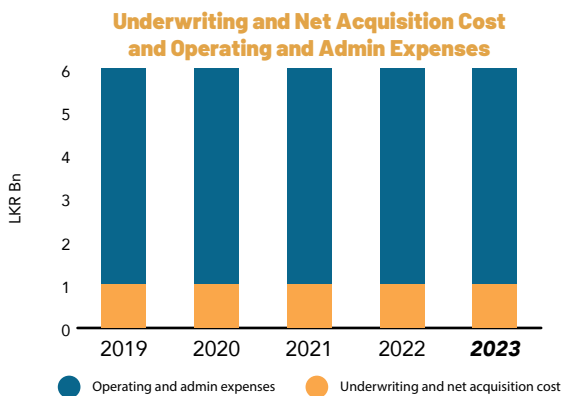
Motor vs. Non-Motor Claims



For the year under review, acquisition costs increased by 10%, amounting to Rs. 2.4 Bn. Furthermore, underwriting and net acquisition costs were recorded as Rs. 1.3 Bn, which has increased marginally from 2022.

In the year under review, the company experienced a reduction in other operating and administrative expenses, which neared Rs. 5 Bn compared to Rs. 5.5 Bn in 2022. Moreover, an impairment provision of Rs. 2.8 Bn was allocated for potential uncertainties over foreign currency investments in 2022.

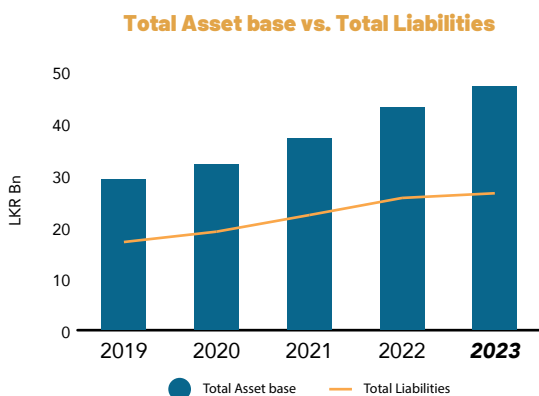
The primary factor in other operating and administrative expenses was employee benefits, which accounted for nearly Rs. 2.5 Bn or 50% of the total. Moreover, finance cost for 2023 amounted to Rs. 57 Mn and income tax reached Rs. 355 Mn, which increased significantly from the previous year due to the high corporate tax rate.



FINANCIAL POSITION

The total asset base reached Rs. 47 Bn compared to Rs. 43 Bn reported in 2022. The increase reflects investments in financial investments, new property and plant.

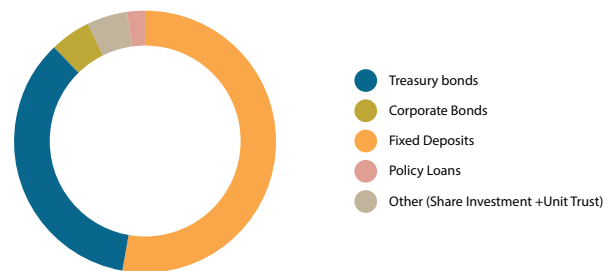
Total liabilities amounted to Rs. 26 Bn compared to Rs. 25 Bn in 2022. There is a slight increase between the two fiscal periods. The higher assets against liabilities indicate better financial health, including positive liquidity levels and better equity. Insurance contract liabilities stood at Rs. 15.7 Bn in 2023 compared to Rs. 14.6 Bn in 2022: the increase reflects raised premiums to offset rising costs for claim payouts and higher operating costs. Other liabilities increased to Rs. 3.6 Bn compared to Rs. 3.2 Bn in 2022.



FINANCIAL ASSETS

CGIL's financial investment portfolio includes a mix of prudent instruments, with 51.4 % of the total portfolio in fixed deposits. 36.7% lies in policy loans, while another 5 and 4.8% are held in corporate bonds and share investment and unit trusts, respectively.

Financial Asset Composition



CASH FLOW AND LIQUIDITY

During the year, we adopted carefully-devised strategies to manage cash inflows and outflows. This ensured the company's ability to meet short-term financial obligations. In 2023, there was a significant cash flow generated from operating activities, amounting to Rs. 2.6 Bn. Premium collections had a determining role in a healthy cash flow.

Net cash flows used in investing activities Rs. 1.7 Bn and Net cash flows used in financing activities Rs. 637 Mn.

DIVIDEND PER SHARE

CGIL distributed a dividend of Rs. 570 Mn in the year under review.

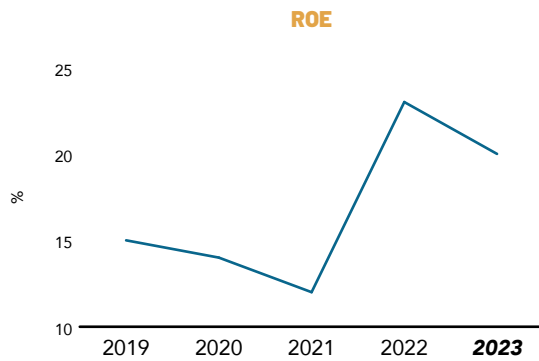
RETURN ON ASSETS

The Company maintained a ROA of 9% compared to the 9% reported previously. The decline is a result of lower profits impacted by the consequences of inflation and higher corporate taxes. Investments in assets also had some stake in this decline but were a decision towards future growth.

FINANCIAL CAPITAL

RETURN ON EQUITY (ROE)

ROE decreased to 18% from 22%, reflecting a declined net income in the year under review, as inflation, reduced vehicle registrations, and constricted consumer spending impacted earning potential.

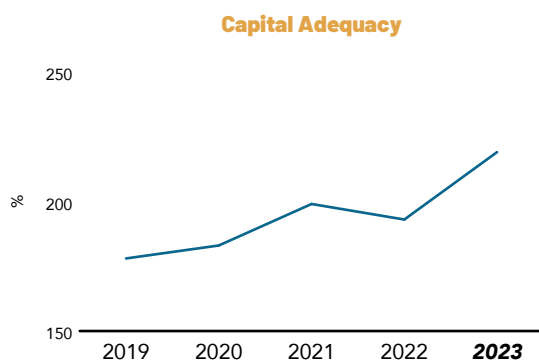


EARNINGS PER SHARE

CGIL's earnings per share (EPS) recorded as Rs. 1,489 compared to Rs. 1,507.1 reported in the previous year.

CAPITAL LEVELS

Showing the financial resilience and strength in numbers, capital adequacy ratio increased to 219% in 2023 from 193% in 2022. We have maintained a CAR that is above the industry minimum of 120%, showing our ability to withstand unforeseen downturns and insolvency. For the past five years, CGIL has maintained a CAR well-above industry average and has enhanced greater confidence amongst investors and other stakeholders, affirming our stability.



Total available capital stood at Rs. 11.3 Bn compared to Rs. 8.9 Bn from 2022. Risk based capital requirement stood at Rs. 5.2 Bn, compared to Rs. 4.6 Bn reported in 2022.

OUTLOOK

Several indicators point towards an encouraging rebound in the country's economy. The cost of inflation and the erosion of real income are expected to dissipate as people acclimatise to increased prices and welcome disinflation. This will be optimistic in increasing new premium business in the coming year. To offset the loss of new business due to the ban on vehicle imports, CGIL will continue to focus on the existing motor market while adjusting policies for existing vehicle models, focusing more on the second-hand motor market, cost optimisation for spare parts and providing enhanced customer support to amplify policy renewals. Furthermore, the Company will fully embrace SLFRS 17 in 2026, which sets the base for recognising, measuring, presenting and disclosing insurance contracts. Ultimately, revenue optimisation and strategic planning will be pursued in the coming fiscal year, alongside cautious and sensible financial management.



MANUFACTURED CAPITAL

'SHAPING PROGRESS ON SOLID FOUNDATIONS'



Related Goal	Contribution
	We foster industry innovation and physical infrastructure through continuous physical expansions
	Minimising resource usage wherever feasible (E.g. paper and plastic cards)
	Increasing branch network provides sustained and inclusive employment to people from respective locales, stimulating economic growth

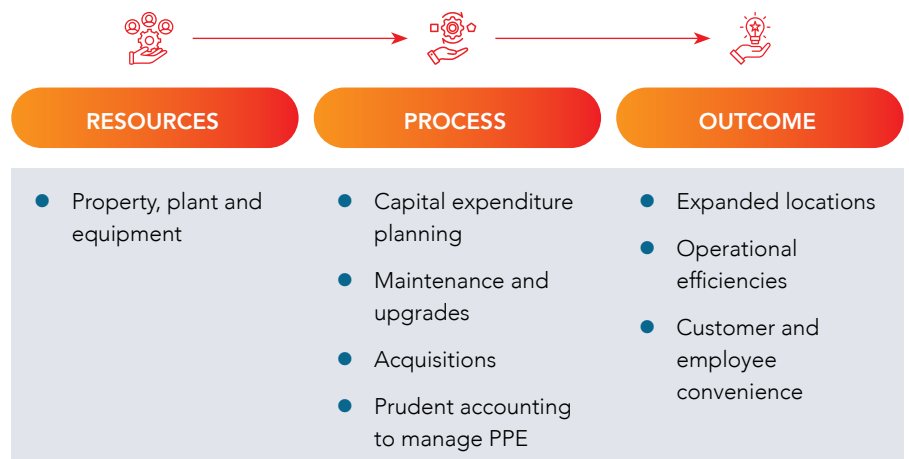
Investments in physical infrastructure, assets, equipment and technological hardware are critical components in significantly impacting profitability and sustainable growth. As one of Sri Lanka's largest insurers, we regularly improve our physical assets and continue investing in infrastructure that enhances our reach and market presence.

CGIL places equal importance on strategic investments and infrastructure improvements. Strategic investments in land and property and new branches increase revenue by expanding market reach, improving customer service and enhancing brand visibility. By improving

existing infrastructure, we can increase efficiency, enhance physical capacities, and improve the quality of service experience - with all of the above working harmoniously to elevate competitive advantage.

VALUE CREATION APPROACH

Across 2023, inflation played a concerning role, as we factored in the rising cost of resources when deciding to expand and improve infrastructure. Therefore, macroeconomic uncertainties and rising costs compelled us to adopt a cautious approach to large-scale investments. As a financial service provider, we remained compliant with maintaining adequate capital buffers without exerting undue pressure on our capacity to finance unforeseen liabilities. Nevertheless, managing building maintenance, branch operation, and resource costs remained at the top of our priorities in managing manufactured capital.



COMPARATIVE VALUE CREATION

Indicator		2023	2022
PPE base (as at year end)	(Rs Bn)	4,433	4,322
Investment in properties	(Rs Mn)	2,556	2,410
Intangible assets	(Rs Mn)	37	45

PROPERTY, PLANT AND EQUIPMENT

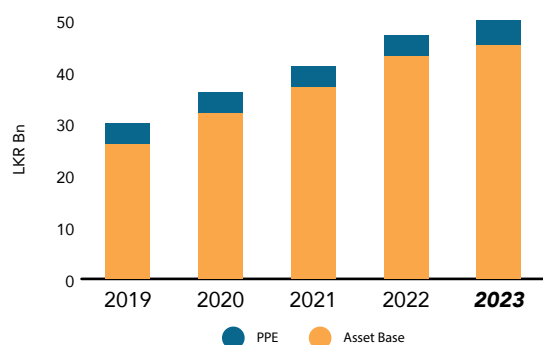
MANUFACTURED CAPITAL

Our property, plant and equipment stood at Rs. 4.5 Bn at the end of 31st December 2023, increasing from Rs. 4.3 Bn reported in 2022. This is part of an increased asset base of Rs. 47 Bn, compared to Rs. 43 Bn in 2022.

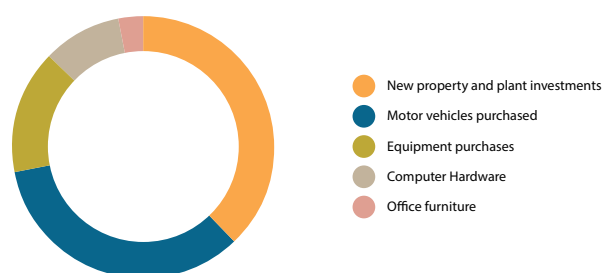
Assets and PPE	2019	2020	2021	2022	2023
	'000	'000	'000	'000	'000
Total asset base	28,586,500	32,061,287	36,648,668	42,701,974	46,678,057
PPE (at year end)	4,166,169	3,866,531	4,149,976	4,322,298	4,432,760

THE ROLE OF ACCOUNTING IN PPE MANAGEMENT

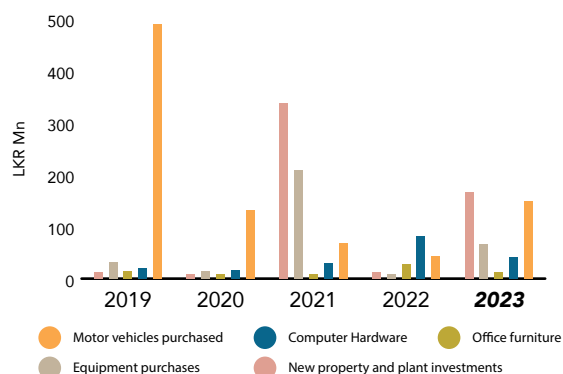
Total Assets and PPE



PPE New Expenditure (2023)



PPE Expenditure



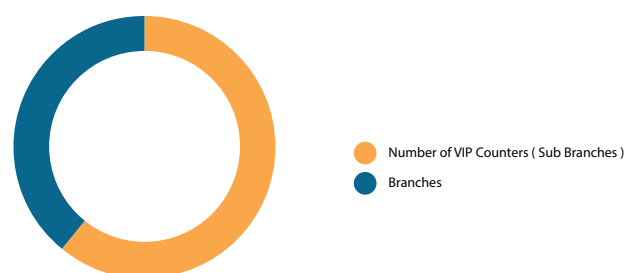
We cannot overlook the function of accounting in managing PPE, as it is paramount to ensuring that the financial value of our assets and equipment remains in check. The department maintains meticulous details of acquisitions and expenses of assets while allocating the cost of assets through depreciation (except land). Moreover, they maintain a sharp watch over upgrades and improvements across the useful life of relevant assets. The department takes periodic checks of its conditions to ensure that the asset remains in optimal condition. This fundamental role of the department is essential to ensure that the impact of PPE on the company's financial position remains at its best.

DISTRIBUTION NETWORK

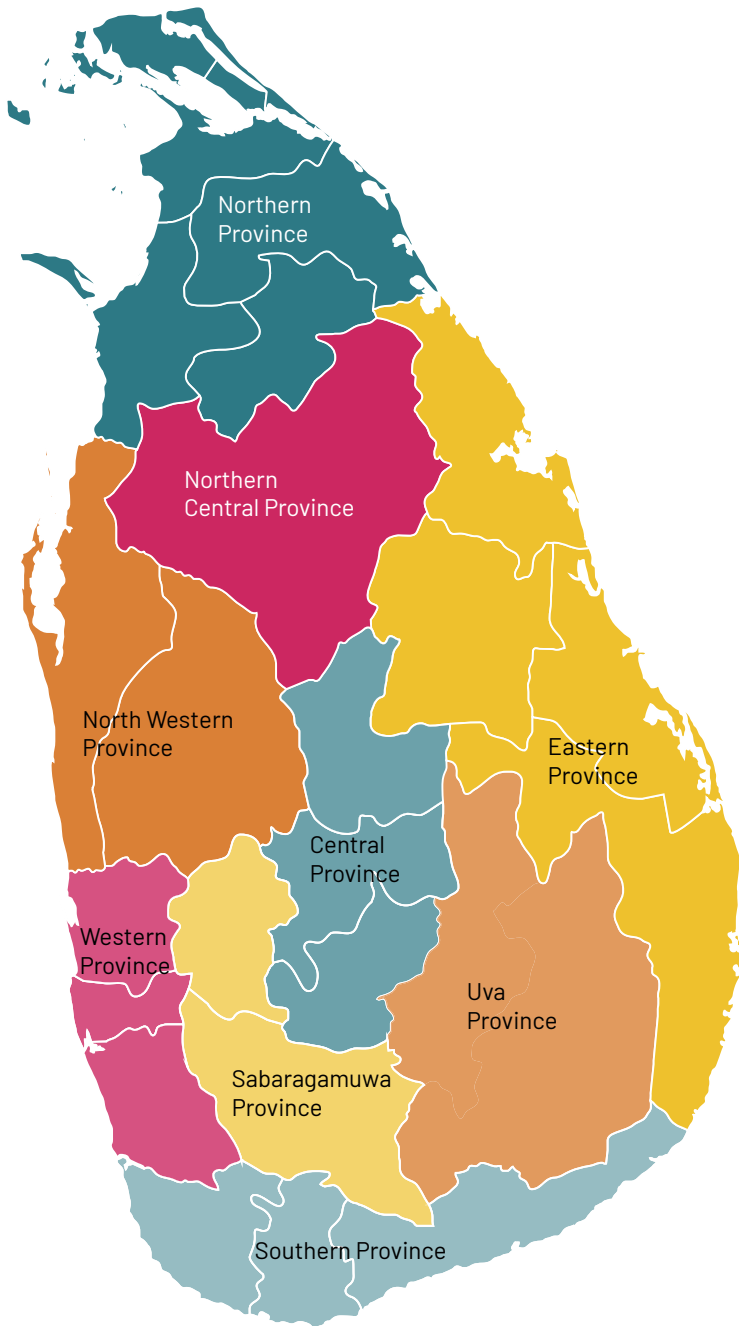
Our distribution network has been pivotal for our success and continuous growth. As a diverse channel network, we have been successful in reaching a broader customer base, providing prompt services through trained personnel while adapting to regional insurance demands. Moreover, we have strived to balance between physical and digital touchpoints, enhancing accessibility through a flexible and far-reaching network.

	2019	2020	2021	2022	2023
Branches	190	190	190	190	190
Number of VIP Counters (Sub Branches)	264	272	286	296	298




























Channel Composition (2023)



BRANCH NETWORK



 Branches  VIP Counters

	Western Province	 71	 136
	North Western Province	 23	 28
	Central Province	 17	 27
	North Central Province	 11	 18
	Southern Province	 23	 21
	Eastern Province	 8	 29
	Northern Province	 7	 11
	Uva Province	 11	 12
	Sabaragamuwa Province	 19	 19

MANUFACTURED CAPITAL

Apart from island-wide branches, our VIP counters are critical touchpoints in reaching countless VIP customers. In 2023, the number of branches remained unchanged at 190 locations, while VIP counters increased by 2 to 298. Although the company’s branches are acquired on a rent basis, our head office and properties in Nawam Mawatha, Gampaha and Kurunegala are company-owned. Moreover, the maintenance cost of company-operated physical locations reached Rs. 108 Mn compared to Rs. 106 Mn in 2022. This is an increase due to the consequences of inflation.

In addition, post-office-based locations increased by 4 to 4,208, while mobile propaganda vans and Ceylinco VIP spots remained unchanged. In total, the distribution network saw its locations increase by six.

Province	Branches		VIP counters	
	2023	2022	2023	2022
Central	17	17	27	25
Eastern	8	8	29	28
North Central	11	11	18	18
North Western	23	23	28	28
Northern	7	7	11	11
Sabaragamuwa	19	19	19	19
Southern	23	23	21	21
Uva	11	11	12	12
Western	71	71	136	135

CEYLINCO VIP SPOTS

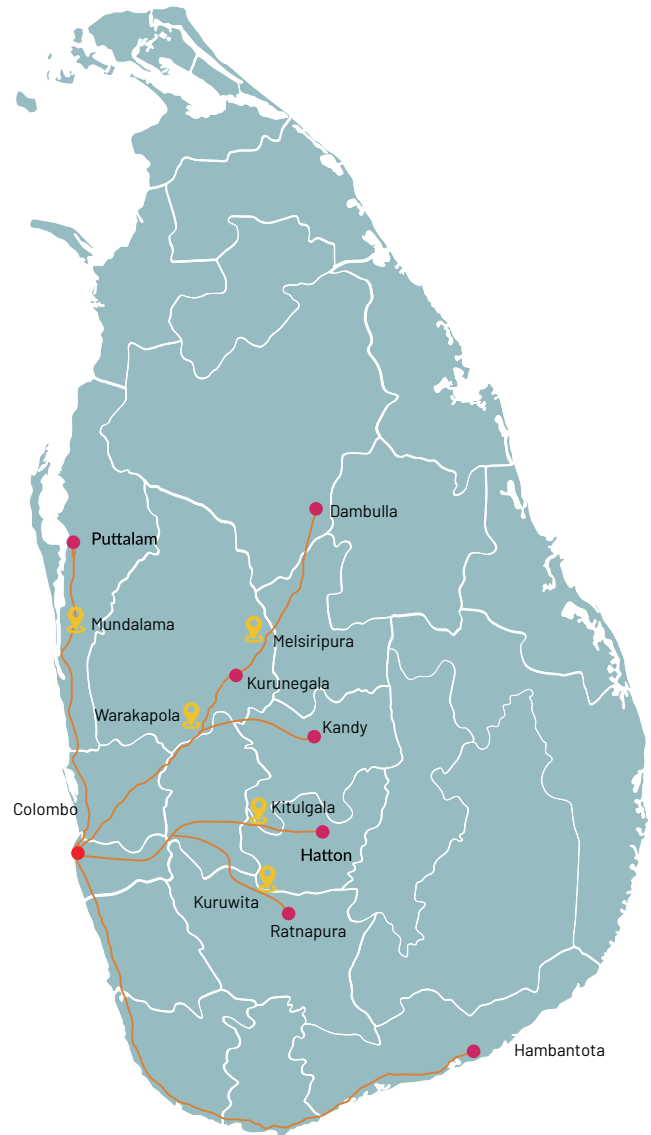
VIP SPOTs are a value-adding service that takes care of our most loyal customers. The company operates five VIP SPOTs on long-distance routes. These provide our VIP ON THE SPOT policyholders a facility to refresh themselves on long-distance journeys across the island.



Mundalama



Kuruwita





Warakapola



Kithulgala



Malsiripura

	2019	2020	2021	2022	2023
Mobile propaganda vans	13	13	13	13	13
Post offices for 3rd party insurance	3,810	4,021	4,063	4,112	4,208
Ceylinco VIP spots	5	5	5	5	5



DIGITAL INTERACTION POINTS

Digital touchpoints have enabled customer engagements that often go unnoticed through traditional mediums. In contrast to physical touchpoints, these have enabled customers to closely interact with our products and brand across the policy life cycle. Mediums such as the official website, digital billboards, call centres, digital payment options, online advertising, apps and social media platforms have enabled us to significantly optimize customer experience and brand perception.

Integrated Portal

In September 2023 we entered into an exclusive partnership with Fagxa, a prominent technology service provider to develop a comprehensive range of online services for our existing and prospective customers. The partnership focuses on creating an advanced portal integrated with the official website to offer the utmost convenience to policyholders and prospective customers. The portal will provide access to Ceylinco VIP ON THE SPOT services and other products; it will facilitate the renewal of motor insurance, quick policy generation, and access to attractive quotes. Furthermore, it will enable secure transactions and payment processing and streamlined processes for a fast turnaround time.

MANUFACTURED CAPITAL

The portal is designed to allow easy navigation, with functions for claim intimations and other benefits. The partnership with Fagxa will set the tone and pace for transforming us digitally and align us further with the digital economy.



Digital Billboards

The country's largest outdoor digital network, we utilise a set of 65 LED screens to display and advertise promotional campaigns, product information and key events. These have been placed strategically at prime locations for optimal visibility, covering all major towns on the island. Since 2017, when they were installed, the screens have captivated a larger audience compared to traditional billboards.

Digital Payments

Adding additional value in the year under review, we invested in reviving the Ceylinco VIP Hub - a payment gateway to provide a convenient service to millions of customers.

Digital payment methods are convenient in this digital age, which also enhances the security of transactions; therefore, the Company has set in place several options to facilitate digital payments. We have partnered with Dialog EzCash and Mobitel mCash for premium payments. These are apart from card payments and bank transfers.

Digital Insurance Card

In March 2023, we commenced the issue of digital insurance certificates and policies, which replace physical documentation. This has not only enhanced customer convenience, but it reflects the company's commitment to a greener digital future. While making positive contributions to the environment, this move also helps us acknowledge customer preference towards digital products and services.

To ensure customer convenience, they will be provided with an attachment of the Electronic Transactions Act. The issue of digital policies and certificates aligns with the provisions of section three of the Electronic Transactions Act No. 19 of 2006, which specifies that any form of electronic communication should not be deemed invalid, unenforceable or without legal recognition.

NEW PRODUCTS

Staying ahead of industry innovations and market gap fulfilment, we introduced six new products in the review period. These products enhance an already versatile portfolio of motor and non-motor general insurance solutions. The following are some of our fresh customer-centric solutions that have diversified our motor insurance and medical insurance portfolios. Importantly, they offer customers convenient, niche solutions to match their needs and financial capacities.

Buddy Lorry



A policy designed for small lorry owners, Ceylinco VIP Buddy Lorry Cover provides a host of unique benefits.

Ceylinco VIP Van Insurance



A cover with multiple benefits to van users with coverage for passengers and legal obligations.

Ceylinco VIP Double Cab Insurance



The solution is a comprehensive policy with instant claim settlement and accidental health insurance apart from a range of additional benefits.

Ceylinco Suwa Divi



A medical cover that provides daily hospitalization cash and coverage for twenty serious illnesses for families and individuals, provided through two standard schemes.

Ceylinco Suwa Derana



An affordable mass-market health and accident cover, Suwa Derana provides hospitalization, accidental death, and permanent disability benefits for individuals.

VIRTUAL ASSESSOR

Providing a higher level of convenience during road accidents, we enable customers to digitally share images of vehicles after an accident. As a result, it reduces additional waiting periods, at a time when customers are already in distress over the motor accident.

24/7 CALL CENTRE (OPERATIONS HUB)

A crucial base of our operations, the call centre enables customers to resolve inquiries and get connected with the right people, swiftly. To ensure consistently good service, call centre staff receives regular training to improve communication and to provide a friendly service, professionally. Operated by a 40-member team, they also undertake claim intimations and respond to accident reports and other queries.

IT INFRASTRUCTURE

IT infrastructure (software and hardware) stands as the backbone of our operations. Facilitating the adoption of new digital solutions and digitalization of processes, the infrastructure has defined operational efficiencies. Both customers and employees have reaped the benefits of our core IT infrastructure as it has streamlined operations while eliminating tiresome manual processes.

Every function from policy generation to claims processing are undertaken through the infrastructure with solutions to ensure data and overall network security. In the year under review, we incurred Rs 145 Mn to improve existing infrastructure, which includes improvements to software and hardware. In ensuring uninterrupted functioning of the IT systems, our IT department takes proactive measures to manage the infrastructure, while making necessary upgrades, timely and periodically.

OUTLOOK

In the near term, the company envisions expediting several critical actions to increase and expand the physical network while covering gaps within the existing digital network infrastructure.

To enhance formal digital engagement with consumers and other stakeholders, we envision revamping the corporate website and the online purchasing platforms by updating to the latest versions. The use of data analytics will be pushed in the short term as we strive to optimise the online customer journey with data-driven insights by gathering customer behaviour data; this will also help make informed decisions on product development and strategic decision-making.

Additionally, the company also envisions expanding its reach by increasing its physical presence to reach new and niche market segments, including new local regional markets to fuel business growth and expansion.



INTELLECTUAL CAPITAL

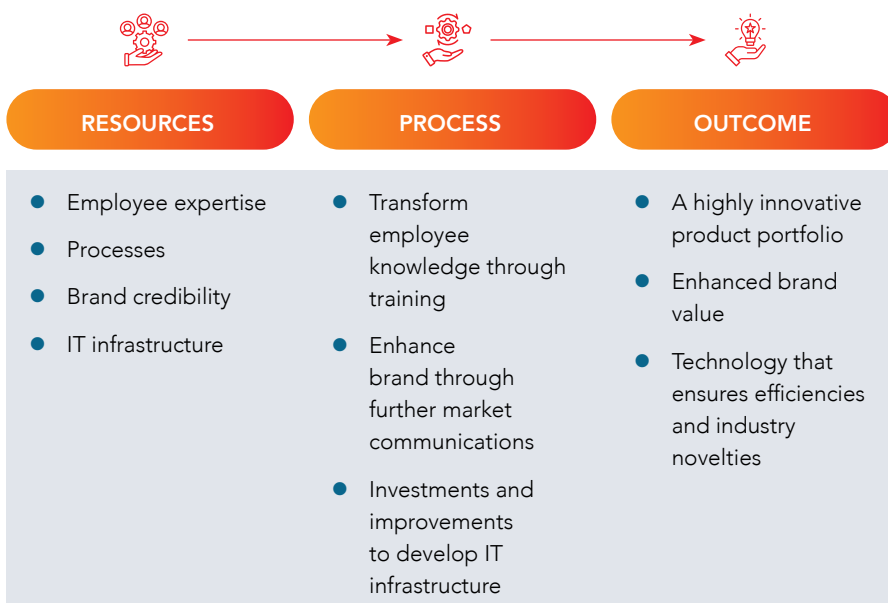
'UNLOCKING INNOVATION TO DRIVE GROWTH'



Related Goal	Contribution
4 QUALITY EDUCATION	Training to preserve and enhance tacit knowledge of employees
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Innovations that contributed to industry performance

At Ceylinco General Insurance, we have adopted a unique approach to effectively managing intangible assets and knowledge capital; this entails creating and enhancing intellectually stimulating ideas and solutions that drive innovation and competitive advantage. Managing this intellectual capital involves turning experience, knowledge and information into innovative product solutions consistently and competitively.

VALUE CREATION APPROACH



BRAND PERFORMANCE

Indicator	2023	2022
Brand rating	AA+	AA+
Market share	20.86	21.1

THE BRAND

A well-respected and highly recognised brand in the insurance industry, Ceylinco General Insurance has been recognised as one of the most valuable Sri Lankan insurance brands in the nation. Ceylinco has become one of the top 100 brands in the country. The Ceylinco brand name carries significant influence in the insurance sector due to our longstanding history and market leadership. We have continuously earned the trust of millions of customers by providing financial indemnity to customers when they need it the most.

People's General Insurance Brand

We became recognised as the 'People's General Insurance Brand of the Year' at the 2023 SLIM Kantar People's Awards for the 17th successive year. One of the most coveted awards for local businesses, it is presented after careful data analysis of peoples' perceptions of the brand, which are collected through a nationwide survey. Conducted and concluded through an unbiased process, the survey was carried out by the UK Kantar group using one-to-one interviews. This methodology provides an accurate account of what Sri Lankans perceive about Ceylinco and their sentiments towards it.

For over three decades, the Sri Lankan public has expressed their acceptance of Ceylinco General Insurance. This public vote of confidence and acceptance comes amidst another year of swift claim settlements and disbursement of benefits - delivering on our promise. It demonstrates our positive impact on our customers and stakeholders and is a reflection of our customer-centred culture.



Service Excellence in General Insurance

During the year, we also received recognition as the most popular insurance company in terms of ‘service excellence’ in the non-life insurance sector. The recognition is the result of a 12-week survey conducted by LMD magazine in 2023, where we emerged as the top company in the general insurance industry.

The recognition is a culmination of years of pioneered innovations and game-changers within the industry. The honour reflects how we have consistently established benchmarks in service excellence and product innovation to benefit stakeholders and the general public.

Ceylinco VIP ON THE SPOT



A comprehensive vehicle insurance policy that is the first of its kind in Sri Lanka, Ceylinco VIP has become a household name, recognised by the entire nation. Much more than an insurance solution, Ceylinco VIP has become a brand name that is synonymous with the Company and insurance in general.

On-the-spot claim settlement by Ceylinco VIP revolutionised the industry with the fastest claim settlements, making the

brand widely accepted, and as a brand name, Ceylinco VIP has carried tremendous sway with the general public. Over the years, we have invested in extensive marketing and promotional campaigns across numerous dynamic mediums. The product logo has become widely recognised as the pioneering motor insurance solution and has attracted growing demand, making it our highest-grossing insurance solution.

Ceylinco VIP is one of the most preferred motor insurance brands and has received recognition as a comprehensive cover with unique benefits. Key features include:

- ✦ Rs 10 Mn accidental health insurance cover
- ✦ Rs 1 Mn serious illness cover for 20 illnesses
- ✦ On the spot claim settlement 24x7
- ✦ A similar replacement vehicle up to 14 days when repairs exceed four days
- ✦ 10-year warranty against manufacturing defects up to 10 years from year of manufacture
- ✦ On-the-Spot Claim Settlement Process

ON THE SPOT CLAIM SETTLEMENT PROCESS

An industry-first and innovative solution, VIP on the Spot claim settlement involves immediate payment of genuine claims anytime at any location. Unique to our intellectual prowess, On the Spot reflects our commitment to innovating customer service and providing an unparalleled experience.

Ceylinco Ananthaya

In 2023, we partnered with SLT-Mobitel to introduce a unique solution for SLT-Mobitel customers - ‘Ceylinco SLT-Mobitel Ananthaya’. The cover increases as customers settle bills, with each cover valid for a year and capped at Rs 1 Mn. It is a cost-effective serious illness cover, which can be afforded at a nominal premium. ‘Ananthaya’ has already been patented, ensuring that our intellectual property and product innovations remain secured.



INTELLECTUAL CAPITAL

UNIQUE PRODUCT PORTFOLIO

We create insurance solutions that are innovative and carry significant social contributions. As a result, we have created several unique products that address the insurance needs on a mass scale. Moreover, we identify opportunities to reach mass or niche segments to provide unmatched solutions innovatively.



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 VIP DOUBLE CAB INSURANCE

Ceylinco VIP Double Cab Insurance offers enhanced benefits to double cab users, the insured and passengers.



CEYLINCO VIP VAN INSURANCE

Ceylinco VIP Van Insurance is a cover that offers a host of additional benefits to van users that cover passengers and provide security against legal obligations.



BUDDY LORRY

Ceylinco VIP Buddy Lorry Cover is a product specially designed for small lorry owners with unique benefits.



CEYLINCO VIP THREE WHEEL COVER

Ceylinco VIP Three Wheel Cover is the only product with the widest coverage.



CEYLINCO VIP MOTOR BIKE COVER

Offers a host of benefits for Motorcycles Riders.



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 CHP PLUS

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



CEYLINCO SUWA SAMPATHA

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



CEYLINCO FAMILY GUARDIAN

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



CEYLINCO HOME OWNER'S DISASTER RELIEF INSURANCE

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



CEYLINCO TRADERS' DISASTER RELIEF INSURANCE

This packaged product provides a complete protection plan for businesses.



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 ONE DAY COVER

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



CEYLINCO GOVI PAWURA / CEYLINCO GURU PAWURA / CEYLINCO LIYA PAWURA

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



CEYLINCO LIPS INSURANCE

This product was specially designed for women.



CEYLINCO DHEEWARA UDANA

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



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 NUWANA

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



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 HOME & YOU

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



CEYLINCO TRAVEL CLASSIC INSURANCE

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



CEYLINCO TWENTY FOUR SEVEN

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

INTELLECTUAL CAPITAL



CEYLINCO WARRANTY INSURANCE

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



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 ONE AND ONLY

Every time a customer purchases goods from any outlet of partner supermarket chains, the customer is entitled to an insurance cover.



CEYLINCO SUWA DIVI

Ceylinco Suwa Diwi is a medical cover offering daily hospitalisation cash and coverage for twenty serious illnesses for families and individuals under two standard schemes.



CEYLINCO "A+" INTERNATIONAL STUDENTS' INSURANCE

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



CEYLINCO GEDARA

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



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 SUPPORT LINE

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



CEYLINCO SUWA DERANA

Ceylinco Suwa Derana is designed as a mass-market health and accident cover offering hospitalisation coverage, accidental death and permanent disablement benefits for individuals at an easily affordable premium.



CEYLINCO NO WORRIES

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



CEYLINCO HIGHER EDUCATION POLICY

A comprehensive cover for students wanting to pursue higher education.



CEYLINCO ANANTHAYA

'Ananthaya' is a unique product that addresses a compelling need for affordable health insurance coverage for serious illnesses and accidents at a minimal premium. It's offered as a value addition to customers of corporate entities such as banks, telcos etc...

INFORMATION TECHNOLOGY

Striving for unparalleled excellence in our IT initiatives, Ceylinco General Insurance remains steadfast in its dedication to empowering our IT workforce through training programs and access to diverse global and local opportunities. We uphold our unwavering standards by perpetually refining our expertise across various programming languages, remaining at the forefront of advancements in cloud-based technologies and hardware, and embracing cutting-edge development tools readily available in the industry. Furthermore, we are committed to fortifying our cyber security framework through the implementation of resilient firewalls fortified with multiple layers of defence mechanisms, coupled with the integration of the latest-generation operating systems to safeguard our digital assets.

Our IT team has achieved significant milestones, including the successful development of the Virtual Assessor system for our automobile division, which allows for remote damage assessment without the need for physical site visits. Furthermore, we have seamlessly integrated 'Ananthaya' systems with partners such as 811.lk and SLT through API integrations to facilitate business transactions. Additionally, our integration with the CDB system has streamlined leasing portfolio management within our core systems.

Internally, we have developed systems such as travel quotation, internal renewal, and debit follow-up systems to optimise operational efficiency, complemented by user-friendly dashboards for enhanced visibility and management.

In summary, Ceylinco General Insurance remains committed to leveraging technology and innovation to drive efficiency, enhance customer experiences, and maintain our position as a leader in the insurance industry.

DELIVERY OF VEHICLE INSURANCE AT CUSTOMERS' DOORSTEPS WITHIN 24 HRS

Introducing yet another industry first, Ceylinco General Insurance commenced the delivery of Ceylinco VIP On The Spot vehicle insurance policies at customers' doorsteps within 24 hours of receiving a call, at no extra cost, with effect from 2nd January 2024.

For the convenience of the customers who wish to avail this service, the company has allocated a short code number, 1334, which could be dialed from any mobile / fixed line network. Customers could make use of this service 24 hours a day, seven days of the week. Accordingly, when a call is received by the hotline number 1334, information will be passed on to the branch closest to the customer on a real-time basis. Thereafter, the insurance cover will be delivered to any location preferred by the customer within 24 hours.

A GUARANTEE FOR UNIQUE BENEFITS

All Ceylinco VIP On The Spot vehicle insurance policies come with a guaranteed host of unique benefits offered only by Ceylinco VIP On The Spot. All existing customers will receive this guarantee at the time of renewing the insurance cover and new customers will be entitled to the same at the time of obtaining the Ceylinco VIP On The Spot policy.

DIGITAL PRODUCTS AND SERVICES

In 2023, we commenced operations to issue digital insurance certificates and policies.



INTELLECTUAL CAPITAL

TACIT KNOWLEDGE

As an insurer, we work in a knowledge-intensive industry. Our tacit knowledge includes unspoken and practical knowledge gained through industry experiences. This tacit knowledge refers especially to knowledge and experiences surrounding risk assessment, processing claims, customer service and industry regulations, and our ability to handle complex challenges efficiently. Increased efficiencies in all aspects of company operations and customer service are another aspect of tacit knowledge.

Our tacit knowledge is also unique to the experience of each employee, especially the client-sales personnel relationship when providing policies, handling tough claim settlements and perception-building. We strive to retain this tacit knowledge within the Company by creating focused strategies to enrich tacit knowledge through talent development and recognition.

Training programs conducted in 2023 are presented in the Human capital report of this year's annual report. During the year, we invested considerably in employee training and development. Employees received hands-on training and mentoring that has helped pass along the tacit wisdom of senior staff to juniors. Moreover, employees with proven performance are promoted and rewarded with financial and non-financial rewards periodically.



CULTURE

Culture is a significant aspect of our intellectual capital, as it holds shared values and beliefs that shape how employees behave and feel about the Company. Shared norms and perceptions critically influence how staff interact with customers and how well they work to achieve business and personal goals. As an insurer with one of the largest customer bases, this ecosystem of thoughts, attitudes and principles can greatly influence and shape our business progress and value creation.

At Ceylinco General Insurance, our employees value innovation and a customer-centric approach, which are important characteristics of our corporate culture. As a result, we have

created numerous products and services that are industry benchmarks and have benefitted millions of customers. Our culture also fosters business and individual growth, which has helped attract and retain talent from all ages and disciplines.

As a responsible employer, we have made efforts to sustain a non-discriminatory corporate culture that provides equal opportunities. We ensure that no employee gets subjected to sexual harassment and receives adequate support to resolve grievances.

OUTLOOK

Our primary focus will be on developing other innovative and unique insurance solutions for new and existing market segments. This will require significant improvements to tacit knowledge, learning and hands on experiences, which will be nurtured through concentrated approaches.

Enhanced product value that meets customers' needs will also be pursued while fostering innovations and processes that support superior customer service. In order to continually redefine such solutions, we also envision to upgrade, develop and deploy specifically designed and refined IT systems and tailored solutions to better facilitate internal operational processes.

Furthermore, branding and marketing efforts will continue with increased momentum alongside the assessment of market and media trends to optimise brand recognition and visibility. As always, we will continue to capitalise on our brand name and ensure customer-brand engagement through traditional and new-age channels.



SOCIAL AND RELATIONSHIP CAPITAL

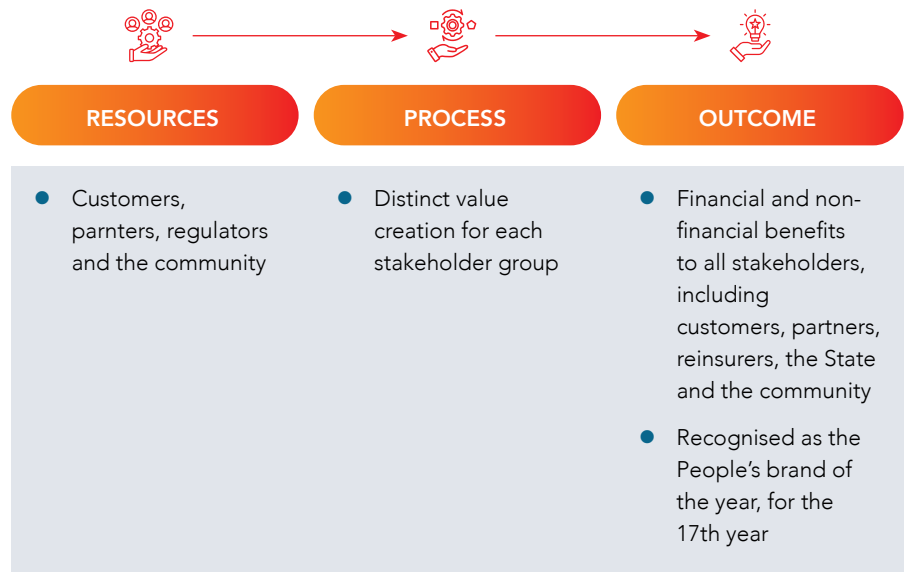
'CREATING VALUE THAT MATTERS'



Related Goal	Contribution
1 NO POVERTY	Financial assistance given to many with financial burdens.
2 ZERO HUNGER	Meals provided to school children
3 GOOD HEALTH AND WELL-BEING	Affordable health insurance solutions to various niche segments
8 DECENT WORK AND ECONOMIC GROWTH	Economic growth for agents
10 REDUCED INEQUALITIES	Policies for those with less financial stability.

The value we create for our stakeholders and the means with which we distribute those values characterise our social and relationship capital. Our interactions with external stakeholders are pivotal for sustaining operations, and enables mutual understanding of needs and expectations. Social and relationship capital can be seen in the trust and long-term partnerships between us and our shareholders, customers, partners, regulators and the community. It is reflected in the values (financial and non-financial) we create for our stakeholders and evident in our relationship with regulators, which are essential for our growth and long-term success. These relationships define our reputation, stakeholder confidence and ultimately, the bottom-line.

VALUE CREATION APPROACH



KEY INDICATORS (VALUE DELIVERED TO STAKEHOLDERS)

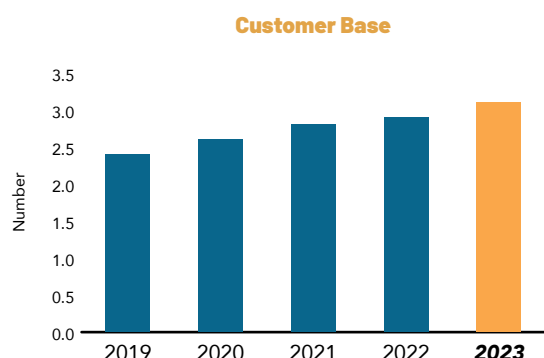
OVER 8.2 BN CLAIMS AND BENEFITS TO CUSTOMERS

OVER RS 25 MN IN CSR SPENDING

CUSTOMERS

Our customer base is the largest policyholder base within the local industry, which compels us to provide impactful solutions that carry positive ripple effects across society. Our solutions have been designed to meet the gaps in their potential for financial protection, ensuring reduced financial risk exposures during various unforeseen events. In 2023, our customer base increased to 3.1 million from 2.9 million in 2022.

SOCIAL AND RELATIONSHIP CAPITAL



INTERACTION POINTS

CGIL has one of the largest industry distribution networks and service channel dispersions in the general insurance industry. While there are various points of contact, our employees and management interact with customers through physical and digital interaction points.

Key physical interaction points	Information
550 Service locations	These locations are spread across the country, reaching every regional and provincial level.
190 Branches	The largest self-operated branch network of an insurer in Sri Lanka
298 VIP Counters	Serving over 2 Mn Ceylinco VIP customers
Call centre	One of the largest insurance call centres on the island, powered by 40+ customer care agents with 24/7 operations.
13 mobile vans	Propaganda vans that promote Ceylinco insurance solutions from townships to locales.
1,975-member sales force	The country's largest insurance industry sales force
Other interaction points	
5 Ceylinco VIP rest spots	Locations for Ceylinco VIP customers to freshen-up on long-distance journeys
4,208 post offices	For third-party motor insurance services (E.g. premium payments)

Digital interaction points	Information
65 LED screens	Displays promotions and communicates company activities (e.g. CSR projects) in addition to telecasting several International Cricket tournaments such as the Cricket World Cup, which was extremely popular amongst the general public, especially in the outstations.
Ceylinco VIP mobile App	500+ downloads on Google Play. Updated during the year under review, with improvements and glitches resolved in the software. Customers can track insurance coverage, view the claim history, inform an accident, make policy payments and find the nearest branches.
Website (www. ceylinco-insurance. com)	Dedicated corporate website for all general insurance-related information, corporate news and branch locator. The website also enables online payments for customer convenience.
Digital payment channels	<ul style="list-style-type: none"> ● Payable ● eZCash ● mCash
Ceylinco VIP Hub (viphub.lk)	The payment gateway was revived in the year under review

Ananthaya

Introduced in 2023 through an exclusive partnership with SLT-Mobitel, the new policy targets SLT-Mobitel customers in providing this unique solution. Customers of the Telco provider can now access Personal Accident insurance with coverage up to half a million rupees in the event of death or total permanent disability due to an accident and a serious illness cover up to rupees 1 million. The unique sum insured increases with payments based on monthly usage. The new solution is another one of our responses to affordable health insurance for serious illnesses at a minimal premium.

Ananthaya is also accessible to NLB customers with every ticket they buy on NLB's 811.lk. The insured sum increases with the number of purchased tickets.

Cover for DFCC credit cardholders

We introduced a serious illness and personal accident cover of which the sum insured increases according to the value of purchases, offered at a nominal premium.

Health insurance for People’s Bank VISA cardholders

This unique policy was provided for VISA cardholders of People’s Bank at a nominal price and was made accessible through the VIP HUB website. The solution also includes a serious illness cover and daily hospitalisation cover.

Doorstep delivery - Comprehensive motor insurance

Customers of Ceylinco VIP on The Spot vehicle insurance can now enjoy doorstep policy delivery within 24 hours at no extra charge. A short code number has been allocated for customers to access the service through their mobile phones. By using the number 1334, our sales staff from the nearest branch will deliver the insurance cover within a day and the same convenience will be automatically granted during renewals. Payment for the policy can be made in cash or through the salesperson’s online app at the time of delivery.

Brand Recognition

In 2023, we were recognised as the ‘People’s General Insurance Brand’ for the 17th successive year at the SLIM Kantar People’s Awards. An award based on people’s perceptions, it reflects the acceptance and recognition we have received from the public as a trusted and widely-known household insurance brand. Receiving the award for nearly two decades further boasts of a brand that has consistently performed in reaching the hearts and minds of the public.

Service Excellence

At CGIL, we place great emphasis on service excellence and monitor critical services at the point of delivery. In 2023, we took measures to remediate gaps, which existed in several critical services. Service parameters have been improved through operational efficiencies. Moreover, we utilised digital

technologies, to enhance employee productivity, which directly contributed to enhanced services.

Service	Improvement
Wait time for assessors	Time reduced to less than 27 minutes from 28 minutes
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%.

Market communication

In 2023, we organized several branding and mass market campaigns and made necessary rebranding exercises for strategic benefits and enhanced visibility. We also utilised online advertising and social networking platforms to maximise mass market reach and product awareness.

We rebranded all hoardings in strategic locations with the new mass market campaign ‘Ceylinco VIP Insurance Guarantee and Doorstep Delivery, with an investment of over Rs. 4 Mn in the second half of 2023. The outcome of the rebranding is an excellent top-of-the-mind awareness with 24/7 visibility across the island. Furthermore, we announced claim settlements alongside the Insurance Guarantee and Doorstep Delivery campaign for Ceylinco VIP during the last six months of 2023, targeting a wider mass market audience, and received some encouraging results.

ONLINE ADVERTISING AND SOCIAL MEDIA

Below the line	Campaign name	Investment	Target audience	Results achieved
Social media campaigns (meta)	1) Motorbike cover 2) VISA Cardholder’s Insurance 3) Serious illness cover	Rs 4.8 Mn	Sri Lankans, Age 18 - 65+	<ul style="list-style-type: none"> Reached 2.5 Mn users 6.7 Mn impressions
SEO and online advertising (PPC Google)	1) Gedera 2) 10 Years Warranty Cover 3) Motor Bike Cover	Rs 500,000	Sri Lankans, Age 18 - 65+	<ul style="list-style-type: none"> Reached 1.08 Mn users 2.7 Mn impressions
Blog/content marketing	Corporate VIP	Rs 3.2 M n	Sri Lankans, Age 18 - 65+	<ul style="list-style-type: none"> Continued reach

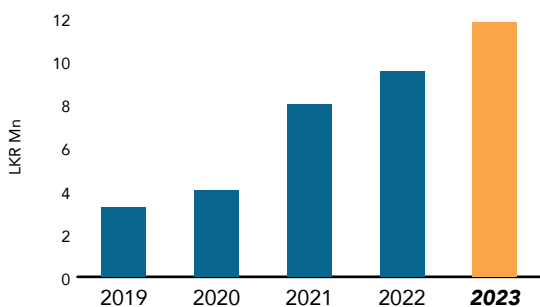
SOCIAL AND RELATIONSHIP CAPITAL

Digital Insurance

In 2023, we invested Rs. 11.8 Mn in raising the level of digital insurance services provided to our customers. During the year, we introduced digital policies and certificates, taking inaugural steps to the process of eliminating plastic cards and physical insurance documentation. This was also a step towards improving data protection and customer privacy, and to promote environmental sustainability by reducing the issuing of physical motor policy documentation.



Investments in Digital Insurance



Benefits of digital insurance

- ✓ Enhanced customer engagement and accessibility
- ✓ Increased reach to diverse demographical segments
- ✓ Increased brand awareness
- ✓ Cost-effective customer acquisition
- ✓ Precision targeting through digital advertising channels for cost-effective budgets and savings by cutting down exorbitant costs of traditional channels.
- ✓ Interactive engagement with potential customers

Grievance handling

The call centre works swiftly to resolve customer complaints and concerns, including redirections to relevant personnel in respective departments or regional heads, promptly. Irrespective of how complaints are received, a senior technical person and department heads will review the issue, providing a prompt resolution in the least possible time. Issues that fall outside of their purview will be escalated to a Director.

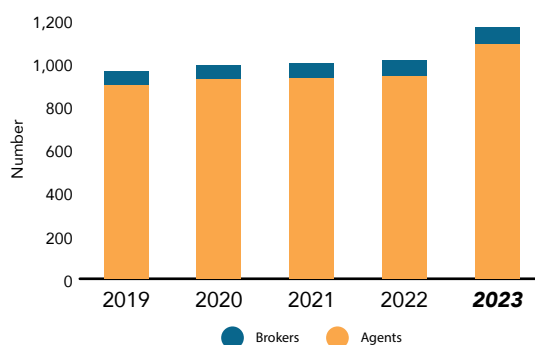
BUSINESS PARTNERS

Our business partners play a crucial role in our operational continuity, success and growth. Over the years, we have maintained strong and mutually beneficial relationships with brokers, agents and bancassurance partners. We work alongside them to create business opportunities, increase market penetration and share economic gains through our hard work.

Agents and Brokers

We have a strong relationship with our key service distributors and business stakeholders. Our agents and broker agencies fulfil the task of taking our products, where we cannot reach and approach audiences outside of our purview. Together, we find mutual business opportunities and create financial value, while directly contributing to industry growth. Our brokering partners made the second highest contribution to premium income in 2023.

Channel Partners



Bancassurance

Offering convenience, our bancassurance partners provide the worlds of banking and insurance to discerning clientele. Bancassurance opens up our insurance solutions to customers where insurance might not be widely available, especially in outstation areas. The geographical spread of our 8 bancassurance partners provides accessibility to market cross-segments that are out of reach for our sales force and distribution network.

Over the years, we have maintained good relations with our banking partners as we collaborate to create unique policy solutions to fulfil customer requirements. We increased our bancassurance partners with the addition of 2 new partners.

Strategic partners

We have partnered with various international companies that give exciting opportunities to expand our portfolio and innovations. With highly rewarding experiences and financial value that flows into the Company, we work with companies in the USA, Japan and companies in gulf-region-based countries including UAE, Bahrain, Oman, Qatar and Kuwait.

We also work with companies such as Berkshire Hathaway and AIG in the USA, and companies such as Japan's Mitsui Sumitomo Insurance to address their distinct insurance needs. We provide underwriting services while insuring domestic operations of multinationals. For partners from the Gulf region, we provide joint insurance solutions for migrant workers.

Local business partners

The Company has multiple partners from various industries, with each partnership formed around various objectives. In the year under review, we partnered with SLT-Mobitel and DFCC to offer specialised insurance solutions to clients of these respective companies. Over the years, we have partnered with various companies to provide flexible insurance solutions to alleviate financial burdens, while safeguarding financial stability. These partnerships are essential to our dynamic service network, as we reach niche market segments to provide insurance at affordable premiums and provide financial protection against numerous unforeseen risks.

Reinsurance partners

We work with some of the world's leading reinsurers, tapping into the best in reinsurance to safeguard the financial risks and interests of the Company and stakeholders. Through their expertise, we have been able to take on individual and institutional insurance requirements with considerable financial risks, ensuring that sudden incidents do not impact our financial stability and reputation. We work with multiple top-tier reinsurers with ratings from A- to AA. (Please refer to Reinsurance Arrangements on page 95 for more information).

Suppliers and service providers

Our work has paired us with numerous service providers and suppliers, including office equipment, technological services and telecommunications; these are in addition to numerous other services obtained from reputed and experienced service providers for waste management, maintenance and engineering and repair services to name the most important ones. In 2023, we partnered with Fagxa to enhance our online services.

Financial service providers

We work with multiple banks and leading companies that manage our investment portfolios while funding our financial needs. We work with reputed and highly stable institutions to ensure that our investments are secured and receive the best returns. Moreover, we work with an independent auditing firm that oversees financial transparency and that we remain accountable.

REGULATORY RAPPOR

The relationship between IRCSL and Ceylinco General Insurance is characterized by oversight and compliance. Based on our position within the industry, we work side by side with the industry regulator for several various reasons:

- ✦ Protecting consumers and acting in their best interest
- ✦ Maintain solvency to protect policyholders by maintaining sufficient capital to meet policyholder financial indemnification and to protect stakeholder interests in the business.
- ✦ To ensure ethical market behaviour and just and transparent practices
- ✦ Compliance with various regulations on policy generation, market promotions etc.

During the year, we complied with all regulations and necessary disclosures, while abiding by all directives.

Taking steps to ensure industry harmony and stability, while pursuing the common objective of safeguarding policyholders' interests, Ceylinco General Insurance continuously adheres to IRCSL regulations and amendments to their conventions. In 2023, the following guidelines came into effect, and has been adopted by the Company in addition to several other guidelines.

- ✦ In 2023, IRCSL issued Circular number 25 on Premium Payment Warranty for General Insurance policies. All insurance companies are expected to indicate several clauses on specified documentation. One such inclusion must be the declaration of the full premium due and payable and the payable date as specified in specified documents, such as the renewal certificate. The full circular can be viewed on the IRCSL website under 'Circulars'.
- ✦ IRCSL also issued 'Direction No. 1 of 2023', directing general insurance companies to take mandated steps to ensure that issued new policies and renewed policies reflect market values of motor vehicles, accurately. More information can be found on the IRCSL website.
- ✦ The principal officer should be the person holding the highest executive position and will be in charge of the general control and supervision of the company's business activities. He/she will report directly to the Board of Directors

SOCIAL AND RELATIONSHIP CAPITAL

and is expected to relay all communications with IRCSL. This follows several other replacements to the Direction #5 of 2021 and Direction #12 of 2017. The detailed communiqué can be found on the regulator’s website.

COMMUNITY CONTRIBUTIONS



As an insurer, we have a role to play in the social and economic well-being of our people. At a time when economic burdens are at its peak, we expedited several initiatives to provide hope and sustenance to many burdened and underprivileged individuals. In 2023, we conducted all CSR projects under our CSR banner ‘Ceylinco VIP Pihita’.

CSR allocation	Projects	Families impacted	Individuals impacted
Rs 25 Mn	8 projects, covering social contributions and environmental sustainability	Over 2,100	Thousands of individuals

FINANCIAL ASSISTANCE

- ✦ We provided a living assistance to 117 families across the year, which amounted to Rs 5.7 Mn.
- ✦ Financial assistance was provided to three families affected by the Passara bus accident; this was done throughout the year. The investment amounted Rs. 540,000/-.
- ✦ A monthly assistance of Rs. 25,000 was provided throughout the year to a mother and a newborn in Seeduwa who suffered a tragic accident.

FOOD DISTRIBUTION FOR STUDENTS

- ✦ Over 2,000 students received meals throughout the year; the total cost of the project amounted to Rs 17.2 Mn
- ✦ Each student was provided with a balanced and nutritious lunch on three days of the week; Monday, Wednesday and Friday.



BLOOD DONATION DRIVE

- ✦ Annual Blood donation was held in February 2023 in Head Office premises. Over 280 pints of blood was collected. Our employees as well as others from offices in the surrounding areas participated in donating blood. The drive was held with an investment of Rs. 1.5 Mn.



RELIGIOUS CEREMONIES

- ✦ The Annual Theru Festival in Matale was held at the Sri Muttumari Amman Thevasathanam and Ceylinco General Insurance organised the Anna Thanam, as done previously for several years.



ENVIRONMENT

- ✦ Awareness for eradicating dengue mosquito breeding grounds through social media and LED screen.
- ✦ Images from our beach cleanup project. The project cost exceeded quarter of a million rupees. Please refer the Natural Capital Report for more information.



OUTLOOK

As a dynamic insurer, we will continue to adapt to stakeholder needs, with commitment to exceptional customer service, innovations and refined policies. We will focus on improving customer-brand interaction across the life-cycle of policies, by deploying physical and digital mediums. The following aspects will help strengthen our relationship with new and existing customers.

- ✦ Enhance the follower base and engagements on social media and digital channels with over 500% growth.
- ✦ Revamp the corporate website and online purchasing platforms by aligning with updated technology.
- ✦ Optimize the online customer journey with data-driven insights from customer behavior data, informing product development and strategic decision-making.
- ✦ Expand reach by increasing our online presence to open doors to new customer segments and markets, fuelling business growth and expansion.
- ✦ By fostering a digital culture, position ourselves at the forefront of the insurance industry, attracting talent and shaping the future of the sector.

To improve our relations with partners we will focus on open communication of business practices, business goals and challenges, with the aim of fostering strong partnership, reinforced through regular communication. We will continue to establish common goals that have mutual benefits and foster competitive market and product strategies. Training and support will also be provided for a full understanding of insurance products while providing them with marketing material and business tools. Moreover, recognition and rewards will continue to be value additions in our relationship with our brokers and agents and to empower further commitment.

Furthermore, in sustaining industry cohesion and promoting stability and growth we will continue to strengthen our relationship and collaborative work with the regulator, IRCSL and our various partners, including foreign insurance partners. Work for the wider community will continue under the 'VIP Pihita' banner in the ensuing year, promoting societal well-being and financial assistance.



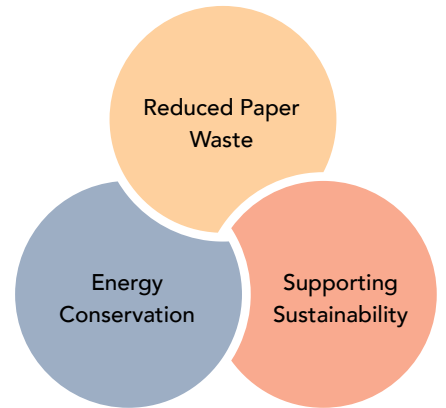
NATURAL CAPITAL

'CONTRIBUTIONS TOWARDS A SUSTAINABLE FUTURE'

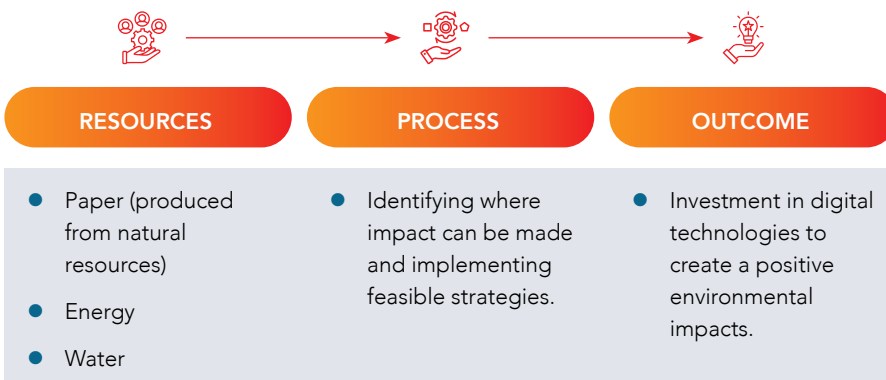


Related Goal	Contribution
	Digital insurance towards responsible production and consumption
	Contributing to climate action through digitalisation

Within the context of our business, natural capital entails environmental resources the company directly or indirectly utilised in its natural form or as a processed outcome. This refers to water, electricity, fuel, and gas and paper consumption. Moreover, our management of waste also has an unmistakable impact on the natural environment.



VALUE CREATION APPROACH



1. The transition to digital insurance cards will significantly reduce the consumption of paper and plastic, as it eliminates the need for printing physical cards. As a sustainable business practice, we expect this move to help reduce the harmful environmental impact of discarded plastic cards.
2. The shift will help reduce carbon emissions and conserve energy. (However, a quantifiable estimate has not been ascertained).
3. The approach is part of a broader outlook on supporting environmental sustainability, which is expected to set off a mindset shift towards reduced plastic and paper consumption within the industry.

PAPER

Digital insurance-based efforts

Managing paper consumption plays a crucial role in our approach to promoting environmental sustainability. While leading to cost savings, paper usage reduction requires investments in digital technologies and digitalisation, which enhances efficiency and productivity.

Taking a bold step towards an impactful change, we commenced the issue of digital insurance policies and certificates in 2023. This has several contributions to the natural environment.

Digital technology is one of the most effective resources in creating environmental sustainability, and our investments in digital technologies and solutions such as the above will continue to evolve despite a slow rate of adoption by the market. Nevertheless, due to our large customer base, we anticipate that this move will make a significant societal change in time to come.

Other efforts:

- ✦ **Digital claim approvals:** The Company continues the digitalization process to minimise paper usage while increasing efficiency. In this regard, we have adopted digital approvals for claims, moving away from the traditional 'claims file' approach.
- ✦ **Online meetings:** Meetings are increasingly conducted virtually, which reduces physical resource consumption, electricity and water consumption as well.
- ✦ **Work from home:** Whenever possible, WFH rosters are still being opted as a better alternative; this has helped us to reduce resource consumption.

ENERGY

At CGIL, we understand the importance of reducing energy consumption; we comprehend its impact on climate change and its role in reducing carbon footprint. Over the years, we have taken feasible measures to reduce electricity, fuel and gas consumption; however, ascertaining the impact of such efforts remains challenging, due to the large geographical dispersion of our branch and distribution network. Although it may take an indefinite period to resolve this challenge, we are now considering possible strategies to be implemented in the long term.

In the year under review, we continued measures to optimise our electricity consumption, within the Head Office and in branches, including the use of LED bulbs, adjusting air conditioner levels to optimum energy conservation and switching off lights, fans and electronics when not in use.

WATER

We currently operate five mini hydro projects in various regions of the country. These projects are fully owned subsidiaries of Ceylinco General Insurance and are managed by CGIL.

ECOSYSTEMS

Preserving and conserving coastal resources

The beaches of Sri Lanka have deteriorated in cleanliness in recent times, becoming polluted grounds with sometimes dangerous debris on the shorelines. Hence, we commenced the initiative to clean up our coastlines as responsible corporate citizens. A beach clean-up was organised for the second consecutive year, with the participation of our staff from our branches and head office. Over 850 staff members volunteered their time and energy to remove debris and pollutants such as plastics and polythene from the shores.

The company's main objective in conducting this exercise was to help restore the beaches to a clean state and preserve the natural beauty of our world-famous shorelines. Waste that was gathered by our teams were separated and handed over to the respective Municipal Councils for proper disposal. Moreover, cleaning our beaches has become imperative as tourism has once again flourished in the island, and an unpleasant shoreline will not only repel visitors but could also pose serious health risks to humans and marine life.

The project has now become an annual event in our CSR agenda and we expect it to be continued with even bigger staff participation.

OUTLOOK

The company aims to strategise a multi-faceted approach to enhance environmental sustainability. Goal setting will be a focus as we strive to make meaningful impacts on the environment and its resources. Our ability to change over time will be critical in achieving this process of strategising. Moreover, we will take measures to improve data collection in relation to the consumption and management of resources. This will require extensive collaboration between our network of island wide branches and the Head Office.



HUMAN CAPITAL

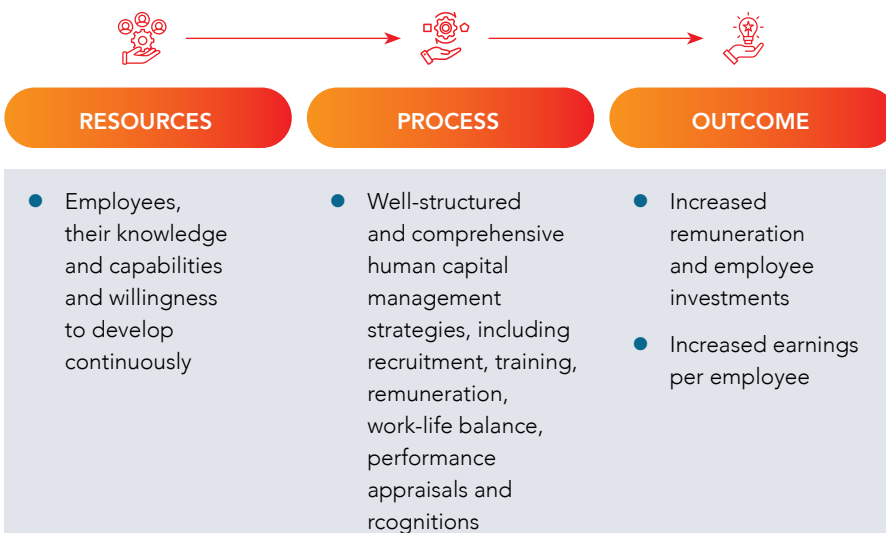
'UNLOCKING POTENTIAL, BUILDING SUCCESS'



Related Goal	Contribution
3 GOOD HEALTH AND WELL-BEING	Sports Club for physical fitness and mental well being
4 QUALITY EDUCATION	Inclusive and equitable training and opportunities for growth
5 GENDER EQUALITY	Empowering female employees to contribute to goals and achieve professional/personal success
8 DECENT WORK AND ECONOMIC GROWTH	Productive employment opportunities and enable economic growth

Human capital management at Ceylinco General Insurance involves a strategic approach that fosters an inclusive, friendly and supportive work environment. Our approach also focuses on developing employees to achieve business goals. As the leading insurer in Sri Lanka, with one of the largest sales and non-sales workforces, growing investments have helped develop our workforce, while well-structured strategies have helped attract and retain the best talent and drive better outcomes.

VALUE CREATION APPROACH



2,821

EMPLOYEES

(2022: 2.839)

RS. 2.5 BN

REMUNERATION

(2022: RS. 2.97 BN)

87.9%

RETENTION

(2022: 90.1%)

PERFORMANCE INDICATORS

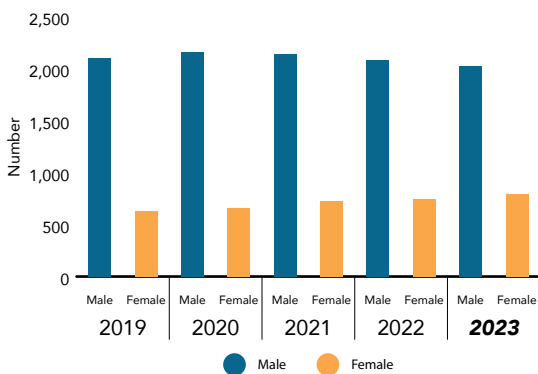
Key indicators	2023	2022	Change %
Financial remuneration (Rs Mn)	2,501	2,971	15.8
Revenue per employee (Rs Mn)	8.9	8.57	0.35
Net profit per employee (Rs Mn)	1.3	1.3	-

THE CEYLINCO FORCE

At Ceylinco, our workforce is characterised by a team of experienced and industry-savvy professionals with a penchant for excellence. Our team members have made strategic strides in the industry with leadership values and commitment to the vision.

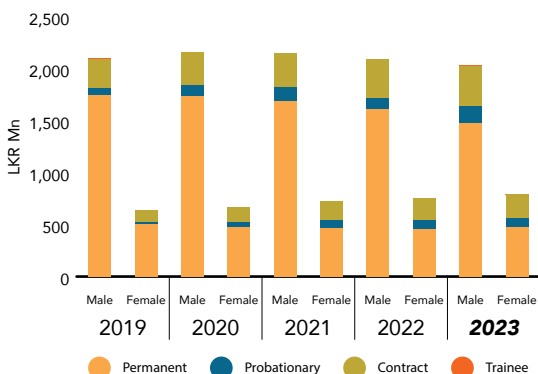
Gender ratio: In the year under review, our workforce included 2,821 individuals, with 2,033 males and 788 female colleagues; 72% of our team includes male employees while 28% are female, providing a gender ratio of 1:2.5. In the year under review, we increased our female sales staff, providing more opportunities than previously provided.

Ceylinco General Insurance Team



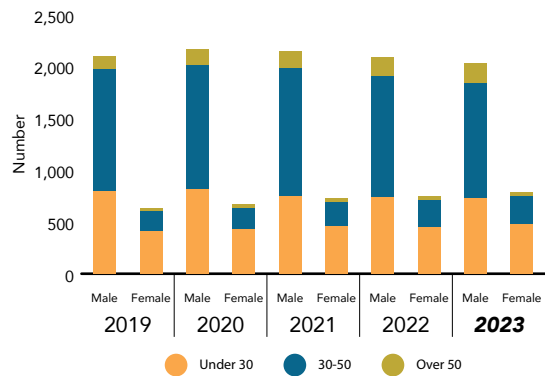
Employment composition: The team is formed with a permanent cadre of 69% (1,951), followed by 22% that work on contract basis. We have provided stable employment for over 1,900 individuals, with opportunities for professional and personal growth.

Employees by Employment Type



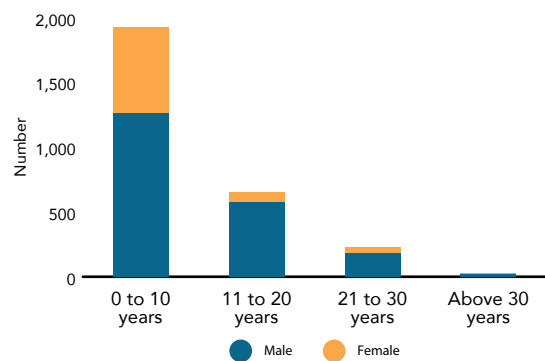
Age composition: 49% of the workforce is between the ages of 30-50, followed by 43% below the age of 30 and another 8% above the age of 50; this demonstrates an age-diverse workplace with teams of mix-aged individuals working collaboratively. The collective strengths of all employees have fostered creative thinking and have become competitive strengths in creating an innovative and productive working environment. Moreover, age diversity has fostered a dynamic and inclusive work culture that promotes organisational and individual goals. Moreover, the presence of more senior personnel has resulted in workplace mentoring with years of accumulated insights shared with younger colleagues.

Employees - By Age



Employee tenure: 68% of employees have remained up to 10 years, followed by 23% that have remained between 11 to 20 years. Another 8% have remained between 21 to 30 years, while 1% has remained for more than three decades with the Company.

Employees by Tenure



People in the workforce come from all walks of life, from all races, religions and ethnicities. We do not tolerate any gender discrimination and do not condone any discriminatory behaviours or biased attitudes amongst our staff members. We strongly believe in having a healthy balance of all demographics for a multi-cultural, inclusive and diverse workforce.

HUMAN CAPITAL

GOVERNANCE

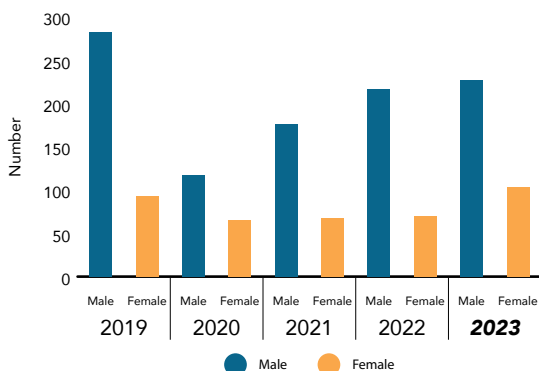
At CGIL, we have established clear policies and procedures that cover all areas of employee management. Our policies cover aspects from recruitment to retirement/resignation, carried out in an open and conducive work environment where open dialogue is encouraged between the management and employees. Moreover, our human resource department ensures compliance with all applicable labour laws and regulations to protect employee rights and prevent legal concerns.

TURNOVER AND RETENTION

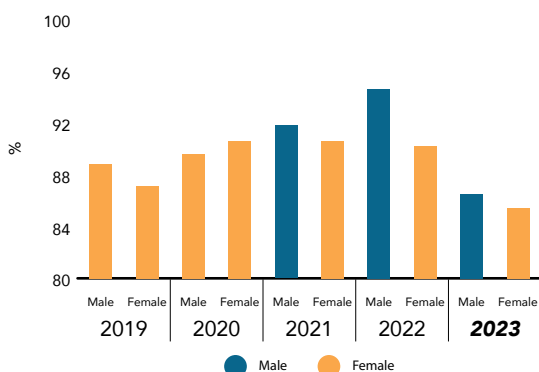
In 2023, the majority of those who left the company were within the 30 to 50 age categories, which also reflects the higher level of employees within the same age range. During the year, 330 employees exited the company, compared to 287 in 2022. The number in 2023 is 15% higher when compared to 2022.

The number of male staffers that exited is 11% from the total male employee population of 2,033 while female employees that left the company are 13% of the total female employee population of 796. Conversely, the retention rate dropped to 88.8% for male co-workers and was recorded as 87.1 for female employees.

Staff Turnover



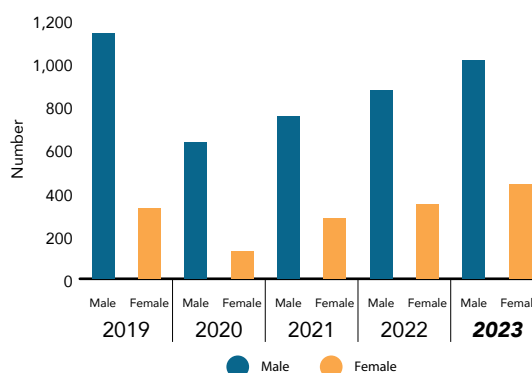
Retention Rate



RECRUITMENT

1,450 employees joined the team during the year, which included 1,011 male recruits and 439 female recruits; this is a 19% increase from 2022's recruits: a majority of recruits belong to senior executive, executive and junior executive categories, followed by clerical staff, assistant managers and managers. 85% of recruits are under 30, while 14% are between 30 to 50 years of age.

New Recruits



INVESTMENTS IN EMPLOYEES

Investments in employee growth serve as the best method of acknowledging their contributions and capabilities. As one of the largest insurers we have set in place a competitive remuneration system, well-structured to reward committed work. Our investments motivate employees to provide their best performance while being productive.

Being in a highly competitive industry that has a high staff turnover rate makes financial remuneration a key determinant in gaining employee trust and dedication: their commitment to the company is essential as they are the frontline, which sets the tone for our reputation and customer satisfaction. As a result, we consider employee remuneration to be a long-term investment.

In the year under review, 99% of staff remuneration included wages and salaries, including bonuses and incentives. The second highest investment was in other related costs, including training and development, followed by 10% and 2% in EPF and ETF allocations. Total investments in employees amounted to approximately Rs. 2,501 Mn compared to Rs. 2,971 Mn in 2022 – a 16% decrease in the year under review.

TRAINING AND DEVELOPMENT

Employee growth and performance depend on the opportunities they receive to learn and absorb knowledge. Training programs at CGIL involve structured programs developed to educate staff on products, underwriting and customer service, apart from regular training to stay on top of the latest industry trends and regulatory changes; these are in addition to manager development programs to foster leadership skills and career

improvements. Training and development programs not only improve job performance but contribute to job satisfaction and retention.

Training Programs



	2023			
	Participants	Job Category	Resource Persons	Internal/external
Induction Training	600	Sales & Technical	Internal Resource	Internal
Salesmanship	1000	Sales	Internal Resources	Internal
Customer Care	700	Sales	Internal Resources	Internal
Leadership	55	Sales	Internal Resources	Internal
Technical & IT	800	Underwriters	Internal Resources	Internal
Management Development Program	25	Senior Managers	Internal & External Resource	Internal
Management Development Program	40	Middle-Level Managers	Internal & External Resource	Internal
Personal Development	150	Sales & Underwriters	Internal Resources	Internal
Insurance Product Training	300	Sales & Underwriters	Internal Resources	Internal
Team Building (Out Bound Training)	70	Automobile	Internal Resources	External

In the year under review, we organised 120 training programs, including 100 internal and 20 external programs. Program numbers increased in 2023, compared to 100 programs in 2022. 2,355 employees received training in 2023, including 1000 sales staff and 800 underwriters and accounting staff.

Job category	2023
Senior Managers	25
Middle Managers	40
Underwriters/accounting staff	800
Automobile	200
Call Centre	40
Supporting Staff	250
Sales Staff	1000

REWARDING PERFORMANCE

At CGIL, performance appraisal is a transparent procedure designed to ensure a balanced and accurate assessment of employee performance and abilities. We ensure that all employees receive an equal opportunity to appraise their performance. The current system helps identify areas for improvement and a clear understanding of career progression while providing them with 'actionable' feedback to improve their performance.

The Ten Million Circle

The Company has set in place a rewarding scheme titled the 'Ten Million Circle'. The scheme categorises sales staff into six segments: Hall of Fame, Gold, Silver, Bronze, Certificate Member and Member. Employees in each category are entitled to rewards based on their level of merit. For example, 'Hall of Fame members are entitled to a house, a world tour for the family and a brand-new car based on performance.

HUMAN CAPITAL

STAFF PROMOTIONS

In 2023, 265 employees were promoted to various higher positions, compared to 353 employees promoted in 2022. The number is 9.4% of the total workforce.

ANNUAL OVERSEAS TOUR

The annual overseas tour was organised to the great delight of our employees for the 17th consecutive year, following a hiatus due to the impact of COVID-19. A group of over 100 deserving staff members embarked on a journey to Pattaya and Bangkok, Thailand, for a five-day holiday and a half-day brainstorming session held in Bangkok. The staff members were accommodated in luxurious five-star facilities, including Hotel A1 Royal Cruise in Pattaya and Hotel Montien in the heart of Bangkok.

This initiative by the company serves as a token of appreciation for the exceptional contributions made by our staff members and has proven to be a significant motivational factor for both sales and non-sales teams. The opportunity to be a part of this all-expenses-paid overseas holiday has become a coveted experience for every staff member.



CAREER ADVANCEMENT

Through the open-door policy, junior staffers receive mentorship from the senior management. This is done to improve the performance of staff with the potential to achieve growth goals. Staff obtain insights and knowledge from seniors that benefit their careers at Ceylinco and their continued existence in the industry.

CORRUPTION-FREE WORKPLACE

To ensure that there is no room for workplace corruption, we have a 'zero tolerance' policy on fraud and corruption. All our employees are expected to work ethically with transparency while honouring and committing to corporate protocols. They are also responsible for remaining compliant with industry regulations that mandate consumer protection and financial accountability. Whenever such events come to our attention, we commence a thorough and impartial investigation, including an internal audit, before implementing disciplinary actions against the employee.

GRIEVANCE MANAGEMENT

The Company has in place a formal grievance handling process to swiftly resolve employee concerns and complaints about unfair practices and misbehaviours of other employees. We also have in place an open-door policy that encourages staff to present their concerns and workplace issues and receive unbiased remedial action. The management takes action swiftly to resolve such matters in confidence.

WORK-LIFE BALANCE

Work-life balance entails striking a healthy balance between professional responsibilities and personal commitments. Given the industry's demanding nature, we believe it is paramount for employees to manage their work-life healthily and effectively.

To support a work-life balance, we have an Employees' Welfare Society that undertakes numerous activities. Similarly, we have in place a Sports Club with employees taking active participation in mercantile and company sporting events. This enables them to focus on their physical fitness and mental well-being while elevating personal confidence and team spirit.

Ceylinco General Cricket

Top of the group in first-round matches, the Ceylinco General cricket team was unbeaten in all 5 matches played in the first round of the 'Mercantile E Division' Cricket tournament 2023 / 24.



Ceylinco General - Rugby sevens Champs

Ceylinco General Insurance became the Shield Champions beating HNB Group by 21 – 5 in a thrilling encounter at the Mercantile Rugby Football Association’s Rugby Sevens 2023.



OUTLOOK

In the year ahead, employee growth, upskilling, continued learning and skill development will gain increased focus. Diversity, equity and inclusion will also be focused upon to ensure that employees receive equal opportunity to advance, professionally and personally. Development programs will be created to ensure workforce agility and adaptability to changing industry trends and customer demands.

CORPORATE MANAGEMENT TEAM



J.D.S.N. Piyadasa
Chief Financial Officer



C. Kotigalage
Head of Legal



S. Thilakeshwaran
General Manager



S.H. Panangala Liyanage
General Manager



V.D.C. Wickramaratne
General Manager



Senaka Rajapakse
Deputy General Manager (Marketing)



M. Premaratne
Deputy General Manager
(Financial Services - City Office)
Retired w.e.f. 31.12.2023



C.E. Wimalasuriya
Deputy General Manager (Technical)



R.S. Arulanandan
Deputy General Manager



K. Shankaramoorthy
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.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)



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



W.P.S. Pemachandra
Assistant General Manager



A.A. Nandana
Assistant General Manager
(Technical)

CORPORATE MANAGEMENT TEAM



B.I.U. Kumara
Assistant General Manager
(Technical)
Resigned w.e.f. 09.08.2023



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)



B.S.B. Jayasekara
Assistant General Manager
(Automobile)



K.M.C.S. Perera
Assistant General Manager
(Technical)



M.D.R.D. Gunathilaka
Assistant General Manager
(Technical)



V. Nissanka
Assistant General Manager



M.A.L. Ravindra
Assistant General Manager



R.B.R. Wijeratne
Assistant General Manager



D.S. Karunaratne
Assistant General 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)
Resigned w.e.f. 31.12.2023



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



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



M.A.S. Rupathunga
Assistant General Manager
(Corporate Accounts)



U.A.R.S. Udawela
Assistant General Manager
(Corporate Accounts)



I.M.N. Jayathilake
Assistant General Manager
(Corporate Accounts)



H.C.S. Hemantha
(Consultant w.e.f. 25.06.2023)



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)



K. Alikhan
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)
Retired w.e.f. 03.12.2023



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
(Consultant w.e.f. 26.02.2024)



C.N. Weerasuriya
Manager
(Corporate Accounts)



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



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



M.H.M. Rizwan
Senior Manager
(Corporate Accounts)



W.A.C.R. Weerasinge
Senior Manager
(Corporate Accounts)



K.M.S.N. Kumara
Senior Manager
(Corporate Accounts)

MANAGEMENT STAFF CORPORATE SALES



R.U. Sampath
Senior Manager
(Corporate Accounts)



H.P.V.U. Mahindaratne
Manager
(Corporate Accounts)



Y.M.N.A.S. Yapa
Manager
(Corporate Accounts)



D.T.N. Kulasekara
Manager
(Corporate Accounts)
(Resigned w.e.f. 29.02.2024)

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
Regional 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)
Resigned w.e.f. 22.12.2023



K.C.S. Fernando
Area Sales Manager (Branches)



S.A.L. Samarasinghe
Area Sales Manager (Branches)



M.G.A. Jayanath
Area Sales Manager (Branches)



D.D.S.S. Kumara
Area Sales Manager (Branches)



M.S. Kosgallana
Area Sales Manager (Branches)



B.A.S. Priyadarshana
Area Sales Manager (Branches)



A.D.W.I. Anushan
Area Sales Manager (Branches)



M.S.R.M Fernando
Area Sales Manager (Branches)

MANAGEMENT STAFF

CHIEF FINANCIAL OFFICER

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

GENERAL MANAGERS

S. Thilakeshwaran
S.H. Panangala Liyanage MBA (UK)
V.D.C. Wickramaratne MBA (UK)

DEPUTY GENERAL MANAGER (MARKETING)

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

DEPUTY GENERAL MANAGER (TECHNICAL)

C.E. Wimalasuriya ACIC

DEPUTY GENERAL MANAGER (FINANCIAL SERVICES - CITY OFFICE)

M. Premaratne ACA, FCMA (Retired w.e.f.
31/12/2023)

DEPUTY GENERAL MANAGER (VIP CENTRE)

R.S. Arulanandan

DEPUTY GENERAL MANAGER (FINANCIAL SERVICES)

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

SENIOR ASSISTANT GENERAL MANAGER

A.M.D. Alagiyawanna BA (Econ)(Hons)
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 MANAGER (RISK MANAGEMENT)

K.S.D. Fernando

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 (Resigned w.e.f.
31.12.2023)
U.A.R.S. Udawela
M.A.S. Rupathunga
I.M.N. Jayathilake MBA (Sri J.)

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 MANAGERS

W.P.S. Pemachandra
M.A.L. Ravindra
V.Nissanka
D.S. Karunaratne
R.B.R. Wijayaratne

ASSISTANT GENERAL MANAGER (AUTOMOBILE)

A.R. Pietersz FIAE (SL)
B.S.B. Jayasekara

ASSISTANT GENERAL MANAGERS (TECHNICAL)

B.I.U. Kumara (Resigned w.e.f.09/08/2023)
A.A. Nandana
M.D.R.D. Gunathilaka
K.M.C.S. Perera Dip. SLII

ASSISTANT GENERAL MANAGER (TRAINING)

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

COMPANY SECRETARY / ASSISTANT GENERAL MANAGER

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

REGIONAL MANAGERS

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

ACTING REGIONAL MANAGER

J.S. Rajapaksha

CHIEF MANAGERS (FINANCIAL SERVICES)

K.L.R.D. Silva
S.L.W.Fernando

CHIEF LEGAL OFFICERS

S.A.K. Haputhanthri Attorney-at-Law,
Commissioner for Oath (Retired w.e.f.
23/08/2023)
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

SENIOR CHIEF RISK ENGINEERS

B.G.N.I.B. Basnayake BSc (Eng.)
E.M.N. Lasantha BSc (Eng.)
R.K. Wijeyasinghe BSc (Eng.), AMIE (SL),
PG Dip. Elect. Eng. (SL)

CHIEF RISK ENGINEER

N.S. Weerakoon

CHIEF TECHNICAL MANAGERS (UNDERWRITING)

Mrs. N.D.D.J. Serasinghe

CHIEF MANAGER (CLAIMS)

I.M. Karunasena

CHIEF MANAGER (SOFTWARE DEVELOPMENT)

H.A. Dikkumbura

CHIEF TECHNICAL MANAGERS

H.M.T. Herath BSc (Mkt. Mgt.) (Special),
ACII(UK), Dip SLII, LIII (India)
Chartered Insurer
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
P.L. Sumanapala
W.R.N. Dep

CHIEF TECHNICAL MANAGERS (AUTOMOBILE)

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

CHIEF MANAGER (IMPLEMENTATION)

M.H.M. Sajeendra

CHIEF MANAGER (DATA CENTER OPERATION)

D.A.T. Dissanayaka - MsCIT

SENIOR MANAGERS (CORPORATE ACCOUNTS)

K. Alikhan
W.M.C.J. Bandara MBA (Cardiff M.)
M.C.A. Fernando
P.C.N. Dias
V.S.D. De Mel
M.P.S. Divithurugama (Retired w.e.f.
03/12/2023)
W. George (Consultant w.e.f.13/04/2022)
H.C.S. Hemantha (Consultant
w.e.f.25/06/2023)
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.
7/03/2019)
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
S.A.D.L. Sural MBA (Wales), Pg. Dip Mkt
(UK), MCIM
V. Sivakumar
W.A.M.L. Soloman
M.D.J. Thilina MBA (Cardiff.M.)
P.S.M. Rerukana
M.H.M.Rizwan
W.A.C.R. Weerasinghe
K.M.S.N. Kumara
R.U. Sampath

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 ENGINEERS

H.D.J.K. Perera BSc
H.M.L.R. Jayasundara
H.R. Karunaratna (Resigned w.e.f.
24/03/23)
J.Thuvaharan (Resigned w.e.f. 12/02/23)
S. Jeganesan

SENIOR MANAGER (INTERNAL AUDIT)

J.A.Handaragama

SENIOR MANAGERS (FINANCIAL SERVICES)

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

MANAGEMENT STAFF

SENIOR TECHNICAL MANAGERS (UNDERWRITING)

Mrs. M.W.S.N. Mangalie
G.E.S. Roshan
E.M.J.S. Ekanayake
A.S. Ranasinghe
Mrs. W.M.C. Saman Kumari (Resigned w.e.f. 12/10/23)

SENIOR MANAGERS (TECHNICAL)

R.P.I.P.T. Amarasekara
Mrs. H.P.R. Dilrukshi

SENIOR MANAGERS (CROP AND LIVESTOCK INSURANCE)

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

SENIOR MANAGER (AUTOMOBILE)

K.M.I. Rajawatta

SENIOR TECHNICAL MANAGERS (CLAIMS)

Mrs. T.K.K. Ratnayake
Mrs. I.D. Samaranyake

SENIOR MANAGER (APPLICATIONS)

W.M.S.R. Seneviratne

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 (Resigned w.e.f. 31/07/2023)

SENIOR MANAGER (CUSTOMER CARE)

M.S.S.S. Hassim

SENIOR MANAGER (INFORMATION TECHNOLOGY OPERATIONS)

P.O.N. Perera

SENIOR MANAGER (SOFTWARE DEVELOPMENT)

D.A.L. Manchanayake

SENIOR APPLICATIONS ENGINEER

J.N.P. Wijerathna

SENIOR DATA CENTRE OPERATIONS ENGINEER

W.W.A.D.S. Sanjaya

SENIOR MANAGER (MARINE SURVEY)

W.M.U. Shantha

DIGITAL MARKETING SPECIALIST

B.K.G.Harshana B.B. Mgt. (Honors) in Marketing, AMSLIM (SLIM), PDDM (APIDM)

MANAGER (MARINE SURVEY)

M.S.V.M. Sirimewan

MANAGERS (FINANCIAL SERVICES)

R.R.P. Bandara
S.H.M. Chandrasiri
M.P.C. Costa
W.J.J. Perera (Resigned w.e.f. 25/07/2023)
L.P.S. Pemakumara
S.S.T. Pinnagaspitiya
S. Rambukwella
S.M.A. Ranith
Mrs. R.H.P.R. Silva
G.D.R. Siriwardena
H.S. Balasooriya (Resigned w.e.f. 28.01.2024)
R.H.H. Priyankara
G.A.P. Susantha (Resigned w.e.f. 31/12/2023)
S.L.B. Girihagama
H.G.N.S. Gunathilaka
D.R.D. Siriwansha

MANAGERS (INTERNAL AUDIT)

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

TECHNICAL MANAGERS (AUTOMOBILE)

H.A.K. Hemantha
E.M.P.B. Ekanayake
B.I. Moses
W.A.C. Wijesinghe
M.C. Manathunga

TECHNICAL MANAGERS (UNDERWRITING)

P.G.S. Chandrasiri
Mrs. A.Y. Sheriff (Resigned w.e.f. 02/05/2023)
Mrs. S.N. Wijesooriya
Mrs. G.P.A. Perera

MANAGER (TECHNICAL)

H.C.L. Kotigala
B.K.M.T. Rodrigo
G.D.S.D. Thilakarathne
W.V.M.N. Udayarathna
P.S.R. Fernando
M.Z.M. Muzammil
Mrs. K.H.M. Shamendri
R.J. Rozairo

TECHNICAL MANAGERS (CLAIMS)

M.R.K. Makalandawa
N.G.P. Sampath
Mrs. G.S. Subodanie

AREA AUTOMOBILE ENGINEERS

M.E.V. Fernando
W.C.C.L. Kumara
K.M.P.G.U.B. Bandara
H.M.I. Pathmasiri

MANAGERS (CUSTOMER CARE)

M.N. Bawa
R.J. Baptiste
P.H. Gallassage
G.S.S. Botheju

MANAGER (RECOVERIES)

S.F.F. De Silva (Resigned w.e.f.
08/12/2023)

SENIOR SOFTWARE ENGINEER

L.R.I.D. Bandara

SENIOR SOFTWARE QUALITY ASSURANCE ENGINEER

U.V.R.L. Wimalasiri (Resigned w.e.f.
25/01/2024)

MANAGER (PROPAGANDA)

W.D.P. Sanjeewa

MANAGER (CLAIMS)

P.A.J.P. Jayawardena
A.W.G.C.S. Wijethunga

RISK ENGINEERS

R.M.V. Chathuranga
D.M.S.A. Dassanayake
W.A.S. Fernando (Resigned w.e.f.
01/09/2023)
K. Hajanana
M.H.I.P. Kularathne (Resigned w.e.f.
28/02/2023)
N.L.D.J. Nanayakkara
W.A.P.D. Wickramasinghe
N.D.R. Hemakumara
C.S. Gregory
W.A.J.M. Weerasekara
T.M.D.T.R. De Alwis
P.R.H. Karunathilaka
P.M.D. Senevirathna
M.S.M. Razeen
W.M.A.W. Wickramanayake
H.P.M.A.P. Jayasundara
W.D.T. Alwis
S.N.W. Gunarathna
S.R.J. Senaratna

SENIOR CHIEF CLAIMS ADJUSTORS / ACCOUNTANT

C.M. Gunawardana
H.R. Kumarasiri

CHIEF CLAIMS ADJUSTORS / ACCOUNTANT

L.P.R. De Silva
D.M.A. Gunasekara
A.A.D.P. Dias

CHIEF CLAIMS ADJUSTOR

R.A.A. Prasad

REGIONAL SALES MANAGERS (BRANCHES)

S.K. De Alwis (Consultant w.e.f.
12/01/2021)
L.H.M.L. Dayananda

AREA SALES MANAGERS (BRANCHES)

K.P.L.A. Balawardena
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 (Resigned w.e.f.
22/12/2023)
K.C.S. Fernando
S.A.L. Samarasinghe
M.G.A. Jayanath
D.D.S.S. Kumara
M.S. Kosgallana
B.A.S. Priyadarshana
A.D.W.I. Anushan
M.S.R.M. Fernando

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
P.A.L. Kumara (Sales 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
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
D.C. Jayawardana
A.P.M. Perera

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
W. Sanjaya
L.S.A.M.J. Siriwardhana
N.M. Uduweralla
W.L.D.K. Weerasuriya
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 (Resigned w.e.f.
25/08/2023)
R.T. Ranatunga
G.H.U. Roshan
A.K.H.M. Somasiri
A.M.C. Abeysingha
D.G.P.N. Wimalarathne
N.N.R. Diunugala
C.I. Abenayaka
H.M.S.B. Herath
M.S.S. Rodrigo
W.P.T. Udugama
Mrs. S.M.P.F. Warnakulasuriya

MANAGERS (CORPORATE ACCOUNTS)

W.P.G.S.D. De Silva
K.M.P. Rohan
C.N. Weerasuriya
Y.M.N.A.S. Yapa
H.P.V.U. Mahindrathna
D.T.N. Kulasekara

MANAGEMENT STAFF

MANAGER (CORPORATE SALES)

N.P. Wadugodapitiya (Consultant w.e.f. 26/02/2024)

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
M.R.M. Ruzaik
B.A.C.S. Sarathchandra
N.J. Thavachchelvam
M.R.L. Piyasiri
M.A.G.B. Kumarasinghe
P.K.K.G. Perera
W.D.D.L. Weerasinghe

SALES MANAGERS (BRANCHES)

K.M.K.M.K. Abeyrathna
W.P.A.M. Asanka
S.R.D.D. Abeykoon
K.A.A.P. Abhaya Wickrama (Resigned w.e.f. 28/02/23)
A.H.M.W.B. Agalakotuwa
E.M.C. Bandara
K.M.C.K. Balawardana
G.L.P. Bhatthiya (Resigned w.e.f. 30/04/23)
Y.M.A.H. Bandara
P.M.G. Chanaka
R.D.T. Dassanayake
D.M.M. Deshapriya
D.G.A. De Silva
D.K. Dahanayake
M.C. Dhammika
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. 16/01/23)
W.M.S.S. Fernando
W.D.R.S. Fernando
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
Y.W.S.M. Jayarathna
S.P. Jagathsiri

P.H.M.C. Jayalath
J.M.D.C.P. Jayamanna
D.T. Jayathilaka
R.S. Kaluarachchi
T.A.S.C. Kumara
S.S. Kumaradasa (Resigned w.e.f. 19/01/23)
W.S.A. Kumarasiri
M.R. Kannangara
H.R. Kumara
K.W.T. Kellapatha
K.G.C.P.K. Kumara
S.A.I.S.K. Karunathilake (Resigned w.e.f. 30/05/23)
N.S.G. Kumara
S.J. Liyanage
P.D.C. Lakchan
M.D.K.G. Munasinghe
R.P. Marasinghe
I.G.K.M. Mudannayake
K.P.C.K. Namarathna
S. Navaneethan
K.A.S. Piyasena
M.W.S.S. Piyarathna
P.K.A.K. Priyadarshana
S.M. Pradeeparathna
H.A.M.A. Perera
R.I.P. Perera (Resigned w.e.f. 31/01/23)
A.B.M. Prasad (Resigned w.e.f. 20/05/23)
M.L.S. Premathilaka
H.I. Prasanga
S.M.J.N. Perera
G.A.M. Pereira
K.D.U.K. Perera
N.J. Rajapakse
P.H.K. Rupasinghe
L.R. Rathnasiri
M.R. Raffel
B.M.D.C.L. Ranasingha
D.M.S.R. Rathnayake
H.A.G. Sathyajith
S.A.M.A.N.C. Senanayake
S.T. Somatilake
W.R. Suresh
S.A. Sanjeewa
A.D.S.U.K. Samaratinga
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.M.D.C.C.D. Wijayarathne
W.M.T.K. Wijemanna

T.A.S.P. Wimalaweera
S.P. Welikada
W.G.S.E. Wemulla
T.S. Wickramasinghe
A.S. Wijethunga
D.R.S. Wijeyakulasuriya
L.K. Wattegedara
D.G.D.S. Yapa
H.B.M. Dhanendra
R.A.S.P.Sanjeewa
W.A.W. Perera
H.S. Somathilaka
Y.V. Bulathsinghala
T. Nitharshan
A.G.D.D. Rajapaksha
R.A.C. Kularathna
N.W.P.U. Deshapriya
M.M.P.S.D. Weerarathna
J.A.C.P. Kumara
I.A.B. Herath
M.R. Salgado
S.K. Jayasekara
A.A.J.C. Dias
A.C. Barthelot
A. Alexander
M.D.P.S. Karunarathna
D.L.A.A. Niranjana
P.S.S.N. Premachandra
J.A.R. Perera

BRANCH MANAGERS

I.I. Attanayaka
D.P. Amarasinghe
D.M.R.N. Dissanayake
D.P.R. Gunasiri
I.D.G. Idirideera (Resigned w.e.f. 11.10.2023)
P.V. Kumara
M.T.N.A. Kumara
W.M.R.B. Naranpanawa
L.T.P. Perera
P.S.S. Peiris
C. Pratheepan
N.C. Samarawickrama
C.H. Vitharana MBA (UK)
W.M.R.B. Wijekoon
D.J.K. Dadigamuwa
C.P. Abeysekera
B.P.K.D. Pathirana
C.S.K. Wickramanayaka
M.R.T. Ranganath (Resigned w.e.f. 31/08/23)
L.H.R.C. Chandrasiri
R. Ingaran
M.A.D. Nishantha

K.A.H.K. Sirisoma
A.L.N. Suranga

ACTING BRANCH MANAGER

E.G. Sirimal

ACTING SALES MANAGERS

K.T. Kannangara
M.H. Dehimadugedara
K.P.P.N. Dharmaratna
K.K.C. Lakshan
B.C. De Silva
L.A.K. Sri Lal

CORPORATE SALES MANAGER

T. Athithan



GOVERNANCE

ENTERPRISE RISK MANAGEMENT

Risk Management Framework established ensures,

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

CGIL ensures that functional teams have 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 emphasises 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 recognized, 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 analyzed by an independent standpoint from the organization exposed to the risks,

and thereby give warning and monitor their preventive activities.

✦ Organizations and authority, rules and manuals

Establish and define organizations 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, policy 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 analyze the characteristics of its risk, set an appropriate premium rate, set up a 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, Detailed analysis of loss-making sector/businesses, improving on excesses, exclusions.
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, analyzing 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, make timely decisions, Diversifying portfolio, Shift strategies to suit macro economic environment. Follow investment guidelines, efficient use of IT systems for analysis, assess sufficient assets regularly, especially during challenging times, make timely decisions, Diversify portfolio, and Shift strategies to suit macroeconomic environment
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 analyze the characteristics of its risk.	Strict compliance with Regulatory requirements, Forecasting/Monitoring of cash flows business unit wise with higher supervision, arranging facilities/ mechanisms to ensure liquidity and make timely decisions.

ENTERPRISE RISK MANAGEMENT

Risk	Management Policy	Continuous improvement strategy
Operational Risk	The Company shall establish a framework to ensure appropriate operations by the sub-categories below based on its management policies and sufficient analysis of the characteristics of its risk.	
Clerical / Administrative Risk	By recognising that administrative errors, accident or misconduct could occur in any operation, the Company shall establish a framework for preventing these.	Procedures/controls through manuals and updates, detailed internal audit activities, training and supervisory controls.
Planning and Development Risk	The Company shall establish a framework for recognizing risks and hindrances that are inherent to the 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 and receive Investment committee guidance.
Information Asset Risk (Security Policy)	The Company shall ensure confidentiality (protection against unauthorized 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 and 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.	Timely addressing the issues by involvement of relevant senior management, analyze any unexpected legal claims experiences and implement systems to recognize such claims and make use of sufficient/relevant legal expertise, timely.
Accident / Disaster Risk	The Company shall establish procedures for preventing and taking appropriate countermeasures against accidents and disasters.	Revisit disaster management strategies, continuous update on possible risks and 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 procedures for preventing and taking appropriate countermeasures.	Ensure a culture of fair treatment is followed by regular audits, comply with new legal requirements/established procedures, timely inquiry and decisions.
Reputational Risk	The Company shall establish procedures 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 and guidelines are available to ensure consistency.
Political Risk	The Company shall establish procedures 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 check on compliance, importance of regulatory requirements are communicated frequently.

(3) During 2023, the Company overcome many risks amidst negative changes in the Macro environment. As an Insurance Company some risks were given more focus than earlier previously given. More appropriate strategies were implemented to come out of issues;

✦ Credit risk – small and medium business continued to face difficulties in managing businesses with increased costs and lowering of demand and resulting in premiums not settled on time.

By continuous follow up while maintaining good relationships, the collections were managed.

✦ Cost escalations in operational costs – Higher inflation in 2022 increased cost of goods and services resulting in 2023 running costs especially Claim costs, electricity, other overheads at higher 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, employees are faced with various difficulties especially managing cost of living. It leads to leaving for better perks locally or overseas.

Timely decision in offering financial support to staff was a key strategy in ensuring their motivation to retain.

(4) The ESG (Environment, Social and Governance) committee continued to focus on Goals and strategies in respect of ESG aspects so that the Company could achieve Sustainable Development Goals in the future.

ESG Management Committee holds discussions to set goals for a Medium-Term Sustainability Plan. We will aim to realize a "resilient and sustainable society" by focusing on the most-pressing issues using the UN Sustainable Development Goals (SDGs). 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 cards utilization 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 decarbonised society, including things like next-generation energy, such as renewables and hydrogen.
3. We will establish medium and long term targets for CO2 emission reduction from our business processes and the renewable energy usage ratio, and will be working to reduce CO2 emissions.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

The Board of Ceylinco General Insurance Limited is committed to ensuring a robust enterprise-wide Governance framework that delivers the essential foundation to improve transparency and build trust with our stakeholders while safeguarding the Company's current and future prospects.

The Board has always committed to maintaining a healthy and well-grounded corporate governance framework in a dynamic and challenging socioeconomic environment, exacerbated by global volatility. A strong governance structure is pivotal in enhancing accountability to varied stakeholders, ensuring corporate transparency, and creating sustainable value in the long run. Hence, Ceylinco General Insurance Limited will continue to stay ahead of governance best practices and assess its level of readiness and its capability in meeting and overseeing evolving external challenges. The search for continuous improvement in governance, emphasis on environmental and social considerations and a call for increased accountability and transparency continue to influence and shape the role of board governance aspects.

The Company's robust and comprehensive corporate governance framework endeavors to create enabling surroundings for growth in an organized, probable, and viable manner. The Company's corporate governance philosophy is established across all its operational units, and this philosophy has continuously created value for all its stakeholders, despite the external environment and macro conditions.

The Board remains committed to continuous improvement of the Company's governance systems and the following aspects highlight some of the key priorities that occupied the Board's attention in the year under review. Amidst the conditions of what has been an extremely challenging year, the Company further reinforced governance and oversight systems, especially with regard to strengthening risk fundamentals. Further, the Board Investment Committee is to review and evaluate investment

opportunities and advise the Board in relation to feasible investments.

The Assurance Mechanisms comprise of the various supervisory, controlling, and benchmarking elements of the Company Corporate Governance system which are used to measure achievements against forecasts with a view to highlighting deviations, alerting the need for quick corrective action, and quick redress when necessary. These actions set the tone for the governance and ethical framework of the Company, facilitates, and encourages the expression of diverse views and by keeping in touch with industry developments, ensures that the Board is alert to its obligations to the Company's shareholders and other stakeholders.

The objective of Good Corporate Governance is strongly affirmed by a strong set of values which are well established at all levels within the Company through organized communication. The degree of employee conformance with values and their degree of adherence to the Corporate Governance framework are key elements of the reward and recognition schemes. Thus, this governance framework is embedded in the Company's internal policy and procedural frameworks as well as oversight structures to enable the delivery of the business strategy via the day-to-day functional activities.

BOARD OF DIRECTORS

The Board has the overall responsibility for the management and oversight of the Company and its activities and as such is held accountable to shareholders and other stakeholders, to ensure that the Company is managed in a safe and sound manner. Collectively, the Board brings in a wealth of varied experience in the fields of management, business administration, finance, economics, marketing, etc. All Directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgement.

As the main governing body of the Company, the Board provides strategic

and entrepreneurial leadership and sets the appropriate values and standards to align with Ceylinco General Insurance Limited's strategic vision and promote the principles of good governance. Further, the Board remains the main authority responsible for proper governance and oversight of key aspects of the business.

The Company's philosophy admits the need for diversity in Boards and is alert of the need to attract suitably skilled Directors who exhibit the values and requirements of its business and vision. In this regard, every effort will be made to attract suitably qualified personnel from diverse demographics, experiences, and backgrounds.

Board Composition

The composition and proficiencies of Board Members are shaped to align with the requirements of the business. Therefore, a balanced combination of knowledge, experiences and abilities, as well as good understanding guarantees that the Board is well-equipped to steer CGIL's vision and enable value creation. Board balance and variety are critical factors that are established in consultation with the Board Nomination Committee who have oversight responsibility for assessing the number, skill and other traits required to provide leadership to Ceylinco General Insurance Limited.

As of 31st December 2023, the Board comprised sixteen Directors, with five of them being Executive Directors, two of them being Non-Executive Directors and nine of them being Independent Non-Executive Directors. The Company policy is to maintain a healthy balance between the Executive Directors, Non-Executive Directors, and Independent Non-Executive Directors, in keeping with the applicable rules and codes, with the Executive Directors bringing in deep knowledge of the businesses and the Non-Executive Directors bringing in experience, objectivity and independent oversight.

Board Refreshment

The Board is refreshed at regular intervals through new appointments, retirement, resignation, and re-election. Board refreshment allows for the introduction of members with new skills, insights, and perspectives, while retaining valuable industry knowledge and maintaining continuity of healthy rhythm.

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 with effect from 1st January 2023.

Mr. R.A. Gunathilake was appointed as Chief Executive Officer (CEO) with effect from 1st January 2023 in line with the Company succession plan. Mr. R.A. Ranasinghe and Mr. A.R.S. Wijepura were appointed to the Board as Executive Directors with effect from 1st January 2023.

As per the regulation of the Insurance Industry Act, the following Non-Executive Directors have resigned from their positions with effect from 1st April 2023, due to expiration of a nine-year period of service in the Board.

Mr. B.S.M. De Silva
Mr. K.D.A.S.R. Arsakularatne
Mr. E.M.M. Boyagoda
Mr. U.D. De Silva
Mr. A.R.H. Fernando
Mr. S.C.G. Guruge
Mr. M.D.E.A.G. Saparamadu
Dr. S.D. Wanigaratne
Mr. C.P.A. Wijeyesekara

The following members were appointed to the Board with effect from 1st April 2023 as Independent Non-Executive Directors.

Mr. W.J.S. Fernando
Mr. B. Premalal
Mr. S.A.W.S. Silva
Mr. T. R. T. Fernando
Mr. P. Kariyawasam
Mr. N.A. Bandaranaike

Dr. N.D.P. Dehigama
Mr. A.B. Meddegoda
Prof. H. J. De Silva

Mr. U. G. Revankar was appointed to the Board as a Non-Executive Director with effect from 8th May 2023 upon the resignation of Mr. G.S. Sundararajan from the board.

69% of the Board of Directors comprised Non-Executive Directors, who are deemed to be independent thereby enriching discussions and sustaining objective judgement to Board decisions.

The Responsibilities of Chairman and CEO

The role of the Chairman and the CEO are distinct and separate. There is a clear demarcation between the roles and responsibilities of the Chairman and that of the Chief Executive Officer. Dr. W.C.J. Alwis, Executive Director serves as the Executive Chairman of the Company. The Chairman is responsible for giving guidance and oversight on Board operations and proper structure for the Board and Sub Committees. The Chairman sets the topics for discussion, mediates towards productive discussions and facilitates informed decisions. He also ensures that the Board is updates on timely and relevant information, regarding the Company's performance.

Mr. R.A. Gunathilake, Chief Executive Officer, is responsible for the operation and day-to-day management of the Company in line with the direction of the Board and committees set up by the Board. He leads the executive team, while execution of the Company's strategic and operating plans in consultation with the members of the Board.

Going forward with regulation of the Insurance Industry Act, and due to the Executive Chairman's leadership in ensuring the Board's fiduciary duties, the Board has appointed Mr. P. Kariyawasam as Senior Independent Director with effect from 28th November 2023.

BOARD APPOINTMENTS

Board appointments are conducted in a formal and transparent manner, as determined by the Nominations Committee which assesses the Company's strategic demands as well as the proficiencies and capabilities of the Board. Upon establishing criteria to select potential candidates, the Nominations Committee conducts an initial screening. Committee recommendations are then forwarded to the Board, which then reviews these recommendations and proposes appropriate candidates for appointment or re-election. Shareholders oversee the process at the Annual General Meeting, with the Nomination Committee ensuring everything is in order.

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

BOARD MEETINGS AND ATTENDANCE

The calendar of meetings of the Board and Sub Committees for a period of twelve months is fixed well in advance. The Board met six times during the year 2023. The Board strengthened engagement given emerging stresses in the socio-economic landscape during the year. Clear guidelines and processes are defined and communicated to ensure effectiveness of Board meetings.

The number of Board meetings held during 2023, together with individual attendance, is given on page 107 of this Annual Report.

BOARD SUB-COMMITTEES

The Board has delegated some of its functions to Board Sub Committees, while retaining final decision rights. When determining committee composition, the Board considers relevant regulations, the skills and experience of its members and responsibilities of the Committee. Members of these Sub Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

The Committees also invites senior managers to its meetings to seek clarification and thereby improve their effectiveness. Audit Committee, Investment Committee, Risk Management Committee, Related Party Transaction Review Committee, Nomination Committee and Remuneration Committee, which are obligatorily required under the Corporate Governance Guidelines, have been established in accordance with the requirements set out therein.

Ceylinco General Insurance Limited's Board Sub-Committees play an important supervisory and monitoring role by focusing on the designated areas of responsibility passed to it by the Board.

DIRECTORS REMUNERATION

The Remuneration Committee of Ceylinco General Insurance Limited is responsible for recommending the compensation of the Executive Directors for approval of the Board. The Remuneration Committee operates in conformity with applicable rules and regulations.

Compensation of Non-Executive Directors is determined in reference to the contribution made by them to achieving the agreed goals of the Company and serving as members of Committees. Non-Executive Directors are not entitled to receive any performance-related / incentive payments.

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

STATEMENT OF COMPLIANCE

This report demonstrates our alignment to mandatory and voluntary requirements as well as emerging best practices in corporate governance.

Compliance table for the Continuing Listing Requirements of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka are given below.

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 CSE.	Yes	Board Profiles
7.10.5	Remuneration Committee (RC)	A listed 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
	Composition of Remuneration Committee	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

Rule No:	Subject	Requirement	Complied	Reference within 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 listed Company shall have an Audit Committee	Yes	Audit Committee Report
7.10.6 (a)	Composition of Audit Committee	The Audit Committee shall comprise Non-Executive Directors or 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 recognized professional accounting body.	Yes	Audit Committee Report
		The Chief Executive Officers and Chief Financial Officers 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

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Rule No:	Subject	Requirement	Complied	Reference within 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 the 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

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 94.	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
		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. 70,000,000/-
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 100,000/- 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
Mitsui Sumitomo Insurance Co. Ltd	AA	A+	Japan
Odyssey Reinsurance Corporation	AA-	A	USA
SCOR Reinsurance	A+	A+	France
Lloyd's of London	A+	AA-	United Kingdom
MS First Capital Insurance Ltd	A+	-	Singapore
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

COMPOSITION

The Audit Committee comprises four Non-Executive Directors appointed by the Board of Directors of the Company and three of them are Independent Non-Executive Directors.

Mr. D.H.J. Gunawardena Chairman appointed w.e.f. 19.06.2015 (Parent Company Audit Committee Chairman).

Mr. S.A.W. Senaka Silva (IND/NED) appointed w.e.f. 18.05.2023.

Dr. N.D.P. Dehigama (IND/NED) appointed w.e.f. 18.05.2023.

Mr. T.R.T. Fernando (IND/NED) appointed w.e.f. 18.05.2023.

Mr. Takashi Kishi (NED) appointed w.e.f. 03.06.2022.

Mr. S.C.G. Guruge (IND/NED) resigned w.e.f. 01.04.2023.

Mr. M.D.E.A.G. Saparamadu (IND/NED) resigned w.e.f. 01.04.2023.

NED - Non - Executive Director

IND/NED - Independent Non - Executive Director

AUDIT COMMITTEE CHARTER

The Audit Committee Charter was reviewed and revised during the period under review with the concurrence of Board of Directors to include new developments pertaining to the functions of the Committee. The terms of reference of the Committee have been clearly defined in the Charter of the Audit Committee. Rules on Corporate Governance covered by the listing rules of the Colombo Stock Exchange further regulate the composition, responsibilities, and functions of the Audit Committee.

DUTIES OF THE AUDIT COMMITTEE

- ✦ Assist the Board of Directors to fulfil its responsibilities in the Financial Reporting, statutory and regulatory requirements.
- ✦ Review the internal control system and risk management measures taken by the Company.
- ✦ Monitor the internal audit function and review the internal audit plan and its effectiveness.
- ✦ Recommend the appointment, service period and audit fee of the external auditors.
- ✦ Evaluate the independence and performance of external auditors.
- ✦ Meet with the management, external auditors as necessary to carry out the functions of the Committee.

MEETINGS AND ATTENDANCE

The Committee met four times during the year. The attendance of the members at these meetings is stated in the table on page 108.

The other members of the Board, senior managers and the external auditors were present at discussions whenever they were required. The proceedings of the Audit Committee are regularly reported at subsequent Board Meetings.

FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting process implemented by the Company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards and Sri Lanka Accounting Standards. The Committee recommended the Financial Statements to the Board for its consideration and issuance. The Committee, in its evaluation of the financial reporting process, also recognized the adequacy of the content and quality of the management information forwarded to its members.

STATUTORY AND REGULATORY REQUIREMENTS

The Committee, having reviewed the quarterly and annual regulatory compliance reports submitted, observes that the Company's compliance framework provides a reasonable assurance that all relevant laws, rules, regulations, codes of ethics and standards of conduct are followed and is satisfied with the monitoring process.

RISK MANAGEMENT

The Committee obtained the required reports to identify major business/ financial risks and mitigating action taken to manage these risks. Further the Committee reviewed the risk management measures, internal controls, and disaster recovery planning and information security systems in order to ensure that appropriate remedial measures are in place to safeguard the company's interests and company's assets.

INTERNAL AUDIT

The Committee reviewed the internal audit reports to assess the effectiveness of the internal financial controls that have been placed to provide reasonable assurance to the Board of Directors that the Company's assets are safeguarded and that the financial reporting system can be relied upon.

During the year 2023, 269 audits were performed in keeping with the audit plan, covering all sections of the Company. The committee obtained significant findings of the internal auditors and reviewed the responses of the management. The recommendations made by the internal auditors for improvements were discussed at the audit committee meetings. The Committee evaluated the Internal Audit function covering key areas such as scope, quality of internal audits and resources.

EXTERNAL AUDIT

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit, external audit plan and availability of information.

Further the Committee reviewed action taken by the management in response to the management letter issued by the External Auditors, to ensure that appropriate follow-up action is taken.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company and are satisfied that their independence as Auditors has not been compromised.

PROGRESS OF IMPLEMENTATION OF SLFRS

The Committee continuously monitored the progress of implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

CONCLUSION

The Committee received the required information and assistance from the Management during the period to carry out its duties and responsibilities effectively.

The Committee is satisfied that the internal controls and processes in place for assessing and managing the risks, provide reasonable assurance regarding the reliability of the financial reporting process which seeks to safeguard the Company's assets and comply with the relevant laws, regulations and codes of ethics.

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young, continue as Auditors for the financial year ending 31st December 2024 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the year 2023, subject to approval by the shareholders at the forthcoming Annual General Meeting.



Mr. D.H.J. Gunawardena

Chairman
Audit Committee

29 February 2024

REPORT OF THE INVESTMENT COMMITTEE

OBJECTIVE OF THE COMMITTEE

Investment portfolio of the company is a key determinant of the financial strength, company profitability, liquidity and in meeting the regulatory requirements of the Insurance Regulatory Commission of Sri Lanka. This makes it necessary for the portfolio to be managed, with the overview of the board of directors with regards to investment policies, procedures and risk.

The committee comprises members the board of directors of Ceylinco General Insurance Ltd. (The company) and professionals in treasury & investment management and finance. This brings in the right combination for a practical balance between regulatory requirements of regulator, board of directors and practical requirements of financial markets. Therefore, the investment policy is drafted giving due regard to them, making investment executions and asset allocations at treasury and investment management unit effective.

The Sri Lankan financial markets have shown high sensitivity to information and macro economic variables. The most relevant variables include inflation, market liquidity and fiscal policy measures of the government. Further, on equity market, in addition to above variables, in the corporate earnings and other capital decisions such as right issues have shown an impact on equity prices.

Further to above factors which are within the economic framework of Sri Lanka, events beyond our territory also affect our markets. The main ones being, crude oil prices, economic policy decisions of regional central banks and those of major economies. Apart from such fundamental reasons, the markets are heavily influenced by the speculative moves of participants.

The risk on asset values and corporate wealth is affected by many factors as shown above. Therefore, the Enterprise Risk Management framework becomes relevant in developing investment strategies, policies and guidelines.

Investment Committee brings all above in to one table and drafts the policies and strategies on investments with a holistic approach.

FUNCTIONING

As mentioned above, the macroeconomic environment has a considerable impact on the portfolios. The committee at its periodic meetings review the economic factors such as inflation, interest rate forecasts, exchange rate direction, economic growth, country reserves position and other economic variables. Further, the government policy with regards to fiscal and monetary policy and the similar policies of other major economies are also discussed. Some of such important countries considered include USA, UK, Singapore, India and China.

Then, the industry related regulations such as Risk Based Capital (RBC) requirements by the Insurance Regulatory Commission of Sri Lanka, guidelines for investments by Central Bank of Sri Lanka are discussed.

With the above external environment backdrop, the committee assesses the internal environment which is the insurance business performance, cashflow and the qualities of the portfolio. The qualities of the portfolio looked at includes the maturity structure, duration, yields, asset allocation, exposure to institutions etc.

With this overall view, the committee establishes the broad investment guidelines, parameters and any changes to procedures and set out the investment policies.

In the event of any concerns or disagreement raised by a committee member, such concerns and disagreements are included in the minutes for future reference and transparency.

Apart from such policy related functions, the committee reviews the performance of the portfolios.

It evaluates if the asset allocations are consistent with both, the RBC guidelines and the investment policies set by the committee. In the event of any discrepancy, the reasons and the corrective action are discussed.

Then, the committee evaluate the yields of each portfolio, instrument wise to identify the ones performing in line with the target yields and in line with the market. In the event yield deficiencies are identified, the committee further evaluates as to what caused such deficiency and the corrective action available to improve the yields.

Having evaluated the performance, it then calls for and study reports on investment records. The records are of dual control with one set of records at the treasury and investment management unit and the other with the finance division. The independent records are reviewed for conformity which ensures the accuracy. Then the committee calls for reports on evidence of physical availability of assets. The audit reports of physical certificates or CDS balances of scripless securities such as listed equity, listed debt and government securities are checked with the financial record balances.

The above function elements ensure the policy, implementation of investment strategies and asset safeguards are all in line with the expected responsibility of the board of directors.

OPERATION AND CONTROLS

The company has aligned it's investment operations and controls to safeguard the assets of the company. The safeguards are supported by accurate records of both assets and yields. The committee plays a key role in the effectiveness of them. The operation and controls are implemented as below.

As mentioned earlier all investment records are dual recorded, with one set at the finance division and the other at the treasury and investment management unit. The records are subject to physical verification.

While assets are safe and the yields are in line with benchmarks; the operation of the cashflow management needs to ensure the effective use of cash collection of the insurance business. For this the island wide branch network of collection and payments are linked through a network of bank accounts where the cash resource is pooled for efficient use and allocations, while controls are implemented at the receipt or payment originating point. The passwords, reconciliations and physical verifications ensure the effectiveness of controls.

Investments in corporate debt or exposure to banks in fixed deposits are subject to an approval procedure on case by case basis while investments in government securities with regards to the volume and duration are periodically reviewed and preapproved by the investment committee.

The finance division and treasury and investment unit ensure the operation is implemented inline with the set procedure while risk and compliance division and the internal audit department evaluate conformity.

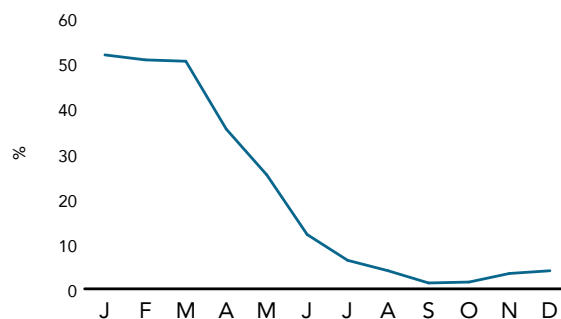
ECONOMY IN 2023

It can be observed that year 2023 was a year of stepping in to transition in macro economic variables. Country saw some uncertainties such as Domestic Debt Restructure concerns being faded off while post COVID economic negativities turning around. With the improvements in IMF negotiations and forex inflows of tourism and worker remittances improving, real values were added to the economy. Further, nominal improvements like reduced inflation and GDP of 3rd quarter turning positive had a favorable impact on the economic perception. With these improvements, the Central Bank monetary policy also halted tightening and set on to a more relaxed monetary policy path. With the IMF facility and other improvements in net forex inflows amidst non repayment of foreign debt, the Central Bank's purchase of USD from the banking sector improved reserves and the exchange rate was kept afloat above Rs.300/=.

Inflation

The CCPI measured inflation for 2023 was 4% after recording an almost 60% inflation in 2022. This high inflation which reached 70% in mid 2022, provided the base effect for the inflation in 2023 to record a gradual decline, despite the increase in Price indices. The CCPI which stood at 114 points (Base 2021) at the end 2022/beginning of 2023 has reached 195 points by the end of year. It can be observed that the exchange rate devaluation in 2022 and the price level increase (inflation) in 2022 closely coincide and the effects continued to 2023 in the price levels. However going forward, for all macro economic decisions and interpretations, the reduced inflation figure is a positive contributor.

CCPI Year On Year 2023



Source: Department of Census and Statistics

Interest Rates

Subsequent to the sharp increase of policy interest rates and multifold increase of general interest rates in 2022, the year 2023 provided a sharp decrease in interest rates. The main factor for this decrease was the decision by Central Bank of not subjecting the government securities of general public for any domestic debt restructure (optimization) programs (DDO) of Central Bank in it's efforts to reduce the debt volumes and annual Gross Financing Needs of the Government. This wiped away the uncertainty premium and reduced the interest rate on government securities from 25% pa. - 30% pa. levels to near 15.00% pa. interest rate levels. This happened almost overnight with the announcement on DDO in July.

Continuation of that interest rate levels were supported by the relaxing monetary policy path by Central Bank, which brought down interest rates by December 2023 to, 01 year T bill rate down to 12.00% pa. levels, longer term T bonds to 13.00%pa. levels and AWPR to 12%pa. from near 26%pa. year ago. The two policy rates, SDFR and SLFR which are the rates at which central bank takes overnight repo from banks and primary dealers and provide money on overnight basis to same parties are at 9.00% pa. and 10.00% pa. respectively, by the year end after having reached 15.50%pa. and 16.50%pa. for same respectively in 2023.

External Trade

The exports suffered a 9 % drop in 2023 to record USD 11.9 Bn exports, down from USD 13 bn exports in 2022. The main factor was the negative economic climate in USA and Europe, with high inflation and reduced consumer spending. Further, with high exchange rate and high inflation in the country, cost of inputs for production of export items also increased, depriving the country of price advantage in USD terms that would have materialized with the devaluation of the Sri Lankan Rupee.

REPORT OF THE INVESTMENT COMMITTEE

On the Import front, with the continued economic contraction and reduced disposable income caused by high taxes, the total imports also reduced, which was by 8%. However a noticeable figure is the 8.2% increase of consumer goods, by USD 200 Mn. The main contributor of import item reduction was the reduction in intermediary imports, which includes inputs to facilitate production of export items. The drop in exports therefore also had contributed to the reduction in imports. While intermediary items had a 11.5% drop, which was USD 1.4 Bn, Sri Lanka imported USD 16.8 Bn worth of total merchandise in 2023, while it was USD 18.3 Bn in 2022.

Tourism

The tourism income which suffered from 2019 to 2021 showed signs of recovery in 2022. It saw a recovery in 2023. Sri Lanka had almost 1.5 Mn tourist arrivals, which brought in USD 2.1 Bn income in 2023. This was a 82% increase from 2022 income. Now we are at 50% mark of the tourism income we made in 2018 prior to all disturbances to the industry thereon.

Worker Remittances

One of the main net contributors to the forex inflow of the country is the worker remittances. In 2023 Sri Lanka saw a 58% increase compared to 2022 in worker remittance, which reached almost USD 6 Bn. This is about 80% of the USD 7 Bn – USD 8 Bn inflow we had per year prior to Covid and other issues with forex inflows.

Exchange Rate

The exchange rate which ended 2022 at around Rs. 365 per USD, saw an appreciation in LKR to reach Rs. 320/= per USD. This was an appreciation of around 12% pa. The Central Bank's purchases of USD for reserve building was a factor that created demand for USD in the forex market that enabled the exchange rate to stay afloat. The other contributor was halting of foreign debt repayment which had reduced the pressure on the exchange rate.

Gross Official Reserves

The Gross Official Reserves had reached USD 4.4 Bn by end 2023 up from USD 1.9 Bn a year earlier. The IMF program, improvements in worker remittances, tourism income, halting of foreign debt repayment had contributed towards this improvement.

Government Debt & Government Finance

The total government debt was at Rs.28 Trillion (Tr) in 2023. The composition is Rs.11.6 Tr foreign debt and Rs.16.4 Tr domestic debt. However, it is noteworthy that around Rs.5 Tr – Rs.6 Tr of foreign debt was purely due to the exchange rate increase (LKR depreciation) in 2022.

The budget deficit for 2023 was planned at Rs. 2.4 Trillion. By November 2023 the total revenue and grants were Rs. 2.7 Tr while the recurrent and capital expenditure were Rs. 4.7 Tr. This resulted in a budget deficit of Rs. 2 Tr for the 11 months to November 2023. This is an increase of 56% in Revenue compared to the same period in 2022 and total expenditure increase of 41%. The resulting change of the budget deficit was a 26% increase in budget deficit for 2023 over 2022.

Domestic Debt Optimization (DDO) 2023

The Central Bank, as per the program with IMF, implemented a DDO program to reduce the present value of debt and the Gross Financing Needs (GFN) of the government. The whole financial system in the country braced for a Capital reduction of their government security investments or a interest reduction. This was a primary cause for interest rates to reach 30% pa. levels which included a risk premium for such restructure.

However, the DDO program had no harm with minimum effect on the public. The program did not subject the T bills and T bonds to any restructure. It restructured the T bill portfolio of Central Bank to be replaced with longer term T bonds and restructured the government securities

of Super Annulation funds to have a longer term step down and continue coupon. The USD denominated Sri Lanka Development Bond holders were given three choices; two choices with option to continue in USD and another option to convert to LKR T bonds that would be repaid over 10 years.

Economic Growth

The economy contracted by 7.8% in 2022. The negative trend continued in 1st and 2nd quarters of 2023 with contractions of 11.50% and 3.1%. However the Q3 of 2023 recorded a positive growth of 1.6%. The resulting negative cumulative growth for the year is approx. 4% for the 1st three quarters of the years, which is in line with the predicted 3 % negative growth for 2023, provided the 4th quarter is not negative.

Stock Market

ASI ended 2023 with 10,654 points which was 8,490 points at the end of 2022. This is a 25% increase for the year. The market saw share values gain with the announcement of DDO program. The bank shares saw a noticeable gain. Further, the reduction of interest rates contributed towards increase in technical values of the shares.

INVESTMENT STRATEGIES AND RETURNS

Year 2023 demanded making crucial investment decisions with appropriate strategies. The interest rates were at a peak during the 1st half of the year, with a tag of uncertainty on the domestic debt restructure. The committee assessed the risk on returns and wealth of investing in longer term instruments and opportunity cost of going short term. The investment strategies were drafted to make use of the high interest regime after considering all investment options and impact of a DDO on them directly or indirectly. The strategy was successful with yields being locked for future years and no negative impact on wealth.

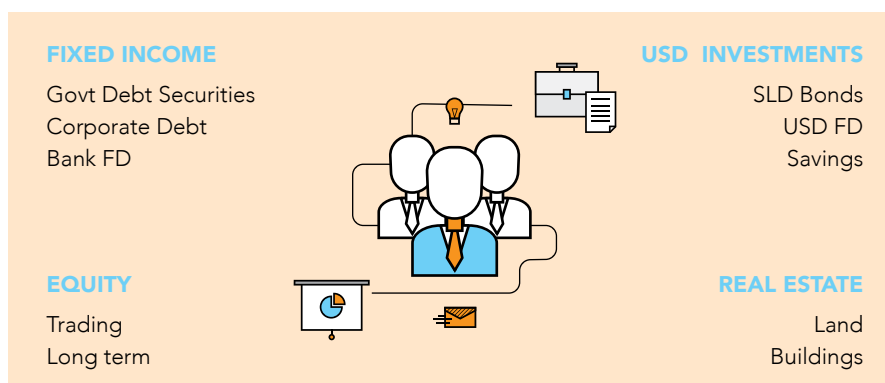
The cash flow planning was done with constant communication with finance division. This resulted in an efficient cash

flow planning and daily cash management activity. This resulted in a smooth functioning of business activities as well as optimum use of funds.

With the above strategies and market conditions the company portfolios earned above average high yields, well over the bench marks set by the investment committee.

PORTFOLIOS

The Company has investments in following portfolios.



MEETINGS

The committee meetings were held as scheduled. The 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, or if an investment in between meetings required committee views, ad hoc meetings were called or the information was circulated among the members by the investment unit for comments.

The following members participated at the meetings;

Name	Office Held / Representing
Dr. Jagath Alwis	Chairman / Chairman of The Investment Committee (Apr 2023 onwards)
Mr. Rohan Fernando	Director / Chairman of Investment Committee (Up to Apr 2023)
Mr. Ajith Wijeyesekera	Director/ Committee member (Up to Apr 2023)
Mr. Anura Meddegoda	Director/ Committee member (Apr 2023 onwards)
Mr. Ayendra Bandaranaike	Director/ Committee member (Apr 2023 onwards)
Mr. Shavendra Fernando	Director/ Committee member (Apr 2023 onwards)
Mr. Upali Witharana	Director / CFO Ceylinco Insurance PLC
Mr. Nihal Peiris	Director - Finance - Ceylinco Insurance PLC
Mr. Roshan Ranasinghe	Director/ Committee member
Mr. Nilantha Piyadasa	Chief Financial Officer
Mr. K. Sankarmoorthy	Deputy General Manager - Financial Services
Mr. Manjula Wickramasinghe	Assistant General Manager - Financial Services
Mr. Kasun Nanayakkara	Director / General Manager - Treasury/Investment Management Unit

Dr. Jagath Alwis

Chairman

Investment Committee

29 February 2024

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

COMPOSITION

The Related Party Transactions Review Committee of the Company comprises three Non-Executive Directors appointed by the Board of the Company and two of them are Independent Non-Executive Directors.

Dr. N.D.P. Dehigama (IND/NED) -
Chairman appointed w.e.f. 18.05.2023.

Mr. S.A.W. Senaka Silva (IND/NED)
appointed w.e.f. 18.05.2023.

Mr. Takashi Kishi (NED) appointed w.e.f.
03.06.2022.

Mr. S.C.G. Guruge (IND/NED) resigned
w.e.f. 01.04.2023.

Mr. A.R.H. Fernando (IND/NED) resigned
w.e.f. 01.04.2023.

NED - Non - Executive Director

IND/NED - Independent Non - Executive
Director

The Board has established the Related Party Transactions Review Committee (RPTRC) in accordance with the Code of Best Practices on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka and the section 9 of the Colombo Stock Exchange.

The Company Secretary functions as the Secretary to the Committee.

MAIN OBJECTIVE

The main objective of the Committee is to exercise on behalf of the Board, an oversight of all Related Party Transactions of the Company and to ensure that compliance is always achieved with respect to the Codes of Best Practice on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

PROCEDURE

Declarations are obtained from each Director/Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations the related party transactions are identified from information maintained with the database of the Company.

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel with a view to ensuring that:

- ✦ There is compliance with the Codes of Best Practice and the Listing Rules of the Colombo Stock Exchange.
- ✦ Shareholder interests are protected and fairness and transparency are maintained.

MEETINGS

During the year under review, four Committee meetings were held. The attendance of the members at these meetings is given on page 108 of this Annual Report. The Chairman, Chief Executive Officer, and other Key Management Personnel attended meetings by invitation.

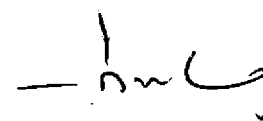
The activities and views of the Committee have been communicated to the Board of Directors, quarterly, through verbal briefings, and by tabling the minutes of the Committee's meetings.

DECLARATION

The system to identify the Related Parties of the Company during the year was reviewed and satisfied by the Committee.

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. to the Financial Statements.

A declaration made by the Board of Directors in the Annual report as a negative statement that no related party transactions falling within the ambit of the Listing Rules were entered into by the Company during the financial year 2023, is given in page 109 of the Annual Report.



Dr. N.D.P. Dehigama

Chairman
Related Party Transaction Review
Committee

29 February 2024

REMUNERATION COMMITTEE REPORT

COMPOSITION

The Remuneration Committee comprises three Directors appointed by the Board of Directors of the Company and all are Independent Non-Executive Directors.

Mr. S.A.W. Senaka Silva (IND/NED) – Chairman appointed w.e.f. 18.05.2023.

Dr. N.D.P. Dehigama (IND/NED) appointed w.e.f. 18.05.2023.

Mr. T.R.T. Fernando (IND/NED) appointed w.e.f. 18.05.2023.

Mr. S.C.G. Guruge (IND/NED) resigned w.e.f. 01.04.2023.

Mr. M.D.E.A.G. Saparamadu (IND/NED) resigned w.e.f. 01.04.2023.

Mr. K.D.A.S.R. Arsakularatne (IND/NED) resigned w.e.f. 01.04.2023.

NED - Non - Executive Director

IND/NED - Independent Non - Executive Director

The Committee reports directly to the Board of Directors of the Company. The Company Secretary functions as the Secretary to the Remuneration Committee. The Director/Chief Executive Officer participated in meetings of the Committee by invitation.

DUTIES OF THE REMUNERATION COMMITTEE

- ✦ Determining the compensation of Chairman, Chief Executive Officer, and Executive Directors.
- ✦ Review and approve guidelines and parameters for Remuneration Policy of the Company.
- ✦ To support the recruitment and retention of Executive Directors and management staff to achieve Company's target and goals.

- ✦ Make proposals to the Board in transparent procedure, on deciding the compensation of Chairman, Chief Executive Officer, Executive Directors, and other Members of the Board.
- ✦ To provide a competitive level of benefits for Executive Directors/ employees and to assist them in the performance of their duties.
- ✦ Keeping and developing competitive and attractive remuneration packages for employees at all levels on par with industry standards.

MEETINGS

The Committee held one meeting during the year 2023.

REMUNERATION POLICY

The remuneration policy is to attract and retain highly competent and experienced work force, and reward performance accordingly. These compensation packages provide rewards that are appropriate for each employee's level of expertise and contributions, bearing in mind the company performance and shareholder returns. The Committee forms every endeavor to maintain remuneration levels that are adequate to attract and retain members of the senior management team.

DIRECTORS' REMUNERATION

Amount paid as Directors' Remuneration during the year under review is shown in Note 40 (a) of the Financial Statements.



Mr. S.A.W. Senaka Silva
Chairman
Remuneration Committee

29 February 2024

NOMINATION COMMITTEE REPORT

COMPOSITION

The Nomination Committee of the Company comprises three Independent Non-Executive Directors appointed by the Board of the Company.

Mr. S.A.W. Senaka Silva (IND/NED) - Chairman appointed w.e.f. 18.05.2023.

Dr. N.D.P. Dehigama (IND/NED) appointed w.e.f. 18.05.2023.

Mr. T.R.T. Fernando (IND/NED) appointed w.e.f. 18.05.2023.

Mr. C.P.A. Wijeyasekara (IND/NED) resigned w.e.f. 01.04.2023.

Mr. B.S.M. De Silva (IND/NED) resigned w.e.f. 01.04.2023.

Mr. K.D.A.S.R. Arsakularatne (IND/NED) resigned w.e.f. 01.04.2023.

NED - Non - Executive Director

IND/NED - Independent Non - Executive Director

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.

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

MAIN RESPONSIBILITIES OF THE COMMITTEE

The key responsibilities of the Committee include.

- ✦ Considering of any new appointment and re-election of current Directors based on their performance and contribution made to the Company.
- ✦ Provides recommendations to the Board on any such appointment.
- ✦ Reviewing 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 two meetings during the year under review.



Mr. S.A.W. Senaka Silva
Chairman
Nominations Committee

29 February 2024

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 114.

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 2024 to 2025 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

29 February 2024

COMPLIANCE REPORT

In respect of the Financial Year ended 31st December 2023 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

29 February 2024



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 2023, and the Report of the Auditors thereon.

REVIEW OF OPERATIONS

The Executive Chairman'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

	2023	2022
	Rs. '000	Rs'000
Profit After Taxation	3,723,006	3,769,319
Add : Balance Brought Forward	9,289,603	6,449,176
Less: Surcharge Tax	-	(419,644)
	13,012,609	9,798,851
Other Comprehensive Income for the year	(604,111)	(34,058)
Funds Available for Appropriation	12,408,498	9,764,793
Appropriation :		
Dividend Paid	(570,228)	(475,190)
Unappropriated Profit Carried Forward	11,838,270	9,289,603

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 2023 was Rs. 500,200,000/- and is represented by issued and fully paid 2,501,000 voting ordinary shares.

DIVIDENDS

The Directors will recommend a final dividend subject to regulatory approval from the Insurance Regulatory Commission of Sri Lanka at the forthcoming AGM.

DIRECTORS

Dr. W.C.J. Alwis, R.A. Gunathilake, H.D.A.N. Perera, A.R.S. Wijayapura, R.A. Ranasinghe, T. Kishi, W.J.S. Fernando, B. Premalal, S.A.W.S. Silva, T.R.T. Fernando, P. Kariyawasam, N.A. Bandaranaike, Dr. N.D.P. Dehigama, A.B. Meddegoda, Prof. H. J. De Silva and Mr. U. Revankar were the Directors of the Company as at 31st December 2023.

In accordance with the Articles of Association of the Company, Dr. Watuthanthrige Chakrine Jagath Alwis and Mr. Rex Abeyratne Gunathilake are subjected to retirement by rotation and would offer themselves for re-election. Dr. Nayana Darshana Prasad Dehigama, Mr. Brahmanage Premalal, Mr. Wannakuwattewaduge Jude Shavindra Fernando, Mr. Thibiripolage Rienzie Tyrrel Fernando, Mr. Neil Aendra Bandaranaike, Mr. Anura Bandara Meddegoda, Prof. Hithanadura Janaka de Silva and Mr. Umesh Govind Revankar will seek re-election at the forthcoming AGM.

Mr. Senaka Silva and Mr. Prasad Kariyawasam both being over 70 years of age by December 2024 would seek shareholder approval to be appointed to the Board as per section 211 of the Companies Act No. 07 of 2007. Special notices have been received from shareholders to move ordinary resolutions at the next Annual General Meeting that Mr. S. Silva and Mr. P. Kariyawasam be appointed as Directors and that the age limit specified in Section 210 of the Companies Act No. 07 of 2007 shall not apply to them.

Mr. Prasad Kariyawasam was appointed as the Senior Independent Director (SID) of the Board subsequent to the revised corporate governance rules introduced during the latter part of 2023 which required a SID to be appointed in the event the Chairperson is an Executive Director.

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
Dr. W.C.J. Alwis	6/6
Mr. R.A. Gunathilake	6/6
Mr. H.D.A.N. Perera	6/6
Mr. A.R.S. Wijayapura	6/6
Mr. R.A. Ranasinghe	6/6
Mr. Takashi Kishi	6/6
Mr. W.J.S. Fernando	4/4
Mr. B. Premalal	3/4
Mr. S.A.W.S. Silva	4/4
Mr. T.R.T. Fernando	4/4

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

Names of Directors	No. of Board Meetings attended
Mr. P. Kariyawasam	4/4
Mr. N.A. Bandaranaike	4/4
Dr. N.D.P. Dehigama	3/4
Mr. A.B. Meddegoda	4/4
Prof. H.J. de Silva	3/4
Mr. U. G. Revankar	4/4
Mr. B.S.M. De Silva	2/2
Mr. K.D.A.S.R. Arsakularatne	2/2
Mr. E.M.M. Boyagoda	2/2
Dr. U.D. De Silva	2/2
Mr. A.R.H. Fernando	2/2
Mr. S.C.G. Guruge	2/2
Mr. M.D.E.A.G. Saparamadu	2/2
Mr. G.S. Sundararajan	1/2
Dr. S.D. Wanigaratne	1/2
Mr. C.P.A. Wijeyesekera	1/2

FIT AND PROPER ASSESSMENT CRITERIA

All the Directors of the company have submitted declarations confirming their continuous compliance with the fit and

proper assessment criteria set out in the amended corporate governance rules of the Colombo Stock Exchange during the financial year.

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 2023.

CORPORATE GOVERNANCE

The Audit Committee held four meetings during the year 2023. The Remuneration Committee held one meeting during the year 2023. The Nomination Committee held two meetings during the year 2023. The Related Party Transaction Committee held four meetings during the year 2023.

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

Names of Committee Member	Audit Committee	Remuneration Committee	Nomination Committee	Related Party Transactions Review Committee
Mr. D.H.J. Gunawardena	4/4	Not a Member	Not a Member	Not a Member
Mr. S.C.G. Guruge	1/1	Resigned 01-04-2023	Not a Member	1/1
Mr. M.D.E.A.G. Saparamadu	1/1	Resigned 01-04-2023	Not a Member	Not a Member
Mr. Takashi Kishi	4/4	Not a Member	Not a Member	4/4
Mr. S.A.W. S. Silva	3/3	1/1	1/1	3/3
Dr. N.D.P. Dehigama	3/3	1/1	1/1	3/3
Mr. T.R.T. Fernando	0/3	0/1	0/1	Not a Member
Mr. K.D.A.S.R. Arsakularatne	Not a Member	Resigned 01-04-2023	1/1	Not a Member
Mr. C.P.A. Wijeyasekera	Not a Member	Not a Member	1/1	Not a Member
Mr. B.S.M. De Silva	Not a Member	Not a Member	1/1	Not a Member
Mr. A.R.H. Fernando	Not a Member	Not a Member	Not a Member	0/1

DONATIONS

During the year charitable donations amounting to Rs. 2.2 Mn were made by the Company.

TAXATION

The Company is liable for income tax at 30%.

The Income Tax Expense of the Company for the year amounted to Rs. 355 Mn.

CAPITAL EXPENDITURE & CAPITAL COMMITMENTS

The total expenditure on acquisition of Property, Plant and Equipment during the year amounted to Rs. 440 Mn.

PROPERTY, PLANT & EQUIPMENT

The details of Property, Plant and Equipment of the Company are shown in the "Notes to Financial Statements" page 129.

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. 4.4 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.

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 2023, there were 2,821 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 31.12.2023.

After reviewing the relevant information and Actuarial studies the Actuaries have recommended to make a net IBNR/IBNER provision of Rs. 676 Mn. The Company has already made this provision in the accounts as at 31.12.2023.

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 173 to the Financial Statements.

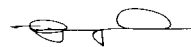
The Auditors of the Company, Messrs. Ernst & Young do not have any relationship with the Company other than that as the Auditors.

RELATED PARTY TRANSACTIONS WITH THE COMPANY

The Company carried out transactions in the ordinary course of business at an arm's length basis with entities where a Director of the Company is the Chairman or a Director of such entities.

There were no non-recurrent related party transactions exceeding 10% of the equity or 5% of the total assets whichever is lower or recurrent related party transactions exceeding 10% of the gross revenue/income requiring disclosure in the Annual Report

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

29 February 2024

Name of Company	Dr. W.C.J. Alwis	Mr. R. A. Gunathilake	Mr. H.D.A.N. Perera	Mr. A.R.S.Wijayapura	Mr. R.A.Ranasinghe	Mr. S.C.G. Guruge	Mr. E.M.M. Boyagoda	Mr. M.D.E.A.G. Saparamadu	Mr. K.D.A.S.R. Arsakularathne	Mr. C.P.A. Wijeyesekara	Dr. S.D. Wanigarathne	Mr. B.S.M. De Silva	Mr. G.S. Sundararajan	Mr. U.D. De Silva	Mr. Takashi Kishi	Mr. A.R.H. Fernando	Mr. N.A. Bandaranaika	Mr. W.J.S. Fernando	Mr. A.B. Meddegoda	Dr. N.D.P. Dehigama	Prof. H.J. De Silva	Mr. T.R.T. Fernando	Mr. S.A.W.S. Silva	Mr. B. Premalal	Mr. U.G. Revankar	Mr. P. Kariyawasam	
27 Epic Lanka (pvt) Ltd																											
28 Epic Technologies (pvt) Ltd																											
29 Amk Food Export(Pvt)Ltd																											
30 Cinnamon Chip Wealth Promoters (Pvt) Ltd																											
31 Prime Lands (Pvt) Ltd																											
32 Prime Residencies (Pvt) Ltd																											
33 Delmege Forsyth & Co. Ltd																											
34 HNB Finance																											

The following Directors have resigned with effect from 01-Apr-2023

Mr. S.C.G. Guruge

Mr.E.M.M. Boyagoda

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

Mr.K.D.A.S.R. Arsakularathne

Mr.C.P.A. Wijeyesekara

Dr.S.D. Wanigarathne

Mr.B.S.M. De Silva

Mr.U D De Silva

Mr.A.R.H.Fernando

Note-

Dr. W.C.J.Alwis was resigned from EGL Solar w.e.f. 27th Dec 2023

Mr.G.S. Sundararajan was resigned w.e.f. 08th May 2023

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 31-12-2023.

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 31-12-2023 is as under:

IBNR Reserves	Figures in LKR 000's
Gross IBNR	1,210,721
Net IBNR	676,404



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 000's
Unearned Premium Reserve (UPR)	7,291,259
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 31-12-2023

Dated: 29-02-2024

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

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

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Tel: +91 79 26460734

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.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 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 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 for Professional Accountants 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: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

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

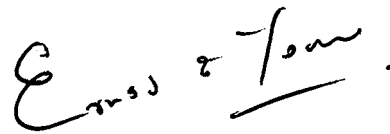
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

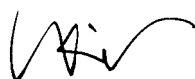


29 February 2024
Colombo

STATEMENT OF FINANCIAL POSITION

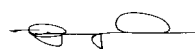
As at 31 December	Page	Note	2023 Rs.'000	2022 Rs.'000
ASSETS				
Intangible Assets	127	5	36,930	44,986
Deferred Expenses	128	6	1,243,105	1,140,051
Property, Plant and Equipment	129	7	4,432,760	4,322,298
Right of Use Asset	134	8	199,890	239,943
Investment Properties	136	9	2,556,400	2,409,500
Financial Instruments				
Loans & Receivables	141	10	10,550,778	9,832,652
Available-For-Sale Financial Assets	143	11	8,667,195	7,665,836
Employee Gratuity Benefit Asset	149	12	1,960,253	1,914,165
Employee Pension Benefit Asset	154	13	1,944,700	1,799,952
Reinsurance Receivables	158	15	6,383,085	5,279,902
Insurance Receivables	159	16	7,541,403	6,843,368
Other Assets	160	17	534,489	799,027
Cash and Cash Equivalents	160	18	627,069	410,294
Total Assets			46,678,057	42,701,974
EQUITY AND LIABILITIES				
EQUITY				
Stated Capital	161	19 (a)	500,200	500,200
Retained Earnings			11,838,270	9,289,603
Special Reserves	161	19 (b)	6,848,160	6,848,160
Revaluation Reserves			727,580	727,580
Available-for-Sale Reserve			290,332	(193,993)
Total Equity			20,204,542	17,171,550
LIABILITIES				
Non Life Insurance Contract Liabilities	162	20	15,723,015	14,633,114
Deferred Revenue	164	21	562,046	520,032
Deferred Tax Liability	156	14	107,104	77,087
Reinsurance Payables	165	22	6,261,491	6,821,626
Income Tax Payable			217,164	192,907
Interest Bearing Borrowings	160	18	3,116	-
Other Liabilities	165	23	3,599,579	3,285,658
Total Liabilities			26,473,515	25,530,424
Total Equity and Liabilities			46,678,057	42,701,974

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



Mr. Nilantha Piyadasa
Chief Financial Officer

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



Dr. Jagath Alwis
Executive Chairman



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

The notes on pages 123 through 192 form an integral part of the Financial Statements.

INCOME STATEMENT

For the Year ended 31 December	Page	Note	2023 Rs.'000	2022 Rs.'000
Net Income	168	24 (c)	19,763,705	22,187,313
Gross Written Premiums	168	24(a)	25,246,863	24,351,536
Premiums Ceded to Reinsurers	168	24 (b)	(10,705,138)	(9,742,670)
Net Written Premiums			14,541,725	14,608,866
Net Change in Reserve for Unearned Premium	164	20 (a) ii	(31,074)	63,060
Net Earned Premium			14,510,651	14,671,926
Fees and Commission Income	169	25	1,123,157	909,249
Investment Income	169	26	4,085,847	6,601,122
Realised Gains	171	27	37,550	(20,986)
Fair Value Gains			6,500	26,002
Other Revenue			5,253,054	7,515,387
Gross Benefits and Claims Paid	172	28(a)	(11,095,036)	(10,670,025)
Claims Ceded to Reinsurers	172	28(b)	3,160,682	2,846,023
Gross Change in Contract Liabilities	172	28(c)	(1,058,829)	(464,328)
Change in Contract Liabilities Ceded to Reinsurers	172	28(d)	753,208	458,047
Net Benefits and Claims			(8,239,975)	(7,830,283)
Acquisition Cost	173	29	(2,379,727)	(2,158,313)
Other Operating and Administrative Expenses	173	30	(5,008,307)	(5,469,259)
Impairment Provision	142	10(c)	-	(2,758,529)
Finance Cost	174	31	(57,439)	(57,509)
Total Benefits, Claims and Other Expenses			(15,685,448)	(18,273,893)
Profit Before Tax			4,078,257	3,913,420
Income Tax Expense	174	32	(355,251)	(144,101)
Profit for the Year			3,723,006	3,769,319
Basic/Diluted Earnings Per Share	176	33	1,488.61	1,507.12
Dividend Per Share - Paid	177	34	228.00	190.00

The notes on pages 123 through 192 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 December	Note	2023 Rs.'000	2022 Rs.'000
Profit for the Year		3,723,006	3,769,319
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to Income Statement in subsequent period			
Net Gain/(Loss) on Available-For-Sale Assets	35	678,725	(479,778)
Income Tax relating to Components of Other Comprehensive Income	35	(194,400)	109,456
Net Other Comprehensive Income to be reclassified to Income Statement in subsequent period		484,325	(370,322)
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	(609,781)	(32,667)
Income Tax relating to Comprehensive Income	35	5,670	(157,134)
Net Other Comprehensive Income not to be reclassified to Income Statement in subsequent period		(604,111)	199,283
Other Comprehensive Income for the Year, Net of Tax		(119,786)	(171,039)
Total Comprehensive Income for the Year, Net of Tax		3,603,220	3,598,280

The notes on pages 123 through 192 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 2022		500,200	6,848,160	494,239	6,449,176	176,329	14,468,104
Adjustment for Surcharge Tax Levied under the Surcharged Tax Act No. 14 of 2022	32	-	-	-	(419,644)	-	(419,644)
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
Profit for the Year		-	-	-	3,723,006	-	3,723,006
Other Comprehensive Income for the Year	35	-	-	-	(604,111)	484,325	(119,786)
Total Comprehensive Income for the Year		-	-	-	3,118,895	484,325	3,603,220
Final Dividend Paid	34	-	-	-	(570,228)	-	(570,228)
Balance As At 31 December 2023		500,200	6,848,160	727,580	11,838,270	290,332	20,204,542

The notes on pages 123 through 192 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year ended 31 December	Note	2023 Rs.'000	2022 Rs.'000
Cash Flows from Operating Activities			
Premiums/Revenue Received from Customers		24,556,152	22,698,372
Reinsurance Premiums (Net of Commission) Paid		(11,233,008)	(6,144,405)
Commission Paid		(2,412,922)	(2,240,471)
Claims and Benefits Paid	28 (a)	(11,095,036)	(10,670,026)
Reinsurance Receipts in respect of Claims & Benefits		3,160,682	2,846,025
Interest and Dividends Received		2,334,658	1,522,149
Other Operating Cash Payments		(3,775,194)	(5,247,164)
Other Income		1,752,445	1,460,628
Contributions to Gratuity Fund/Gratuity Payments	12.2	(189,549)	(342,503)
Income Taxes Paid		(489,562)	(535,544)
Interest Paid		(57,439)	(57,509)
Net Cash Flows from Operating Activities (Note A)		2,551,227	3,289,552
Cash Flows from Investing Activities			
Purchase of investment property	9	(140,400)	(2,243,998)
Acquisition of Financial Investments		(50,102,802)	(33,396,063)
Acquisition of Other Investments		(4,510,811)	(15,721,340)
Disposal of Other Investments		3,792,685	15,380,964
Proceeds from Financial Investments		49,753,938	34,006,467
Acquisition of Property , Plant & Equipment	7.4	(440,208)	(172,295)
Acquisition of Intangible Assets	5.1	(103,230)	(111,425)
Proceeds from Disposal of Property , Plant & Equipment		49,903	42,831
Net Cash Flows used in Investing Activities		(1,700,925)	(2,214,859)
Cash Flows from Financing Activities			
Repayment of Lease Liabilities		(66,415)	(61,274)
Dividends Paid to Equity Holders	34	(570,228)	(475,190)
Net Cash Flows from Financing Activities		(636,643)	(536,464)
Increase / (Decrease) in Cash & Cash Equivalents (Note B)		213,659	538,229

For the Year ended 31 December	Note	2023 Rs.'000	2022 Rs.'000
Note A			
Reconciliation of Profit Before Tax with Net Cash Flows from Operating Activities			
Profit Before Tax		4,078,257	3,913,420
Adjustments for:			
Depreciation	7	316,137	364,524
Amortisation of Intangible Assets	5	111,286	89,300
Amortisation of Right of Use Assets		92,163	93,901
Change in Trade and Other Receivables		232,166	(2,846,197)
Change in Reinsurance Receivable		(1,103,183)	(458,047)
Increase in Non - Life Insurance Provisions		1,028,861	440,388
Change in Trade and Other Payables		(58,048)	3,092,640
Gain on Disposal of Property, Plant & Equipment		(36,294)	(18,298)
Foreign Exchange Gain/Loss		(1,614,056)	(3,579,062)
Impairment of Investments		-	2,758,529
Revaluation of Investment property		(6,500)	(26,002)
Income Tax Paid		(489,562)	(535,544)
Net Cash Flows from Operating Activities		2,551,227	3,289,552
Note B.			
Cash and Cash Equivalents at 1st January		410,294	(127,935)
Cash and Cash Equivalents at 31st December	Note C	623,953	410,294
Increase / (Decrease) in Cash and Cash Equivalents		213,659	538,229
Note C			
Cash at Bank		592,871	375,758
Cash in Hand		34,198	34,536
Bank Overdraft		(3,116)	-
		623,953	410,294

The notes on pages 123 through 192 form an integral part of the Financial Statements.

INSURANCE REVENUE ACCOUNT

For the Year ended 31 December	Note	2023 Rs. '000	2022 Rs. '000
Non - Life Insurance			
Gross Written Premium	24 (a)	25,246,863	24,351,536
Net Earned Premium		14,510,651	14,671,926
Net Claims Incurred	28	(8,239,975)	(7,830,283)
Underwriting and Net Acquisition Costs (Including Reinsurance)		(1,256,570)	(1,249,064)
Underwriting Result		5,014,106	5,592,579
Other Operating, Investments Related and Administrative Expenses	30	(5,008,307)	(5,469,259)
Investment and Other Income		4,123,397	6,606,138
Interest Expense	31	(57,439)	(57,509)
Profits From Operations After Interest Expense		4,071,757	6,671,949
Key Ratios Non - Life Insurance			
Net Loss Ratio		56.79	53.37
Net Expense Ratio		43.57	46.18
Net Combined Ratio		100.36	99.55

The notes on pages 123 through 192 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 158.

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 2023 was authorized for issue in accordance with a resolution of the board of directors on 29 February 2024.

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.

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. The fair value measurement is based on the presumption that a 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.

NOTES TO THE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION

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 the following standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Definition of Accounting Estimates - Amendments to LKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12
- Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

There is no significant impact of above standards resulted on the financial statements of the Company due to changes in Accounting Standards and disclosures during the year.

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	159
Reserve for gross outstanding claims (IBNR/IBNER)	20	162
Valuation of investment property	09	137
Measurement of defined benefit obligation and pension	12 & 13	149 & 154
Unearned Premium and deferred acquisition cost	20 & 06	162 & 128
Leases - Estimating the incremental borrowing rate and determining the lease term of contracts with renewal and termination options	08	134
Income Tax - Uncertainty over Income Tax Treatment	38(a)	188

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 2026, 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.

NOTES TO THE FINANCIAL STATEMENTS

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 2026.

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 2022	468,266
Cost Capitalised	111,425
At 1 January 2023	579,691
Cost Capitalised	103,230
At 31 December 2023	682,921
Accumulated Amortisation and Impairment	
At 1 January 2022	445,405
Amortisation during the year	89,300
At 1 January 2023	534,705
Amortisation during the year	111,286
At 31 December 2023	645,991
Carrying Amount	
At 1 January 2023	44,986
At 31 December 2023	36,930

NOTES TO THE FINANCIAL STATEMENTS

5.1 Acquisition of Intangible Assets during the year

During the financial year, the Company acquired/capitalised Intangible Assets (Computer Software & License) to the aggregate value of Rs. 103,230,000 (2022- 111,425,000). Cash payments amounting to Rs.103,230,000 .(2022 - 111,425,000) 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. 192,241,654 fully amortised Computer Software which are in the use of normal business activities (2022 - Rs. 80,816,020)

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 2023. 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 (2022 - 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	
	2023	2022
	Rs.'000	Rs.'000
At 1 January	1,140,051	1,048,559
Expenses Deferred	2,625,962	2,386,646
Amortisation	(2,522,908)	(2,295,154)
At 31 December	1,243,105	1,140,051

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

	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 2023	1,043,737	1,543,296	69,383	2,817,669	86,572	332,759	205,568	333,145	6,432,129
Additions	108,000	58,100	1,984	150,184	2,671	42,104	12,836	64,329	440,208
Disposals/Transfer	-	-	-	(34,166)	(129)	(1,185)	-	-	(35,480)
At 31 December 2023	1,151,737	1,601,396	71,367	2,933,687	89,114	373,678	218,404	397,474	6,836,857
Accumulated Depreciation									
At 1 January 2023	-	-	34,781	1,475,563	55,113	222,227	129,456	192,691	2,109,831
Depreciation	-	30,773	5,775	137,404	8,119	36,132	15,999	81,935	316,137
Disposals	-	-	-	(20,574)	(113)	(1,184)	-	-	(21,871)
At 31 December 2023	-	30,773	40,556	1,592,393	63,119	257,175	145,455	274,626	2,404,097
Carrying Amount									
At 1 January 2023	1,043,737	1,543,296	34,602	1,342,106	31,459	110,532	76,112	140,454	4,322,298
At 31 December 2023	1,151,737	1,570,623	30,811	1,341,294	25,995	116,503	72,949	122,848	4,432,760

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/Valuation			
At 1 January 2023	458,454	1,214,681	1,673,135
Additions	108,000	58,100	166,100
Disposals	-	-	-
At 31 December 2023	566,454	1,272,781	1,839,235
Accumulated Depreciation			
At 1 January 2023	-	180,111	180,111
Depreciation	-	24,295	24,295
At 31 December 2023	-	204,406	204,406
Carrying Amount			
At 1 January 2023	458,454	1,034,570	1,493,024
At 31 December 2023	566,454	1,068,375	1,634,829

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.

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 Price per perch	100 2,275,000	10,237	2,763	13,000	31/12/2022
97, Baudhaloka Mawatha, Gampaha	8360	A-0-R-0-P 16.50	Market Comparable Method	Price per perch Price per Sq ft	4,500,000 10,000	74,000	68,000	142,000	31/12/2022
42/1, Mihidu Mawatha, Kurunegala	8425	A-0-R-0-P 8.2	Market Comparable Method	Price per perch Price per Sq ft	8,000,000 12,000	65,500	68,500	134,000	31/12/2022
583/ 63 Liyanagemulla, Seeduwa	43080	A-3-R-1-P .3.6	Market Comparable Method	Price per perch Price per Sq ft	300,000 800 - 4500	157,000	81,000	238,000	31/12/2022
60, Yovunpitiya Watte, Gnanawimala Mawatha, Kosgoda, Balapitiya	11282	A-0-R-1-P 29	Market Comparable Method	Price per perch Price per Sq ft	600,000 7500	41,000	63,000	104,000	31/12/2022
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, 5th, 7th & 11th Floors of Ceylinco House Building 69, "Ceylinco House", Janadhipathi Mawatha, Colombo 1.	42656	-	Investment Basis	Rent per Sq.ft per month	200-215	-	1,092,000	1,092,000	31/12/2022
46 / 34, "VIP Centre", Nawam Mawatha, Colombo 2.	18068	A-0-R-0-P 19.00	Market Comparable Method	Price per perch Price per Sq ft	16,500,000 12,500	313,500	163,201	476,701	31/12/2022
Madabawita, Warakapola 608		A-0-R-0-P 16.25	Market Comparable Method	Price per perch Price per Sq ft	600,000 5,000	9,000	2,000	11,000	31/12/2022
Malangama, Kuruwita	650	A-0-R-0-P 15.00	Market Comparable Method	Price per perch Price per Sq ft	600,000 5,000	9,000	2,500	11,500	31/12/2022
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 Price per Sq ft	350,000 5,000	14,000	2,500	16,500	31/12/2022
Bibiliyoa, Kithulgala	5326	A-0-R-2-P 00.07	Contractors Method	Price per perch Price per Sq ft	350,000 5,000-6,000	28,000	23,033	51,033	31/12/2022
Puttalam - South, Mundel 705		A-0-R-0-P-20.0	Contractors Method	Price per perch Price per Sq ft	150,000 5,000	3,000	2,500	5,500	31/12/2022
302 and 302 1/1 D.S.Senanayaka Mawatha, Kandy		A-0-R-0-P-13.5	Contractors Method	Price per perch Price per Sq ft	Rs.8,000,000 Rs. 8,000	108,000	30,400	138,400	31/12/2023
Total						1,151,737	1,601,397	2,753,134	

NOTES TO THE FINANCIAL STATEMENTS

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	Estimated fair value would increase (decrease) if; Cost of land, increases (decreases) 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	Capital value	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	2023 Rs.'000	2022 Rs.'000
Plant and Machinery	4,974	3,145
Computer Equipment	61,482	47,287
Office Equipments	48,556	43,571
Furniture and Fittings	21,513	15,225
	136,525	109,228

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. 440,208,000 (2022 - 172,295,000). Cash payments amounting to Rs. 440,208,000 (2022 - 172,295,000) 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. (2022 - 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. (2022 - 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 2023. Based on the assessment, no impairment indicators were identified.

7.9 Capitalisation of Borrowing Costs

There were no capitalised borrowing costs relating to the acquisition of Property, Plant and Equipment during the year. (2022 - Nil)

7.10 Temporarily idle Property, Plant and Equipment

There were no temporarily idle property as at the year ended 31st December 2023. (2022 - Nil)

NOTES TO THE FINANCIAL STATEMENTS

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 3 (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.

As at 31st December	2023	2022
	Rs.000	Rs.000
Cost		
As at 01 January	610,710	482,500
Additions During the Year	52,111	128,210
As at 31 December	662,821	610,710
Accumulated Depreciation		
As at 01 January	370,767	276,866
Depreciation on Right-of-Use Assets	92,164	93,901
As at 31 December	462,931	370,767
Carring Value as at 31 December	199,890	239,943

The following are the amounts recognised in Profit or Loss:

As at 31st December	2023	2022
	Rs.000	Rs.000
Depreciation expense of Right-of-Use Assets	92,164	93,901
Interest expense on Lease Liabilities	20,744	17,767
	112,908	111,668

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

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.

	2023 Rs.'000	2022 Rs.'000
At 1 January	2,409,500	139,500
Fair Value Gains	6,500	26,002
Addition	140,400	2,243,998
At 31 December	2,556,400	2,409,500

Revaluation of Investment Properties

The Investment Properties were revalued on 31st December 2023 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	Value of Building	Total	Date of Valuation
						Rs.'000	Rs.'000	Rs.'000	
No. 34, Muhandiram ED Dabare Mawatha, Colombo-05 (1 Apartment)	2,663	-	Investment Method	Rent per Sq.ft per month	Rs. 65/-	-	36,000	36,000	31/12/2023
583/63, Liyanagemulla, Seeduwa		A-2- R-2- P-21.5	Cost Approach	Price per perch & Price per Sq ft	Rs. 500,000/-	110,000		110,000	31/12/2023
232, Baudhhaloka Mawatha Colombo-7	28,948	A-1- R-0- P-0	Sales Comparison Approach	Price per perch & Price per Sq ft	Rs. 11,000/- Rs. 6,900/-	1,760,000	60,000	1,820,000	31/12/2023
Level 6 West and Level 7 East	16,988		Investment Method	Rent per Sq.ft per month	Rs. 215 - 220/-		450,000	450,000	31/12/2023
Ceylinco House Prime Residencies, 23B1	1,423			Rent per Sq.ft per month	Rs. 420/-		140,400	140,400	31/12/2023
Sub Total						1,870,000	686,400	2,556,400	

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
<p>Market Comparable Method</p> <p>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.</p>	<p>Price per perch for Land</p> <p>Price per square foot for building</p>	<p>Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/increases</p>
<p>Investment Method</p> <p>This method involves capitalisation of the expected rental income at an appropriate Rate of years purchase currently characterised by the real estate market.</p>	<p>Gross Monthly Rental Years</p>	<p>Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases</p>
<p>Cost Method</p> <p>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.</p>	<p>Current replacement cost</p>	<p>Cost of land, plus costs of construction, less depreciation</p>

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.

(a) 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.

(b) 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

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.

(c) 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.

(d) 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	2023 Rs.'000	2022 Rs.'000
Loans and Receivables (L&R)	10	10,550,778	9,832,652
Available-For-Sale Financial Assets (AFS)	11	8,667,195	7,665,836
Total Financial Instruments		19,217,973	17,498,488

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	2023		2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Loans and Receivables (L&R)	10	10,550,778	10,550,778	9,832,652	9,832,652
Available-For-Sale Financial Assets (AFS)	11	8,667,195	8,667,195	7,665,836	7,665,836
Total Financial Instruments		19,217,973	19,217,973	17,498,488	17,498,488

10. LOANS AND RECEIVABLES (L&R)

As at 31 December	Note	2023 Rs.'000	2022 Rs.'000
Staff Loans	10.(a)	399,723	369,296
Term Deposits	10.(b)	10,151,055	9,463,356
Total Loans and Receivables at Amortised Cost		10,550,778	9,832,652

NOTES TO THE FINANCIAL STATEMENTS

10.(a) Staff Loans

	2023	2022
	Rs.'000	Rs.'000
At 1 January	369,296	218,169
Loans Granted	220,430	181,715
Recoveries	(190,003)	(30,588)
At 31 December	399,723	369,296

10.(b) Term Deposits

As at 31 December	2023	2022
	Rs.'000	Rs.'000
Licensed Commercial Banks & Specialised Banks	10,040,208	9,392,422
Registered Finance Companies	110,847	70,934
	10,151,055	9,463,356

10.(c) Impairment Provision

	2023	2022
	Rs.'000	Rs.'000
Licensed Commercial Banks & Specialised Banks Deposits in USD	8,411,017	7,996,696
Provision for impairment for USD	-	(1,759,273)
	8,411,017	6,237,423
Licensed Commercial Banks & Specialised Banks Deposits in LKR	1,629,191	3,154,999
	10,040,208	9,392,422

Details on pledged deposits are provided in note 39.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (AFS)

As at 31 December	Note	2023	2022
		Rs.'000	Rs.'000
Treasury Bond & Bills		6,746,807	5,482,765
Unquoted Share & Debenture Investment	11 (a)	544,000	543,158
Quoted Debenture Investment	11 (b)	979,859	1,356,616
Quoted Share Investment	11 (c)	62,735	59,191
Unit Trust Investments	11 (d)	333,794	224,106
Total Available-For-Sale Financial Assets at Fair Value		8,667,195	7,665,836

Impairment Provision

As at 31 December	2023	2022
	Rs.'000	Rs.'000
Development Bonds in USD	-	2,855,017
Provision for Impairment	-	(999,256)
	-	1,855,761
Treasury Bills and Bonds in LKR	6,746,807	3,627,004
	6,746,807	5,482,765

11.(a) Unquoted Share and Debenture Investment

As at 31 December		2023		2022	
		Number of Shares	Fair Value	Number of Shares/ Debentures	Fair Value
			Rs.'000		Rs.'000
Ultratech Cement Lanka (Pvt) Ltd.	Shares	9,000,000	544,000	9,000,000	543,158
			544,000		543,158

NOTES TO THE FINANCIAL STATEMENTS

11.(b) Quoted Debenture Investment

As at 31 December		2023	2022
		Rs.'000	Rs.'000
Sampath Bank PLC	12.5% 2,500,000 Debentures redeemable on 20/03/2023	-	252,510
Seylan Bank PLC	12.85%, 2,000,000 Debentures redeemable on 29/03/2023	-	201,209
Seylan Bank PLC	15% 2,000,000 Debentures redeemable on 10/04/2024	220,914	189,628
DFCC Bank PLC	12.6% , 1,500,000 Debentures redeemable on 29/03/2023	-	159,734
Commercial Bank PLC	12% 2,007,900 Debentures redeemable on 22/07/2023	-	197,951
Asia Asset Finance PLC	12.28% 500,000 Debentures redeemable on 9/10/2023	-	45,546
Commercial Credit & Finance PLC	9.00% 1,000,000 Debentures redeemable on 4/3/2026	99,133	71,630
Seylan Bank PLC	9.75% 175,700 Debentures redeemable on 12/4/2026	17,495	12,623
National Development Bank PLC	11.90% 3,000,000 Debentures redeemable on 24/11/2026	291,371	197,427
Commercial Bank PLC	28%, 272,100 Debentures redeemable 13/12/2027	39,315	28,358
Commercial Bank PLC	15%, 300,000 Debentures redeemable 20/12/2028	311,631	-
		979,859	1,356,616

11.(c) Quoted Share Investment

As at 31 December	2023		2022	
	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	948
Aitken Spence Hotels Holdings PLC	4,100	258	4,100	208
Citrus Leisure PLC	100,000	560	100,000	600
John keels Hotels PLC	-	-	100,000	1,650
Dolphin Hotel PLC	20,351	710	20,351	645
The Lighthouse Hotel PLC	25,627	807	25,627	769
Hikkaduwa Beach Resorts PLC	109,652	570	109,652	548
Sector Total		3,853		5,368

Banks, Finance and Insurance

Hatton National Bank PLC	16,686	2,824	16,006	1,262
Sampath Bank PLC	52,774	3,721	51,500	1,761
The Finance Company PLC	1,875,000	-	1,875,000	-
Commercial Bank of Ceylon PLC	7,868	685	7,431	373
National Development Bank PLC	30,200	1,960	28,736	919
Sector Total		9,190		4,315

As at 31 December	2023		2022	
	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
Sector Total		-		700
Telecommunication				
Sri Lanka Telecom PLC	234	22	10,234	696
Sector Total		22		696
Manufacturing				
Blue Diamond Jewellery Worldwide PLC	286,100	86	285,100	257
Access Engineering PLC	46,000	934	46,000	492
Lanka Ceramic PLC	718	68	718	71
Lanka Walltile PLC	455	19	455	23
Diesel & Motor Engineering PLC	700	358	-	-
Kelani Tyres PLC	10,000	635	-	-
ACL Plastics PLC	800	276	-	-
Sector Total		2,376		843
Diversified Holdings				
Renuka Holdings PLC	10,593	114	10,593	146
MDT Walkers PLC	62,200	-	62,200	921
Sector Total		114		1,067
Investment and Trust				
Ceylon Guardian Investment Trust PLC	1,511	126	1,511	95
Sector Total		126		95
Trading				
Singer Sri Lanka (PLC)	40,000	480	40,000	336
CW Mackie PLC	3,400	29	-	-
Sector Total		509		336
Plantations/Property				
Watawala Plantations PLC	10,000	722	10,000	740
Namukula Plantations PLC	3,028	1,152	3,028	1,105
Prime Land Residencies Ltd.	6,700,000	43,550	6,700,000	43,552
Commercial Development Company PLC	3,915	438	3,915	374
Balangoda Plantations PLC	7,345	373	-	-
Agstar PLC	50,000	310	-	-
		46,545		45,771
Total Investment in Quoted Shares		62,735		59,191

NOTES TO THE FINANCIAL STATEMENTS

11.(d) Unit Trust Investments

	2023		2022	
	Number of Units	Fair Value	Number of Units	Fair Value
		Rs.'000		Rs.'000
ASTURE Alpha Fund	8,101,069	150,555	8,101,069	140,147
ASTRUE Active Income Fund	497,754	153,525	497,754	59,966
SENFIN Money Market Fund	1,273,699	29,714	1,273,699	23,993
		333,794		224,106

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 2023	9,832,652	7,665,836	17,498,488
Purchases	4,510,811	50,102,804	54,613,615
Maturities	(3,792,685)	(49,753,749)	(53,546,434)
Fair Value Gains Recorded in Other Comprehensive Income	-	652,304	652,304
At 31 December 2023	10,550,778	8,667,195	19,217,973

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 discounted cash flow 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	2023				2022			
		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&c)	62,735	-	544,000	606,735	59,191	-	543,158	602,349
Unit Trust	11 (d)	-	333,794	-	333,794	-	224,106	-	224,106
Debt Securities	11 (b)	6,746,807	979,859	-	7,726,666	5,482,765	1,356,616	-	6,839,381
Total Financial Assets		6,809,542	1,313,653	544,000	8,667,195	5,541,956	1,580,722	543,158	7,665,836

Non-Financial Assets

Land and Buildings	7.1	-	-	2,722,360	2,722,360	-	-	2,587,033	2,587,033
Investment Properties	9.1	-	-	2,556,400	2,556,400	-	-	2,409,500	2,409,500
Total Non-Financial Assets		-	-	5,278,760	5,278,760	-	-	4,996,533	4,996,533
Total Financial and Non-Financial Assets		6,809,542	1,313,653	5,822,760	13,945,955	5,541,956	1,580,722	5,539,691	12,662,369

NOTES TO THE FINANCIAL STATEMENTS

11. (g) Reconciliation of Movements in Level 3 Financial Instruments Measured at Fair Value

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 financial assets which are recorded at fair value:

	Note	At 1 January 2023	Total Gains/(Loss) recorded in Comprehensive Income	Additions/ Disposals	Accumulated Depreciation	At 31 December 2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets						
Available-For-Sale Financial Assets:						
Equity Securities	11 (a)	543,158	842	-	-	544,000
Total Level 3 Financial Assets		543,158	842	-	-	544,000
Non Financial Assets						
Land and Buildings	7.1	2,587,033	-	166,100	(30,773)	2,722,360
Investment Properties	9.1	2,409,500	6,500	140,400	-	2,556,400
Total Level 3 Non-Financial Assets		4,996,533	6,500	306,500	(30,773)	5,278,759
Total Level 3 Financial and Non-Financial Assets		5,539,691	7,342	306,500	(30,773)	5,822,759

11. (h) Significant unobservable inputs used to valuation of unquoted investment is as follows.

	2023	2022
1. Growth rate	5.5%	2.3%
2. Weighted average cost of capital	23%	20%

A quantitative sensitivity analysis for significant assumption as at 31 December 2023 as shown below.

Sensitivity Analysis	10% Increase	10% Decrease
1. Revenue growth at terminal value	Rs. 16 Mn	(Rs. 3.1 Mn)
2. Weighted average cost of capital	(Rs. 88.5 Mn)	Rs. 115.6 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 2023 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

The amounts recognised in the Income Statement are as follows:

	2023	2022
	Rs.'000	Rs.'000
Current Service Cost	99,646	88,968
Interest Cost on Benefit Obligation	276,971	199,839
Expected return on Plan Assets	(617,694)	(404,488)
	(241,077)	(115,681)
Net Actuarial Gain/(Loss) recognised in the Other Comprehensive Income	(384,540)	(198,413)

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

	Note	2023	2022
		Rs.'000	Rs.'000
Present Value of the Defined Benefit Obligation	12.2	1,761,991	1,556,023
Fair Value of Plan Assets	12.3	(3,722,244)	(3,470,188)
Total Net Defined Benefit Asset		(1,960,253)	(1,914,165)

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

	2023	2022
	Rs.'000	Rs.'000
At 1 January	1,556,023	1,615,516
Current Service Cost	99,646	88,968
Interest Cost	276,971	199,839
Past Service Cost	-	-
Benefits Paid	(189,549)	(342,503)
Actuarial (Gains)/Losses	18,900	(5,797)
At 31 December	1,761,991	1,556,023

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:

	2023	2022
	Rs.'000	Rs.'000
At 1 January	(3,470,188)	(3,269,910)
Expected Return on Plan Assets	(617,694)	(404,488)
Actuarial Gains/Losses	365,638	204,210
At 31 December	(3,722,244)	(3,470,188)

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

	2023	2022
	Rs.'000	Rs.'000
Investment in Shares	2,436,948	2,364,763
Other Assets	1,285,296	1,105,425
Total Plan Assets	3,722,244	3,470,188

Gratuity funds plan assets include investment in equity shares of Ceylinco Insurance PLC, (the parent entity of the company) market value amounting to Rs. 657,517,378 /- (2022 - Rs. 657,437,847/-) 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:

	2023	2022
	Rs.'000	Rs.'000
Future salary increases	10%	15%
Discount rate	12.6%	17.8%
Expected rate of return on plan assets	12.6%	17.8%
Retirement age	60 Yrs	60 Years

NOTES TO THE FINANCIAL STATEMENTS

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

	Amount charges to Profit or Loss				Benefit paid
	1-Jan-23	Service Cost	Net Interest	Sub Total included in Profit or Loss	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(1,556,023)	(99,646)	(276,971)	(376,617)	189,549
Fair value of Plan Assets	3,470,188	-	-	-	-
Benefit Assets/(Liability)	1,914,165	(99,646)	(276,971)	(376,617)	189,549

	Amount charges to Profit or Loss				Benefit paid
	1-Jan-22	Service Cost	Net Interest	Sub Total included in Profit or Loss	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(1,615,515)	(88,968)	(199,839)	(288,807)	342,503
Fair value of Plan Assets	3,269,910	-	-	-	-
Benefit Assets/ (Liability)	1,654,396	(88,968)	(199,839)	(288,807)	342,503

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 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 - 2022	(130,947)	150,842	153,358	(135,008)	36,404	(41,121)
Impact on Defined Benefit Obligation - 2023	(133,099)	154,391	156,794	(137,175)	34,358	(38,778)

Assets Transferred	Return on Plan Assets (Excluding amounts included in Net Interest Expenses)	Remeasurement Gains/(Losses) in Other Comprehensive Income				Subtotal included in OCI	Contribution by Employers	31-Dec-23
		Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments				
		Rs.000	Rs.000	Rs.000	Rs.000			
-	-	-	(11,135)	(7,767)	(18,900)	-	(1,761,991)	
-	617,694	-	-	(365,638)	(365,638)	-	3,722,244	
-	617,694	-	(11,135)	(373,405)	(384,538)	-	1,960,253	

Assets Transferred	Return on Plan Assets (Excluding amounts included in Net Interest Expenses)	Remeasurement Gains/(Losses) in Other Comprehensive Income				Subtotal included in OCI	Contribution by Employers	31-Dec-22
		Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments				
		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	

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

	2023	2022
	Rs.'000	Rs.'000
Within the next 12 Months	392,671	37,203
Between 2 and 5 Years	194,442	467,552
Between 6 and 10 Years	1,075,811	1,374,487
Above 10 Years	7,030,403	20,366,160
Total	8,693,327	22,245,402

The average duration of the defined benefit plan obligation at the end of the reporting period is 20 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					
	1/1/23	Service Cost	Net Interest	Sub Total Included in Profit/Loss	Benefit Paid	Return on Plan Assets (excluding amounts in net interest expenses)
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(327,155)	-	(30,630)	(30,630)	13,178	-
Fair Value of Plan Assets	2,127,107	378,624	-	378,624	(13,178)	-
Total recognised benefit (Liability) / Asset	1,799,952	378,624	(30,630)	347,994	-	-

	Amount Charges to Profit or Loss					
	1/1/22	Service Cost	Net Interest	Sub Total Included in Profit/Loss	Benefit Paid	Return on Plan Assets (excluding amounts in net interest expenses)
	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	-	-

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:

	2023	2022
Discount Rate	12.60%	17.80%
Rate of Return on Plan Assets	Current	12.60%
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	AMT 2012-15

Remeasurement Gains/(Losses) in Other Comprehensive Income							
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	Experience adjustments	Sub Total included in OCI	Contributions by Employer	31/12/2023
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
-	-	101,510	-	-	101,510	-	(243,097)
-	-	(326,752)	-	-	(326,752)	21,995	2,187,797
-	-	(225,242)	-	-	(225,242)	21,995	1,944,700

Remeasurement Gains/(Losses) in Other Comprehensive Income							
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	Experience adjustments	Sub Total included in OCI	Contributions by Employer	31/12/2022
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

NOTES TO THE FINANCIAL STATEMENTS

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

Sensitivity Level	Discount Rate	
	Increase	Decrease
	1%	1%
Impact on Pension Benefit Obligation -2023	(9,815,000)	10,836,000
Impact on Pension Benefit Obligation -2022	(8,397,000)	9,139,000

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

	2023	2022
	Rs.000	Rs.000
Investment in Shares	1,124,332	1,173,438
Others	1,063,465	953,669
	2,187,797	2,127,107

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, unless it arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and
- at the time of the transaction, does not give rise to equal taxable and deductible temporary differences

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	
	2023	2022	2023	2022	2023	2022
As at 31 December	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Temporary Difference from Retirement Benefit Liability	5,670	(1,391)	(56,120)	(80,474)	528,598	466,807
Temporary Difference from Property, Plant and Equipment	-	-	(84,819)	1,101	(216,977)	(301,796)
Temporary Difference from Intangible Assets	-	-	(172)	9,662	(11,079)	(11,251)
Available-for-sale Financial Assets (AFS)	(194,401)	109,456	-	-	(133,473)	60,927
Temporary Difference from Allowance for Impairment	-	-	-	(5,425)	(311,820)	45,710
Temporary difference for unrealised exchange gain	-	-	(10,391)	-	56,102	-
Temporary Difference from Allowance for Net of ROU & Lease Creditors	-	-	-	10,393	-	(25,666)
Revaluation Reserve	-	(155,743)	7,064	-	(18,455)	(311,820)
Deferred Tax Expense/(Income)	(188,730)	(47,678)	(158,566)	(64,743)	(107,104)	
Deferred Tax Asset/(Liability)						(77,087)

14.(a) Total Deferred Tax Assets

	2023	2022
	Rs.'000	Rs.'000
At 1 January	(77,087)	(94,152)
Amount of deferred tax expense relating to the origination and reversal of temporary differences	158,566	64,743
Amount of deferred tax expense (Income) relating to changes in tax rates	(188,730)	(47,678)
At 31 December	(107,104)	(77,087)

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	2023	2022
	Rs.'000	Rs.'000
Reinsurance Receivable on paid claims	1,938,774	885,236
Reinsurance Receivable on payable claims	4,444,311	4,394,666
Total Reinsurance Receivables	6,383,085	5,279,902

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	2023	2022
	Rs.'000	Rs.'000
Due from Policy Holders	7,632,149	7,018,191
Due from Related Parties	88,935	8,520
Less : Allowance for impairment on Due from Policy Holders	(179,681)	(183,343)
Total Insurance Receivables	7,541,403	6,843,368

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 2023	5,994,585	1,546,818	7,541,403
As at 31 December 2022	5,522,422	1,320,946	6,843,368

NOTES TO THE FINANCIAL STATEMENTS

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	} First in First Out Basis
Spare Parts	

	2023	2022
	Rs.'000	Rs.'000
Inventories	174,914	261,862
Advances, Deposits & Prepayments	295,137	289,199
Other Receivables	64,438	247,966
	534,489	799,027

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	2023	2022
	Rs.'000	Rs.'000
Favourable Balances		
Cash in Hand	34,198	34,536
Cash at Bank with Licenced Commercial Banks	592,871	375,758
	627,069	410,294
Unfavourable Balances		
Bank Overdrafts included in Interest Bearing Borrowings	3,116	-
Total Cash and Cash Equivalents for Cash Flows purposes	623,953	410,294

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	2023	2022
	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

	2023	2022
	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	2023	2022
	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	2023	2022
	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	2023 Rs.'000	2022 Rs.'000
Non-Life Insurance Contracts	20.(a)	15,723,015	14,633,114
Total Insurance Contract Liabilities		15,723,015	14,633,114

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 2023 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	2023		2022	
		Insurance Contract Liabilities	Insurance Contract Liabilities	Insurance Contract Liabilities	Insurance Contract Liabilities
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Provision for reported claims by Policyholders		7,755,352		6,811,142	
Provision for claims IBNR/IBNER		676,404		561,785	
Outstanding claims provision	20.(a).i	8,431,756		7,372,927	
Provision for Unearned Premiums	20.(a).ii	7,291,259		7,260,187	
Total Non Life Insurance Contract Liabilities		15,723,015		14,633,114	
Non-life Technical Reserves		9,791,771		9,454,479	

20.(a) i Outstanding Claims Provision

	2023			2022		
	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	7,372,927	5,279,902	2,093,025	6,908,600	4,821,855	2,086,745
Claims incurred in the current accident year	12,153,865	5,149,101	7,004,775	11,134,352	3,304,070	7,830,282
	-	-	-	-	-	-
Claims paid during the year	(11,095,036)	(4,045,918)	(7,049,130)	(10,670,025)	(2,846,023)	(7,824,001)
At 31 December	8,431,756	6,383,085	2,048,670	7,372,927	5,279,902	2,093,026

Reinsurance receivable on paid claims are included under above Reinsurance receivables are amounting to Rs.1,938,774,000 (Rs.885,236,000/- in 2022).

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

Outstanding Claims Provisions Class Wise

As at 31 December	2023	2022
	Rs.000	Rs 000
Fire	2,720,798	1,734,427
Motor	1,858,883	2,200,722
Marine	443,331	48,626
Miscellaneous	2,804,321	2,897,586
Engineering	604,423	491,566
	8,431,756	7,372,927

20.(a).ii Provision for Unearned Premiums

	2023	2022
	Insurance Contract Liabilities Rs.'000	Insurance Contract Liabilities Rs.'000
At 1 January	7,260,187	7,323,247
Premiums written in the year	14,540,273	14,608,866
Premiums earned during the year	(14,509,201)	(14,671,926)
At 31 December	7,291,259	7,260,187
Net changes in reserve for unearned premium	(31,074)	63,060

21. DEFERRED REVENUE

As at 31 December	2023	2022
	Rs.'000	Rs.'000
SRCC/TC RI Commission Payable	195,017	185,146
Foreign RI Commission Provision	367,029	334,886
	562,046	520,032

21. (a) MOVEMENT OF DEFERRED REVENUE

	2023	2022
	Rs.'000	Rs.'000
At 1 January	520,032	389,419
Revenue Deferred	1,165,171	1,039,862
Amortisation	(1,123,157)	(909,249)
At 31 December	562,046	520,032

22. REINSURANCE PAYABLE

As at 31 December	2023	2022
	Rs.'000	Rs.'000
Domestic Reinsurer - National Insurance Trust Fund (NITF)	121,632	849,506
Domestic Reinsurers - Others	143,158	152,233
Foreign Reinsurers	5,996,701	5,819,887
	6,261,491	6,821,626

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

As at 31 December	Note	2023 Rs.'000	2022 Rs.'000
Agency Commission Payable		981,836	911,978
Government Levies		501,330	417,825
Other Creditors		1,252,979	992,050
Lease creditor	23.(a)	137,882	154,390
Accrued Expenses		725,552	809,415
		3,599,579	3,285,658

23.(a) Lease creditor

	2023 Rs.'000	2022 Rs.'000
As at 31 January	154,390	141,996
Addition	29,163	55,901
Accretion of interest	20,745	17,767
Payments	(66,415)	(61,274)
As at 31 December	137,882	154,390

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
2023	42,877	63,092	31,912	137,882
2022	44,170	86,881	23,339	154,390

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	2023	2022
Year Ended 31 December		Rs.'000	Rs.'000
Gross premiums on Insurance Contracts	24.(a)	25,246,863	24,351,536
Premiums Ceded to Reinsurers on Insurance Contracts	24.(b)	10,705,138	9,742,670

NOTES TO THE FINANCIAL STATEMENTS

24.(a) Gross Written Premium

The premium income for the year by major classes of business is as follows.

	2023	2022
Year Ended 31 December	Rs.'000	Rs.'000
Fire	5,344,440	4,873,156
Motor	10,840,749	10,866,911
Marine	1,028,333	947,234
Miscellaneous	6,624,561	6,094,982
Engineering	1,167,039	1,345,074
Employers' Liability	241,741	224,179
	25,246,863	24,351,536

The Gross written Premium of 2023 includes Rs. 209,765,049 and US\$ 381,750 (2022-Rs.70,431,862 and US\$ 71,353) which are collected on behalf of Co-insurance partners.

24.(b) Premium Ceded to Reinsurers

	2023	2022
Year Ended 31 December	Rs.'000	Rs.'000
Fire	4,580,685	4,278,327
Motor	1,039,778	776,862
Marine	605,536	506,061
Miscellaneous	3,573,588	3,130,113
Engineering	891,047	1,037,241
Employers' Liability	14,504	14,066
	10,705,138	9,742,670

National Insurance Trust Fund

Compulsory Reinsurance Cessions	759,908	730,679
Strike , Riots, Civil Commotion	2,103,814	2,112,345
Foreign Reinsurers	7,500,267	6,675,050
Local Coinsurance Partners	341,149	224,596
	10,705,138	9,742,670

24.(c) Net Income

	2023	2022
Year Ended 31 December	Rs.'000	Rs.'000
Net Earned Premium	14,510,651	14,671,926
Other Revenue	5,253,054	7,515,387
	19,763,705	22,187,313

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.

	2023	2022
Year Ended 31 December	Rs.'000	Rs.'000
Reinsurance Commission Income	1,123,157	909,249
Total Fees and Commission Income	1,123,157	909,249

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

Year Ended 31 December		2023	2022
	Note	Rs.'000	Rs.'000
Available-For-Sale Financial Assets			
Interest Income	26.(a)	1,049,640	772,103
Dividend Income	26.(b)	6,067	5,391
Loans and Receivables - Interest Income		1,277,695	783,858
Other Operating Revenue		138,389	222,145
Exchange Gain		1,614,056	4,817,625
Total Investment Income		4,085,847	6,601,122

26.(a) Available-for-sale Financial Assets

Year Ended 31 December		2023	2022
		Rs.'000	Rs.'000
Interest Income			
Debt Interest		120,092	221,092
Repo Income		38,957	54,945
Tresury Bill & Bonds Income		890,591	496,066
		1,049,640	772,103

26.(b) Dividend Income

Year Ended 31 December		2023	2022
		Rs.'000	Rs.'000
Dividend Income-Quoted Investment		6,067	5,391
		6,067	5,391

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	2023	2022
	Rs.'000	Rs.'000
Property, Plant and Equipment		
Realised Gains	36,294	18,298
Available-For-Sale Financial Assets		
Realised Gains		
Equity Securities	1,256	4,408
Debt Securities	-	(43,692)
Total Realised Gains for Available-For-Sale Financial Assets	1,256	(39,284)
Total Realised Gains	37,550	(20,986)

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

Year Ended 31 December	2023	2022
	Rs.'000	Rs.'000
(a) Gross Benefits and Claims Paid		
Non-Life Insurance Contracts	11,095,036	10,670,025
Total Gross Benefits and Claims Paid	11,095,036	10,670,025
(b) Claims Ceded to Reinsurers		
Non-Life Insurance Contracts	(3,160,682)	(2,846,023)
Total Claims Ceded to Reinsurers	(3,160,682)	(2,846,023)
(c) Gross Change in Contract Liabilities		
Change in Non-Life Insurance Contract Outstanding Claims Provision	1,058,829	464,328
Total Gross Change in Contract Liabilities	1,058,829	464,328
(d) Change in Contract Liabilities Ceded to Reinsurers		
Change in Non-Life Insurance Contract Outstanding Claims Provision	(753,208)	(458,047)
Total Change in Contract Liabilities Ceded to Reinsurers	(753,208)	(458,047)
Net Benefits and Claims	8,239,975	7,830,283
	8,239,975	7,830,283

	2023	2022
	Rs.'000	Rs.'000
Non-Life Net Claims Incurred		
Gross Claims Incurred	12,153,865	11,134,353
Reinsurance Recoveries	(3,913,890)	(3,304,070)
Total Net Claims Incurred	8,239,975	7,830,283

28. (e) The analysis by major classes of business is as follows - Non-Life

Year Ended 31 December	2023	2022
	Rs.'000	Rs.'000
Fire	1,146,163	617,940
Motor	4,692,968	4,613,632
Marine	144,727	171,966
Miscellaneous	1,866,571	2,138,192
Engineering	303,927	241,133
Employer's Liability	85,619	47,420
	8,239,975	7,830,283

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	2023	2022
	Rs.'000	Rs.'000
Fees and Commission Expenses	2,482,780	2,249,805
Deferred Expenses	(103,053)	(91,492)
	2,379,727	2,158,313

30. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Year Ended 31 December	Notes	2023	2022
		Rs.'000	Rs.'000
Amortisation of Intangible Assets	5	111,286	89,300
Depreciation on Property, Plant and Equipment	7	316,137	364,524
Depreciation on Right of Use Assets	8	92,163	93,901
Other Operating Expenses		1,255,259	1,110,540
Auditors' Remuneration - Fees		6,048	5,044
Employee Benefits Expense	30(a)	2,501,470	2,970,795
Selling Expenses		718,190	828,980
Legal Expenses		5,476	4,230
Donations		2,278	1,945
Total Other Operating and Administrative Expenses		5,008,307	5,469,259

30.(a). Employee Benefits Expense

Year Ended 31 December	2023	2022
	Rs.'000	Rs.'000
Wages and Salaries including Bonus & Incentives	2,483,570	2,604,557
Employees' Provident Fund	247,283	232,671
Employees' Trust Fund	61,642	58,576
Defined Gratuity Benefit & Pension Costs	(580,829)	(236,010)
Other Staff related Cost	289,804	311,001
Total Employee Benefits Expense	2,501,470	2,970,795

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.

	2023	2022
Year Ended 31 December	Rs.'000	Rs.'000
Lease Interest	20,744	17,767
Other Finance Charges	36,695	39,742
Total Finance Cost	57,439	57,509

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 has paid as 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. 583 Mn pertaining to the year of assessment 2022/23.

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. 10.2 Mn pertaining to the year of assessment 2022/23.

The major components of Income Tax Expense for the years ended 31 December 2023 is:

32.(a) Current Year Tax Charge

	Note	2023	2022
Year Ended 31 December		Rs.'000	Rs.'000
Current Tax			
Income Tax		340,116	208,844
Over/Under provision in respect of previous year		173,701	-
Total Current Tax		513,817	208,844
Deferred Tax			
Origination of temporary differences	14 (a)	(158,566)	(64,743)
Total Income Tax Expense		355,251	144,101

32.(b) Tax recorded in Other Comprehensive Income (see Note 35)

	2023	2022
Year Ended 31 December	Rs.'000	Rs.'000
Deferred Tax	(188,730)	(47,678)
Total Tax charge to Other Comprehensive Income	(188,730)	(47,678)

32.(c) Reconciliation of Tax Charge

Reconciliation of Effective Tax Rate	2023	2022
Year Ended 31 December	Rs.000	Rs.000
Profit for the Period	3,687,536	3,704,578
Total Income Tax Expense	340,116	208,844
Profit liable for Income Tax	4,078,257	3,913,422
Income Tax using the Company's Domestic Tax Rate (2023-30% 2022 -24%)	1,208,296	1,056,624
Tax Exempt Income	(721,638)	(1,445,345)
Net non-Deductible/(Deductible) Expenses	(146,542)	597,565
Over / (Under) Provision of Previous Years	173,701	-
Deffered Tax (Reversal)/Expenses		
Amount of deferred tax expense relating to the origination and reversal of temporary differences	(158,566)	(88,281)
Amount of deferred tax expense (Income) relating to changes in tax rates	-	23,538
	355,251	144,101

NOTES TO THE FINANCIAL STATEMENTS

32. (d) Statutory income tax rate applicable for each period

	2023	2022
Year Ended 31 December	Rs.000	Rs.000
Tax effect on accounting Profit Before Tax @ 30%	340,116	208,844
Over/(Under) Provision of Previous Years	173,701	-
Origination of temporary differences	(158,566)	(64,743)
	355,251	144,101

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.

	2023	2022
Profit for the year (Rs. '000)	3,723,006	3,769,319
Weighted Average Number of Ordinary Shares	2,501,000	2,501,000
Basic/Diluted Earnings Per Ordinary Share (Rs.)	1,488.61	1,507.12

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

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

Year Ended 31 December	2023	2022
Interim Dividend Paid (Rs.000)	570,228	475,190
No. of Shares in issue for the year	2,501,000	2,501,000
Dividend per share (Rs.)	228.00	190.00

35. INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

Year Ended 31 December	2023			2022		
	Before tax amount Rs.'000	Tax (expense) benefit Rs.'000	Net of tax amount Rs.'000	Before tax amount Rs.'000	Tax (expense) benefit Rs.'000	Net of tax amount Rs.'000
Net Gain/(Loss) on Available-For-Sale Financial Assets	678,725	(194,400)	484,325	(479,778)	109,456	(370,322)
Actuarial Gain on Defined Benefit Plans	(609,781)	5,670	(604,111)	(32,667)	(1,391)	(34,058)
Revaluation Surplus/(Deficit) during the year	-	-	-	389,084	(155,743)	233,341
Total	68,944	(188,730)	(119,786)	(123,361)	(47,678)	(171,039)

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.(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	2023	2022
As at 31 December	Rs.'000	Rs.'000
Total Equity	20,204,542	17,171,550
Adjustments onto a regulatory basis	(8,922,123)	(8,293,393)
Available Capital Resources	11,282,419	8,878,157

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 2023 and 2022 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 2023	11,282,419	5,151,020	219	120
31st December 2022	8,878,157	4,595,747	193	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 31/12/2023	Outstanding/ Reported Claims reserves based on Bf with a 5% increase in the initial Estimated Ultimate Loss ratio (IEULR)
Impact of the best estimated outstanding net claim Reserve (Rs'000)	(546,030)

Claims Development Table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. (Net claims payable)

Year	0	1	2	3
2012	-	-	4,118,362	-
2013	-	5,227,313	(8,690,169)	499,999
2014	939,339,988	(5,564,745)	(5,564,745)	-
2015	570,867,852	(103,140,094)	(38,064,835)	91,881,814
2016	(359,345,658)	(201,260,832)	60,691,997	128,184,503
2017	1,024,084,173	(364,476,124)	495,972	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	708,278,966
2021	992,194,186	152,937,696	35,758,168	
2022	972,512,044	110,175,150		
2023	1,194,458,186			

NOTES TO THE FINANCIAL STATEMENTS

37.(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following processes/activities of the Company reduces the credit risk of financial instruments.

- Credit risk policy is based on the IRCSL determination. The maximum exposures to each type of financial instrument is limited based on the policy.
- The investment committee evaluates the exposure and the new investments in instruments in order to reduce the risks.
- The regular review by the Board also minimises the credit risks.

Credit Exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments.

	Notes	2023 Rs.'000	2022 Rs.'000
Financial Instruments			
Loans and Receivables			
Debt Securities	10 (b)	10,151,055	9,463,356
Other	10 (a)	399,723	369,296
		10,550,778	9,832,652
Available-For-Sale Financial Assets			
Equity Securities	11	606,735	602,349
Unit Trust	11	333,794	224,106
Debt Securities	11	7,726,666	6,839,381
		8,667,195	7,665,836
Other Assets			
Reinsurance Receivables	15	6,383,085	5,279,902
Insurance Receivables	16	7,541,403	6,843,368
Cash and Cash Equivalents	18	627,069	410,294
		14,551,557	12,533,564
Total Credit Risk Exposure		33,769,530	30,032,052

Industry Analysis

31 December 2023	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	10,151,055	-	-	-		10,151,055
Staff and Vehicle Loans	-	-	-	-	399,723	399,723
	10,151,055	-	-	-	399,723	10,550,778

Available-For-Sale Financial Assets

Equity Securities	9,316		22	592,921	4,476	606,735
Debt Securities	979,859	6,746,807		-	-	7,726,666
Unit Trust	333,794					333,794
	1,322,969	6,746,807	22	592,921	4,476	8,667,195
	11,474,024	6,746,807	22	592,921	404,199	19,217,973

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	4,411		6,065	546,921	44,953	602,350
Debt Securities	1,356,617	5,482,763		-	-	6,839,380
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

NOTES TO THE FINANCIAL STATEMENTS

The below table indicates the rating of investments as at 31st December 2023 & 2022

31 December 2023	AAA	AA+	AA	AA-	A+	A
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Financial Instruments						
Loans and Receivables	1,812,696	-	-	-	18,688	4,893,018
Available-For-Sale Financial Assets						
Debt Securities	6,757,134	-	-	-	-	650,665
Total	8,569,830	-	-	-	18,688	5,543,683

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	5,482,764	-	-	-	-	478,819
Unit Trust	-	-	-	-	-	-
Total	7,186,245	-	-	-	-	2,930,754

37.(c) Liquidity risk

The liquidity risks in Company is where the company does not have enough cash/arrangements to meet payments./commitments as they fall due. Following processes/activities are in place to minimise the liquidity risk.

- The regular maintenance of investments in accordance with the IRCSL guidelines.
- The investment committee reviews the liquidity levels and take appropriate actions to improve the liquidity
- Efficient forecasting of future commitments and making investments to meet the pay-outs, mitigate any possible liquidity concerns.

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
3,317,817	25,807	77,340	-			5,691	399,721	10,550,778
183,163	-	99,134	-			-	977,099	8,667,195
3,500,980	25,807	176,474	-	-	-	5,691	1,376,820	19,217,973

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
	-	-	-	-	-	-	602,350	602,350
600,887	-	-	-			-	276,910	6,839,380
	-	-	-	-	-	-	224,106	224,106
5,369,939	-	-	-	-	-	-	2,011,550	17,498,488

NOTES TO THE FINANCIAL STATEMENTS

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 2023	Within one year	After one year not more than three years	Above 3 years	Total
Financial Assets				
Financial Instrument				
Measured at Fair Value	-	5,766,066	2,901,129	8,667,195
Measured at Amortized Cost	-	10,550,778	-	10,550,778
Reinsurance Receivable	6,383,085	-	-	6,383,085
Insurance Receivable	7,541,403	-	-	7,541,403
Other Assets	534,489	-	-	534,489
Cash and Cash Equivalents	627,069	-	-	627,069
Total Financial Assets	15,086,046	16,316,844	2,901,129	34,304,019
Financial Liabilities				
Reinsurance Payable	6,261,491	-	-	6,261,491
Other Liabilities	3,599,579	-	-	3,599,579
Total Financial Liabilities	9,861,070	-	-	9,861,070
Total Excess Liquidity	5,224,976	16,316,844	2,901,129	24,442,949
As at December 2022				
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	1,113,356	21,141,620

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
2023	10%	755,740	755,740
	(10%)	(755,740)	(755,740)

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.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on Government Securities.

Year	Change in Interest Rate	Effect on profit before tax Rs'000
2023	10%	89,059
	(10%)	(89,059)

NOTES TO THE FINANCIAL STATEMENTS

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))

"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	Included under
		Rs.000	
Fixed Deposits	Pledged to Seylan Bank PLC to obtain bank overdraft facilities.	169,387	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.

	2023	2022
Year Ended 31 December	Rs.'000	Rs.'000
Short-Term Employee Benefits received from the Company (Salaries, Bonus, Medical expenses etc.)	177,031	205,979
Other Long term/Post Employment/Statutory Benefits (EPF, ETF, Gratuity & Pension)	57,124	85,332

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.

	2023	2022
Year Ended 31 December	Rs.'000	Rs.'000
Aggregate amounts of premium received from the companies under normal terms of insurance contracts	307,422,006	203,913,000
Aggregate amounts of claim paid to the companies under normal terms of Insurance Contracts	166,496,140	75,826,689

40.(b).i Other Transactions with Related Parties

40.(b).i.a Transactions with Parent

Name of the Company	Nature of Transaction	2023	2022
		Rs.	Rs.
Ceylinco Insurance PLC	Dividends paid	570,228,000	475,190,000

NOTES TO THE FINANCIAL STATEMENTS

40.(b).i.b Transactions with Affiliates

Name of the Company	Nature of Transaction	2023	2022
		Rs.	Rs.
Ceylinco Investcorp (Pvt) Ltd.	Premium Income	100,546	143,033
	Fund Management Fees	2,400,000	2,400,000
Ceylinco Life Insurance Limited	Premium Income	70,695,139	64,020,221
	Claims Paid	43,308,489	21,970,247
	Premium Receivable	58,167,216	5,352,562
	Life Insurance Premium Expenses	39,365,913	12,915,747
	Purchase of floors of Ceylinco House	-	467,999,000
CEG Education Holdings (Pvt) Ltd.	Premium Income	807,927	614,486
	Claims Paid	319,501	30,000
American Education Center Ltd.	Premium Income	9,785,561	8,964,875
	Claims Paid	2,143,441	2,245,010
	Premium Receivable	8,723,194	-
Ceyhydro Developers (Pvt) Ltd.	Premium Income	3,393,709	3,063,357
	Claims Paid	613,318	272,534
	Premium Receivable	12,083	-
Ceypower Cascades (Pvt) Ltd.	Claims payable	110,000	-
	Premium Income	1,500,832	1,449,711
	Claims paid	1,713,658	-
International College of Business & Technology Ltd.	Premium Receivable	21,067	-
	Premium Income	30,994,729	25,010,369
	Claims paid	9,759,358	9,132,303
Energy Generators (Pvt) Ltd.	Premium Receivable	3,788,078	-
	Premium Income	5,826,765	5,643,526
	Premium Receivable	24,035	43,435
Citizen Development Business Finance PLC	Claims Paid	6,000	248,497
	Premium Income	56,749,742	68,397,461
	Claims Paid	41,256,441	31,552,631
Whcherley International School (Pvt) Ltd.	Premium Receivables	1,224,671	-
	Premium Income	3,746,191	5,426,082
	Claims paid	824,365	681,278
CEC Events (Pvt) Ltd.	Lease Rental Received	11,553,174	7,702,116
	Premium Receivables	2,258,817	-
	Premium Income	938,602	963,998
Gasworld (Pvt) Ltd.	Claims paid	-	45,636
	Premium Income	-	2,372,249
	Claims paid	-	287,984
ANC Modern Motessori	Premium Income	1,009,532	1,008,463
	Claims paid	264,311	552,407
	Premium Receivables	1,022,365	-
Ceylinco Insurance (Pvt) Ltd. - Maldives	Management Fees	22,605,058	-

40.(b).i.c Transactions with Related Companies

Name of the Company	Nature of Transaction	2023	2022
		Rs.	Rs.
Ashyaki Holdings (Pvt) Ltd.	Premium Income	64,135	65,335
Asset Trust Management (Pvt) Ltd.	Premium Income	170,328	160,360
	Claim Paid	75,310	9,750
Industrial Gases (Pvt) Ltd.	Premium Income	4,062,930	3,210,348
	Claims paid	916,188	2,250,624
	Premium Receivable	522,691	1,727,918
Ultratech Cement Lanka (Pvt) Ltd.	Premium Income	9,040,489	8,122,453
	Claims paid	5,577,593	3,902,760
	Premium Receivable	70,251	
Kavin Polymers (Pvt) Ltd.	Premium Income	820,770	1,064,951
	Claims paid	1,135,695	17,150
	Premium Receivables	50,852	72,816
Wealthtrust Securities (Pvt) Ltd.	Premium Income	853,100	613,466
Kent Group	Premium Income	1,015,316	3,753,116
	Claims paid	185,800	941,264
	Premium Receivables	301,490	461,558
	Claims payable	100,000	
Union Apparels Group	Premium Income	554,977	3,997,307
	Claims paid	69,550	1,686,614
	Premium Receivables	12,054	865,876
EGL Solar Goup	Premium Income	1,305,378	1,273,915
	Claims paid	6,707,003	-
	Premium Receivable	769,152	-
AMK Food Exports (Pvt) Ltd.	Premium Income	498,455	-
	Claims paid	368,395	-
	Premium Receivables	205,823	-
Cinnamon Chip wealth promoters (Pvt) Ltd.	Premium Income	51	-
Delmege Forsyth & Co. Ltd.	Premium Income	429,125	-
EPIC Lanka Group	Premium Income	7,934,973	-
	Claims paid	300,032	-
	Premium Receivables	143,818	-
	Claims payable	251,500	-
Prime Land Group	Premium Income	95,621,159	-
	Claims paid	50,951,692	-
	Premium Receivables	11,460,140	-

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 2026.

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. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which would require adjustment to ,or disclosure in the 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.

GLOSSARY OF INSURANCE TERMS

17. Net Expense Ratio

A formula used by insurance companies to relate acquisition and other operating and administrative expenses to net earned premium.

Formula :

Acquisition and other operating and administrative expenses

Net Earned Premium

18. Net Loss Ratio

A formula used by insurers to relate net claims incurred to net earned premium (i.e. after deducting relevant reinsurance)

Formula:

Net claims incurred

Net earned Premium

19. Net Assets Per Share

Net assets attributable to Shareholders' equity divided by the number of Ordinary shares issued.

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 tenth Annual General Meeting of the Shareholders of the Company will be held by circulation and the business to be brought before the meeting will be:

- To receive, consider and adopt the Report of the Directors and the Financial Statements for the year ended 31st December 2023 and the Report of the Auditors thereon.
- To declare a Dividend for the year ended 31st December 2023.
- To re-elect Dr. Watuthanthrige Chakrine Jagath Alwis who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
- To re-elect Mr. Rex Abeyratne Gunathilake who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
- To re-appoint Dr. Nayana Darshana Prasad Dehigama as a Director, who was appointed to the Board as per Article E.21. (ii).
- To re-appoint Mr. Brahmanage Premalal as a Director, who was appointed to the Board as per Article E.21. (ii) .
- To re-appoint Mr. Wannakuwattewaduge Jude Shavindra Fernando as a Director, who was appointed to the Board as per Article E.21. (ii).
- To re-appoint Mr. Thibiripolage Rienzie Tyrrel Fernando as a Director, who was appointed to the Board as per Article E.21. (ii).
- To re-appoint Mr. Neil Aendra Bandaranaike as a Director, who was appointed to the Board as per Article E.21. (ii).
- To re-appoint Mr. Anura Bandara Meddegoda as a Director, who was appointed to the Board as per Article E.21. (ii).
- To re-appoint Prof. Hithanadura Janaka de Silva as a Director, who was appointed to the Board as per Article E.21. (ii).
- To re-appoint Mr. Umesh Govind Revankar as a Director, who was appointed to the Board as per Article E.21. (ii).
- To propose the election of Mr. Sembukuti Arachchilage Wimalanath Senaka Silva as a Director in terms of Section 211 of the Companies Act No. 07 of 2007. Special Notice has 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. Sembukuti Arachchilage Wimalanath Senaka Silva who will be 72 years in December 2024 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. Sembukuti Arachchilage Wimalanath Senaka Silva"
- To propose the election of Mr. Prasad Kariyawasam as a Director in terms of Section 211 of the Companies Act No. 07 of 2007. Special Notice has 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. Prasad Kariyawasam who will be 70 years in December 2024 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. Prasad Kariyawasam".
- To authorize the Directors to determine payments for charitable purposes for the year 2024.
- To re-appoint Auditors and authorize the Board of Directors to determine their remuneration.
- To transact any other business of which due notice shall be given.

By order of the Board of

Ceylinco General Insurance Ltd.



(Mrs.) Nilika Abhayawardhana
Company Secretary

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.ceylinco-insurance.com

PRINCIPAL ACTIVITIES

Underwriting of all classes of General Insurance

AUDITORS

Ernst & Young, Chartered Accountants,
Rotunda Towers, No 109, Galle Road,
Colombo 03.

CONSULTING ACTUARIES

M/s. K. A. Pandit
Consultants & Actuaries, 2nd Floor -
"Churchgate House", Veer Nariman
Road, Fort, Mumbai - 400 001, India.

BOARD OF DIRECTORS

Dr. W.C.J. Alwis BSc., FIII, FCII (Lond.),
FIoD (UK)
(Executive Chairman)

Mr. R.A. Gunathilake FCIC, MBA (UK)
(Director/Chief Executive Officer)

Mr. H.D.A.N. Perera
(Executive Director)

Mr. A.R.S Wijayapura
(Executive Director)

Mr. R.A. Ranasinghe
(Executive Director)

Mr. Takashi Kishi
(Non-Executive Director)

Mr. N. A. Bandaranaike ACMA
(“Independent” Non-Executive Director) -
Appointed w.e.f. 01.04.2023

Dr. N.D.P. Dehigama PEDM (Sri J), MBA
(Sri J), DBA (AIT, Thailand), FCIM (UK)
(“Independent” Non-Executive Director) -
Appointed w.e.f. 01.04.2023

Prof. H.J. de Silva MD, DPhil (Oxon.),
FRCP, FCCP, FNAS (SL), FRACP (Hon.)
(“Independent” Non-Executive Director) -
Appointed w.e.f. 01.04.2023

Mr. W.J.S. Fernando LL.M (London) LL.M
(Colombo), President’s Council
(“Independent” Non-Executive Director) -
Appointed w.e.f. 01.04.2023

Mr. T.R.T. Fernando
(“Independent” Non-Executive Director) -
Appointed w.e.f. 01.04.2023

Mr. P. Kariyawasam BSc, Maths Special
(Hon.)
(“Independent” Non-Executive Director) -
Appointed w.e.f. 01.04.2023

Mr. A.B. Meddegoda LL.M (King’s
College, London), President’s Council
(“Independent” Non-Executive Director) -
Appointed w.e.f. 01.04.2023

Mr. B. Premalal Pg.DIP. (Sri J) FCMA (UK),
MBA Pg.DIP. (USJ), MSLIM
(“Independent” Non-Executive Director) -
Appointed w.e.f. 01.04.2023

Mr. S.A.W.S. Silva
(“Independent” Non-Executive Director) -
Appointed w.e.f. 01.04.2023

Mr. U.G. Revankar BBM, MBA
(Mangalore, Ind.)
(Non-Executive Director) - Appointed
w.e.f. 08.05.2023

COMPANY SECRETARY

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

BANKERS

Bank of China Limited - Colombo Branch
Bank of Ceylon
Commercial 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



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