

# THE PEOPLE'S POLICY



Ceylinco General Insurance Limited | Annual Report 2020

 **Sri Lanka, We Always Believe**



# THE PEOPLE'S POLICY

Growth. Transformation. Power to the People.

The challenges of the year notwithstanding, Ceylinco General Insurance has yet again recorded a powerful performance even amidst a challenging year. We are proud to announce that we were recognised by the LMD magazine for the best customer service among general insurers, while earning the title of 'People's Insurance Brand of The Year' for the 14th consecutive year.

Strengthened by our policy of people-centricity and progress, it's no wonder we're the people's choice – we continue to offer our stakeholders a wealth of exciting possibilities, delivering on our promise of ensuring continuous transformation and growth even amid times of incredible adversity and change. That's why even in this new normal, at Ceylinco General Insurance, we remain true to our pledge – to serve as a constant source of protection to people from every corner of the island.

Today, we stand together with our nation, poised to take on a future of renewed positivity and change, relying on our inherent resilience and passion to grow in partnership with the people we serve; who are the true purpose and lifeblood of our company.

Ceylinco General Insurance. The People's Policy.





**THE PEOPLE'S POLICY**  
RENEWING OUR COMMITMENT  
FOR THE NEW NORM



## Customers

### PIONEERING INITIATIVES

Ceylinco VIP Drive-Thru Centres introduced to prioritise customer health and safety

### UNINTERRUPTED CLAIMS SETTLEMENT

One of the largest claims paid during the year - Rs. 525 Mn to a factory in Gampaha

Claims honoured within 7 days during the September/October floods

### DIGITAL EMPOWERMENT

Encouraged customers to engage in online transactions

### EXPANSION AND REACH

New branches introduced during the year 11



## Employees

### HEALTH AND SAFETY

Prioritised health and safety measures

### BENEFITS AND WELFARE

Salaries and allowances provided in advance to enable employee welfare



## Community

### HEALTHCARE

Donation of two ventilators worth Rs. 5.9 Mn to the National Hospital

### ENCOURAGING INNOVATION

Provided a helping hand to several new inventors

### BENEFITS AND WELFARE

Rs. 276 Mn paid to Ceylinco VIP customers for hospitalisation due to serious illness

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## ABOUT THE REPORT



Ceylinco General Insurance Ltd., presents its first attempt at an Integrated Report which makes a honest effort to accommodate most of the Integrated Reporting <IR>Framework as prescribed by the International Integrated Reporting Council (IIRC). As this is our first attempt, we understand the report will have to be further enhanced year after year. Our intention of embarking on this journey was to better present to our stakeholders how we create value. This Annual Report is for the reporting period 1st January 2020 to 31st December 2020.

## REPORTING BOUNDARY

In this Annual Report, we have taken into account the material information on value creation covering our head-office in Colombo, 530 branches across the country and 86 customer touchpoints.

## ABOUT US

At Ceylinco General Insurance, we have served the people of our nation with the finest in innovative insurance products and services for over 30 years. Yet our history can be traced as far back as 1939, when the Company was originally registered as The Ceylon Insurance Company, which was in fact, the first Ceylonese Company ever registered. This is the heritage of the pledge of trust that has made us one of the most distinguished insurance service providers in Sri Lanka today. Ceylinco Insurance has weathered many storms to become a respected name in the insurance industry.

## OUR MISSION

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

## OUR CORPORATE GOALS

- To provide an attractive return on investment to the shareholders, whilst retaining adequate funds for growth and to achieve a high degree of stability which would enable us to hold true to our mission in all business conditions.
- To be a leading provider of protection and financial security in Sri Lanka and selected international markets.
- To develop highly-satisfied and motivated employees at all levels, who will contribute effectively and efficiently towards achieving the overall objectives of the Company.
- To contribute to the economic development of Sri Lanka and enhance the quality of life of its people.

# FINANCIAL HIGHLIGHTS

## Profitability

Year ended 31st December	2020 Rs.000	2019 Rs.000	Change %
Gross Written Premium	20,094,192	19,802,995	1.47
Net Earned Premium	13,555,494	14,386,415	-5.78
Investment & Other Income	2,009,735	2,332,061	-13.82
Insurance Claims & Benefits	(6,635,199)	(8,253,594)	-19.61
Profit Before Taxation	1,862,479	1,734,516	7.38
Profit After Taxation	1,471,800	1,377,122	6.88

## Financial Position

As at 31st December	2020 Rs.000	2019 Rs.000	Change %
Total Assets	32,061,287	28,586,500	12.16
Total Liabilities	19,088,641	16,888,908	13.02
Total Equity	12,972,646	11,697,592	10.90

## Per Ordinary Share

	2020 Rs.	2019 Rs.	Change %
Earnings	588.48	550.63	6.87
Dividends	39.98	212	-81.14
Net Assets	5,186.98	4,677.17	10.90

**Rs. 1.86 Bn.**

Profit Before Tax Change 7.4%

**Rs. 1.47 Bn.**

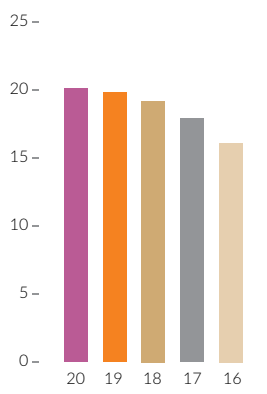
Profit After Tax Change 6.9%

**Rs. 12.9 Bn.**

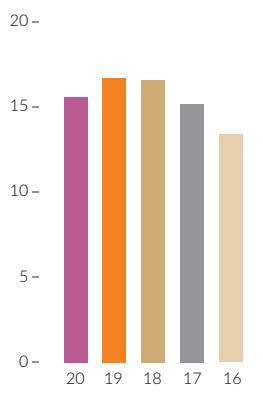
Shareholder Funds Change 10.9%



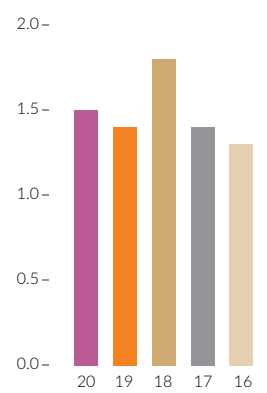
**Gross Written Premium**  
(Rs. Bn.)



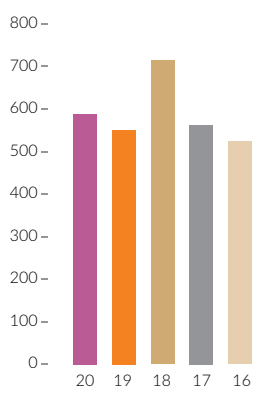
**Revenue** (Rs. Bn.)



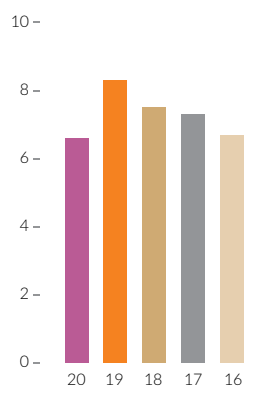
**PAT** (Rs. Bn.)



**EPS** (Rs.)



**Net Claims** (Rs. Bn.)



**Rs. 20.1 Bn.**

Premium Income Change 1.5%

**Rs. 32.1 Bn.**

Total Assets Change 12.2%

**Rs. 6.6 Bn.**

Net Claims Change (19.6%)

## CHAIRMAN'S MESSAGE



“

YOUR COMPANY WILL CONTINUE TO ASSIST ITS VALUED CLIENTELE THROUGH THIS CHALLENGING PERIOD WHILE ENSURING PERSONALISED INTERACTION WITH OUR FIELD STAFF AND PLEDGES TO BE A SOURCE OF COMFORT AND ASSISTANCE IN THEIR HOUR OF NEED.

”

It is with great pleasure that I present the sixth Annual Report of your Company for the financial year ended 31st December 2020. I strongly believe that this report will provide you with an in-depth view of the company's performance during the period under review in spite of the global pandemic constraints we encountered during this period, which still continue.

#### Business Environment

As a result of the outbreak of COVID-19 in March 2020 in Sri Lanka, the economy suffered heavily due to prolonged lockdowns and island-wide curfews countrywide, heavily impacting day-to-day business activities. Most sectors of the economy were hampered and the lack of commercial activity due to restrictions in mobility further exacerbated the dismal operating conditions. The Government Restrictions imposed on imports to curb the widening trade deficit affected many sectors. Meanwhile, manufacturing activities and tourism were severely impacted. On the whole, the economy suffered adversely, with the impact also being felt severely in the general insurance sector.

#### Company Performance

In keeping with the health regulations imposed by the Government, your Company continued to offer our services to our loyal clientele without hampering their requirements, ensuring a steady operation closely supervised by the management. Our grassroots level operations continued on a 24x7 basis with uninterrupted service levels to our clientele.

As a result, Ceylinco General Insurance Limited recorded a positive growth and delivered a resilient performance with a Gross Written Premium of Rs. 20 billion, reflecting a marginal growth of 1.5% during the period under consideration.

“  
**DESPITE THE CHALLENGES WE  
FACED IN THE BUSINESS, YOUR  
COMPANY REMAINS COMMITTED  
TO GROWING SHAREHOLDER  
WEALTH. I AM PLEASED TO  
ANNOUNCE THAT YOUR BOARD  
OF DIRECTORS PAID AN INTERIM  
DIVIDEND OF RS. 39.98 PER SHARE  
FOR THE YEAR 2020.**  
”

Profit before tax indicated Rs. 1.86 billion in spite of the economic, social and political drawbacks we encountered during the year 2020/21 as a result of the COVID-19 pandemic.

#### General Insurance Industry

A substantial drop in new motor vehicle registrations was witnessed from February 2020 onwards due to the import restrictions, which resulted in the motor insurance business getting curtailed. With infrastructure development activities coming to a halt, generating incomes via non motor business avenues proved difficult.

Overall premium rates on property and liability remained soft, along with the other traditional products such as miscellaneous classes owing to cashflow restrictions throughout the year.

**20.1**  
Rs. billion  
Premium Income

**1.47**  
Rs. billion  
Profit After Tax

# CHAIRMAN'S MESSAGE

In spite of these curtailments, we managed to increase company profitability over the preceding year due to the relationship we have built with our loyal clientele over the years and owing to the confidence they placed in our ability to overcome challenges.

## Dividends

Despite the challenges we faced in the business, your Company remains committed to growing shareholder wealth. I am pleased to announce that your Board of Directors paid an interim dividend of Rs. 39.98 per share for the year 2020.

## Future Outlook

Observing the current trend of the economy in the country owing to the prolonged duration of the pandemic, Your Company is strategising to penetrate the micro insurance segment to achieve higher volumes and cater to a wider section of the population.

Whilst caring for our staff and their families along with the loyal clientele of our Company during this period, we will continue to strengthen our position while being aligned to government health regulations. We commend the island-wide vaccination programme implemented by the state. Your Company will continue to assist its valued clientele through this challenging period while ensuring personalised interaction with our field staff and pledges to be a source of comfort and assistance in their hour of need. As a measure of our corporate stewardship, your Company remains committed to sustainable value creation while being mindful of our social and economic responsibilities.

## Appreciation

On behalf of the board of directors and all employees of Ceylinco General Insurance Limited, I thank all our stakeholders, customers, individual agents, insurance brokers, Chairman and Members of the Insurance Regulatory Commission for the support extended to our Company during the year. I also wish to offer my sincere appreciation to the Insurance Ombudsman for his invaluable support and services in a professional manner with complete impartiality.

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

On a personal note, while I have been proud to serve as your Chairman for the past six years, I take this opportunity to congratulate your new incoming Chairman/CEO, Mr. Patrick Alwis, and the new Managing Director, Mr. Upali Witharana, and wish them every success in their endeavours to take your Company to greater heights. I wish to place on record my appreciation for the support they extended to me during my tenure as Chairman.

I take this opportunity to wish you all good health and entreat you to be safe at all times and may the blessings of the noble triple gem protect every Sri Lankan from the pandemic.



B.S.M. De Silva  
Chairman

## MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REVIEW



“

OUR RELATIONSHIP WITH OUR EMPLOYEES IS A KEY PILLAR OF OUR SUCCESS. DESPITE THE DISRUPTION DURING THE YEAR, OUR EMPLOYEES ADAPTED QUICKLY TO THE NEW NORMAL, AMID ‘WORK FROM HOME’ MODE AND OTHER SAFETY MEASURES, ALL THE WHILE ENSURING CUSTOMERS WERE NOT INCONVENIENCED IN ANY MANNER.

”

## MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REVIEW

### Overview of the economy

The outbreak of the global epidemic at the start of 2020 not only escalated into a public health crisis but also severely affected the global economy and financial markets. A rise in unemployment, drop in disposable incomes and a severe impact on key sectors of the economy, such as manufacturing and travel and tourism, are among some of the most severe consequences of the disease mitigation measures that have been implemented in many countries. Before the outbreak of the pandemic, Sri Lanka was progressing towards a gradual recovery in early 2020 following the dire events of 2019, however, any further anticipated growth was stymied by COVID-19.

Sri Lanka seems have been less affected by the pandemic than its regional and global peers. Nevertheless, the country's high dependence on global markets and its interconnected supply chains, as well as the fact that key regions such as the West Asia region are yet to fully return to 'business as usual', are likely to strain Sri Lanka's resources in the short-term.

### Impact on the General Insurance Industry

The adverse effect of the pandemic was clearly evident in the premium income figures recorded by the general insurance industry. The overall year-on-year growth fell to a negative of 1.3 % in 2020 with a premium income of Rs. 99.5 Billion against the premium income of Rs. 100.9 billion recorded in 2019. Motor Insurance premiums, which amounted to 62.5 % of the General Insurance industry stood at Rs. 62.2 billion, marking a drop of 3.7% against Rs. 64.6 billion recorded in 2019.

As always, Motor Insurance remained the largest contributor followed by Fire and Engineering (14.6%), Health

“  
**NOTWITHSTANDING THE  
TURBULENT MACRO CONDITIONS  
THAT PREVAILED THROUGH THE  
YEAR UNDER REVIEW, CEYLINCO  
GENERAL INSURANCE DELIVERED  
YET ANOTHER OUTSTANDING  
YEAR WITH AN IMPRESSIVE  
PERFORMANCE AND ROBUST  
FINANCIAL RESULTS.**  
”

products (13.3 %), General Accident (7.3%) and Marine (2.3%) as at end 2020. Together with the Life Insurance industry the overall insurance industry recorded Gross Written Premiums valued at Rs.202.5 billion in 2020, which reflects an increase of 7% year-on-year. Of this combined performance, General Insurance accounted for 49 % of total premiums, a drop of 4% compared to the previous year while Life premiums accounted for 51 %.

### Our Strategic Approach

In our indomitable style, we faced the challenges courageously and never allowed the grim situation to overwhelm our business or our people. The staff rallied round the company as it has always done in the past. The company sustained its customer services without interruption, even during the height of the lockdown. The call centre was operational throughout and accident

**20.1**  
Rs. billion  
Premium Income

**1.86**  
Rs. billion  
Profit Before Tax

inspections were carried out seamlessly. Customers were provided with many options to renew or obtain new policies and digitalised services were strengthened and new online options were introduced for the purpose. The comprehensive business continuity plan put in place four years ago, which had factored in worst-case scenarios such as the current pandemic, proved highly valuable to the management of the crisis to ensure smooth operations whilst safeguarding our employees and customers. These measures proved to be fruitful and despite the unfavourable business environment, the company fared reasonably well and ended the year on a positive note.

#### Company Performance

Notwithstanding the turbulent macro conditions that prevailed through the year under review, Ceylinco General Insurance delivered yet another outstanding year with an impressive performance and outstanding financial results. During the period under review, the company's premium income rose to Rs. 20.1 billion, recording a growth of 1.5% which marks an increase of Rs. 291 million over the previous year. The company's Profit Before Tax was recorded as Rs. 1.86 billion while Rs. 1.47 billion was recorded as Profit After Tax for the year under consideration.

#### Spearheading the Industry

Even in a scenario where the prices were dropping due to the economic impact of the pandemic, the company maintained its premiums at the correct pricing without engaging in a price war. Since the company believes in competing on superior service offerings rather than discounting, it stood firm by this principle, thereby distinguishing its value proposition on the basis of true value addition, unparalleled customer service and reliability at the time of making claims payouts. This strategy has

proved effective because Ceylinco VIP On The Spot remains the most sought-after motor insurance brand in the market today. We believe this is because customers have understood that it offers the best value-for-money with innovative and superior benefits.

#### Product Innovation

Potential for home insurance is enormous in Sri Lanka as according to the available statistics the number of households obtained insurance remains marginal. Also the affordability and the strain on disposable incomes of our population is another factor for the low penetration of home insurance. With all this in mind we introduced 'Ceylinco Gedara' a unique benefit for all Sri Lankan Home Owners with a cover of Rs. 5,000,000/- covering the House and its valuable contents. This cover also comes with medical benefits for the policy holder and spouse in case of Serious Illnesses. The uniqueness of this product is that for all these benefits the annual premium will be only Rs.5,000/- inclusive of all taxes which is affordable to many.

#### Delivering on our promises

The company prides itself on speedy settlement of claims. During the year under review, Rs.9.1 Billion in claims were paid, the majority of them for On The Spot. Notable amongst these was the claim paid to Randeniya Oil Mills which amounted to Rs 520 million. This claim was paid during height of the lockdown in April 2020 and the claim recipient in return placed an advertisement in the national newspapers appreciating our service.

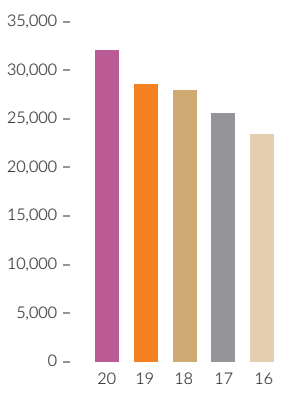
#### Branch and Channel Expansion

Despite the slowdown in the economy, the company succeeded in widening its islandwide presence to 540 branches and sales outlets during the year. The evolving circumstances through the year required the company to be agile and respond appropriately by constantly adjusting and managing our channel network to ensure customer convenience. The company has already partnered with all leading banks of the country for our specialist insurance services through bancassurance

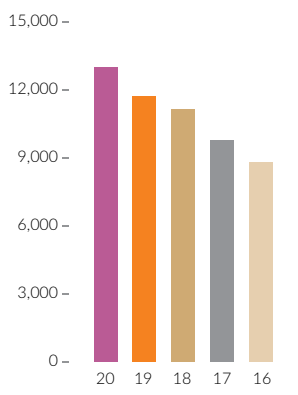
“  
SINCE THE COMPANY BELIEVES  
IN COMPETING ON SUPERIOR  
SERVICE OFFERINGS RATHER THAN  
DISCOUNTING, IT STOOD FIRM BY  
THIS PRINCIPLE.  
”

# MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S REVIEW

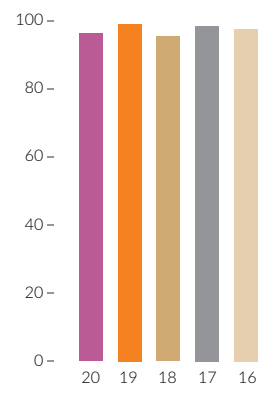
Total Assets (Rs. Mn.)



Shareholders' Funds (Rs. Mn.)



Net Combined Ratio (%)



platforms for customers. These strategic partnerships allow us to customise products to the benefit of the banks' customers.

Adding further value to our portfolio of valuable partnerships with corporate clients, during the year under review we tied up with the Laugfs supermarket chain in addition to the many mobile, utility, service and transport providers in our network, such as Sri Lanka Telecom, and Mobitel - to offer their customers simple and affordable insurance products.

## IT Framework

As a company that has consistently invested in enhancing its IT framework, systems and processes, the rapid shift to digital platforms due to the 'work from home' mode during the year was smooth for our employees.

During the year, our IT Division facilitated several programmes to support the digitalisation efforts of the company such as developing in-house digital signature systems, platform for drive thru claims facility, providing a revamped application for the motor engineers containing multiple state of the art features, improving cloud

based document handling, developing a Broker Information System, a Spare Parts Inventory System etc. Improved cyber security systems for Fortigate and Palo alto were introduced by adding additional layers of security and updating firewalls and state-of-the-art encryption protocols.

## Strong partnerships

The strong bonds we enjoy with the world's leading Reinsurers provides optimal support and catapults us to the forefront of the industry as an insurer that always honours its claims amidst any catastrophe. The company maintained the highest reinsurance coverage during the year, even beyond the norms stipulated by the regulator. Also, due to the ever-increasing natural disasters, our catastrophic risks are comprehensively covered through Natural Catastrophic reinsurance from world-renowned 'A' rated reinsurers.

Our Relationship with our employees is a key pillar of our success. Despite the disruption during the year, our employees adapted quickly to the new normal, amid 'work from home' mode and other safety measures, all the while ensuring customers were not inconvenienced in any manner.

Most of the staff members were given all the support and facilities to work from home. The dedication and focus of our team has shown us that if we work together with common goals we can overcome any obstacle. The company went one step ahead to support employees and boost morale by paying a performance bonus covering the entire employee cadre in October 2020 to reward them for their relentless efforts and the high level of commitment displayed during the lockdown.

No staff retrenchments or salary cuts were effected even during the height of the lockdown. Team members reporting to work were provided with transport from their doorstep to ensure an extremely safe working environment. Any employee who tested positive for COVID-19 was accommodated by the company at designated quarantine hotels or other facilities while the

**9.1**  
Rs. billion  
Gross Claims Paid



company remained in constant touch with them until they were fully recovered. We looked after not only our employees but their dependents too in every possible way, financially, as well as their health and well-being.

In addition, clear cut policies have been formulated to look after the staff by providing financial assistance over and above the health insurance scheme at the time of illness for staff and their dependents coupled with a staff retirement policy with special benefits for those retiring after long years of service and financial assistance at a time of distress and so on.

### Looking Ahead

It is our fervent belief that the economic conditions of the country and world over will improve in the shortest possible time and that life will return to 'normal'. As a company, we have every reason to be optimistic about the Company's short, medium and long term prospects as it continues to deliver a notable financial performance year after year. Plans have been formulated to face any eventuality and the company is on a strong footing and ready to take on any challenge.

### Appreciation

My gratitude to the Chairman, Director-General, Members of the Board and officials of the Insurance Regulatory Commission of Sri Lanka for their continued cooperation. The guidance given by the Insurance Ombudsman, Dr. Ranjith Ranarajah, has been extremely helpful. I would also like to thank all our Reinsurers and Reinsurance Brokers for their support which enables us to

sustain our position at the forefront of the industry. I wish to thank all our insurance agents and brokers, who have exerted immense effort on behalf of the company.

I would like to express my heartfelt gratitude to Mr. Ajith Gunawardena, Executive Chairman/CEO of Ceylinco Insurance PLC for his unrelenting contribution towards the success of the company and guidance given to us.

Also, I wish to place on record my sincere appreciation to the Chairman, Mr. Saradha De Silva, and other colleagues on the Board, whose steady support gives me great strength and courage to forge ahead.

I would personally like to thank each and every one of our employees, who have been an invaluable part of the success this year. Their dedication, resourcefulness and loyalty combined helped us achieve strong growth against all odds.

Finally, I would like to place on record my gratitude to our loyal customers for placing their faith in the company's ability to stay the course and we stand by them in their time of need. It is the confidence of all our stakeholders that inspires us every single day.



H.D.K.P. Alwis  
*Managing Director/CEO*

# BOARD OF DIRECTORS



**MR. B. SARADA M. DE SILVA**  
*Chairman*

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

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

He is the Chairman and Managing Director of B. Darsin De Silva & Sons (Private) Limited, Intercom Cinnamon Exports (Private) Limited and the Chairman of Cinnamon Training Academy Limited. He is a Director of the Sri Lanka International Arbitration Centre (Guarantee) Limited and Chairman of HVA Foods PLC. He is

also Director of Blue Ocean Heritage Limited and Onicorn Ventures (Private) Limited. He was the Chairman and Managing Director of Intercom Group of Companies until his retirement in 2014.

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

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

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

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



**MR. H.D.K.P. ALWIS**  
*Managing Director/Chief Executive Officer*

Commencing his association with Ceylinco Insurance - General Division - on 15th May 1990 as a Regional Manager, Mr. Patrick Alwis blazed a dynamic career, rapidly rising to the position of Deputy General Manager by 1998. He was subsequently appointed to the Board on 10th January 2001 and currently serves as Director of Ceylinco Insurance PLC and served as the Managing Director/Chief Executive Officer of Ceylinco General Insurance Limited until February 2021. In March 2021, he was appointed as Executive Chairman/Chief Executive Officer of Ceylinco General Insurance Ltd

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

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

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

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

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

Under his initiative, a sales force dashboard was also introduced in 2019 which facilitates the close monitoring of the movement of sales personnel, customer visits, etc. of the

entire sales force by the superiors on a real-time basis. This has also given the opportunity to digitalize areas such as customer information, including renewal details, follow-up info, prospects and monthly sales plans.

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



**MR. U. WITHARANA**

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

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

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

Mr. Witharana was appointed to the Board of Ceylinco Insurance PLC on the 25th of October, 2005. He also serves as the Finance Director/Director in other Associate and Subsidiary Companies of Ceylinco Insurance PLC. He served in the capacity of Deputy Managing Director/Director Finance/Chief Operations Officer of Ceylinco General Insurance Ltd. until February 2021. He was appointed as Managing Director of Ceylinco General Insurance Ltd. in March 2021.

In addition to his contribution to the financial management of the Ceylinco Insurance Group, he extends his capabilities by leading a team of professionals in the capacity of the CEO, to successfully develop and manage a number of hydro power projects within the group.



**DR. W.C.J. ALWIS**

*Director (Technical)/  
Chief Technical Officer*

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

## BOARD OF DIRECTORS

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

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

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

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

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

Dr. Alwis won the Award for the 'Personality of the Year' at the 18th Asia Insurance Industry Awards Ceremony held in Taipei in November 2014 and also won the Awards for 'Outstanding Contribution for Education' and 'Educational Entrepreneur of the year' at the World Private Universities Awards held in Mumbai, India in 2014.

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

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**MR. R.A. GUNATHILAKE**  
*Director - Branch Operations*

Mr. Rex Gunathilake joined Ceylinco Insurance PLC in August 1994 as a Regional Manager and having being 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.

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**MR. H.D.A.N. PERERA**  
*Director*

Mr. Perera joined the company on 16th September 1981 as a Trainee of Ceylinco Limited. He was appointed as the Manager-Miscellaneous Department, of Ceylinco Insurance PLC in 1988. He was promoted as the General Manager in 2010. He represents the Company at the General Insurance Forum of the Insurance Association of Sri Lanka to date and represented the Working Committee of the Strike, Riots, Civil Commotion and Terrorism Fund (SRCC & TR Fund) till 2016. He represents the Technical Advisory Committee of the SRCC & TR Fund to-date of National Insurance Trust Fund.

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

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

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

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

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

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



**MR. E.M.M. BOYAGODA**  
*Director*

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

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

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

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



**MR. A.R.H. FERNANDO**  
*Director*

Mr. Fernando has over 40 years of experience in the tea industry and has been successful in innovation, promoting and marketing the traditional beverage of tea in many variants. He is the creator of the global tea brand HELADIV registered in 40 countries. He began his career as a Tea Taster at Carson Cumberbatch & Co., Ltd., in 1975 and joined Brooke Bond Ceylon Limited and served as a Manager in the Tea Department from 1979 to 1989 with a secondment of one year as a Tea Trader, at its headquarters in the United Kingdom in 1982. In 1990, he established HVA Lanka Exports as a

joint venture with the Dutch agricultural conglomerate HVA Holdings bv. and expanded the organisation to include several subsidiary companies, HVA Foods PLC., HVA Beverages & HVA Holdings. He was the Chairman and CEO of the HVA Group until 2020 and currently functions as the founder adviser in the board of directors of HVA Foods PLC.. He is the Chairman of HVA Farms (Pvt) Ltd., an organic agro-resort in the NWP.

He served on the Colombo Tea Traders Association as a member and also as a Director on the Sri Lanka Tea Board and as an Independent Director of the Sri Lanka Industrial Technology Institute from 2015 to 2016. He is an independent director and non-executive chairman of the SLT Group comprising of Mobitel, Vision-com, SLT Digital Service, SLT Services, SLT Campus and E-channeling PLC.

Mr. Fernando functioned as the President of the National Chamber of Exporters in 2008 and 2009. He served as the elected Chairman of the Tea Exporters Association of Sri Lanka from 2014 to 2016. Mr. Fernando is a National award winner since 1997 at the NCE Exports Awards and was selected "Exporter of the Year" winning Gold awards in 4 categories, in 1999. He was also awarded "Sri Lankan Entrepreneur of the year 2015," winning the National Gold award and "Sri Lankan Entrepreneur of the year 2015," with a Provincial Gold award.

He was a multi disciplined sportsman at school and represented and captained Sri Lanka at rowing. Mr. Fernando was the elected president of the Sri Lanka Amateur Rowing Association from 2010 to 2020. He was also a senior member of the National Olympic Committee and Chairman of its finance management committee. He has represented



## BOARD OF DIRECTORS

Sri Lanka as Chef de Mission in 2006 & 2009 at Lusofonia Games in Macau & Portugal and the 2nd Asian Indoor Games in 2007 in Macau. Currently he serves as a member of the National Sports Council of Sri Lanka.



**MR. S.C.G. GURUGE**

*Director*

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

Mr. Guruge, having acquired the knowledge and skills of the service and logistics industry, established his own Freight Forwarding Company in 1990. When Industrial Gases (Pvt) Ltd (IGL) was started in 1992 he invested as a minority shareholder. In 2007, Mr. Guruge acquired the controlling shareholding of IGL and he had in place high safety and quality standards strictly adhering to the technological collaboration agreement entered into with Messer Griesheim GmbH of Frankfurt, Germany. IGL was the first in Sri Lanka to produce Dry Ice off liquid CO<sub>2</sub> & Dry Ice Blast Cleaning.

Mr Guruge is the Chairman/Managing Director of Industrial Gases (Pvt.) Limited, Gas World (Pvt) Limited, Frontier Freight (Pvt) Limited, Ashiyaki Holdings and Energy Team Solutions (Pvt) Limited; and he is also a Director of

Lanka Carbonics Industries (Pvt) Limited, Serene Pavilions Limited, Mobile Cash (Pvt) Limited, Ceyaki Shipping (Pvt) Limited and SLFFA Cargo Services Limited.

Industrial Gases (Pvt) Ltd. was selected amongst the top 10 award winners at the CNCI Awards 2019/20.

He also held the post of Chairman, Freight Forwarders Association of Sri Lanka during the period 1998-2000.

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



**MR. YU KITAI**

*Director*

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

Mr. Kitai joined Mitsui Sumitomo Insurance Company Limited in 1976 immediately after graduated Rikkyo University. For 12 years in Tokyo Commercial Business Division, he was a specialist of Commercial business, especially in Plant engineering business which actively pursued in South East Asian and Middle East Countries at that

time. In 1988, Mr. Kitai was dispatched to Former Mitsui Marine Indonesia, and appointed to the youngest Board of Director. After five years' tenure, he held various director positions at Mitsui Sumitomo Insurance Group Companies. 2001-2004, Director Executive Vice President of Mitsui Sumitomo Seguros (Brazil), 2004-2007, Director of American Appraisal Japan Inc., 2007-2010, Whole-time Director of Cholamandaram MS General Insurance (India), 2011-2014, Director of PT. Asuransi Jiwa Sinarmas MSIG (Indonesia). From 2014, he was assigned as an advisor of Mitsui Sumitomo Insurance to develop South Asian markets and started feasibility studies. He visited Ceylinco Insurance PLC in April 2015 to conduct a feasibility study and review the long years' relationship between Ceylinco Insurance and Mitsui Sumitomo Insurance. He represented Mitsui Sumitomo Insurance had a rare opportunity to acquire a 5% stake in Ceylinco Insurance. It took four years of twists and turns to become true to our name as partners. In 2018, the ownership of Mitsui Sumitomo Insurance reached to 15%, and Mr. Kitai was appointed a director of Ceylinco General Insurance Limited to encourage development of Japanese customers, to serve as a bridge for successful partnership and harmonious growth between Ceylinco General Insurance and Mitsui Sumitomo Insurance Group.



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

*Director*

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



### **DR. U.D. DE SILVA**

*Director*

Dr. Upendra De Silva as a Dermatologist counts over 26 years of experience in the field of Dermatology in Sri Lanka. Presently he has his own practice at Skin Clinic located in Colombo 04. Dr De Silva was awarded a fellowship in Dermatology from Thomas Jefferson University, Philadelphia USA and a fellowship in Occupational medicine and Toxicology from University of California San Francisco, USA.

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



### **MR. G.S. SUNDARARAJAN**

*Director*

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

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

In his capacity as Group Director, Mr. Sundararajan was a director on the Board of these subsidiaries to provide oversight in critical areas of strategic growth opportunities for each of these companies. Specifically, Mr. Sundararajan was responsible for the Retail and MSME business housed in Shriram City Union Finance and the life and non-life insurance businesses housed in the two Insurance ventures in collaboration with Sanlam, South Africa.

## BOARD OF DIRECTORS

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

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

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

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

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

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**DR. S.D. WANIGARATNE**

*Director*

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

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**MR. C.P.A. WIJESEKERA**

*Director*

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

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# THE PEOPLE'S PARTNER



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# OPERATIONAL REVIEW

## OPERATING ENVIRONMENT

### Macro-Economic Landscape

Over the year gone by, the COVID-19 global pandemic wrought changes that are evident in every aspect of people's lives around the world. Concerns related to the spread of COVID-19 and the related containment measures intended to mitigate its impact have created substantial disruption in the global economy, with a particularly grave impact on trade and people movement. Taken together, these challenges amplified economic uncertainty during the year under consideration.

### GDP growth

The Sri Lankan economy, which was already weakened by the fallout of the Easter attacks in 2019, remained weak through the year under review. The combined effects of the spread of COVID-19 locally and the introduction of lockdown actions, the slowdown in global economic activity and the adverse weather conditions in the country, the economy is expected to contract by 3.6% for the year.

### Maintaining liquidity

The financial system struggled under the adverse impact stemming from domestic and global economic slowdown. The Central Bank initiated a series of monetary easing measures, including multiple reductions of the policy rates and the Statutory Reserve Ratio, thereby injecting ample liquidity into the market and lowering borrowing costs significantly given the unprecedented circumstances caused by the pandemic. Relief measures and large scale policy incentives were introduced to help businesses and individuals affected by the pandemic.

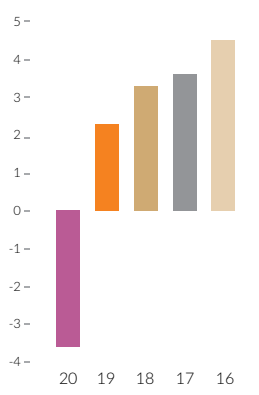
Responding to these measures, credit to the private sector showed a significant development in August and September 2020, reversing the slowdown observed in previous months. The Central Bank increased credit flows to the public sector mainly contributed to the acceleration of broad money growth during the nine months ending September 2020.

### External sector

The external sector, which was severely affected at the initial stages of the pandemic, marked a notable rebound with an improvement in the trade balance, a revival of workers' remittances, a stable exchange rate and a reasonable level of official reserves. The external sector stability was supported by restrictions placed on non-essential imports and selected outflows as well as low global petroleum prices. Proactive measures taken by the Government and the Central Bank and the unexpected rebound in workers' remittances since June 2020 helped partly cushion the impact of the significant decline in earnings from tourism due to persistent global travel restrictions.

The financial account of the balance of payments experienced subdued performance as the pandemic affected cross border financial flows. However, gross official reserves remained at

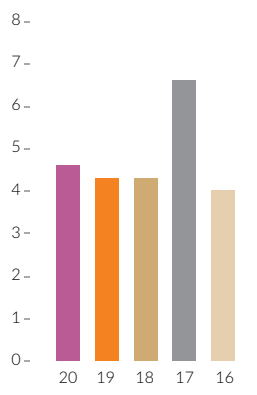
Economic Growth (%)



Provisional Data of 2020

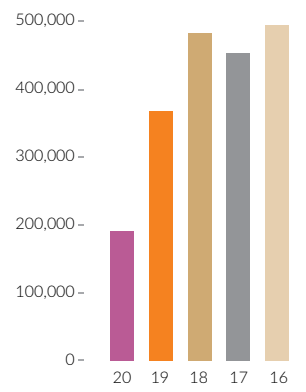
Source: Central Bank of Sri Lanka (CBS)

Inflation Rate (%)



Provisional Data of 2020

Total New Vehicle Registrations for 5 years



Provisional Data of January to September 2020

adequate levels, benefiting from inflows to the Government and the Central Bank, including the net purchases of foreign exchange from the domestic foreign exchange market. Amidst adverse speculation and Sovereign rating downgrades, the Government met all its debt service obligations, including the settlement of the International Sovereign Bond that matured in early October 2020.

### **Fiscal performance**

Meanwhile, the performance of the fiscal sector was significantly affected by the decline of Government revenue amidst the economic fallout.

### **Inflation**

Subdued demand conditions and well-anchored inflation expectations helped maintain inflation broadly within the target range of 4-6% during 2020, although a temporary acceleration was observed due to the rise in food prices.

### **Outlook**

Economic growth is expected to rebound in 2021, and maintain the upward route over the medium term, supported by pro-growth policies of the Government. Policies to boost domestic production are also expected to ease the pressure on the external sector of the economy on a continued basis. Nevertheless, the success of containing COVID-19 locally and globally remains critical in determining the pace and the extent of domestic economic recovery and revival in the period ahead.

# OPERATIONAL REVIEW

## INDUSTRY PERFORMANCE

### Industry Performance

Besides the economic fallout, the pandemic also impacted various sectors. The insurance industry responded strongly with a slew of short-term measures, however, this experience has prompted the industry as a whole to relook at their operating models and delivery channels.

### GWP

As per the provisional data available, for 2020, the Gross Written Premiums (GWP) of the general insurance sector recorded a negative growth of 1.3% in the year 2020, when compared with the positive growth of 5.42% in the year 2019.

The premium income of the general insurance sector, particularly non motor insurance, has largely contributed towards the overall achievement of GWP representing 3% growth over year 2019. However gross premium income from motor insurance has recorded a negative growth 3.7% compared to year 2019.

Thereby, overall GWP represents negative growth of 1.3%. Motor GWP constitutes about 62% of the general insurance premium in 2020 compared with 64% of the general insurance premium in 2019.

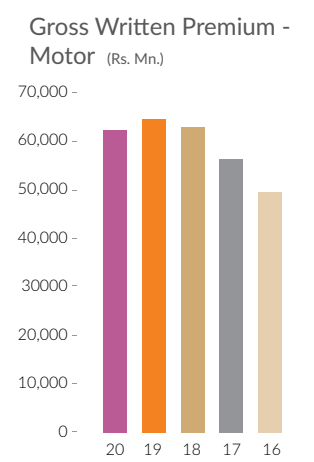
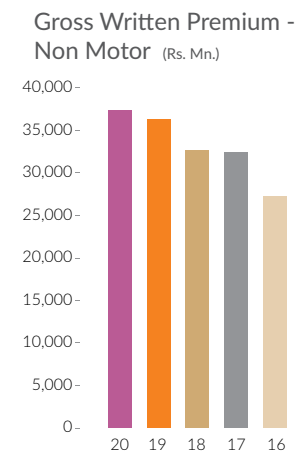
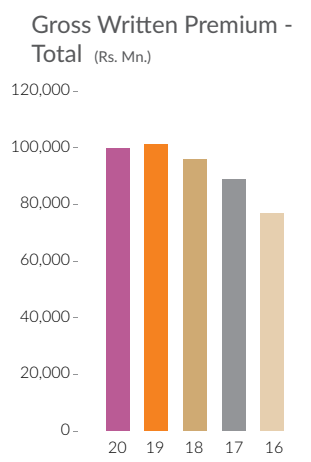
### Outlook

Economic contraction due to COVID-19 led to a decrease in real income, higher unemployment, lower levels of industrial production, curtailment of importation of goods/vehicles, and a decline in wholesale or retail sales. Changes in customer perception and behaviour were observed. The number of COVID-19-related changes in behaviour are purely based on dealing with the crisis, but other more fundamental changes are here to stay. Although we know that the pandemic will ultimately weaken, a significant part of our new behaviour will linger on. Insurers that also want to be fruitful after the crisis have to understand this new behaviour and turn this understanding into proposals and practices.

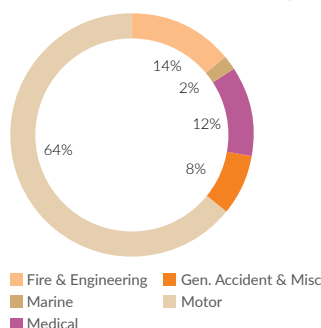
### Lessons learnt from a pandemic year

We believe that, specifically for the insurance industry, the current crisis amplifies following consumer trends that determine the priorities of insurance customers and what they will value in a post-COVID-19 world. Some of the emerging trends are:

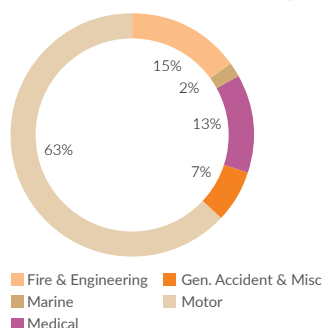
- It is anticipated that volumes in health insurance will grow in the next few years. The pandemic enhances the overall concern for personal health and wellbeing. It will make consumers more aware of the importance of adequate health insurance plans. The added value of an insurer is shifting from only covering risk when there is damage, to rendering preventive services as a substantial part of the offering. Insurers should play an active role, or even take the lead, in promoting a healthier lifestyle with tangible services. This would also immediately increase the social impact of the insurance industry.



Composition of the General Insurance Industry 2019



Composition of the General Insurance Industry 2020



have already started a gradual 'return to office' process while following social distancing and health protocols.

We have also expanded our health and welfare programmes to help our employees during the crisis situation. Technology utilised across the Company has allowed our employees to continue to collaborate with our customers and among themselves, regardless of where they are in the country, with relatively little disruption.

- Consumers now experience the convenience of mobile and online services even more. They expect comparable service levels from insurers. Customers will increasingly reach out to their current providers to meet their needs digitally. If that doesn't work, customers will turn to another insurer that does a better job. It is about the business model. While many incumbents have always viewed their face-to-face channels as an important differentiator, during this crisis those channels do not even appear to be a qualifier. Even worse, they made incumbents vulnerable. The traditional distribution model turned out not to be competitive and sustainable. On top of that, it was not agile enough to respond fast to changing conditions and a less physical world.
- The digital models, on the other hand, have proven to be strong and fruitful in these difficult times. It seems that digital models are better-protected against the crisis and more future-proof. Advanced technologies allowing for remote transactions lead over traditional models. That the insurance industry needs to become much more digital is nothing new.

### Our Strategic Response to COVID-19

As part of our response to the COVID-19 pandemic, we are following business continuity processes, led by regular meetings of Senior Management Team, which coordinates centrally to ensure a consistent approach across the company. In addition to the above, our senior management has also been in regular contact with our Board of Directors.











Our insurance business was resilient during past economic downturns, including the downturn that began in 2008. However, based on nature of our business, it is possible that potential negative effects of COVID-19 might be reflected in our results of operations during 2020 or into 2021. We believe our business is supported by a solid financial foundation with adequate access to liquidity resources to support us until a gradual recovery of economy.

Our main priority has been the health and safety of our employees and our actions have been driven by local health authority directions and government mandates and guidelines. We are currently operating our business with approximately 40% of our employees working remotely from their homes. We

# OPERATIONAL REVIEW

## STAKEHOLDER ENGAGEMENT

Our stakeholders and their impact on the Company are a vital yardstick by which we measure their importance and plan our strategy to fulfill their needs. The Company defines key stakeholders as Customers, Employees and Business Partners including Reinsurers, Banks and Financial Institutions and other Suppliers and engages with them across various channels as given below:

Stakeholders	Method Of Engagement
 Customers	One to one meetings, online, email, letters, marketing communication, website, telephone
 Employees	Meetings, written communication, SMS, email
 Shareholders	Annual General Meeting, written communication, statutory communications
 Brokers & Agents	Meetings, email , online, telephone, written communication
 Reinsurers	Meetings, written communication, on-line, email, telephone
 Banks & Financial Institutions	Meetings, written communication, letters, email, telephone
 Regulator	Meetings, written communication, statutory communications
 Government	Meetings, written communication
 Strategic Partners	Meetings, written communication, email, telephone
 Suppliers	Written communication, contracts, etc.



## Financial Capital

Ceylinco General Insurance Limited delivered healthy financial results for 2020. Despite facing tough conditions in the market, we continued our growth drive across all key financial aspects.

### Gross Written Premium (GWP)

Gross Written Premium of the Company increased by 1.47% to Rs. 20,094 million compared to Rs. 19,803 million in year 2019.

### Premium Composition

The Motor class is considered the main contributor to the premium income. Motor insurance premium (VIP) revenue of Rs. 11,000 million represented 54.74% of the total premium income. The balance premium income of Rs. 9,094 million corresponds to 45.26% of total premium income of the company, obtained through all other classes of business such as Fire, Marine, Health and Miscellaneous.

### Non Motor Premium Composition

During the year under review, there was no significant change in product composition compared to the previous year. Apart from motor insurance, the Miscellaneous class dominated in the non-motor segment with a premium income of Rs. 4,273 million, followed by the Fire premium income of Rs. 2,784 million in 2020.

During the year under consideration, reinsurance outgo increased to Rs. 6,696 million, recording a 22.26% increase from the Rs. 5,477 million ceded in

2019. As a result of this increase, decline in NRP was recorded in 2020. This has resultant to a NRP reduction to 6.48% of the premium income in 2020.

One of the main objectives of financial management is managing the combined ratio which affects the underwriting surplus of the Company. The Net Combined ratio for the year has decreased by 2.78% over the year 2019. This was mainly due to the decreased in Net Loss ratio by 8.42% which as set-off by an increase in Net Expenses ratio by 5.66% over the year 2019. The Company recorded Rs. 2,010 million as Other Revenue, which comprises Interest and Dividend Income, Fee and Commission Income and Realized Gains from Investments.

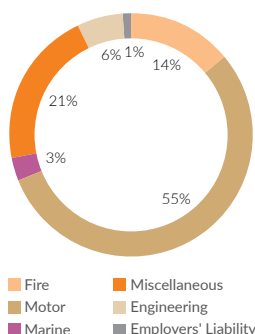
### Operating, Administrative Expenses

Managing expenses is a key area which effects the Company profitability as well as efficiency. The Company spent 25.6% of its GWP as operational and administration expenses, which amounted to Rs. 5,150 million. These expenses, consisting of employee benefits, administration expenses, depreciation, amortization, investment-related expenses and all other expenses not included under underwriting and net acquisition costs.

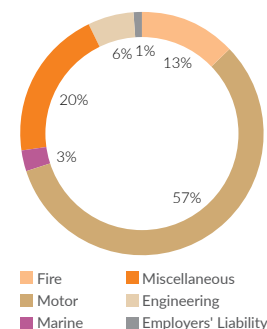
### Profit Before Tax

The Company was able to deliver a Profit Before Tax (PBT) of Rs. 1,862 million in 2020, compared to the Rs. 1,735 million achieved in 2019.

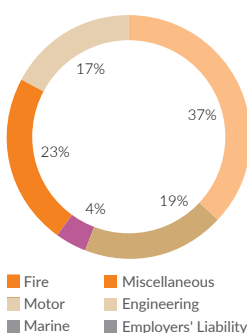
Gross Premium 2020



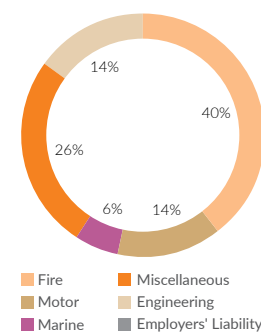
Gross Premium 2019



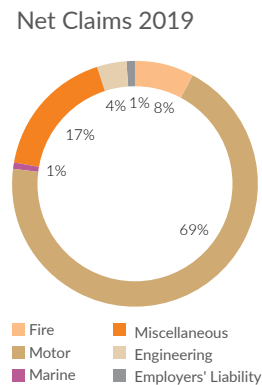
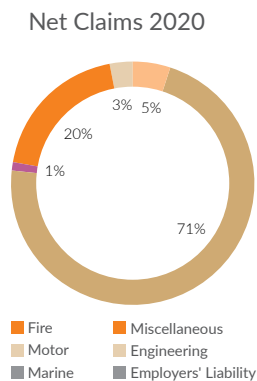
Ceded Premium 2020



Ceded Premium 2019



## OPERATIONAL REVIEW



**Rs.9.1 Billion**  
Gross Claims Paid

## Income Tax Expense

The income tax expense of the Company saw an 9.52% increase in 2020, amounting to Rs. 391 million from Rs. 357 million in 2019.

## Net Benefits and Claims

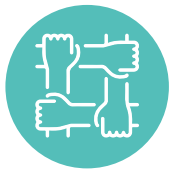
During the year under review, the Company incurred Rs. 6,635 million as net claims for customers, marking a 19.61% decrease over Rs. 8,254 million incurred in 2019. This is mainly represents claims in motor class, which accounted for 70.81% of total net claims.

## Claims Settlements

The company prides itself on speedy settlement of claims. During the year under review, Rs.9.1 Billion in claims were paid, the majority of them On The Spot. Notable amongst these was the claim paid to Randeniya Oil Mills which amounted to Rs 525 million. This claim was paid during height of the lock down in April 2020 and the claim recipient in return placed an advertisement in the national newspapers appreciating our service.

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## Social & Relationship Capital

Our Social & Relationship Capital encompasses our engagement with our Customers, Business Partners, Employees and the Community.

### Customers



**2,651,000**

Including Corporate and Individual

Customer inquiries/complaints are handled by one of the largest call centres of any local company, with over 40 customer care agents working at any given time. Customers simply dial 112393939 in case of a motor accident. Every call is recorded and daily evaluation is done to improve service levels - from the time complaint is made till the time the claim cheque is handed over to the customer.

Most claims are settled on the spot. The Company is proud of its track record of settling claims. During 2020, the company settled claims to the tune of Rs. 9.7 Billion.

Having pioneered on the spot claims settlement, Ceylinco General Insurance customers have come to expect prompt and reliable service from us. Despite being the number one motor insurance brand in the country, we keep improving efficiency and speed for

customer convenience. The company remains a pioneering presence in introducing technology backed products and services for a faster and more convenient service.

In a bid to ensure easy access to our services during the lockdown period and onwards during the ongoing pandemic, the company provides diverse options for customers to interact with the company:

- Our hotline 011-2393939 is open 24 hours
- Direct payment of claims to customers' accounts
- Customers could renew a policy or to obtain a new policy online via [www.ceylinco-insurance.com](http://www.ceylinco-insurance.com) and use the payment gateway to make online payments.
- Online transfers could be sent to Account Number 030032375727001 of Seylan Bank, Colombo Fort Branch.
- Payments can be made through eZcash or mCash by dialing #111# and thereafter following the instructions.

### Product Innovation

As a company that proactively responds to customer feedback, we launched the Ceylinco VIP Drive Thru Claims facility for Ceylinco VIP customers amidst the pandemic. Aimed at Ceylinco VIP customers who have not obtained On the Spot claims due to various reasons such as the owner not being available at the time of the accident or in the event the vehicle is under a leasing facility. Customers who do not opt to obtain claims using the On the Spot facility will be notified in advance via SMS of the pending items, if any, and documents required. Once the documents are handed over at the Drive Thru Centre, within a few minutes the cheque or cash

will be given to the customer. Located in Nugegoda, Kandy, Kurunegala and Galle, all four centres offer ample parking and specially reserved slots for Ceylinco VIP customers using the Drive Thru Claims facility.



**11**

New VIP Counters were opened

### Health Claims Payout

Further, during the year under review, Ceylinco General Insurance paid Rs. 276 Mn for Serious Illnesses of our Ceylinco VIP On The Spot customers as hospitalization expenses for serious illnesses. The benefit, introduced as an exclusive value addition to its Motor Insurance - Rs. One Million cover - reimburses medical costs incurred in the treatment of heart disease, cancer, kidney failure, stroke and several other serious illnesses including heart attack and open heart surgery, major organ transplants, chronic lung and liver diseases, deafness, blindness, multiple sclerosis, paralysis etc.



**Rs 1,074 Million**

Value of total number of Health Claims paid in 2020 in Sri Lanka

# OPERATIONAL REVIEW

## New Value-added Product in 2020

### 'Ceylinco Gedara' - an affordable Cover for Home Owners



Ceylinco General Insurance introduced a cover of Rs. 5,000,000/- to insure a home and its valuable contents. This cover also comes with medical benefits for the policyholder and spouse in case of Serious Illnesses. The cover for the house will be up to Rs 4 Million against Fire and Allied Perils and the contents will be covered up to Rs 500,000/- against same perils. A burglary cover for contents is also included up to Rs. 300,000/- and the insured and spouse are entitled for a Serious Illness cover of Rs 100,000 each that will reimburse medical costs incurred for the treatment. The uniqueness of this product is that for all these benefits the annual premium will be only Rs. 5,000/- inclusive of all taxes.

### Customer Complaint Handling

Most complaints are received by the call centre and directed to the relevant department or to the head of the region without delay. Immediate action is taken after a careful review by a senior technical person and the department head. If it is beyond their scope a Director is informed and corrective action taken as needed.

### Customer engagement

The company significantly enhanced its presence on Facebook, Instagram, YouTube Ads, Google Ads and so on to reach a wider audience. In order to further enhance access, we Strengthened online purchasing and payment platforms and boosted selected products on online platforms.

### Privacy

Customer rights are respected at all times and all customer data is securely stored and not shared with third parties.

## Business Partners

Our Business Partners are strategically important as they assist us in reaching a wider audience and therefore our efforts are aimed at strengthening our relationships. Our Business Partners consists of reinsurers, field staff, banks and other financial institutions, and other suppliers. The company only engages partners who conform to ethical business practices and comply to certain expected standards.

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

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

Our engagement with Banks and financial institutions is based on a mutually beneficial culture of respect and compliance.

Moreover, we place a strong emphasis on anti-corruption and have a zero tolerance policy towards any such illegal activity amongst partners.

## Community

The company is deeply engaged with the fabric of the local communities in operates in, engaging closely with local religious and cultural events and supporting healthcare needs. During the year under review:

### Two ICU ventilators donated to the National Hospital

In support of the efforts taken to combat the Covid 19 pandemic, the management of Ceylinco General Insurance donated 2 units of the German-made ICU ventilators at a cost of Rs 5.9 million to the National Hospital, Colombo, which will no doubt boost the capacity of the hospital.



### Two Blood Donation Camps

Ceylinco General Insurance staff joined hands with The Employees Union to host two Blood Donation Camp in its Head Office premises in February and July 2020. The camps witnessed participation from employees and their family members, customers, as well as people from surrounding offices, who volunteered to donate blood. The Blood Donation Camps were conducted under the supervision of the doctors of the Blood Bank, with many doctors and nurses in attendance and was a huge success with over 200 pints of blood collected in each event.



## Intellectual Capital

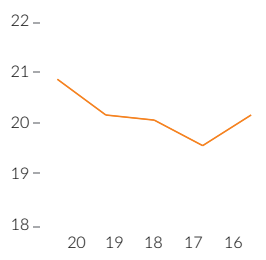
Intellectual capital refers to the intangible assets that contribute to our bottom line and include assets such as the knowledge and expertise of our employees, organizational processes, and the sum of knowledge contained within the organization.

### Our Flagship Brand



The Ceylinco VIP On The Spot brand is firmly entrenched in the hearts and minds of the Sri Lankan populace, as the motor insurance brand of choice. VIP On The Spot is a humane brand, developed and constantly evolving with intrinsic ties to the changing Sri Lankan psyche, geared to always explore novelty through constant innovation. Established in 2003, Ceylinco VIP On The Spot stands for tangible values – innovation, speed and convenience.

Market Share



### Tacit Knowledge

Our Human Capital is a key asset in our Intellectual Capital as their wealth of knowledge and skills help us to distinguish the organization in the market. The company lays great emphasis on systems and process that are fair and equitable in developing our employees, strongly supported by training and development, and reward and recognition to retain the best talent within the organization.

The Company carried out comprehensive research with Nielsen SL on Customer perceptions of Ceylinco VIP and our service standards

### Global Partnerships add brand value

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

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

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

### Systems and Processes

Product innovation is an ongoing endeavour at Ceylinco General Insurance. In spite of the unfavourable economic conditions during the year, the company launched two unique initiatives - Ceylinco Gedera, a comprehensive housing cover and Ceylinco VIP Drive Thru – both of which are path-breaking initiatives in the industry. We are also in the process of test marketing a unique and affordable health product for the masses.

### IT Framework

As a company that has consistently invested in enhancing its IT framework and systems and processes, the rapid shift to digital platforms due to work from home mode during the year was a smooth transition for our employees. Further, we strengthened online purchasing and payment platforms to facilitate customers while boosting selected products on online platforms. Convenient services such as inhouse digital signature systems, drive through insurance claims system, revamped application for the motor engineers and improved cyber security systems for Fotigate and Palo alto were introduced by adding additional layers of security and updating its firewall and state-of-the-art encryption protocols.

### Industry recognition

In an exclusive survey carried out by the LMD magazine amongst the general public for over a period of 12 weeks on service providers, Ceylinco General Insurance had the honour of being chosen as the most popular insurer in Service Excellence. Ceylinco General Insurance has been chosen as the best in service excellence for general insurance continuously for the past several years by the general public.

# OPERATIONAL REVIEW

## People's Award

Ceylinco General Insurance was also voted as 'People's Insurance Brand' for the 14th consecutive year. Ceylinco General Insurance was anointed 'People's Insurance Brand of The Year' yet again at the 2020 SLIM Nielsen People's Awards for an unprecedented 14th consecutive year. This accolade is ample testimony of the company's close relationship with people and the brand's strength and stature for having won this prestigious accolade every consecutive year since the awards were instituted 14 years ago. The People's Award is the most coveted award for corporates because it reflects the voice of the people and indicates the brand they love and respect. In order to select the winner, a nation-wide survey is conducted covering all nine provinces, with over 5,500 respondents interviewed one-to-one, making it representative, unbiased and relevant. Therefore, the winners of the People's Awards reflect the true voice of Sri Lankans from across communities, regions and social strata.



### CEYLINCO VIP ON THE SPOT

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



### CEYLINCO VIP THREE WHEEL COVER

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



### CEYLINCO VIP MOTOR BIKE COVER

Offers a host of benefits for Motor Cycles 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 ONE DAY COVER

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



### CEYLINCO LIPS INSURANCE

This product was specially designed for women.



### CEYLINCO DOO DARUWO RAKSHANAYA

Ceylinco Doo Daruwo Rakshanaya is for the entire family and provides cover for children to continue their education in case the breadwinner expires.



### CEYLINCO LEASING COVER

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



### CEYLINCO TRAVEL CLASSIC INSURANCE

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



### CEYLINCO CHILDREN'S HEALTH POLICY

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



### CEYLINCO SUWA SAMPATHA INTERNATIONAL

Suwa Sampatha International is designed for the discerning to provide them with optimum medical facilities in case of a serious illness.



### CEYLINCO OFFICE 2000

This business insurance scheme meets practically all business needs.



### CEYLINCO SUPPORT LINE

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



### CEYLINCO GOVI PAWURA / CEYLINCO GURU PAWURA / CEYLINCO LIYA PAWURA

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



### CEYLINCO DHEEWARA UDANA

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



### CEYLINCO NUWANA

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



### 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 TWENTY FOUR SEVEN

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



### CEYLINCO WARRANTY INSURANCE

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



# OPERATIONAL REVIEW



## CEYLINCO ONE AND ONLY

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



## CEYLINCO "A+" INTERNATIONAL STUDENTS' INSURANCE

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



## 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 NO WORRIES

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



## CEYLINCO MAPIYA THILINA

A unique health Insurance cover available in Sri Lanka for senior citizens between the ages of 60-80 years.



## CEYLINCO SUWA SAMPATHA NATIONAL HEALTH

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



## CEYLINCO HIGHER EDUCATION POLICY

A comprehensive cover for students wanting to pursue higher education.



## 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 SUWA SAMPATHA MONTHLY

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



## CEYLINCO GEDARA

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



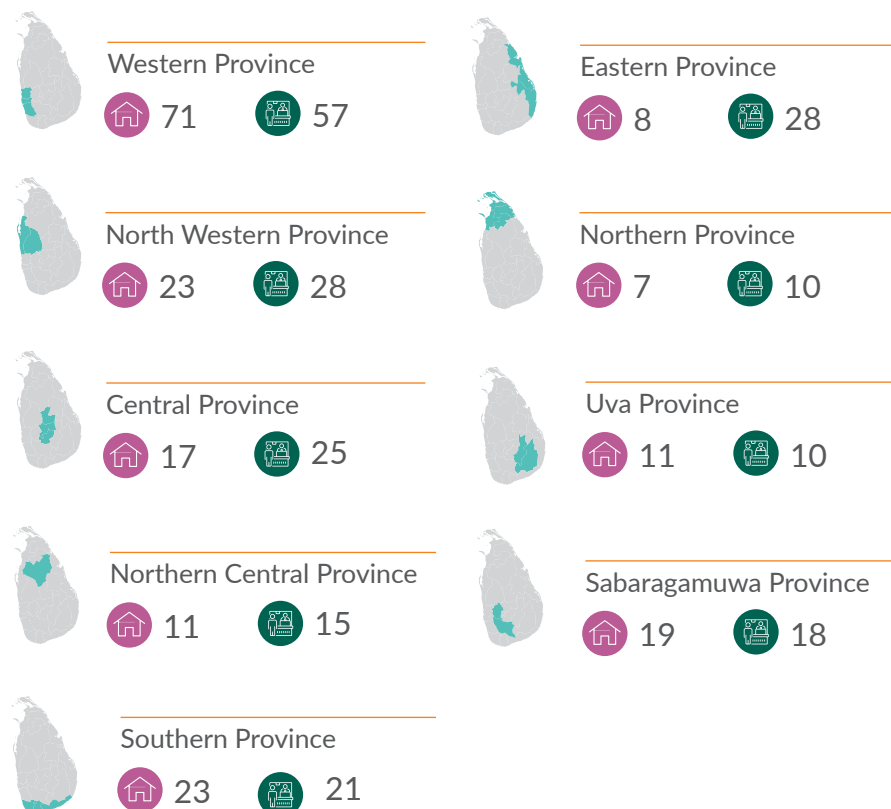
## Manufactured Capital

Our Manufactured Capital consists of our bricks and mortar branches, physical assets and digital infrastructure to meet customers' diverse needs and to ensure smooth operations. We constantly enhance our Manufacturing Capital to better serve as a truly customer-centric organization.

Investment in our Manufactured Capital is aimed at optimizing costs and widening customer outreach through diverse channels both physical and digital. Despite the unfavourable economic outlook during the year, the company successfully launched four new Drive Thru outlets in Nugegoda, Kandy, Kurunegala and Galle, offering ample parking and specially reserved slots for Ceylinco VIP customers using the Drive Thru Claims facility.

We aim to increase our geographical footprint further while simultaneously augmenting our digital presence. With a network of 190 Branches country-wide, 390 Ceylinco VIP Counters and 38 more VIP counters at Laugfs outlets, the company is present across all the provinces, serving customers in remote parts of the island. During 2020, we added 11 more outlets to enhance the network. Counting our various other channels listed below, the company boasts 620 customer touchpoints across the country.

 Branches  VIP Counters



In addition to the network above, the company also offers customers easy access to its services through the following physical customer touchpoints:



13

Mobile Propaganda Vans



4,063

Sri Lanka Post Offices for 3rd party insurance



38

Laugfs supermarkets to market a tailor-made health product

# OPERATIONAL REVIEW





**The company also partners with leading telcos to widen reach of its products:**

- Sri Lanka Telecom and Mobitel for Health Insurance products
- Dialog for Personal Accident products

### **Harnessing technology**

As a company that competes on the basis of industry-best service levels, we consider it important to enhance our customer touchpoints via a cost-effective delivery network. Considering the need to shift to work from home mode during the year, a substantial amount was spent on upgrading the company's digital infrastructure through procurement of hardware to facilitate employees.

Accelerating its digitalization journey for better customer service, the company leverages on various online digital channels to ensure it caters to customers who prefer to use their mobile devices and smartphones to access our products and services.

**The company has invested in developing Mobile Apps to further drive sales of its products and services via apps such as:**

- Marketing Executive App/ Underwriting App

This is specially designed for our sales force to obtain quotations when they are on the move to provide a speedier service. This App, which can be downloaded via the app stores, is also equipped with a customer follow-up module and the ability to generate reports used for day-to-day operations.

- Customer App / Underwriting App

This app helps customers interact with the company and to purchase 3rd party motor policy covers and Children's Health Policy via the app, which is available on app stores. Customers can even view progress of their claims in real time. The app also offers general information about policy details, provides a digital view of the motor insurance card and contains details about the branch network and contact information for the company.

### **Digital Payments**

- Further, the company has tied up with Dialog's Ezy Cash, which is a popular Mobile Wallet which allows customers to pay insurance premiums via this platform.
- In addition, Mobitel mCash customers can also pay their premiums via the app.

### **Travel Insurance Online**

- The company has also tied up with the Galileo - Airline reservation system to market our travel insurance product, which is inbuilt into their reservations system. When an air ticket is purchased, travellers seeking Travel insurance can instantly access Ceylinco General Insurance's Travel Insurance and pay premiums via the same Galileo system which is in turn remitted to us, making travel insurance a hassle-free process.

### **Call Centre - Uninterrupted Service Delivery**

Ceylinco General Insurance boasts one of the largest call centres in Sri Lanka, which is the hub of the company's operations. The efficient 24/7 call centre service sets our brand apart from the rest and gives it a competitive edge. At any time, over 40 tele-operators field calls from policyholders and the general public - offering superior customer care while swiftly answering questions, resolving issues and processing claim intimations. The state-of-the-art facility handles over 485 vehicle accident complaints and over 100 non motor claim intimations per day on average. The centre handles customer queries, accident reporting, product inquiries and branch information etc. The friendly and speedy service offered by our call centre staff helps retain customers while adding to our brand value.



# OPERATIONAL REVIEW



## Human Capital

The Company human resources have been its key success pillar, strongly supported by career development, skills enhancement, professionalism of staff and succession planning. The year 2020 posed challenges across the business and even more so in managing our staff amidst an uncertain economic environment and low business confidence in the country. Nevertheless, reflecting the company's employee-centric culture, no staff retrenchments or salary cuts were effected during the height of the lockdown. The company complied with all the COVID-19 health and safety measures from health experts. Majority of staff were given the necessary support and facilities to work from home. Going a step further in October 2020, we paid a special performance bonus to our staff (the lowest being 70% of the salary; an addition to the usual annual bonus of three months paid in December).



**Rs. 6,825,472**

Premium Per Employee



**Rs. 499,932**

Net Profit per Employee

### 1. Staff by service

	Under 5 yrs	5 – 10 yrs	11 – 15 yrs	16 – 20 yrs	Over 20 yrs	Total
Male	1,023	533	379	178	231	2,344
Female	326	140	45	24	65	600
Total	1,349	673	424	202	296	2,944

### 2. Age analysis of Staff

	18 – 35 yrs	36 – 40 yrs	41 – 45 yrs	46 – 55 yrs	56 yrs	Total
Male	1,281	386	309	307	61	2,344
Female	435	54	42	56	13	600
Total	1,716	440	351	363	74	2,944

### 3. Employee Productivity

Premium Per Employee - Rs. 6,825,472

Net Profit per Employee - Rs. 499,932

### 4. Recruitment & Selection

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

### 5. Equal Opportunity Employer

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

### 6. Management Trainee Programme

In January, 2020 nine management trainees were recruited and given a comprehensive overall training in all departments including a three-month training in branches. In November, upon successful completion of their training they were absorbed to the management cadre as Assistant Managers. During and even after the training they were involved in several projects such as research, development and test marketing of a unique health insurance product and so on in a bid to give them maximum exposure to all aspects of the company's functioning.

### 7. Staff Training

As a leading corporate entity operating in the services industry, our staff has to be extremely competent in serving customers with the highest levels of service. A critical part of our training is role-playing with senior staff while a substantial budget is also allocated for training and bringing their skills up to required standards.

A culture of learning and development pervades the organisation. The Company conducts a Training Need Analysis and then designs the training plan and gauges effectiveness through an established evaluation system.



Disciplined underwriting has been one of the keys to our success and we hold regular exams for our underwriters to ensure they remain at the cutting-edge of the industry.

During the year under review, three Outbound training programmes to Dambulla were conducted for developing team building and leadership skills. Other programmes conducted in 2020 :

- i. Management Development programme for next level managers in Branch Admin, Leadership & Team Building, Communication, IT , Financial aspects  
Marketing Management and Service Excellence, People Management, Attitude  
Development, Presentations skills
- ii. Six Motivation Programmes conducted 6 at regional level in Matara, Kandy, Anuradhapura, Ratnapura, & Colombo ( 2)
- iii. two Outbound training for Automobile engineers
- iv Sales and Customer care training at regional level
- v Insurance product training
- v Personal development programmes

## 8. Performance Appraisal

Our employee appraisal process became even more transparent with the introduction of the on-line Staff

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

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

## 9. Grievance counselling

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

## 10 Transparency and Anti-Corruption Practices

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

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

## 11. Employees Welfare Society

In keeping with the company's pledge to nurture the health and wellbeing of employees, the Employees Welfare Society plays an active role in keeping staff engaged in activities such as blood donation camps and family musicals and so on. The Society also represents the panel in disciplinary inquiries as independent members.

## 12. Sports Club

Likewise, the Sports Club encourages employees to take part in mercantile tournaments, etc.

## 13. Reward & Recognition

After continuing for 16 consecutive years the annual overseas tour which was planned for June 2020 had to be reluctantly cancelled due to the outbreak of the global pandemic. Nevertheless, a performance bonus was paid covering the entire cadre in October 2020 and to reward the staff for their relentless efforts and the high level of commitment displayed during the lockdown

The much-awaited Annual Sales Conference and Awards Ceremony for 2019, also could not be held with the usual pomp and pageantry but rewards for 700 sales staff were given as usual for their performance in 2019.

## Volunteerism

Staff volunteerism is high within the company as employees are actively involved in various religious ceremonies across the island, providing devotees with much-needed refreshments at places of worship. These refreshment programmes were sustained for the 10th consecutive year and over 15 such programmes were held during the year under review to benefit thousands of devotees.

# CORPORATE MANAGEMENT



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



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



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



Mr. C. Kotigalage  
*Head of Legal*



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



Mr. S. Thilakeshwaran  
*Deputy General Manager*



Mr. S.H. Panangala Liyanage  
*Deputy General Manager*



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



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



Mr. R.S. Arulanandan  
*Deputy General Manager*



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



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



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

Retired w.e.f. 25.12.20



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



Mr. I.A.K.J.P. Ilankoon  
*Senior Assistant  
General Manager*



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



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



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



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



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



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



Mr. R.S. Joseph  
*Assistant General Manager*



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



Mr. U.K.U. Wijeratne  
*Assistant General Manager  
(Financial Services -  
Branches)*  
Retired w.e.f. 15.07.20



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



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



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



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



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



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



Mr. W.P.S. Pemachandra  
*Regional Manager*



Mr. V. Nissanka  
*Regional Manager*



Mr. M.A.L. Ravindra  
*Regional Manager*



Mr. R.B.R. Wijeratne  
*Regional Manager*



Mr. D.S. Karunaratne  
*Regional Manager*



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



Mr. V.K. Gunathilaka  
*Regional Manager*



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



# MANAGEMENT STAFF - CORPORATE SALES



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



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



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



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



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



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



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



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



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



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



Mr. K. Alikhan  
Senior Manager  
(Corporate Accounts)



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



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



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



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



Mr. W. George  
Senior Manager  
(Corporate Accounts)



Mr. N. Hettiarachchi  
Senior Manager  
(Corporate Accounts)



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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

# MANAGEMENT STAFF REGIONAL/ AREA SALES MANAGERS



Mr. S.K. De Alwis  
*Regional Sales Manager*



Mr. J.S. Rajapaksha  
*Regional Sales Manager*



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



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



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



Mr. N.P. Wadugodapitiya  
*Area Sales Manager*



Mr. H.D. Madugoda  
*Area Sales Manager*



Mr. T.A. Nanayakkara  
*Area Sales Manager*



Mr. S. Gurusinghe  
*Area Sales Manager*



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



Mr. C.S. Mahalekamgedara  
*Area Sales Manager*



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



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



# MANAGEMENT STAFF

## General Managers (City)

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

## General Manager – Finance (Branches)

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

## Head of Legal

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

## Deputy General Manager (Marketing)

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

## Deputy General Managers

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

## Deputy General Manager (Financial Services - City Office)

M. Premaratne ACA, FCMA

## Deputy General Manager (Technical)

C.E. Wimalasuriya ACIC

## Senior Assistant General Manager

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

## Senior Assistant General Manager (Financial Services – Head Office)

A.B. Wijayatunga MCPM – Retired w.e.f. 25/12/2020

## Senior Assistant General Manager (Financial Services)

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

## Senior Assistant General Manager (North Western Region)

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

## Senior Assistant General Manager (Uva Region)

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

## Senior Assistant General Manager

H.J.S. Kumara

## Senior Assistant General Manager (Miscellaneous Insurance)

S.K. Jayasundara

## Assistant General Manager (Marine Insurance)

D. Munasinghe

## Assistant General Managers (Legal)

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

## Assistant General Managers (Risk Management)

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

## Assistant General Manager (Marketing)

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

## Assistant General Manager (Reinsurance)

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

## Assistant General Manager

R.S. Joseph Dip. Mkt (UK)

## Assistant General Managers (Corporate Accounts)

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

## Assistant General Managers (Financial Services - Branches)

A.A.U.S.S. Wijeratne ACA, ACMA, MBA (Col.)  
U.K.U. Wijeratne - Retired w.e.f. 15/07/2020

## Assistant General Manager (Information Technology)

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

## Assistant General Manager

K.J.N. Perera

## Regional Managers

V.K. Gunathilaka  
L.A.I.A. Jayasena

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

## Acting Regional Manager

L.P.D. Dharmasooriya

## Chief Manager (Financial Services- Branches)

J. Rambukkana B.Com (Special)- Retired w.e.f. 25/11/2020

## Chief Managers (Financial Services)

Mrs. W.P.S. Jayasinghe BSc (Busi. Admin) (Special)  
B.C.P. Kumara  
O.B.R. Perera  
A.K.M. Wickramasinghe BB Mgt (Sp) (Hons)

## Chief Manager (Financial Services/ Technical)

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

## Chief Manager (Internal Audit)

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

## Chief Legal Officers

S.A.K. Haputhanthri Attorney-at-Law, Commissioner for Oath  
S.T. Lamabadusooriya LLB, Attorney-at-Law & Notary Public, Commissioner for Oath, Regd. Co.Sec.  
Mrs. H.M. Pethiyagoda LLB, Attorney-at-Law & Notary Public, Commissioner for Oath

## Chief Risk Engineers

B.G.N.I.B. Basnayake BSc (Eng.)  
C.C. Ekanayake BSc, MIEE (UK), AMIE (SL)  
E.M.N. Lasantha BSc (Eng.)  
J.A.T.I. Perera NDT (Mech.Eng.)  
N.S. Weerakoon  
R.K. Wijeyasinghe BSc (Eng.), AMIE (SL), PG Dip. Elect. Eng.(SL)

## Chief Technical Managers (Underwriting)

M.D.R.D. Gunatillake  
B.I.U. Kumara  
Mrs. N.D.D.J. Serasinghe

# MANAGEMENT STAFF

## Chief Manager (Marine Insurance)

W.R.S. Fernando

## Chief Manager (Software Development)

H.A. Dikkumbura

## Chief Technical Managers

A.A. Nandana

K.M.C.S. Perera

H.M.T. Herath - BSc (Mkt. Mgt.) (Special),

ACII(UK), Dip SLII, LIII (India), Chartered Insurer

## Chief Technical Managers (Automobile)

B.S.B. Jayasekara AMIAE (SL)

A.R. Pietersz FIAE (SL)

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

## Chief Manager (Training)

W.A.M. Susantha BSc (Busi. Admin) (Special),

AMIPM, MSLITAD, MITD (SL), MBA

## Senior Managers (Corporate Accounts)

K. Alikhan

W.M.C.J. Bandara

P.C.N. Dias

W.P.N. De Alwis

V.S.D. De Mel

M.P.S. Divithurugama

W. George

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

MBA (Aust.)

H.C.S. Hemantha

N. Hettiarachchi

M.D.S.R.L. Jayasekara

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

B.G.S. Mendis

B.D.C. Perera

W.A.S. Prasanna

M.A.S. Priyadarshana

M.A.V. Priyadarshana

S.A. Priyantha

T.S.R. Peiris

M.A.S. Rupathunga

W.M.A.C. Sanjana

S.A.D.L. Sural - MBA(Wales), Pg. Dip Mkt (UK), MCIM

V. Sivakumar

W.A.M.L. Soloman

M.D.J. Thilina

U.A.R.S. Udawela

## Senior Legal Officer

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

## Company Secretary/Senior Manager

Mrs. Nilika Abhayawardhana ACIS (UK)

ACCS (SL)

## Senior Manager (Company Secretarial)

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

## Senior Risk Engineer

H.D.J.K. Perera BSc

## Senior Managers (Internal Audit)

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

SAT, CBA

P.U.U. Perera B.Com

## Senior Managers (Financial Services)

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

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

S.L.W. Fernando

J.S. Liyanarachchi

K.N.N. Madarasinghe

K.L.R.D. Silva

## Senior Technical Managers (Underwriting)

V.A.L.C. De Silva

Mrs. M.W.S.N. Mangalie

M.A.G. Perera

P.L. Sumanapala

## Senior Technical Managers

A.K.I.K. Ariyaratne - ACII (UK), Dip. SLII,

ANZIIF (Snr Assoc) CIP, Chartered Insurer

H.M.A.P. Abeywardena

W.R.N. Dep

Mrs. H.P.R. Dilrukshi

## Senior Technical Managers (Claims)

Mrs. T.K.K. Ratnayake

I.M. Karunasena

## Senior Manager (Applications)

M.H.M. Sajeendra

## Senior Manager (Data Centre Operations)

D.A.T. Dissanayaka

## Senior Manager

R.M.S.P. Rajapaksha

## Senior Technical Managers (Automobile)

C.J. Amarakoon

K.P.U.D. Gunasekara

A.I. Gunawardana

## Senior Managers (Customer Services)

H.V.C. Dhammika

T.L.R. Sampath

## Senior Managers

R.D. Abeygoonawardena

C.R. Gabriel

K.L. Malwatte

## Senior Systems Engineer

P.O.N. Perera

## Senior Software Systems Engineer

D.A.L. Manchanayake

## Senior Applications Engineer

W.M.S.R. Seneviratne

## Senior Data Centre Operations Engineer

W.W.A.D.S. Sanjaya

## Managers (Financial Services)

A.M.L.D. Athauda

R.R.P. Bandara

S.H.M. Chandrasiri

M.P.C. Costa

H.G.N.S. Gunathilake

H.L.N.C. Nanayakkara

W.J.J. Perera

L.P.S. Pemakumara

S.S.T. Pinnagaspitiya

M.R.P. Peiris

S. Rambukwella

S.M.A. Ranith

W.A. Soysa

Mrs. R.H.P.R. Silva

G.D.R. Siriwardena

## Managers (Internal Audit)

I.A.S.P. Fernando

J.A. Handaragama

R. Munasinghe

#### Technical Managers (Automobile)

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

#### Technical Managers (Underwriting)

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

#### Technical Manager (Crop & Livestock Insurance)

D.D.N.T. Dematagoda

#### Technical Managers

R.P.I.P.T. Amarasekara  
Mrs. W.K.V. Edussuriya  
T.J.A. Perera  
R.J. Rozairo  
Mrs. I.D. Samaranayake

#### Senior Area Automobile Engineers

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

#### Area Automobile Engineers

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

#### Managers (Customer Care)

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

#### Manager (Recoveries)

S.F.F. De Silva

#### Manager

D.S.J. Wickramaratne

#### Manager (Marine Survey)

W.M.U. Shantha

#### Manager (Propaganda)

W.D.P. Sanjeewa

#### Risk Engineers

A.A.A. Balasinghe  
P.G.G.D. Chandima

H.L.T.T. Dinuka  
D.M.S.A. Dassanayake  
W.A.S. Fernando  
S.B. Gamaarachchi  
K. Hajananan  
S. Jeganesan  
H.M.L.R. Jayasundara  
H.R. Karunarathna  
M.H.I.P. Kularathne  
N.L.D.J. Nanayakkara  
G.R. Siriwardhana  
J.Thuvarahan  
H.D.P.A. Siriwardena

#### Chief Loss Adjustors/Accountant

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

#### Regional Sales Managers (Branches)

S.K. De Alwis - Consultant w.e.f. 12/01/2021  
J.S. Rajapakse

#### Area Sales Managers (Branches)

K.P.L.A. Balawardena  
D.A.S. De Silva  
L.H.M.L. Dayananda  
D.S.R. Dissanayake  
S. Gurusinghe  
H.D. Madugoda  
C.S. Mahalekamgedara  
T.A. Nanayakkara  
P.S.M. Rerukana  
P.L.N.C. Sampath  
K.M.R. Ranasinghe  
N.P. Wadugodapitiya

#### Senior Sales Managers (City)

K.T.G.N. De Silva  
Miss. K.A.D. De Silva  
L.A.S. Edirisinghe - Consultant w.e.f. 16/11/2019  
M.C.A. Fernando  
J.K.C. Jayawardana  
K.M.S.N. Kumara  
P.A.L. Kumara - Consultant w.e.f. 13/07/2020  
S.H.N.D. Kumara  
K.D.D. Kumara  
S.I. Liyanage

D.A.H. Prasad  
R.V.N.S. Rajapaksha  
K.S. Sanjeewa  
R.U. Sampath  
S.U. Thalakumbura  
R.T.D.W. Tilakaratne - Consultant  
w.e.f. 26/02/2021  
W.M.J. Weerasekara

#### Senior Sales Managers (Branches)

A.M.W.J. Adikari  
D.J.K. Dadigamuwa  
D.P.R. Gunasiri  
H.M.T. Hemantha  
R.K.M.A.P. Jayasundara  
P.P.B.W. Jayalath  
T.A.B. Peiris  
W. Sanjaya  
W.L.D.K. Weerasuriya  
Y.M.N.A.S. Yapa

#### Managers (Corporate Accounts)

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

#### Sales Managers (City)

H.G.N.L. Ariyaratne  
J.D.C. De Alwis  
H.M.E.G.P.R. Egodage  
W.W.M.A.B.P. Fernando  
W.M.A.M. Fernando  
B.P. Jayawardena  
D.C. Jayawardena  
U.I. Kodagoda  
H.R.T. Perera  
B.A.C.S. Sarathchandra  
N.J. Thavachchelvam

#### Sales Managers (Branches)

K.M.K.M.K. Abeyrathna  
S.R.D.D. Abeykoon  
C.I. Abenayaka  
K.A.A.P. Abhaya Wickrama  
D.P. Amarasinghe  
C.P. Abeysekara  
E.M.C. Bandara  
K.T.M.S.R. Bandara  
M.R. Benjamin  
K.M.C.K. Balawardana  
G.L.P. Bhathiya

# MANAGEMENT STAFF

L.H.R.C. Chandrasiri  
R.D.T. Dassanayake  
S.K.D.N. Dayananda - Resigned w.e.f.

25.01.21

D.M.M. Deshapriya  
G.K.A. De Silva  
M.C. Dhammika  
G.L.N.C. De Silva  
W.M.D.C.B. Dissanayake  
P.L.S. De Silva  
D.M.R.N.U.B. Dissanayake  
H.G.S.De A. Abesiriwardena  
P.V.S.P.V. De Silva  
N.G.K.H. Dhanapala  
Y.M.D. Dilan  
M.B.I.N. Fernando  
M.C.K. Fernando  
W.M.S.S. Fernando  
W.D.R.S. Fernando  
A.M.A.S. Fernando  
J.M.R.K.D. Galgamuwa  
S.K.K. Gunarathna  
G.M.N.K. Gamlath  
H.M.S.B. Herath  
R. Ingaran  
S.P. Jagathsiri  
P.H.M.C. Jayalath  
J.M.D.C.P. Jayamanna  
D.T. Jayathilaka  
M.H.M.S. Jayarathna  
T.N.P. Jayarathna  
W.T. Jayasingha  
R.C. Jayasundara  
T.A.S.C. Kumara  
K.K.S.K. Kumara  
M.G.S. Kumara  
S.S. Kumaradasa  
P.V.P.L. Kumarasiri  
W.S.A. Kumarasiri  
H.L.D.S. Kumara  
M.D.P.S. Karunaratne  
M.R. Kannangara  
A.A. Karunadasa  
I.M. Kalansuriya  
D.T.N. Kulasekara  
H.R. Kumara  
K.W.T. Kellapatha  
K.G.C.P.K. Kumara  
M.T.N.A. Kumara  
S.J. Liyanage

P.D.C. Lakchan  
A.H. Lalith  
M.D.K.G. Munasinghe  
R.P. Marasinghe  
I.G.K.M. Mudannayake  
H.P. Mallawathantrige  
M.A.D. Nishantha  
N.M.C.K. Nawarathne  
B.A. Perera  
K.A.S. Piyasena  
M.W.S.S. Piyarathna  
C. Pratheepan  
P.S.S. Peiris  
B.P.K.D. Pathirana  
V.G.D.S. Priyadarshana  
P.K.A.K. Priyadarshana  
S.M. Pradeeparathna  
S.M.J.N. Perera  
K.M.N. Perera  
G.A.M. Pereira  
K.D.U.K. Perera  
J. Prashanth  
H.M. Pushpakumara  
N.J. Rajapakse  
R.A.C.R. Ranasinghe  
H.M.N.T. Ranathunge  
L.R. Rathnasiri  
R.T. Ranatunga  
M.H.M. Rizwan  
M.R. Raffel  
B.M.D.C.L. Ranasingha  
M.S.S. Rodrigo  
G.H.U. Roshan  
H.A.G. Sathyajith  
S.A.M.A.N.C. Senanayake  
L.S.A.M.J. Siriwardhana  
S.T. Somatilake  
W.R. Suresh  
A.K.H.M. Somasiri  
K.A.H.K. Sirisoma  
S.A. Sanjeewa  
E.G. Sirimal  
N.A. Sanjaya Siri  
K.J.M.S. Silva  
D.G.R. Saliya  
S. Thavakkumar  
S.D. Thotawattage  
T.M.G.B. Telwadana  
T.G.A.N. Thalawatta  
N.M. Uduweralla

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

## Branch Managers

I.I. Attanayaka  
A.D.W.I. Anushan  
T. Athithan  
D.M.R.N. Dissanayake  
N.N.R. Diunugala  
K.C.S. Fernando  
M.S.R.M. Fernando  
N.G.C. Gunarathne  
I.D.G. Idirideera  
M.G.A. Jayanath  
M.S. Kosgallana  
P.V. Kumara  
D.D.S.S. Kumar  
T.I. Lanthra  
H.P.V.U. Mahindaratne  
D.S. Menik Kadawara  
W.M.R.B. Naranpanawa  
L.T.P. Perera  
B.A.S. Priyadarshana  
H.K.M. Priyanka  
R.P.S.R. Randunu  
D.L.W. Rathnayaka  
P.J. Raweendra  
A.L.N. Suranga  
S.A.L. Samarasinghe  
N.C. Samarawickrama  
W.A.C.R. Weerasinghe  
W.M.R.B. Wijekoon

## Acting Branch Manager

M.R.T. Ranganath

# THE PEOPLE'S STABILITY



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# CORPORATE GOVERNANCE

The COVID-19 pandemic presented countries with unprecedented challenges not only during year 2020 but also 2021, requiring them to respond quickly to major disruptions in healthcare, economic activity and livelihoods. We at Ceylinco General Insurance Limited has been at the forefront of that response, mobilising strategies rapidly to improve conditions while mitigating future adverse impacts both short-term and long-term in your Company.

The Board bears overall responsibility for corporate governance and consequently, for conformance. Ceylinco General Insurance Limited is committed to the highest standards of governance, integrity and ethics. The Board believes sound governance is fundamental to driving sustainable growth, where both robust practices and a strong culture nurtured on the Company's values underpin the delivery of its vision and strategy. The Board seeks to set the tone from the top, leading by example and embracing globally accepted best practices that promote transparency, fairness and accountability. We believe governance is as much about how we do things, as what we practice with in the Company.

Our governance framework is reinforced by a fit for purpose organization structure, comprehensive policy framework, distinct reporting mechanisms, sound internal controls, robust risk management processes and an ethical work culture designed to facilitate transparency, accountability and measurement.

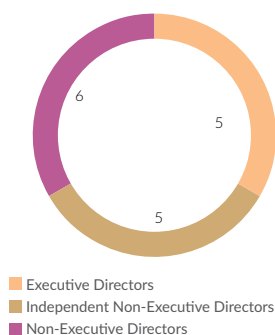
## Board of Directors

The Board of Directors of the Company is responsible for setting the financial and operational policies, reviewing and approving the strategic plans and annual budgets and to ensure that the other affairs of the Company are carried

out to the highest ethical standards, complying with the regulatory and legal requirements, in the best interests of all the stakeholders of the Company.

The Board assumes collective responsibility for strategy, policy, performance, oversight and accountability and has set in place a governance framework and structure appropriate to the Company's size, nature, complexity and risk profile. It is reviewed when necessary, to adapt to internal developments, regulatory requirements, the business environment including technological advancements and international best practice.

Board Composition



The Board of Directors of Ceylinco General Insurance Limited comprises of sixteen Directors of whom five are Executive Directors, five are Independent Non-Executive Directors and six are Non-Executive Directors, one being the Chairman of the Board. A brief profile of the members of the Board of Directors is given on pages 16 to 22.

## Board Appointments

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

## Role of the Chairman and CEO

Ceylinco General Insurance Limited leadership model adopt a clear division of roles and responsibilities ensures that none of the Directors have unfettered powers in the Board decision-making process. Key roles of Chairman and Managing Director/CEO are separated for, strengthening the Board's effectiveness and ensuring objective decision making in the discharge of duties.

The Non-Executive Chairman is responsible for chairing and managing the operations of the Board while ensuring effective participation of all Directors. The Chairman oversees the setting of the agenda of Board Meetings in consultation with the MD/CEO to ensure that there is sufficient information and time to address all agenda items and promotes open discussions by all Directors at Board Meetings.

The executive responsibility for the functioning of the Company's business including implementation of strategies approved by the Board and developing and recommending to the Board the business plans and budgets that support the Company's strategy has been entrusted to the MD/CEO.

## Board meetings and attendance

At Ceylinco General Insurance Limited, board meetings are well chaired. Meeting agendas are pertinent. Meetings are held regularly and minutes documented accurately. The company secretarial function supports the Board effectively. Special Board Meetings are convened when required. The Board always dedicates adequate time and effort to matters of the Company, to ensure that the duties and responsibilities to the Company are satisfactory discharged.

The number of Board meetings held during 2020, together with individual attendance, is given on page 70 of this Annual Report.

#### Board Performance

The Company does not have a formal procedure for the evaluation of Board performance, however all Directors dedicate adequate time and effort to the affairs of the Company. Further the Board ensures contributions of all Directors are made to achieve the corporate objectives.

#### Board Interaction with Shareholders

The Company is committed to maintain balancing the interests of all stakeholders in the creation of sustainable value with good relationship. Our stakeholder engagement mechanisms are structured and comprehensive, providing valuable insight into stakeholder concerns. Shareholders have the opportunity to meet and question the Board of Directors at the Annual General Meeting. All items of business going to be considered at the AGM are included with the Notice of Meeting, which will be sent to shareholders 15 working days prior to the AGM.

#### Directors Remuneration

The Remuneration Committee is responsible for defining the remuneration policy of the Company. No Director is involved in deciding his own remuneration. Directors' remuneration in respect of the company for the year 2020 is given in note 40 to the Financial Statements.

#### Statement of Compliance

The extent of Company adherence to the rules on Corporate Governance and the mandatory requirements in respect to Board Committees as specified in the Listing Rules of the Colombo Stock Exchange and the level of compliance maintained by the Company are analyzed below.

Rule No:	Rule of Corporate Governance	Status of Compliance	Details
7.10.1	Two or one third of Directors, whichever is higher, should be Non – Executive Directors.	Complied	The Board comprises Eleven Non-Executive Directors.
7.10.2 (a)	Two or one third of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be “independent”.	Complied	The Board comprises Five Independent Non-Executive Directors.
7.10.2 (b)	Each Non-Executive Director to submit a declaration of his/her independence or non-independence in the prescribed format.	Complied	The Non-Executive Directors have submitted the declaration.
7.10.3 (a)	The names of Directors determined to be independent should be disclosed in the annual report.	Complied	Please refer page 151
7.10.3 (b)	In the event a Director does not qualify as independent as the criteria set out in corporate governance, but if the Board is of the opinion that the Director is nevertheless independent, that shall specify the criteria not met and basis of the determination in the annual report.	Not applicable	No such determination required.
7.10.3 (c)	A brief resume of each Director including the areas of expertise should be published in the annual report.	Complied	Please refer page 16



## CORPORATE GOVERNANCE

Rule No:	Rule of Corporate Governance	Status of Compliance	Details
7.10.5	A company shall have a Remuneration Committee.	Complied	Please refer page 63
7.10.5 (a)	The Remuneration Committee shall comprise a minimum of two Independent Non-Executive Directors or Non-Executive Directors majority of whom shall be independent whichever is higher.	Complied	The Remuneration Committee consists of three Non-Executive Directors and two of them are independent.
	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board	Complied	Mr. S.C.G.Guruge functions as Chairman of the Remuneration Committee.
7.10.5 (b)	The Remuneration Committee shall recommend the Remuneration of the Chief Executive Officer and the Executive Directors.	Complied	Please Refer Page 63
7.10.5 (c)	The annual report should set out:	Complied	Please refer page 63
	The names of Directors comprising the Remuneration Committee		
	A statement of remuneration policy	Complied	Please refer page 63
	The aggregate remuneration paid to Executive and Non-Executive Directors.	Complied	Please refer page 143
7.10.6	A Company shall have an Audit Committee	Complied	Please refer page 58
7.10.6 (a)	The Audit Committee shall comprise a minimum of two Independent Non-Executive Directors or a Non-Executive Directors a majority of whom shall be independent, whichever is higher.	Complied	The Audit Committee consists of Two Independent Non-Executive Directors.
	One Non-Executive Director shall be appointed as Chairman of the Audit Committee by the Board.	Not Complied	Independent Non-Executive Director of Holding Company was appointed as Audit Committee Chairman.
	The Chairman or one member of the committee should be a member of a recognized professional accounting body.	Complied	Chairman of the Audit Committee is Fellow Member of the Chartered Institute of Management Accountants (UK)
	The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Complied	Please refer Page 58



Rule No:	Rule of Corporate Governance	Status of Compliance	Details
7.10.6 (b)	Confirmation of functions of the Audit Committee is in accordance with the rules.	Complied	Please refer page 58
7.10.6 (c)	The annual report should set out:  The names of the Directors who comprise the Audit committee	Complied	Please refer page 58
	The Audit Committee should make a determination of the independence of the auditors and shall disclose the basis for such determination.	Complied	Please refer page 58
	A report by the Audit Committee setting out the manner of compliance of the functions during the period.	Complied	Please refer page 58
7.10.7	In the event a listed entity fails to comply with any of requirement contained in Rule 7.10 of these Rules, such entity shall make an immediate announcement to the Market via the exchange on such non-compliance, not later than one market day from the date of non-compliance.	Not Applicable	

# CORPORATE GOVERNANCE

## Details of the Board Committees

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

# REINSURANCE ARRANGEMENTS

## RETENTION OF RISKS UNDER VARIOUS CLASSES OF INSURANCE

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

## MAJOR TEN REINSURERS

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

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

# BOARD AUDIT COMMITTEE REPORT

The Audit Committee Charter dictates the purpose, authority, composition, meetings and responsibilities of the Committee. The Board of Directors is responsible for the approval and effective implementation of the Audit Committee Charter and the appointment of the Audit Committee.

## Composition

The composition of the Committee is as follows

**Mr. D.H.J. Gunawardena**  
*Committee Chairman*

**Mr. Yu Kitai**  
*Non-Executive Director*

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

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

The members bring a multitude of varied expertise and knowledge to the audit committee, enabling the effective conduct of its operations. Brief profiles of the members are given on pages 16-22.

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

## Purpose

The purpose of the Audit Committee is to:

- Assist the Board of Directors in fulfilling its overall responsibilities for the Financial Reporting Process.
- Review the system of internal control and risk management procedures.

- Monitor the effectiveness of the internal audit function.
- Review the Company's process for monitoring compliance with laws and regulations.
- Assess the independence and performance of the Company's external auditors.
- Make recommendations to the Board on the appointment of external auditors, their remuneration and terms of appointment.

## Meetings and Attendance

The Committee met four times during the financial year under review. The attendance of the members at these meetings is recorded in page 71 of this Annual Report.

Agendas of the meetings were prepared and distributed to the Committee sufficiently in advance of the meetings.

## Compliance with Financial Reporting, Statutory and Regulatory requirements

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

The Committee reviews the quarterly regulatory compliance reports submitted and observes that the Company's compliance framework provides reasonable assurance that all relevant laws, rules, regulations, code of ethics and standard of conduct have been followed. Instances of non-compliance if any, are included in the Audit Committee's reports to the Board of Directors and followed up to ensure

appropriate corrective action. This procedure ensures that compliance with all statutory and regulatory requirements is effectively monitored.

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual financial statements to ensure reliability of the processes and consistency in the accounting policies and methods adopted and their compliance with the Sri Lanka Accounting Standards (LKAS) and Sri Lanka Financial Reporting Standards (SLFRS)

## Internal Audit

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

## External Audit

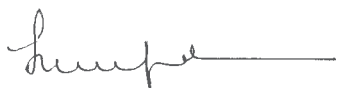
The Audit Committee met with the External Auditors to discuss the audit scope and plan prior to their commencement of the audit. The External Auditors were given adequate access to whatever information they needed for the audit.

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

## Conclusion

Based on the reports submitted by the External and Internal Auditors, the Committee is satisfied that the internal controls and procedures in place for assessing and managing risks are adequately designed and operate effectively and is of the view that they provide reasonable assurance that the Company's assets are safeguarded and that the financial statements of the Company are reliable. The company's strong accounting and administrative procedures are supported by a well compiled Accounting and Administrative Procedures Manual. The Audit Committee is satisfied that the financial position of the Company is regularly monitored and that steps are being taken to continuously improve the control environment maintained within the Company.

The Audit Committee, having looked into the independence and performance of the External Auditors recommended to the Board that Messrs. Ernst & Young, Chartered Accountants be re-appointed as Statutory Auditors of the Company for the financial year ending 31st December 2021, subject to approval by the shareholders at the forthcoming Annual General Meeting.



**Mr. D.H.J. Gunawardena**  
*Chairman, Audit Committee*

26th February 2021

# REPORT OF THE INVESTMENT COMMITTEE

## Objective of the Committee

The investment portfolio of Ceylinco General Insurance Ltd; plays a key role towards strengthening the income and business growth of the Company by providing income, liquidity for the operation and meeting the regulatory requirements set by the Insurance Regulatory Commission of Sri Lanka. The portfolio represents and demonstrate the wealth accumulated over the years by carrying on a business so important to the economy in a prudent manner.

The Investment Committee of the company links the corporate strategy and risk preference of the board of directors to the investment strategy and implements them on the investment portfolio. The committee comprises members of the board and professionals in Treasury and Investment/Portfolio management and Finance. This team brings in the corporate strategy, business situation, macro economic variables and investment market data to the table and drafts strategies on the investment portfolios to meet both the top management overall direction, risk preference and the market realities on which the investments are made. The main target is to coincide the income, liquidity, risk and regulatory requirements at the most optimum combination.

The investment climate in Sri Lanka is considerably active and volatile as the markets are swift to react to any new information. Our portfolios are therefore exposed to macro economic changes and some financial market specific factors. They include inter-bank liquidity, monetary policy decisions of Central Bank and fiscal policy implementation by the government. Also the perceptions and speculations of market participants play a decisive role on the asset values and yields. In addition the factors

to consider cross the local market boundaries and our economy as things that happen beyond our shores affect the local markets. World data such as crude oil prices, economic policy decisions of regional Central Banks and International portfolio manager's decisions on Asia –Pacific and South Asian markets are having an impact on our asset values.

The above information is looked at along with the ERM framework by the Investment Committee to develop the long term and shortterm investment policies. Based on them, the strategy for each of portfolios of government securities, bank deposits, debentures, equity and real estate are drafted.

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

## Functioning

The Investment Committee Meetings are held periodically. At these meetings, the committee assesses the macro economic factors such as and not limited to the inflation, interest rates, exchange rates, GDP growth and reserve position. In addition the budget proposals and the infrastructure projects and fund raising policies of the government are also considered. The policy decisions by US, Euro zone, Singapore, India and other Asia Pacific countries attract attention at these meetings, as they have an impact on the financial markets of Sri Lanka. The committee having this information and an overall view of the future of the

economic climate, drafts the investment direction for the portfolios.

Having the above view and the data which drew the view in the back drop, the portfolios are assessed by the committee. The attention is drawn towards the asset structure, market values of them and asset current yields to establish as to what level the present asset structure and asset quality match with the desired structure and it's features as per the new prevalent and expected macro conditions. When the market participants introduce new investment instruments or fresh issues of any financial instrument is made available for investment; the committee assesses the suitability of them by way of looking at impact of capital charges in RBC framework, risk to yield combinations, adherence to overall risk preference of the company board of directors and overall exposure to the category of investment being considered. The concerns raised by any member of any instrument, necessary approvals or consent if required are documented along with investment justifications. This is done for future reference to ensure transparency, accountability and access to information, following a proper procedure and internal controls.

Business cash cycle is an important element in Treasury Management. The committee study the cash cycle of the company in the form of cash inflows / originating activities and allocation of it for different uses and the form of assets it is being stored. These figures are reconciled to the changes in investment volumes to ensure cash are converted to yielding forms effectively. This is to ensure that optimum quantum is allocated to yielding assets while the requirements for other assets and business related outflows are met. This

is a vital aspect for short term liquidity, health of the portfolio and long term strength of the company.

While investments are made, It is vital to ensure that all investment related transactions are recorded properly . The committee looks at the asset data base records and accounting ledger balances to ensure proper records are maintained. This is important as the starting point in safeguarding assets is having accurate records. The system followed by the company is having a dual control system over assets. This is achieved by having a set of records at the finance division in the form of ledgers and schedules and at the treasury and investment unit in the form of data bases. All records are audited daily with balance confirmations from live CDS accounts and physical verifications are performed for physical/ script form entitlements.

The profitability, as it is a relative measure to the market yields; the portfolio yield and investment income in total for the present year to date is reviewed by the committee in comparison to the market yield that prevailed during the year to date and the benchmarks set. Deviations, if any, are discussed and corrective action if needed, are also discussed to ensure that the portfolio yield targets remain relevant to the markets and desired results are achieved. This rational method of strategic direction has helped the portfolios achieve the desired benchmark yields throughout the past.

### Economy in 2020

Year 2020 was a challenging economic year with the impact of the COVID-19 pandemic. To control the spread, the country was shut down for months on two occasions; March and October. Even in the other months after march lockdown, the country was yet to resume full scale operations.

The domestic consumption reduced heavily, while production operations continued at reduced scales, imports were strictly controlled and no tourists were allowed in to the country. However exports recorded impressive figures by exceeding USD 1bn per month on three occasions. The economy contracted marginally during 2020 in summary.

The CCPI measured inflation for 2020 was 4.2% with an annual average of 4.6%. The figures are rather similar to 2019 figures of 4.8% and 4.3% respectively. The inflation remained at the low levels due to the absence of demand caused by reduced mobility of people and changes to lifestyle forced upon people by the COVID-19 pandemic. While the demand reduced, the same factors made the output also reduce. This combination kept the inflation much constant without increasing or decreasing significantly.

Interest rate of 01 year Treasury Bill which was at 8.45% at beginning of 2020 reduced to 5.05% by the end of 2020. This can be read as a result of the combined effect of policy rate reduction by the Central bank by 2.5% during 2020 where the Central Bank SDFR & SLFR became 4.5% and 5.5% at the end of year 2020 and the flooding of banking system with liquidity release through reduction of Statutory Reserve Ratio (SRR) to 2% in June from 4% releasing around Rs.115 bn to the banking system for circulation. The Average Weighted Prime Lending Rate/ AWPR reduced from 9.7% to 5.8% while different relief debt schemes and rescheduled loans were given under debt moratorium schemes to keep the economy and livelihoods afloat.

The total government debt stood at Rs. 14.5 Trillion (Tr) by September 2020 with Rs. 7.9 Trillion of it being domestic debt and Rs. 6.6 Tr was foreign. Of

the total domestic debt Rs.1.2 Tr was Treasury Bills and Rs.5.3Tr was T'Bonds. The total debt had increased by Rs.1.5 Trillion in the months to September of 2020 from Rs.13 Trillion at the end of 2019.

The Gross Domestic Product (GDP) having recorded 2.3% growth for 2019 , had a tough year in 2020 as mentioned previously due to the restrictions on economic activities and habits of people. The GDP in first quarter recorded (negative 1.7%), 2nd quarter (negative 16.3%) and 3rd quarter recovered to positive 1.5%. The annual GDP growth for 2020 is predicted to be in the range of negative 3% to 4% levels, while most expected is negative 3.6%.

International trade was very positive for exports while imports faced tough controls. Tourism income earned up to November was USD 956 Mn for the year which was only 30% of what it earned in 2019. Goods exports however had a satisfactory year under this environment achieving USD 9.9 bn being 104% of the revised USD 9.5 bn target for the year. It crossed USD 1 bn per month on three occasions. The figures up to October show that goods exports were USD 8.3 bn which is 16% down from 2019 and goods imports were also down 20% to USD 13.1 bn reducing the trade gap to USD 4.8 bn from USD 6.4bn. The worker remittances had a marginal positive growth of 2.6% to USD 5.7 bn. reversing the reducing trend seen before the pandemic.

The average exchange rate which began the year at Rs.181 levels per USD reached Rs.187 levels by the end of the year. Given the pressure on external sector and debt due to rating downgrades by Moody's to "Caa1" from "B2" and Fitch to "CCC" from "B-". The Central Bank however issued many USD denominated Development Bonds,

# REPORT OF THE INVESTMENT COMMITTEE

organized currency swap arrangements with India and China to maintain the strength of the external position. The official reserves of the country stood at USD 5.5 bn by November end.

With a renewed interest at the stock market, the All Share Price Index closed the year 2020 at 6,758 up from 6,165 points at beginning of year.

## Investment Strategies and Returns

Overall interest rates had a downward shift in the yield curve for all maturities and risk categories. The significant drop which came amidst country lockdowns and slow activities made opportunities for investment shifts scarce. With the early predictions of a possible rate reduction, some longer term investments were made while after a point the strategy had to be changed to concentrating on short term investments as the rates came down and the yield spreads narrowed.

The equity markets went through a tough patch during midyear. However as the individual securities we held were fundamentally strong, it was decided not to cut-loss or exit at that point, which proved a rational decision by the end of year.

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

The above strategies and portfolio management provided the company yields from the government securities portfolio and total portfolio returns which were above that of the market average returns

## Portfolios

The investment committee directs the following portfolios

## Meetings

The committee met as scheduled during the year. These meetings followed the agenda of discussing the economy, reviewing the business cash flows, review of



portfolio returns and assets, discussing the future short and long term strategy and approval of any investments requiring committee approval. Further when common view on any matter was required, ad hoc meetings were called or the information was circulated among the members by the investment unit for comments.

The following members participate at the meetings;

Name	Office Held/Representing
Mr. Rohan Fernando	Director/Chairman of Investment Committee
Mr. Ajith Wijeyesekera	Director/ Committee member
Mr. Upali Witharana	Deputy Managing Director, Director (Finance), Chief Operations Officer
Mr. Nihal Peiris (By Invitation)	Director – Finance - Ceylinco Insurance PLC.
Mr. Nilantha Piyadasa	General Manager –Finance
Mr. Athula Wijetunga	Snr. Assistant General Manager - Financial Services
Mr. K. Shankaramoorthy	Senior Assistant General Manager - Financial Services
Mr. Manjula Wickramasinghe	Chief Manager – Financial Services
Mr. Kasun Nanayakkara	Director/General Manager - Ceylinco Investcop - Treasury/ Investment Management

Rohan Fernando  
Chairman of the Investment Committee

26th February 2021



# REMUNERATION COMMITTEE REPORT

The Remuneration Committee was established for the purpose of recommending to the Board of Directors the remuneration of the Executive Directors and the Chief Executive Officer. The Committee also approves the remuneration of the Corporate Management team on the recommendation of the Chief Executive Officer.

## Composition

The Remuneration Committee comprises of three Independent Non-Executive Directors as at 31.12.2020.

Members of the Committee are;

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

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

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

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

The Committee met once during the year under review.

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

## The Scope of the Committee

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

- Approving the Remuneration Policy of the Company while recognizing and addressing the short and long term needs of the organization in relation to the performance, talent retention and rewards.
- Reviewing and making recommendations to the Board in formal and transparent procedure, on deciding the compensation of the Chairman, Chief Executive Officer, Executive Directors and other Members of the Board.
- Formulate guidelines, policies and parameters for the compensation structures linked to performance for all Executive staff of the Company.
- Maintaining and developing competitive and attractive remuneration packages for employees at all levels on par with industry standards.
- Ensuring that no Director is involved in setting his own remuneration package.

## Remuneration Policy

The primary objective of the remuneration policy is to attract and retain a highly qualified and experienced workforce and reward their performance accordingly. The Company's remuneration plans determined according to the overall achievement of the Company and pre-agreed individual targets, which are based on various performance parameters. Key Performance Indicators are structured so that the target levels of achievement are challenging but achievable. In discharging its responsibilities, the Committee has carefully reviewed and made recommendations to the

remuneration policy of the Company while ensuring industry norms.

## Directors' Remuneration

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

On behalf of the Remuneration Committee.



Sumith C.G. Guruge  
Chairman – Remuneration Committee

26th February 2021

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibilities of the Directors in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in their report appearing on page 75.

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 2021 to 2022 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

26th February 2021

## Compliance Report

In respect of the Financial Year ended 31st December 2020 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

26th February 2021

# ENTERPRISE RISK MANAGEMENT

## Enterprise Risk Management

The company is positioning “Risk Management” as a highest priority issue, and conduct Risk Management in line with the Risk Management Policy. The company endeavors to assess, evaluate and control the risks accurately to respond to diversified and complexed management risks to discharge its responsibility to its customers, shareholders and all stakeholders.

The Company exercises “risk management” by incorporating the following processes into its operations:

- ① **Identification of Risk:**  
Identify and recognize risks
- ② **Evaluation of Risk:**  
Ascertain the size and possibility of risks quantitatively or qualitatively
- ③ **Risk Treatment:**  
Optimize the scope and extent of each risk, and retain, transfer or avoid risks
- ④ **Reviewing Effectiveness and Making Improvement:** Review the effectiveness of risk treatment, and thereby make improvements based on the review outcome
- ⑤ **Reporting**  
Report the status of risks and risk management activities to the Management Meeting in a timely manner

In order to carry out Risk Management, the Company utilizes following Risk Management Framework

Establishment of organization and structure for risk management

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

Establishment of framework for executing risk management process

- ① **Improvement of risk management awareness**  
Foster a corporate culture that emphasizes risk management, and create an environment wherein each and every officer and employee is sensitive to and aware of risks.
- ② **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.
- ③ **Monitoring**  
Establish a framework whereby the status of risks and risk management shall be monitored, investigated and analysed by an independent standpoint from the organization exposed to the risks, and thereby give warning and monitor their preventive activities.

- ④ **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.

- ⑤ **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.

# ENTERPRISE RISK MANAGEMENT

Key types of Risks and policy on managing the same is tabulated below;

Risk	Definition	Management Policy
Insurance Underwriting Risk	Risk that the Company may incur losses due to changes in economic conditions and incidence rates of insured events, etc. contrary to the forecasts made at the time of setting premium rates.	Considering that insurance underwriting risks follow the Law of Large Numbers, the Company shall analyze the characteristics of its risk, set appropriate premium rate, set up retention policy, secure reserves for losses due to changes in such as socio-economic environment or natural catastrophe, and establish a stable and sound insurance-underwriting and claim-payment framework for the future.
Asset Management Risk	<p>Risk that the Company may incur losses due to fluctuations in the value of assets held (including off-balance sheet assets).</p> <p>It consists of these three risks :</p> <p><b>Market Risk:</b> This is a risk where various market risk factors, such as interest rate, foreign exchange rate, and stock price cause fluctuation losses in the value of retained assets and liabilities.</p> <p><b>Credit Risk:</b> This is a risk where a borrower's deteriorating financial condition leads to a decline or complete loss in the value of assets and, as a result, the Company suffers losses or credit concentration risk to individual borrowers.</p> <p><b>Real Estate Investment Risk:</b> This is a risk where a fluctuation in the rent of real estate reduces the rental income, or where changes in market situation lead to a decline in the value of real estate itself.</p>	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.
Liquidity Risk	Liquidity Risk consists of these two risks:	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.

Risk	Definition	Management Policy
Cash Flow Risk	Risk that the company may incur losses due to being forced to sell assets at a price considerably lower than normal in order to maintain funds, owing to deteriorating cash flows as a result of:	
Market Liquidity Risk	Risk that the Company may incur losses due to the inability to trade on a market or being forced to trade at a price considerably less advantageous than normal owing to a market disruption, etc.	
Operational Risk	<p>Risk that the Company may incur losses resulting from inadequate or failed internal processes, people and systems, or from external events.</p> <p>Operational Risk consists of below ten risks</p>	The Company shall establish framework to ensure appropriate operations by the sub-categories below based on its management policies and sufficient analysis of the characteristics of its risk.
Clerical / Administrative Risk	<p>Risk that the Company may incur losses due to the failure of its officers and employees, agent etc. to perform their administrative tasks correctly, or due to an accident or improper action, etc. they caused or committed.</p> <p>However, it is categorized as an individual risk in case of interlapping with other risk.</p>	
Planning and Development Risk	Risk that business strategy, sales program, development ,revision and abolition of insurance product, designing of a new administrative schemes, development of new systems are inconsistent with company policies, or ;Risk that the Company may incur losses due to the outcome of its execution is far from initial plan and target.	The Company shall establish a framework for recognizing risks and hindrance that is inherent to outcome of business strategy, sales program, planning tangible risk control measures.
Information Asset Risk (Security Policy)	<p>System for processing and managing information (information acquired or processed through operating our business) are collectively referred to as "information assets", and consists of these two risks:</p> <p>Risk due to damage, falsification, or leak of information.</p> <p>Risk due to an information system failure or malfunction, etc. or deficiencies, etc. as well as the risk that insurance companies may incur losses due to an unauthorized use of a computer.</p>	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)
Legal Risk	<p>Considering an increased diversity and complexity of business activities, the Company shall review and make necessary changes to the legal checking system for preventing unexpected legal liability arising from day-to-day operations, such as civil liability (e.g. liability for damage or breach of contract), criminal liability and administrative liability.</p> <p>The Company shall manage the liability for paying compensation to the third-party arises from an accident or a disaster as Accident / Disaster risk.</p>	The Company shall acknowledge the fact that there are possibilities to unexpected legal liability, therefore establish a legal checking system.

# ENTERPRISE RISK MANAGEMENT

Risk	Definition	Management Policy
Accident / Disaster Risk	Risk that the Company may incur losses due to damage to the lives or health of officers/employees and the Company's assets, or which create liability for paying compensation to the third-party.	The Company shall establish procedure for preventing and taking appropriate countermeasures against accidents and disasters.
Human Resource Risk	Risk that the Company may incur losses due to loss and damage arising from complaints/ unfair and unjust treatment (issues related to pay, allowances dismissal, etc), discriminatory practices (sexual harassment and the like).	The Company shall acknowledge the fact that unfair and unjust treatment and discriminatory practices may cause obligations to pay reparations, therefore establish procedure for preventing and taking appropriate countermeasures.
Reputational Risk	Risk that the Company may incur losses due to damage arising from deterioration in the institution's reputation and circulation of unfounded rumors.	The Company shall establish procedure for preventing and taking appropriate countermeasures against reputational risk.
Outsourcing Risk	Risk that the Company may incur losses or detrimental to our customers due to damage arising from operation that is outsourced to the third parties(including re-outsourcing to the other parties)	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.
Political Risk	Risk that the Company may incur losses due to change in Political situation in the Country	The Company shall establish procedure for preventing and taking appropriate measures against Political risk.
Regulatory Risk	Risk that the Company may be impacted due to changes in Regulations.	The Company shall establish procedures to reduce the impact of Regulatory Risk.

## Crisis Event Management

The Company has established a crisis-management framework apart from normal risk management. Especially for risks which affect business continuity, the Company developed a "Business Continuity Plan" and is approaching business continuity management. In case of an emergency, the Company has set up an emergency headquarters to handle it. Even in ordinary times, the working level officials endeavour to mitigate and avoid crisis by PDCA cycle. In the COVID-19 pandemic circumstance, the company established "Work from Home Policy" which has implemented quite effectively.

# THE PEOPLE'S PROGRESS



## FINANCIAL INFORMATION

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# 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 2020, and the Report of the Auditors thereon.

## Review of Operations

The Chairman's and the Managing Director/Chief Executive Officer's Review on pages 8 to 15 contain a detailed description of Insurance operations carried out in the year under review and projected developments.

## Principal Activities of the Company

The principal activities constitute underwriting all classes of General Insurance

## Results of the Financial Year

	2020 Rs.'000	2019 Rs.'000
Profit After Taxation	1,471,800	1,377,122
Add : Balance Brought Forward	4,100,379	3,497,503
	5,572,179	4,874,625
Other Comprehensive Income for the year	(607,933)	(244,034)
Funds Available for Appropriation	4,964,246	4,630,591
Appropriation :		
Dividend Paid	(100,000)	(530,212)
Unappropriated Profit Carried Forward	4,864,246	4,100,379

## 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 2020 was Rs. 500,200,000/- and is represented by issued and fully paid 2,501,000 voting ordinary shares.

## Dividends

The Company has paid an interim dividend of Rs. 39.98/- per share for the year ending 2020. The Directors declared Rs. 185/- per share as final dividend subject to regulatory approval from Insurance Regulatory Commission of Sri Lanka.

## Directors

Messrs. B.S.M. De Silva, H.D.K.P. Alwis, U. Witharana, W.C.J. Alwis, R.A. Gunathilake, K.D.A.S.R. Arsakularatne, E.M.M. Boyagoda, U.D. De Silva, A.R.H. Fernando, S.C.G. Guruge, M.D.E.A.G. Saparamadu, G.S. Sundararajan, S.D. Wanigaratne, C.P.A. Wijeyesekera, H.D.A.N. Perera and Yu Kitai were the Directors

of the Company during the financial year ended 31st December 2020.

In accordance with the Articles of Association of the Company, Mr. Rex Abeyratna Gunatillaka, Mr K.D.A.S.R. Arsakularatne and Dr. Upendra Diksha De Silva retire by rotation and being eligible, offer themselves for re-election.

## Directors' Meetings

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

Names of Directors	No. of Board Meetings attended
Mr. B.S.M. De Silva	6/6
Mr. H.D.K.P. Alwis	6/6
Mr. U. Witharana	6/6
Dr. W.C.J. Alwis	6/6
Mr. R.A. Gunathilake	6/6
Mr. K.D.A.S.R. Arsakularatne	3/6
Mr. E.M.M. Boyagoda	5/6
Dr. U.D. De Silva	6/6
Mr. A.R.H. Fernando	4/6
Mr. S.C.G. Guruge	6/6
Mr. M.D.E.A.G. Saparamadu	6/6
Mr. G.S. Sundararajan	0/6
Dr. S.D. Wanigaratne	3/6
Mr. C.P.A. Wijeyesekera	6/6
Mr. H.D.A.N. Perera	6/6
Mr. Yu Kitai	6/6

### Directors' Interest in Contracts

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

### Directors' Interest in Shares

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

### Company Secretary

Mrs. Nilika Abhayawardhana was the Company Secretary during the Financial Year ended 31st December 2020.

### Corporate Governance

The Audit Committee held four meetings during the year 2020. The Remuneration Committee held one meeting during the year 2020.

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

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

### Donations

During the year charitable donations amounting to Rs. 24 Million were made by the Company.

### Taxation

The Company is liable for income tax at 28%.

The Income Tax Expense of the Company for the year amounted to Rs. 467.9 Million.

### Capital Expenditure & Capital Commitments

The total expenditure on acquisition of Property, Plant and Equipment during the year amounted to Rs. 178.8 Million.

### Property, Plant & Equipment

The details of Property, Plant and Equipment of the Company are shown in the "Notes to Financial Statements" page 99.

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. 3.9 Billion.

### Current Assets

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

### Post-Balance Sheet Events

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

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

### 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 2020, there were 2,944 employees in the permanent service of the Company.

### Actuarial Valuation - IBNR / IBNER

The Company has appointed M/s. K.A. Pandit, Consultant Actuaries to certify the IBNR/IBNER provisions made in the accounts as at 31.12.2020.

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

After reviewing the relevant information and Actuarial studies the Actuaries have recommended to make a net IBNR/IBNER provision of Rs. 406.57 Million. The Company has already made this provision in the accounts as at 31.12.2020.

## 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 129 to the Financial Statements.

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

BY ORDER OF THE BOARD



H. D. K. P. Alwis  
*Managing Director/ Chief Executive Officer*



U. Witharana  
*Deputy Managing Director  
Director (Finance)/Chief Operations Officer*



Mrs. Nilika Abhayawardhana  
*Company Secretary*

# REPORT OF THE DIRECTORS ANNEXURE

## Directors' Interests in Contracts

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

The following is a schedule where the Directors of this company held Directorships in other companies during the period 01.01.2020 to 31.12.2020 in which this company has had transactions during the year 2020

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

\* Mr. Upali Witharana Resigned from CEC Events (Pvt) Ltd w.e.f. 31/12/2020

**M/S. K. A. PANDIT**  
CONSULTANTS & ACTUARIES  
(ISO 9001 : 2015 CERTIFIED)  
(ISO 27001 : 2013 CERTIFIED)



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## IBNR Valuation Actuary Certificate

As Consulting Actuaries to Ceylinco General Insurance Limited, "Ceylinco House", 69, Janadhipathi Mawatha, Colombo 01, Sri Lanka, we are required to estimate and certify the IBNR/IBNER Claims Reserves of the Company as on 31st December, 2020.

IBNR Claims Reserves include the following:

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

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

We certify, based on above, that the Net IBNR Claims Reserves as on 31-12-2020 to be provided by the Ceylinco General Insurance Limited in respect of its non-life business are estimated as LKR 406,568,306 and are equal to 3.00% of the Net Earned Premium of LKR 13,555,494,000 as on 31-12-2020. IBNR Claims Reserves as calculated seem adequate and may be provided accordingly. We also certify that the Ceylinco General Insurance Limited meets the Liability Adequacy Test as required under SLFRS-4 satisfactorily.

Dated: 11.02.2021

Kulin Patel F.I.A.I. (10235)  
Partner  
kap@ka-pandit.com

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Andheri:	201/C, Remi Bizcourt, Off. Veera Desai Road, Andheri (W), Mumbai - 400 058.
Ahmedabad:	509, Golden Triangle, Near Sardar Patel Stadium, Navrangpura, Ahmedabad - 380 014.

# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
Chartered Accountants  
201 De Saram Place  
P.O. Box 101  
Colombo 10  
Sri Lanka

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To the Shareholders of Ceylinco General Insurance Limited  
Report on the audit of the financial statements

## Opinion

We have audited the financial statements of Ceylinco General Insurance Limited ("Company"), which comprise the statement of financial position as at 31 December 2020, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## Basis for opinion

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

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

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

# INDEPENDENT AUDITOR'S REPORT

- 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.



26 February 2021  
Colombo

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

A member firm of Ernst & Young Global Limited



# STATEMENT OF FINANCIAL POSITION

As at 31 December	Page	Note	2020 Rs.'000	2019 Rs.'000
<b>ASSETS</b>				
Intangible Assets	98	5	20,822	37,971
Deferred Expenses	99	6	1,030,182	1,019,343
Property, Plant and Equipment	99	7	3,866,531	4,166,169
Right of Use Asset	105	8	264,068	256,056
Investment Properties	106	9	133,000	133,000
<b>Financial Instruments</b>				
Loans and Receivables	108	10	7,736,103	7,068,065
Available-For-Sale Financial Assets	108	11	7,392,794	5,287,464
Employee Gratuity Benefit Asset	114	12	850,783	1,025,277
Employee Pension Benefit Asset	116	13	1,240,794	1,276,926
Deferred Tax Assets	119	14	140,646	-
Reinsurance Receivables	119	15	3,419,750	2,965,845
Insurance Receivables	120	16	5,467,048	4,862,524
Other Assets	120	17	329,705	409,382
Cash and Cash Equivalents	120	18	169,061	78,478
<b>Total Assets</b>			<b>32,061,287</b>	<b>28,586,500</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Stated Capital	121	19 (a)	500,200	500,200
Retained Earnings			4,864,246	4,100,379
Special Reserves	121	19 (b)	6,848,160	6,848,160
Revaluation Reserves			468,226	468,226
Available-for-Sale Reserve			291,814	(219,373)
<b>Total Equity</b>			<b>12,972,646</b>	<b>11,697,592</b>
<b>LIABILITIES</b>				
Non Life Insurance Contract Liabilities	122	20	12,449,340	12,089,210
Deferred Revenue	124	21	364,219	339,265
Deferred Tax Liability	119	14	-	15,399
Reinsurance Payables	124	22	3,230,883	1,994,018
Income Tax Payable			336,654	167,201
Interest Bearing Borrowings			38,209	221,342
Other Liabilities	125	23	2,669,336	2,062,473
<b>Total Liabilities</b>			<b>19,088,641</b>	<b>16,888,908</b>
<b>Total Equity and Liabilities</b>			<b>32,061,287</b>	<b>28,586,500</b>

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

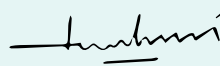


Nilantha Piyadasa  
General Manager -Finance

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



Upali Witharana  
Deputy Managing Director/Chief Operations Officer



H.D.K.P. Alwis  
Managing Director/Chief Executive Officer

The notes on pages 83 through 147 form an integral part of the Financial Statements.

26 February 2021  
Colombo

# INCOME STATEMENT

For the Year ended 31 December	Page	Note	2020 Rs.'000	2019 Rs.'000
Net Income	126	24(c)	15,565,229	16,718,476
Gross Written Premiums	126	24(a)	20,094,192	19,802,995
Premiums Ceded to Reinsurers	126	24(b)	(6,696,297)	(5,477,019)
Net Written Premiums			13,397,895	14,325,976
Net Change in Reserve for Unearned Premium	124	20(a)	157,599	60,439
Net Earned Premium			13,555,494	14,386,415
Fees and Commission Income	127	25	642,621	726,094
Investment Income	127	26	1,256,475	1,390,946
Realised Gains	127	27	110,639	215,021
Other Revenue			2,009,735	2,332,061
Gross Benefits and Claims Paid	128	28(a)	(9,152,092)	(10,682,651)
Claims Ceded to Reinsurers	128	28(b)	2,580,715	2,764,153
Gross Change in Contract Liabilities	128	28(c)	(517,727)	(250,988)
Change in Contract Liabilities Ceded to Reinsurers	128	28(d)	453,905	(84,108)
Net Benefits and Claims			(6,635,199)	(8,253,594)
Acquisition Cost	129	29	(1,863,821)	(1,838,936)
Other Operating and Administrative Expenses	129	30	(5,150,081)	(4,800,854)
Finance Cost	129	31	(53,649)	(90,576)
Total Benefits, Claims and Other Expenses			(13,702,750)	(14,983,960)
Profit Before Tax			1,862,479	1,734,516
Income Tax Expense	130	32(a)	(390,679)	(357,394)
Profit for the Year			1,471,800	1,377,122
Basic/Diluted Earnings Per Share	131	33	588.48	550.63
Dividend Per Share -Paid	131	34	39.98	212.00

The notes on pages 83 through 147 form an integral part of the Financial Statements.

# STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 December	Note	2020 Rs.'000	2019 Rs.'000
Profit for the Year		1,471,800	1,377,122
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to Income Statement in subsequent period			
Net Gain/(Loss) on Available-For-Sale Assets	35	477,670	(251,967)
Income Tax relating to Components of Other Comprehensive Income	35	33,517	(20,924)
Net Other Comprehensive Income to be reclassified to Income Statement in subsequent period		511,187	(272,891)
Other Comprehensive Income not to be reclassified to Income Statement in subsequent period			
Revaluation Surplus/ (Deficit) During the Year	35	-	308,731
Actuarial Gain on Defined Benefit Plans	35	(653,264)	(296,011)
Income Tax relating to Comprehensive Income	35	45,331	(34,470)
Net Other Comprehensive Income not to be reclassified to Income Statement in subsequent period		(607,933)	(21,750)
Other Comprehensive Income for the Year, Net of Tax		(96,746)	(294,641)
Total Comprehensive Income for the Year, Net of Tax		1,375,054	1,082,481

The notes on pages 83 through 147 form an integral part of the Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

	Note	Stated Capital Rs.'000	Special Reserves Rs.'000	Revaluation Reserve Rs.'000	Retained Earnings Rs.'000	Available-for Sale Reserve Rs.'000	Total Ordinary Share-Holders' Equity Rs.'000
Balance As At 1 January 2019		500,200	6,848,160	245,942	3,497,503	53,518	11,145,323
Profit for the Year		-	-	-	1,377,122	-	1,377,122
Other Comprehensive Income for the Year	35	-	-	222,284	(244,034)	(272,891)	(294,641)
Total Comprehensive Income for the Year		-	-	222,284	1,133,088	(272,891)	1,082,481
Final Dividend Paid	34	-	-	-	(530,212)	-	(530,212)
Balance As At 31 December 2019		500,200	6,848,160	468,226	4,100,379	(219,373)	11,697,592
Profit for the Year		-	-	-	1,471,800	-	1,471,800
Other Comprehensive Income for the Year	35	-	-	-	(607,933)	511,187	(96,746)
Total Comprehensive Income for the Year		-	-	-	863,867	511,187	1,375,054
Final Dividend Paid	34	-	-	-	(100,000)	-	(100,000)
Balance As At 31 December 2020		500,200	6,848,160	468,226	4,864,246	291,814	12,972,646

The notes on pages 83 through 147 form an integral part of the Financial Statements.

# STATEMENT OF CASH FLOWS

For the Year ended 31 December	Note	2020 Rs.'000	2019 Rs.'000
<b>Cash Flows from Operating Activities</b>			
Premiums/Revenue Received from Customers		18,903,120	19,421,542
Reinsurance Premiums (Net of Commission) Paid		(4,791,857)	(4,248,293)
Commission Paid		(1,680,603)	(1,821,968)
Claims and Benefits Paid		(9,152,094)	(10,682,651)
Reinsurance Receipts in respect of Claims & Benefits		2,580,715	2,764,153
Interest and Dividends Received		1,141,036	1,290,884
Other Operating Cash Payments		(3,748,001)	(4,469,641)
Other Income		152,974	235,765
Contributions to Gratuity Fund/Gratuity Payments	12.2	(222,199)	(336,988)
Income Taxes Paid		(298,422)	(683,591)
Interest Paid		(53,649)	(90,577)
<b>Net Cash Flows from Operating Activities ( Note A)</b>		<b>2,831,020</b>	<b>1,378,635</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Financial Investments		(73,200,399)	(112,364,133)
Acquisition of Other Investments		(3,151,387)	(2,768,579)
Disposal of Other Investments		2,483,348	1,292,090
Proceeds from Financial Investments		71,570,293	112,975,378
Acquisition of Property , Plant & Equipment	7.4	(178,847)	(569,045)
Acquisition of Intangible Assets	5.1	(54,949)	(51,646)
Proceeds from Disposal of Property , Plant & Equipment		148,316	167,737
<b>Net Cash Flows used in Investing Activities</b>		<b>(2,383,625)</b>	<b>(1,318,198)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of Lease Liabilities		(73,679)	(64,609)
Short Term Borrowings		(100,000)	100,000
Dividends Paid to Equity Holders	34	(100,000)	(530,212)
<b>Net Cash Flows from Financing Activities</b>		<b>(273,679)</b>	<b>(494,821)</b>
<b>Increase / (Decrease) in Cash &amp; Cash Equivalents ( Note B)</b>		<b>173,716</b>	<b>(434,384)</b>
<b>Note A.</b>			
<b>Reconciliation of Profit Before Tax with Net Cash Flows from Operating Activities</b>			
Profit Before Tax		1,862,479	1,734,516
<b>Adjustments for:</b>			
Depreciation	7	403,273	397,995
Amortisation of Intangible Assets	5	72,098	76,711
Amortisation of Right of use Assets	8	107,059	96,754
Change in Trade and Other Receivables		(1,499,252)	(981,194)
Change in Reinsurance Receivable		(453,905)	84,108
Increase in Non - Life Insurance Provisions		374,245	227,053
Change in Trade and Other Payables		2,376,218	472,052
Gain on Disposal of Property, Plant & Equipment		(73,104)	(79,337)
Foreign Exchange Gain/Loss		(42,106)	21,869
Impairment of Investments		2,437	11,699
Income Tax Paid		(298,422)	(683,591)
<b>Net Cash Flows from Operating Activities</b>		<b>2,831,020</b>	<b>1,378,635</b>
<b>Note B.</b>			
Cash and Cash Equivalents at 1st January		(42,864)	391,520
Cash and Cash Equivalents at 31st December	Note C	130,852	(42,864)
<b>Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>173,716</b>	<b>(434,384)</b>
<b>Note C</b>			
Cash at Bank		134,448	44,429
Cash in Hand		34,613	34,049
Bank Overdraft		(38,209)	(121,342)
		<b>130,852</b>	<b>(42,864)</b>

The notes on pages 83 through 147 form an integral part of the Financial Statements.

# INSURANCE REVENUE ACCOUNT

For the Year ended 31 December	Note	2020 Rs.'000	2019 Rs.'000
<b>Non - Life Insurance</b>			
Gross Written Premium	24 (a)	20,094,192	19,802,995
Net Earned Premium		13,555,494	14,386,415
Net Claims Incurred	28	(6,635,199)	(8,253,594)
Underwriting and Net Acquisition Costs (Including Reinsurance)		(1,221,200)	(1,112,842)
<b>Underwriting Result</b>		<b>5,699,095</b>	<b>5,019,979</b>
Other Operating, Investments Related and Administrative Expenses	30	(5,150,081)	(4,800,854)
Investment and Other Income		1,367,114	1,605,967
Interest Expense	31	(53,649)	(90,576)
<b>Profits From Operations After Interest Expense</b>		<b>1,862,479</b>	<b>1,734,516</b>
<b>Key Ratios Non - Life Insurance</b>			
Net Loss Ratio		48.95	57.37
Net Expense Ratio		47.40	41.74
Net Combined Ratio		96.35	99.11

The notes on pages 83 through 147 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 151.

### 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 2020 was authorized for issue in accordance with a resolution of the board of directors on 26th February 2021.

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

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

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

### 2.3 Materiality & aggregation

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

### 2.4 Functional and Presentation Currency

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

### 2.5 Comparative Information

The comparative information is consistently applied during the year.

### 2.6 Going Concern

In preparing these financial statements, the management has assessed the existing and anticipated effect of COVID - 19 on the Company.

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. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to all periods presented in these financial statements of the Company.

### (a) Product Classification

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

### (b) Deferred Acquisition Costs (DAC)

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

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

test for each reporting period. DAC are derecognized when the related contracts are either settled or disposed of.

### (c) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

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

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

Item	Useful Life
Computer software	03 - 05 Years

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

### (d) Financial Instruments

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

### (e) Financial Assets

Initial recognition and measurement

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

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

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair

value basis, because the related liabilities are also managed on this basis. The available-for-sale and held to maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

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

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

#### ***Subsequent measurement***

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

#### ***Available-for-sale financial assets***

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

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

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognised as other

comprehensive income in the available-for-sale reserve until the asset is derecognized, at which time, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, or the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

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

be impaired then the amount recorded in equity is reclassified to the income statement.

#### ***Loans and other receivables***

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

After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognized or impaired, as well as through the amortisation process.

#### ***Derecognition of financial assets***

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

The rights to receive cash flows from the asset have expired

The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

# NOTES TO THE FINANCIAL STATEMENTS

- (i) The Company has transferred substantially all the risks and rewards of the asset; or
- (ii) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

## *Financial assets carried at amortised cost*

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

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

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

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

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience is adjusted on the

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

#### ***Available-for-sale financial investments***

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

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously

recognised in the income statement is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

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

#### **(g) Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently

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

#### **(h) Fair Value of Financial Instruments**

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

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

The fair value of repo and call deposits with credit institutions is their carrying value. The carrying value is the cost of the investment and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

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

## (i) Reinsurance

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

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

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

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished

or expire or when the contract is transferred to another party.

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

## (j) Insurance Receivables

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

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

## (k) Taxes Income Tax

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

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

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

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

## Deferred Tax

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

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

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

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects

neither the accounting profit nor taxable profit or loss.

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

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

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

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

#### **Sales Taxes and Premium Taxes**

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

Where the sales or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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

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

#### **(l) Investment Properties**

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

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

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

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

#### **(m) Property, Plant and Equipment Recognition and Measurement**

(i) 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



# NOTES TO THE FINANCIAL STATEMENTS

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.

## (n) Leases

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 (p) Impairment of non-financial assets.

**ii) Lease liabilities**

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

present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in other 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.

**(o) Other Assets**

**(aa) Inventories**

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

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

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

Stationery Course	}	First in
Materials Spare		First out
Parts		Basis

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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.

**(q) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

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

**(r) Foreign Currency Transactions**

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

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

**i) Transactions and Balances**

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

**(s) Non-life Insurance Contract Liabilities**

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include

a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognised. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

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

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

<p>(t) <b>Financial Liabilities – Initial Recognition and Subsequent Measurement</b> Initial recognition and measurement</p>	<p><i>Derecognition insurance payables</i> Insurance payables are derecognized when the obligation under the liability is discharged, cancelled or expired.</p>	<p>Past service costs are recognised in income statement on the earlier of:</p>
<p>All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.</p>	<p>(v) <b>Provisions-General</b> Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.</p>	<p>The date of the plan amendment or curtailment, and</p>
<p>The Company's financial liabilities include trade and other payables, borrowings, and reinsurance payables.</p>	<p>(w) <b>Defined Contribution Plans</b> 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.</p>	<p>The date that the Company recognises restructuring-related costs</p>
<p><i>Subsequent measurement</i> The subsequent measurement of financial liabilities as follows:</p>	<p>(x) <b>Pensions and Other Post-Employment Benefits</b> 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.</p>	<p>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.</p>
<p>Interest bearing loans and borrowings</p>	<p><i>Derecognition of financial liabilities</i> A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.</p>	<p>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.</p>
<p>After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process.</p>	<p>(u) <b>Insurance payables</b> Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs.</p>	<p>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.</p>
		<p>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</p>

# NOTES TO THE FINANCIAL STATEMENTS

Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

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

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

**(y) Short-Term Benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(z) Stated Capital**

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

**(aa) Dividends on Ordinary Share Capital**

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

**(bb) Earnings Per Share**

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

**(cc) Gross Written Premium**

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

**(dd) Reinsurance Premium**

Reinsurance premium expense is accounted for in the same accounting period as the gross written premium to which it relates.

**(ee) Unearned Premiums**

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

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

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

**(ff) Acquisition Costs**

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

**(gg) Claims**

**1.) Non Life Insurance**

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

Actuarial valuation is performed on an annual basis.

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

## 2.) Reinsurance on Claims

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

### (hh) Other Income

#### 1.) Rental Income

Rental income from property is recognized in income statement on a straight line basis over the term of the lease.

## 2.) Fees and Commission Income

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue when the related services are performed.

## 3.) Investment Income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method.

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

## 4.) Realized Gains and Losses

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

### (ii) Finance Cost

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

### (jj) Cash Flow Statement

The cash flow statement has been prepared using the "direct method".

## 3.1 New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### a) Amendments to LKS 1 and LKS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the

primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

### b) Amendments to references to the conceptual framework in SLFRS standards

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## c) Amendments to SLFRS 3:

### Definition of a Business

The amendment to SLFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the company, but may impact future periods should the Company enter into any business combinations.

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	120
Reserve for gross outstanding claims (IBNR/IBNER)	20	122
Valuation of investment property	09	106
Measurement of defined benefit obligation and pension	12 & 13	114 & 116
Unearned Premium and deferred acquisition cost	20 & 06	124 & 99
Leases - Estimating the incremental borrowing rate and determining the lease term of contracts with renewal and termination options	08	105
Income Tax - Uncertainty over Income Tax Treatment	38(a)	142

## 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

The Company has also considered the impact of COVID-19 in preparing the Financial Statements in line with the guidelines issued by the CA Sri Lanka. (Note 42)

## 4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

### SLFRS 17 Insurance Contracts

In 8th January 2020, the Accounting Standard Committee, the Institute of Chartered Accounts of Sri Lanka issued SLFRS 17 Insurance Contracts (SLFRS 17), 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 SLFRS17 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 reporting periods beginning on or after 1 January 2023, 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.

The Company is currently in the process of evaluating the accounting impact and prevailing system and processes will be modified if necessary.

#### **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 2023.

#### **a) Amendments to SLFRS 16 Covid-19 Related Rent Concessions**

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

## 5. INTANGIBLE ASSETS

	Computer Software & License Rs.'000
Cost	
At 1 January 2019	279,772
Cost Capitalised	51,646
At 1 January 2020	331,418
Cost Capitalised	54,949
At 31 December 2020	386,367
Accumulated Amortisation and Impairment	
At 1 January 2019	216,736
Amortisation during the year	76,711
At 1 January 2020	293,447
Amortisation during the year	72,098
At 31 December 2020	365,545
Carrying Amount	
At 1 January 2020	37,971
At 31 December 2020	20,822

### 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.54,949,000 (2019- 51,646,000). Cash payments amounting to Rs.54,949,000 (2019 - 51,646,000) 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.71,242,753 fully amortised Computer Software which are in the use of normal business activities (2019 -Rs. 136,413,432)

### 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 2020. 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 (2019 - Nil).

## 6. DEFERRED EXPENSES

	Deferred Acquisition Costs (DAC) Insurance Contracts		
	2020	2019	
	Rs.'000	Rs.'000	
At 1 January	1,019,343	1,008,175	
Expenses Deferred	2,014,029	1,997,857	
Amortisation	(2,003,190)	(1,986,689)	
At 31 December	1,030,182	1,019,343	

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

	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
<b>Cost/Valuation</b>									
At 1 January 2020	866,337	1,078,825	75,308	2,775,611	134,703	465,523	299,661	121,410	5,817,378
Additions	-	-	7,768	132,739	7,073	16,369	8,297	6,601	178,847
Disposals/Transfer	-	-	(21,754)	(147,548)	(68,159)	(259,890)	(136,557)	-	(633,908)
At 31 December 2020	866,337	1,078,825	61,322	2,760,802	73,617	222,002	171,401	128,011	5,362,317
<b>Accumulated Depreciation</b>									
At 1 January 2020	-	-	42,561	853,384	99,818	377,871	219,685	57,890	1,651,209
Depreciation	-	21,576	6,020	273,406	7,143	38,153	16,510	40,465	403,273
Disposals	-	-	(21,682)	(73,135)	(68,093)	(259,381)	(136,405)	-	(558,696)
At 31 December 2020	-	21,576	26,899	1,053,655	38,868	156,643	99,790	98,355	1,495,786
<b>Carrying Amount</b>									
At 1 January 2020	866,337	1,078,825	32,747	1,922,227	34,885	87,652	79,976	63,520	4,166,169
At 31 December 2020	866,337	1,057,249	34,423	1,707,147	34,749	65,359	71,611	29,656	3,866,531

## NOTES TO THE FINANCIAL STATEMENTS

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

At 31 December	Freehold Land Rs.'000	Building Rs.'000	Total Rs.'000
<b>Cost/Valuation</b>			
At 1 January 2020	460,254	882,866	1,343,120
Additions	-	-	-
Disposals	-	-	-
<b>At 31 December 2020</b>	<b>460,254</b>	<b>882,866</b>	<b>1,343,120</b>
<b>Accumulated Depreciation</b>			
At 1 January 2020	-	109,920	109,920
Depreciation	-	22,469	22,469
Disposals	-	-	-
<b>At 31 December 2020</b>	<b>-</b>	<b>132,389</b>	<b>132,389</b>
<b>Carrying Amount</b>			
At 1 January 2020	460,254	772,946	1,233,200
<b>At 31 December 2020</b>	<b>460,254</b>	<b>750,477</b>	<b>1,210,731</b>

### Revaluation of Land & Building

The Company uses the revaluation model of measurement of land and buildings. The Land and Buildings were revalued by independent expert valuers, Mr.W.M.Chandrasena and Mr.W.A.T.I.P.Jayathilake Incorporated valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuation is based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. Refer note 7.1 for details of revaluations.

## 7.1 Details of Freehold Land & Building

Addresses	Building Extent Sq. Ft.	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Buildings	Total	Date of the Valuation
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
282, High Level Road, Kottawa	862	Condominium Investment Method	Price per Sq ft Price per perch	Rs. 2,500 Rs.1,750,000	7,875	2,125	10,000	31/12/2019
97, Bauddhaloka Mawatha, Gampaha	8360	A-O-R-O-P 16.50	Price per perch Price per Sq ft	Rs. 4,500,000 Rs. 1,250-4750	74,250	37,250	111,500	31/12/2019
42/1, Mihidu Mawatha, Kurunegala	8425	A-O-R-O-P 8.2	Price per perch Price per Sq ft	Rs. 7,600,000 Rs. 9000	62,000	55,000	117,000	31/12/2019
583/ 63 Liyanagemulla , Seeduwa	43080	A-3-R-1-P 3.6	Price per perch Price per Sq ft	Rs. 300,000 Rs 660 - 4000	157,000	42,000	199,000	31/12/2019
60 ,Yovunpitiya Watte, Gnanawimala Mawatha. Kosgoda , Balapitiya	11282	A-O-R-1-P 29	Price per perch Price per Sq ft	Rs. 450,000 Rs. 6500	31,000	55,000	86,000	31/12/2019
63, Janadhipathi Mawatha, Colombo 1.	0	A-O-R-O-P 13.84	Price per perch	Rs. 12,000,000	154,000	-	154,000	31/12/2019
3 rd,4 th, 7 th & 11 th Floors of Ceylinco House Building 69, "Ceylinco House", Janadhipathi Mawatha, Colombo 1.	31332	- Investment Basis	Rent per Sq.ft per month	Rs. 190-200	749,000	-	749,000	31/12/2019
46 / 34, "VIP Centre", Nawam Mawatha , Colombo 2.	18068	A-O-R-O-P 19.00	Price per perch Price per Sq ft	Rs. 16,000,000 Rs. 8,500	304,000	115,000	419,000	31/12/2019

# NOTES TO THE FINANCIAL STATEMENTS

## 7.1 Details of Freehold Land & Building (Contd.)

Addresses	Building Sq. Ft.	Building Extent Rs.'000	Method of Valuation Rs.'000	Significant Unobservable Inputs Rs.'000	Estimation for Unobservable Inputs Rs.'000	Value of Land Rs.'000	Value of Buildings Rs.'000	Total Rs.'000	Date of the Valuation
Madabawita, Warakapola	608	A-O-R-O-P 16.25	Market Comparable Method	Price per perch Price per Sq ft	Rs. 373,000- Rs.525,000 Rs.2353	7,312	1,500	8,812	31/12/2019
Malangama, Kuruwita	650	A-O-R-O-P 15.00	Market Comparable Method	Price per perch Price per Sq ft	Rs. 1,000,000 Rs. 2,750	15,000	1,500	16,500	31/12/2019
Induruwa, Kosgoda	856	A-O-R-O-P 24.30	Market Comparable Method	Price per perch Price per Sq ft	Rs. 490,000 Rs. 1,892	9,800	1,600	11,400	31/12/2019
Ibbagamuwa, Melsiripura	620	A-O-R-1-P 00.00	Market Comparable Method	Price per perch Price per Sq ft	Rs. 225,000 Rs. 1,923	9,000	1,200	10,200	31/12/2019
Unakuruwa , Tangalle	798	A-O-R-1-P 20.00	Market Comparable Method	Price per perch Price per Sq ft	Rs. 325,000 Rs. 2,750	6,500	1,500	8,000	31/12/2019
Bibilioya, Kithulgala	5326	A-O-R-2-P 00.07	Market Comparable Method	Price per perch Price per Sq ft	Rs. 375,000 & Rs.275,000 Rs. 2,875-3,500	25,500	15,250	40,750	31/12/2019
Puttalam -South, Mundel	705	A-O-R- O-P-20.0	Market Comparable Method	Price per perch	Rs. 125,000- Rs.175,000 Rs. 1,240	3,100	900	4,000	31/12/2019
<b>Total</b>						<b>866,337</b>	<b>1,078,825</b>	<b>1,945,162</b>	

**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
<p><i>Market Comparable Method</i></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><i>Investment Method</i></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>

# NOTES TO THE FINANCIAL STATEMENTS

## 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	2020 Rs.'000	2019 Rs.'000
Plant and Machinery	360	7,143
Computer Equipment	44,106	86,856
Office Equipments	6,637	22,345
Furniture and Fittings	14,105	42,058
	65,208	158,402

## 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. 178,847,000 (2019 - 569,045,000). Cash payments amounting to Rs.178,847,000 (2019 - 569,045,000) 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. (2019 - 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. (2019 - 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 2020. 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. (2019 - Nil)

## 7.10 Temporarily idle Property, Plant and Equipment

There were no temporarily idle property as at the year ended 31st December 2020. (2019 - Nil)



## 8 RIGHT OF USE ASSET

	2020 Rs.'000	2019 Rs.'000
<b>Cost</b>		
As at 01 January	352,809	-
Additions During the Year	115,071	352,809
As at 31 December	467,880	352,809
<b>Accumulated Depreciation</b>		
As at 01 January	96,753	
Depreciation on Right-of-Use Assets	107,059	96,753
As at 31 December	203,812	96,753
<b>Carring Value as at 31 December</b>	<b>264,068</b>	<b>256,056</b>

The following are the amounts recognised in profit or loss:

At 31 December	2020 Rs.'000	2019 Rs.'000
Depreciation expense of Right-of-Use Assets	107,059	96,754
Interest expense on Lease Liabilities	27,354	30,366
	<b>134,413</b>	<b>127,120</b>

### 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:

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

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

	2020 Rs.'000	2019 Rs.'000
At 1 January	133,000	133,000
At 31 December	133,000	133,000

#### Revaluation of Investment Properties

The Investment Properties were revalued on 31st December 2020 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 valuer have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size of location. The appraised fair values are rounded within the range of values. The fair value of investment property reflects the actual market value as at reporting date. Refer note 9.1 for details of revaluations.

#### 9.1 Details of Investment Property

Addresses	Building Sq. Ft.	Extent Perches	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Building Rs.'000	Total Rs.'000	Date of Valuation
No,34, Muhandiram ED Dabare Mawatha, Colombo-05 (1 Apartment)	2663	-	Investment Method	Rent per Sq.ft per month	Rs.65/-	-	33,000	33,000	31/12/2020
583/63, Liyanagemulla, Seeduwa	-	A-2-R- 2-P-21.5	Cost Approach	Price per perch	Rs.500,000/-	100,000	-	100,000	31/12/2020
<b>Sub Total</b>						<b>100,000</b>	<b>33,000</b>	<b>133,000</b>	

**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 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
<b>Market Comparable Method</b>		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land	Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/increases
<b>Investment Method</b>		
This method involves capitalisation of the expected rental income at an appropriate Rate of years purchase currently characterised by the real estate market.	Gross Monthly Rental Years	Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases

**10 & 11 FINANCIAL INSTRUMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

As at 31 December	Note	2020 Rs.'000	2019 Rs.'000
Loans and Receivables (L&R)	10	7,736,103	7,068,065
Available-For-Sale Financial Assets (AFS)	11	7,392,794	5,287,464
<b>Total Financial Instruments</b>		<b>15,128,897</b>	<b>12,355,529</b>

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	2020		2019	
		Carrying value Rs.'000	Fair value Rs.'000	Carrying value Rs.'000	Fair value Rs.'000
Loans and Receivables (L&R)	10	7,736,103	7,736,103	7,068,065	7,068,065
Available-For-Sale Financial Assets (AFS)	11	7,392,794	7,392,794	5,287,464	5,287,464
<b>Total Financial Instruments</b>		<b>15,128,897</b>	<b>15,128,897</b>	<b>12,355,529</b>	<b>12,355,529</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 10 Loans and Receivables (L&R)

As at 31 December	Note	2020 Rs.'000	2019 Rs.'000
Staff Loans	10.(a)	99,286	102,600
Term Deposits	10.(b)	7,636,817	6,965,465
<b>Total Loans and Receivables at Amortised Cost</b>		<b>7,736,103</b>	<b>7,068,065</b>

### 10.(a) Staff Loans

	2020 Rs.'000	2019 Rs.'000
At 1 January	102,600	116,412
Loans Granted	397,750	494,775
Recoveries	(306,064)	(313,865)
Loan Portfolio Disposal	(95,000)	(194,722)
<b>At 31 December</b>	<b>99,286</b>	<b>102,600</b>

### 10.(b) Term Deposits

As at 31 December	2020 Rs.'000	2019 Rs.'000
Licensed Commercial Banks & Specialised Banks	7,605,099	6,932,820
Registered Finance Companies	31,718	32,645
	<b>7,636,817</b>	<b>6,965,465</b>

Details on pledged deposits are provided in note number 39.

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

As at 31 December	Note	2020 Rs.'000	2019 Rs.'000
Treasury Bond & Bills		3,766,837	2,124,782
Unquoted Share Investment	11.(a)	543,158	300,387
Quoted Debentures	11.(b)	2,674,210	2,488,236
Quoted Share Investment	11.(c)	216,566	236,848
Unit Trust Investments	11.(d)	192,023	137,211
<b>Total Available-For-Sale Financial Assets at Fair Value</b>		<b>7,392,794</b>	<b>5,287,464</b>

### 11.(a) Unquoted Share Investment

As at 31 December	2020		2019	
	Number of Shares	Fair Value Rs.'000	Number of Shares	Fair Value Rs.'000
Ultratech Cement Lanka (Pvt) Ltd	9,000,000	543,158	9,000,000	300,387
		543,158		300,387

### 11.(b) Quoted Debentures

As at 31 December		2020	2019
	Note	Rs.'000	Rs.'000
Sampath Bank PLC	12.5% 2,500,000 Debentures redeemable on 20/03/2023	293,038	273,205
Seylan Bank PLC	12.85%, 2,000,000 Debentures redeemable on 29/03/2023	235,727	217,292
Seylan Bank PLC	15% 2,000,000 Debentures redeemable on 10/04/2024	272,074	246,373
National Savings Bank	11% 350,000 Debentures redeemable on 10/09/2022	391,276	377,713
Commercial Bank PLC	10.75% 1,500,000 Debentures redeemable on 03/08/2021	156,704	156,981
Seylan Bank PLC	13% 451,600 Debentures redeemable on 15/07/2021	49,886	49,645
Commercial Bank PLC	12% 1,316,100 Debentures redeemable on 27/10/2021	141,760	139,204
People's Leasing & Finance PLC	12.6% 2,000,000 Debentures redeemable on 16/11/2021	215,890	210,112
Bank of Ceylon	13.25% 3,000,000 Debentures Redeemable on 28/12/2021	323,561	319,401
DFCC Bank PLC	12.6% , 1,500,000 Debentures redeemable on 29/03/2023	185,052	171,076
Commercial Bank PLC	12% 2,007,900 Debentures redeemable on 22/07/2023	240,114	220,543
Sampath Bank PLC	12.50% 1,000,000 Debentures Redeemable on 21/12/2022	112,638	106,691
Asia Asset Finance PLC	12.28% 500,000 Debentures redeemable on 9/10/2023	56,490	-
		2,674,210	2,488,236

# NOTES TO THE FINANCIAL STATEMENTS

## 11.(c) Quoted Share Investment

As at 31 December	2020		2019	
	Number of Shares	Fair value Rs.'000	Number of Shares	Fair value Rs.'000
<b>Hotels and Travels</b>				
Taj Lanka Hotels PLC	-	-	13,000	187
Eden Hotel Lanka PLC	-	-	16,158	297
Aitken Spence Hotels Holdings PLC	4,100	132	4,100	111
Renuka City Hotel PLC	-	-	1,812	478
<b>Sector Total</b>		<b>132</b>		<b>1,073</b>
<b>Banks, Finance and Insurance</b>				
Amana Takaful PLC	-	-	32,500	172
Nation Lanka Finance PLC	-	-	67,172	74
Pan Asia Banking Corporation PLC	-	-	10,000	128
The Finance Company PLC	1,875,000	-	1,875,000	2,437
LOLC Finance PLC	150,000	540	150,000	585
Peoples Leasing & Finance PLC	-	-	51,514	922
National Development Bank PLC	8,500	664	-	-
<b>Sector Total</b>		<b>1,204</b>		<b>4,318</b>
<b>Beverage Foods and Tobacco</b>				
Renuka Agri Foods PLC	125,000	588	125,000	375
<b>Sector Total</b>		<b>588</b>		<b>375</b>
<b>Telecommunication</b>				
Sri Lanka Telecom PLC	10,000	335	10,000	319
<b>Sector Total</b>		<b>335</b>		<b>319</b>
<b>Manufacturing</b>				
Blue Diamond Jewellery Worldwide PLC	285,100	228	285,100	200
Royal Ceramics Lanka PLC	10,000	1,771	17,000	1,504
Access Engineering PLC	46,000	1,132	46,000	1,003
Lankem Ceylon PLC	-	-	1,500	38
Haycarb PLC	241	137	241	46
Lanka Ceramic PLC	718	99	718	99
Lanka Walltile PLC	91	13	91	7
Dipped Product PLC	4,000	1,389	4,000	336
Kelani Tyres PLC	11,176	967	11,176	554
Ceylon Grain Elevators PLC	24,000	2,664	24,000	1,644
ACL Cables PLC	24,600	1,884	24,600	1,414
Lanka Tiles PLC	-	-	15,000	1,150
Hayleys Management Knitting Mills PLC	-	-	30,000	537
<b>Sector Total</b>		<b>10,284</b>		<b>8,532</b>

As at 31 December	2020		2019	
	Number of Shares	Fair Value Rs.'000	Number of Shares	Fair Value Rs.'000
<b>Diversified Holdings</b>				
Vallibel One PLC	15,000	390	15,000	262
Browns Investments PLC	12,250,000	52,675	19,500,000	97,500
Renuka Holdings PLC	10,222	153	26,222	506
Hayleys PLC	1,000	415	1,000	175
MDT Walkers PLC	62,200	921	62,200	921
Ambeons Holdings PLC	7,171,599	148,452	9,443,196	121,818
Expo Lanka Holdings PLC	-	-	75,000	383
<b>Sector Total</b>		<b>203,006</b>		<b>221,565</b>
<b>Investment and Trust</b>				
Ceylon Guardian Investment Trust PLC	1,511	192	1,516	139
<b>Sector Total</b>		<b>192</b>		<b>139</b>
<b>Trading</b>				
Singer Sri Lanka (PLC)	15,000	825	15,000	527
<b>Sector Total</b>		<b>825</b>		<b>527</b>
<b>Total Investment in Quoted Shares</b>		<b>216,566</b>		<b>236,848</b>

#### 11.(d) Unit Trust Investments

As at 31 December	2020		2019	
	Number of Units	Carrying Value Rs.'000	Number of Units	Carrying Value Rs.'000
ASTRU Alpha Fund	15,049,529	192,023	15,049,529	137,211
		<b>192,023</b>		<b>137,211</b>



# NOTES TO THE FINANCIAL STATEMENTS

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

	Loans and Receivables Rs.'000	Available- For-Sale Rs.'000	Total Rs.'000
At 1st January 2020	7,068,065	5,287,464	12,355,529
Purchases	2,815,085	73,195,273	76,010,358
Disposals	(2,190,664)	(71,570,293)	(73,760,957)
Fair Value Gains Recorded in Other Comprehensive Income	-	477,660	477,660
Foreign Exchange Adjustment	43,617	5,127	48,744
Movement in Impairment Allowance	-	(2,437)	(2,437)
At 31 December 2020	7,736,103	7,392,794	15,128,897

### 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 (DCF) 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	2020				2019			
		Level 1	Level 2	Level 3	Total Fair	Level 1	Level 2	Level 3	Total Fair
		Quoted	Significant	Significant	Value	Quoted	Significant	Significant	Value
		Prices in	Observable	Unobservable		Prices in	Observable	Unobservable	
		active	Inputs	Inputs		active	Inputs	Inputs	
		markets				markets			
		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)	216,566	-	543,158	759,724	236,848	-	300,387	537,235
Unit trust	11 (d)	-	192,023	-	192,023	-	137,211	-	137,211
Debt Securities	11 (b)	3,766,837	2,674,210	-	6,441,047	2,124,782	2,488,236	-	4,613,018
<b>Total Financial Assets</b>		<b>3,983,403</b>	<b>2,866,233</b>	<b>543,158</b>	<b>7,392,794</b>	<b>2,361,630</b>	<b>2,625,447</b>	<b>300,387</b>	<b>5,287,464</b>

##### Non Financial Assets

Land and Buildings	7	-	-	1,923,586	1,923,586	-	-	1,945,162	1,945,162
Investment Properties	9.1	-	-	133,000	133,000	-	-	133,000	133,000
<b>Total Non Financial Assets</b>		<b>-</b>	<b>-</b>	<b>2,056,586</b>	<b>2,056,586</b>	<b>-</b>	<b>-</b>	<b>2,078,162</b>	<b>2,078,162</b>
<b>Total Financial and Non Financial Assets</b>		<b>3,983,403</b>	<b>2,866,233</b>	<b>2,599,744</b>	<b>9,449,380</b>	<b>2,361,630</b>	<b>2,625,447</b>	<b>2,378,549</b>	<b>7,365,626</b>

#### 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 2020	Total Gains/ (Loss) recorded in Comprehensive Income	Additions/ Disposals	Accumulated Depreciation	At 31 December 2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000

##### Financial Assets

##### Available-For-Sale Financial Assets:

Equity Securities	11 (a)	300,387	242,771	-	-	543,158
<b>Total Level 3 Financial Assets</b>		<b>300,387</b>	<b>242,771</b>	<b>-</b>	<b>-</b>	<b>543,158</b>

##### Non Financial Assets

Land and Buildings	7	1,945,162	-	-	(21,576)	1,923,586
Investment Properties	9.1	133,000	-	-	-	133,000
<b>Total Level 3 Non-Financial Assets</b>		<b>2,078,162</b>	<b>-</b>	<b>-</b>	<b>(21,576)</b>	<b>2,056,586</b>
<b>Total Level 3 Financial and Non-Financial Assets</b>		<b>2,378,549</b>	<b>242,771</b>	<b>-</b>	<b>(21,576)</b>	<b>2,599,744</b>

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

1 growth rate - 3.25 and

2 discount rate - 11.79

During the year valuation method changed from growth rate to DCF method considering the positive cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

## 11.(h) A quatitative sensitivity analysis for significant assumption as at 31 December 2020 as shown below

### Sensitivity Analysis

	10% Increase	10% Decrease
1. Revenue growth at terminal Value	Rs. 24.42 Mn	(Rs. 22.63 Mn)
2. Weighted average cost of capital	(Rs. 78.64 Mn)	Rs. 132.22 Mn
3. EBIT	Rs.542.97Mn	Rs. 469.37 Mn

## 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

This note indicates the assumptions used and the movement in the employee benefit plan. As at 31 December 2020 the gratuity liability was actuarilly valued under the projected unit credit Method (PUC) by M/S.K.A.Pandit Actuarial valuer. The valuation performed annually.

The amounts recognised in the Income Statement are as follows:

	2020 Rs.'000	2019 Rs.'000
Current Service Cost	105,096	76,789
Interest Cost on Benefit Obligation	195,978	215,305
Expected return on Plan Assets	(300,864)	(315,087)
	210	(22,993)
Net Actuarial Gain/ (Loss) recognised in the Other Comprehensive Income	396,483	(7,311)

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

As at 31 December	Note	2020 Rs.'000	2019 Rs.'000
Present value of the Defined Benefit Obligation	12.2	2,156,488	1,915,716
Fair value of Plan Assets	12.3	(3,007,270)	(2,940,992)
Total Net Defined Benefit Asset		(850,783)	(1,025,277)

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

	2020 Rs.'000	2019 Rs.'000
At 1 January	1,915,716	1,774,978
Current Service Cost	105,096	76,789
Interest Cost	195,978	215,305
Benefits Paid	(222,199)	(336,988)
Actuarial (Gains )/ Losses	161,897	185,632
At 31 December	2,156,488	1,915,716

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:

	2020 Rs.'000	2019 Rs.'000
At 1 January	(2,940,992)	(2,597,584)
Expected Return on Plan Assets	(300,864)	(315,087)
Contribution paid by the Employer	-	150,000
Actuarial Gains/Losses	234,586	(178,321)
At 31 December	(3,007,270)	(2,940,992)

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

	2020 Rs.'000	2019 Rs.'000
Investment in Shares	2,225,553	2,314,360
Short term Investments	-	11,116
Other Assets	781,717	615,516
Total Plan Assets	3,007,270	2,940,992

Gratuity funds plan assets include investment in equity shares of Ceylinco Insurance PLC, (the parent entity of the company) market value amounting to Rs. 691,817,362 /- (2019 - Rs. 688,042,806/-) 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:

	2020	2019
Future salary increases	10.00%	10.00%
Discount rate	8.02%	10.23%
Expected rate of return on plan assets	8.02%	10.23%
Retirement age	55 Years	55 Years

# NOTES TO THE FINANCIAL STATEMENTS

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

	1-Jan-20	Amount charges to Profit or Loss			Benefit paid
		Service Cost	Net Interest	Sub Total included in Profit or Loss	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(1,915,716)	(105,096)	(195,978)	(301,074)	222,199
Fair value of Plan Assets	2,940,992	-	-	-	-
Benefit Assets/ (Liability)	1,025,277	-	-	(301,074)	222,199

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 2020 is shown below:

Sensitivity level	Discount Rate		Future Salary Increment Rate		Employee Turnover	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Impact on Defined Benefit Obligation - 2020	(163,046)	190,418	184,900	(161,688)	(25,699)	28,939
Impact on Defined Benefit Obligation - 2019	(119,645)	138,201	137,170	(120,901)	1,340	(1,598)

## 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.

	1-Jan-20	Amount Charges to Profit or Loss			Benefit paid	Return on Plan Assets (excluding amounts in net interest expenses)
		Service Cost	Net Interest	Sub Total Included in Profit/Loss		
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(896,561)	(2,033)	(54,714)	(56,747)	275,123	-
Fair Value of Plan Assets	2,173,488	222,347	-	222,347	(275,123)	-
Total recognised benefit (Liability) / Asset	1,276,926	220,314	(54,714)	165,600	-	-

Remeasurement Gains/(Losses) in Other Comprehensive Income							31-Dec-20
Return on Plan Assets (Excluding amounts included in Net Interest Expenses)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI	Contribution by Employers		
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000		
-	-	(330,456)	168,539	(161,897)	-	(2,156,488)	
300,864	-	-	(234,586)	(234,586)	-	3,007,270	
300,864	-	(330,456)	(66,047)	(396,483)	-	850,783	

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

	2020 Rs.'000	2019 Rs.'000
Within the next 12 Months	480,189	597,404
Between 2 and 5 Years	396,558	364,686
Between 5 and 10 Years	807,219	808,989
Sum of Years 11 and above	3,561,783	3,627,765

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years.

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-Dec-20
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
	-		(14,085)	(60,458)	(74,543)	-	(752,728)
	-	(182,236)	-	-	(182,236)	55,049	1,993,525
-	-	(182,236)	(14,085)	(60,458)	(256,779)	55,049	1,240,794

# NOTES TO THE FINANCIAL STATEMENTS

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:

		2020	2019
Discount Rate		8.02%	10.23%
Rate of Return on Plan Assets	Current	8.02%	10.23%
Salary Escalation Rate	Scheme A & B	0%	0%
	Scheme C	10%	10%
Attrition Rate		1%	1%
Retirement Age	Scheme A & B	60 Yrs	60 Yrs
	Scheme C	55Yrs	55Yrs
Mortality Table		IALM 2006-08	IALM 2006-08

## 13.2 A quantitative sensitivity analysis for significant assumption as at 31 December 2020 as shown below

Sensitivity Level	Discount Rate	
	Increase	Decrease
	1%	1%
Impact on Pension Benefit Obligation - 2020	(6,891,502)	7,940,037
Impact on Pension Benefit Obligation - 2019	(2,466,943)	2,805,201

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

	2020 Rs.'000	2019 Rs.'000
Investment in Shares	1,083,807	1,142,139
Others	909,718	1,031,349
	<b>1,993,525</b>	<b>2,173,488</b>

Other investments include fixed deposit, interest receivable and others.



#### 14. DEFERRED TAX ASSET

As at 31 December	Other Comprehensive Income		Income Statement		Statement of Financial Position	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Temporary Difference from Retirement Benefit Liability	45,331	51,976	(22,085)	12,571	603,817	536,400
Temporary Difference from Property Plant and Equipment	-	-	(77,466)	(28,212)	(237,367)	(314,833)
Temporary Difference from Intangible Assets	-	-	2,904	7,003	3,723	6,627
Available-for-sale Financial Assets (AFS)	33,517	(20,924)	-	-	(52,197)	(85,713)
Temporary Difference from Allowance for Impairment	-	-	(21,153)	(360)	32,099	10,945
Temporary difference for unrealised exchange gain	-	-	13,648	-	(13,648)	-
Temporary Difference from Allowance for Net of ROU & Lease Creditors	-	-	26,956	(13,266)	(13,691)	13,265
Revaluation Reserve	-	(86,446)	-	-	(182,090)	(182,090)
Deferred Tax Expense/(Income)	78,848	(55,394)	(77,196)	(22,264)		
Deferred Tax Asset/(Liability)					140,646	(15,399)

##### 14.(a) Total Deferred Tax Assets

	2020 Rs.'000	2019 Rs.'000
At 1 January	(15,399)	17,731
Amounts recorded in the Income Statement	77,196	22,264
Amounts recorded in Other Comprehensive Income	78,849	(55,394)
At 31 December	140,646	(15,399)

#### 15 REINSURANCE RECEIVABLES

As at 31 December	2020 Rs.'000	2019 Rs.'000
Reinsurance Receivable on paid claims	714,837	531,018
Reinsurance Receivable on payable claims	2,704,913	2,434,827
Total Reinsurance Receivables	3,419,750	2,965,845

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 16 INSURANCE RECEIVABLES

As at 31 December	2020 Rs.'000	2019 Rs.'000
Due from Policyholders	5,581,687	4,898,246
Due from Related Parties	-	3,369
Less : Allowance for impairment on Due from Policyholders	(114,639)	(39,091)
<b>Total Insurance Receivables</b>	<b>5,467,048</b>	<b>4,862,524</b>

### 16.(a) Credit Quality of Premium Receivables that are neither past due nor impaired is explained below;

As at 31 December	Below 60 days Rs.'000	Above 60 days Rs.'000	Total
2020	3,326,306	2,140,742	5,467,048
2019	3,697,456	1,165,068	4,862,524

Normal Credit terms is provided to customers unless a different period is approved by management.

## 17 OTHER ASSETS

As at 31 December	2020 Rs.'000	2019 Rs.'000
Inventories	64,611	42,703
Advances, Deposits & Prepayments	206,449	321,169
Other Receivables	58,645	45,510
	<b>329,705</b>	<b>409,382</b>

## 18 CASH AND CASH EQUIVALENTS

As at 31 December	2020 Rs.'000	2019 Rs.'000
<b>Favourable Balances</b>		
Cash in Hand	34,613	34,049
Cash at Bank with Licenced Commercial Banks	134,448	44,429
	<b>169,061</b>	<b>78,478</b>
<b>Unfavourable Balances</b>		
Bank Overdrafts included in Interest Bearing Borrowings	(38,209)	(121,342)
<b>Total Cash and Cash Equivalents for Cash Flows purposes</b>	<b>130,852</b>	<b>(42,864)</b>

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

## 19 STATED CAPITAL

As at 31 December	2020 Rs.'000	2019 Rs.'000
Issued & Fully Paid	500,200	500,200
Ordinary Shares -Voting	500,200	500,200

All issued shares are fully paid. There is one class of Ordinary shares. All shares issued carry equal voting rights.

The holders of ordinary shares - voting are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 19.(a) Movement of Stated Capital

As at 31 December	2020 Rs.'000	2019 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

	2020	2019
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	2020 Rs.'000	2019 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

As at 31 December	Note	2020 Rs.'000	2019 Rs.'000
Non-Life Insurance Contracts	20.(a)	12,449,340	12,089,210
<b>Total Insurance Contract Liabilities</b>		<b>12,449,340</b>	<b>12,089,210</b>

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 2020 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

	Note	2020 Insurance Contract Liabilities Rs.'000	2019 Insurance Contract Liabilities Rs.'000
As at 31 December			
Provision for reported claims by Policyholders		4,544,412	4,028,543
Provision for claims IBNR/IBNER		406,568	404,712
Outstanding claims provision	20.(a).i	4,950,980	4,433,255
Provision for Unearned Premiums	20.(a).ii	7,498,360	7,655,955
<b>Total Non Life Insurance Contract Liabilities</b>		<b>12,449,340</b>	<b>12,089,210</b>
<b>Non-life Technical Reserves</b>		<b>9,078,554</b>	<b>8,974,315</b>

**20.(a) i Outstanding Claims Provision**

As at 31 December	2020			2019		
	Insurance Contract Liabilities Rs.'000	Reinsurance of Liabilities Rs.'000	Net Rs.'000	Insurance Contract Liabilities Rs.'000	Reinsurance of Liabilities Rs.'000	Net Rs.'000
At 1 January	4,433,255	2,965,845	1,467,410	4,182,267	3,049,953	1,132,314
Claims incurred in the current accident year	9,136,173	3,034,620	6,101,553	10,524,330	2,542,244	7,982,086
Other movements in claims incurred in prior accident years	533,645	-	533,645	409,299	137,801	271,498
Claims paid during the year	(9,152,093)	(2,580,715)	(6,571,378)	(10,682,641)	(2,764,153)	(7,918,488)
At 31 December	4,950,980	3,419,750	1,531,230	4,433,255	2,965,845	1,467,410

Reinsurance receivable on paid claims are included under above Reinsurance receivables are amounting to Rs.714,837,000 (Rs.531,018,000/- in 2019).

Significant delays occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the reporting date.

The incurred but not reported (IBNR) and incurred but not enough reported (IBNER) claim reserve have been actuarially computed by M/S K.A.Pandit - Consultants and Actuaries. The valuation is performed on an annual basis.

The reserves are determined based on the information currently available .However, it is inherent to the nature of the business written that the ultimate liability may vary as a result of subsequent developments.

# NOTES TO THE FINANCIAL STATEMENTS

## 20.(a).ii Provision for Unearned Premiums

	2020 Insurance Contract Liabilities Rs.'000	2019 Insurance Contract Liabilities Rs.'000
At 1 January	7,655,955	7,716,395
Premiums written in the year	13,397,896	14,325,954
Premiums earned during the year	(13,555,491)	(14,386,394)
At 31 December	7,498,360	7,655,955
Net changes in reserve for Unearned Premiums	157,599	60,439

## 21. DEFERRED REVENUE

As at 31 December	2020 Rs.'000	2019 Rs.'000
SRCC/TC RI Commission Payable	121,498	112,847
Foreign RI Commission Provision	242,721	226,418
	364,219	339,265

## 21. (a) Movement of Deferred Revenue

As at 31 December	2020 Rs.'000	2019 Rs.'000
At 1 January	339,265	291,593
Revenue Deferred	667,575	726,094
Amortisation	(642,621)	(678,422)
At 31 December	364,219	339,265

## 22. REINSURANCE PAYABLE

As at 31 December	2020 Rs.'000	2019 Rs.'000
Domestic Reinsurer - National Insurance Trust Fund (NITF)	657,079	482,798
Domestic Reinsurers - Others	43,313	3,752
Foreign Reinsurers	2,530,491	1,507,468
	3,230,883	1,994,018

## 23. OTHER LIABILITIES

As at 31 December	Note	2020 Rs.'000	2019 Rs.'000
Agency Commission Payable		937,792	743,736
Government Levies		168,702	141,178
Other Creditors		733,344	686,911
Lease Creditor	23.(a)	215,172	208,681
Accrued Expenses		614,326	281,967
		<b>2,669,336</b>	<b>2,062,473</b>

### 23.(a) Lease Creditor

	2020 Rs.'000	2019 Rs.'000
As at 31 January	208,681	-
Addition	52,816	242,924
Accretion of interest	27,354	30,366
Payments	(73,679)	(64,609)
As at 31 December	<b>215,172</b>	<b>208,681</b>

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 01 year Rs. '000	1 - 3 years Rs. '000	over 3 years Rs. '000	Total Rs. '000
Lease Creditors	52,090	146,066	17,016	215,172

## 24. NET PREMIUMS

Year Ended 31 December	Note	2020 Rs.'000	2019 Rs.'000
Gross Premiums on Insurance Contracts	24.(a)	20,094,192	19,802,995
		<b>20,094,192</b>	<b>19,802,995</b>

	Note	2020 Rs.'000	2019 Rs.'000
Premiums Ceded to Reinsurers on Insurance Contracts	24.(b)	6,696,297	5,477,019
		<b>6,696,297</b>	<b>5,477,019</b>



# NOTES TO THE FINANCIAL STATEMENTS

## 24.(a) Gross Written Premium

The premium income for the year by major classes of business is as follows.

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Fire	2,783,606	2,619,841
Motor	11,000,549	11,225,594
Marine	580,160	654,122
Miscellaneous	4,273,316	3,954,470
Engineering	1,267,475	1,164,945
Employers' Liability	189,086	184,023
	<b>20,094,192</b>	<b>19,802,995</b>

The Gross written Premium of 2020 includes Rs. 49,937,577 and US\$ 49,272 (2019-Rs.37,3305,903 and US\$ 50,445) which are collected on behalf of Co-insurance partners.

## 24.(b) Premium Ceded to Reinsurers

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Fire	2,501,025	2,178,994
Motor	1,241,278	742,838
Marine	292,120	310,833
Miscellaneous	1,524,022	1,405,495
Engineering	1,123,509	823,966
Employers' Liability	14,343	14,893
	<b>6,696,297</b>	<b>5,477,019</b>
<i>National Insurance Trust Fund</i>		
Compulsory Reinsurance Cessions	632,684	863,820
Strike, Riots, Civil Commotion	1,354,626	1,355,345
	-	-
<i>Foreign Reinsurers</i>	4,649,966	3,211,609
<i>Local Coinsurance Partners</i>	59,021	46,245
	<b>6,696,297</b>	<b>5,477,019</b>

## 24.(c) Net Income

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Net Earned Premium	13,555,494	14,386,415
Other Revenue	2,009,735	2,332,061
	<b>15,565,229</b>	<b>16,718,476</b>

## 25. FEES AND COMMISSION INCOME

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Reinsurance Commission Income	642,621	726,094
<b>Total Fees and Commission Income</b>	<b>642,621</b>	<b>726,094</b>

## 26. INVESTMENT INCOME

Year Ended 31 December	Note	2020 Rs.'000	2019 Rs.'000
Available-For-Sale Financial Assets			
Interest Income	26.(a)	501,741	526,867
Dividend Income	26.(b)	656	10,425
Loans and Receivables - Interest Income		601,104	617,908
Other Operating Revenue		152,974	235,746
<b>Total Investment Income</b>		<b>1,256,475</b>	<b>1,390,946</b>

### 26.(a) Available-for-sale financial assets

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Interest Income		
Debt Interest	285,757	249,040
Repo Income	29,475	37,928
Treasury Bill & Bonds Income	186,509	239,899
	<b>501,741</b>	<b>526,867</b>

### 26.(b) Dividend Income

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Dividend Income-Quoted Investment	656	10,425
	<b>656</b>	<b>10,425</b>

## 27. REALISED GAINS

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Property, Plant and Equipment		
Realised Gains	73,104	79,337
Available-For-Sale Financial Assets		
Realised Gains		
Equity Securities	37,535	128,329
Debt Securities	-	7,355
<b>Total Realised Gains for Available-For-Sale Financial Assets</b>	<b>37,535</b>	<b>135,684</b>
<b>Total Realised Gains</b>	<b>110,639</b>	<b>215,021</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 28. NET BENEFITS AND CLAIMS

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
(a) Gross Benefits and Claims Paid		
Non-Life Insurance Contracts	9,152,092	10,682,651
<b>Total Gross Benefits and Claims Paid</b>	<b>9,152,092</b>	<b>10,682,651</b>
(b) Claims Ceded to Reinsurers		
Non-Life Insurance Contracts	(2,580,715)	(2,764,153)
<b>Total Claims Ceded to Reinsurers</b>	<b>(2,580,715)</b>	<b>(2,764,153)</b>
(c) Gross Change in Contract Liabilities		
Change in Non-Life Insurance Contract Outstanding Claims Provision	517,727	250,988
<b>Total Gross Change in Contract Liabilities</b>	<b>517,727</b>	<b>250,988</b>
(d) Change in Contract Liabilities Ceded to Reinsurers		
Change in Non-Life Insurance Contract Outstanding Claims Provision	(453,905)	84,108
<b>Total Change in Contract Liabilities Ceded to Reinsurers</b>	<b>(453,905)</b>	<b>84,108</b>
<b>Net Benefits and Claims</b>	<b>6,635,199</b>	<b>8,253,594</b>

### Non - Life Net Claims Incurred

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Gross Claims Incurred	9,669,819	10,933,639
Reinsurance Recoveries	(3,034,620)	(2,680,045)
<b>Total Net Claims Incurred</b>	<b>6,635,199</b>	<b>8,253,594</b>

### The analysis by major classes of business is as follows-Non Life

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Fire	334,092	635,622
Motor	4,698,356	5,698,550
Marine	65,837	114,896
Miscellaneous	1,282,836	1,405,579
Engineering	230,017	355,694
Employer's Liability	24,061	43,253
	<b>6,635,199</b>	<b>8,253,594</b>

## 29. ACQUISITION COSTS

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Fees and Commission Expenses	1,874,659	1,850,104
Deferred Expenses	(10,838)	(11,168)
	<b>1,863,821</b>	<b>1,838,936</b>

## 30. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Year Ended 31 December	Note	2020 Rs.'000	2019 Rs.'000
Amortisation of Intangible Assets	5	72,098	76,711
Depreciation on Property Plant and Equipment	7	403,273	398,021
Other Operating Expenses		1,127,151	1,072,136
Auditors' Remuneration - Fees		5,601	4,200
Employee Benefits Expense	30(a)	2,759,573	2,396,726
Selling Expenses		751,223	807,144
Legal Expenses		7,116	24,428
Donations		24,046	21,488
<b>Total Other Operating and Administrative Expenses</b>		<b>5,150,081</b>	<b>4,800,854</b>

### 30.(a). Employee Benefits Expense

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Wages and Salaries including Bonus & Incentives	2,385,445	2,106,949
Employees' Provident Fund	202,071	209,742
Employees' Trust Fund	50,572	52,397
Defined Gratuity Benefit & Pension Costs	(159,205)	(242,270)
Other Staff related Cost	280,690	269,908
<b>Total Employee Benefits Expense</b>	<b>2,759,573</b>	<b>2,396,726</b>

## 31. FINANCE COSTS

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Lease Interest	27,354	30,366
Other Finance Charges	26,295	60,210
<b>Total Finance Cost</b>	<b>53,649</b>	<b>90,576</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 32. INCOME TAX EXPENSE

The major components of Income Tax Expense for the years ended 31 December 2020 is:

### 32.(a) Current Year Tax Charge

Year Ended 31 December	Note	2020 Rs.'000	2019 Rs.'000
Current Tax			
Income Tax		467,008	379,658
Over/Under provision in respect of previous year		867	-
Total Current Tax		467,875	379,658
Deferred Tax			
Origination of temporary differences	14 (a)	(77,196)	(22,264)
Total Income Tax Expense		390,679	357,394

### 32(b) Tax recorded in Other Comprehensive Income (see Note 35)

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Deferred Tax	78,848	(55,394)
Total Tax charge to Other Comprehensive Income	78,848	(55,394)

### 32.(c) Reconciliation of Tax Charge

#### Reconciliation of Effective Tax Rate

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Profit for the Period	1,471,800	1,377,122
Total Income Tax Expense	390,679	357,394
Profit liable for Income Tax	1,862,479	1,734,516
Income Tax using the Company's Domestic Tax Rate (28%)	521,494	485,664
Tax Exempt Income	(30,668)	(61,060)
Net non-Deductible/(Deductible) Expenses	(23,812)	(44,945)
Ogination of temporary differences	(77,196)	(22,265)
Over / (Under) Provision of Previous Years	861	-
	390,679	357,394

### 32.(d) VAT Assessment on Reinsurance

The Department of Inland Revenue has issued VAT assessments for the taxable period in the years 2003 and 2004 mainly imposing VAT on Reinsurance recoveries and reinsurance discounts. Upon the determination of the Commissioner General of Inland Revenue, holding the position they are chargeable with VAT, Company appealed to the Tax appeals Commission. The Tax appeals commission has given its decision in favour of Inland Revenue. Hence, upon the receipt of the decision of the tax appeals commission, company appealed to the Honourable Court of appeal on the questions of Law. Now the matter is pending before the Honourable court of appeal for their opinion. The amount so assessed by Inland Revenue is Rs. 195.9 Million.

As per the notice ( PN/IT/2020-03) issued by Inland Revenue Department on 18th February 2020 "Implementation of proposed changes to the Inland Revenue Act , No. 24 of 2017 " ; the income tax rates of companies reduced from 28% to 24% with effect from 1st January 2020. However the proposed amendments are yet to be formally approved in the parliament. Accordingly, no adjustments are made in the financial statements as at the reporting date. However resulting financial impact of this amendment is decrease of Rs 66.7 Mn and Rs. 20.9 Mn on income tax and deferred tax Assets respectively.

### 33. BASIC/DILUTED EARNINGS PER SHARE

Basic/Diluted Earnings per Share has been calculated by dividing profit after taxation attributable to ordinary shareholders of the parent by the weighted average Ordinary Shares in issue at the year end.

Year Ended 31 December	2020	2019
Profit for the year (Rs.'000)	1,471,800	1,377,122
Weighted Average Number of Ordinary Shares	2,501,000	2,501,000
Basic/Diluted Earnings Per Ordinary Share (Rs.)	588.48	550.63

There were no potential dilutive Ordinary Shares outstanding at any time during the year. Therefore, Diluted Earnings Per Share is same as Basic Earnings Per Share shown above.

### 34. DIVIDENDS PAID AND PROPOSED

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Interim Dividend Paid (Rs.000)	100,000	530,212
Final Dividend Paid (Rs.'000)	-	-
	100,000	530,212
No. of Shares in issue for the year	2,501,000	2,501,000
Dividend per share (Rs.)	39.98	212.00

The Board of Directors could not pay final dividends for the year ended 31st December 2020 since Insurance Regulatory Commission of Sri Lanka has not granted permission citing the uncertainties in the business environment due to COVID 19.

### 35. INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

Year Ended 31 December	2020			2019		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net Gain/(Loss) on Available-For-Sale Financial Assets	477,670	33,517	511,187	(251,967)	(20,924)	(272,891)
Actuarial Gain on Defined Benefit Plans	(653,264)	45,331	(607,933)	(296,011)	51,977	(244,034)
Revaluation Surplus/(Deficit) during the year	-	-	-	308,731	(86,447)	222,284
Total	(175,594)	78,848	(96,746)	(239,247)	(55,394)	(294,641)

# NOTES TO THE FINANCIAL STATEMENTS

## 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.

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.

### 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 is subject to regulatory requirements. 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 returns expectations are regularly forecast and comparisons are made in order to ensure the requirements of stakeholders are achieved.

	2020 Rs.'000	2019 Rs.'000
<b>Available Capital Resources</b>		
Total Equity	12,972,646	11,697,592
Adjustments onto a regulatory basis	(5,500,542)	(6,047,021)
<b>Available Capital Resources</b>	<b>7,472,104</b>	<b>5,650,571</b>

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 2020 and 2019 are as follows.

	Total Available Capital (TAC) Rs.'000	Risk based Capital Requirement Rs.'000	Risk-based Capital Adequacy Ratio (CAR) %	Regulatory Minimum CAR %
31st December 2020	7,472,104	4,084,544	183	120
31st December 2019	5,650,571	3,168,954	178	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 Net outstanding Claim Reserve as at 31/12/2020	Outstanding Claims reserves based on BF with a 5% increase in the initial Estimated Ultimate Loss ratio (IEULR)	Outstanding Claims reserves based on BF with a 5% Decrease in the initial Estimated Ultimate Loss ratio (IEULR)
Impact of the best estimated liability (Rs'000)	585,390	893,885

### 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	-	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	128,183,503
2017	1,024,084,173	(364,476,124)	495,972	758,285,869
2018	988,889,167	20,145,932	12,012,341	-
2019	952,207,050	30,712,276	-	-
2020	323,652,514			

# NOTES TO THE FINANCIAL STATEMENTS

## 37. INSURANCE AND FINANCIAL RISK (Contd.)

### 37.(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following processes/activities of the Company reduces the credit risk of financial instruments.

- Credit risk policy is based on the IRCSL determination. The maximum exposures to each type of financial instrument is limited based on the policy.
- The investment committee evaluates the exposure and the new investments in instruments in order to reduce the risks.
- The regular review by the Board also minimises the credit risks.

### Credit Exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments.

Year Ended 31 December	Note	2020 Rs.'000	2019 Rs.'000
<b>Financial Instruments</b>			
<b>Loans and Receivables</b>			
Debt Securities	10 (b)	7,636,817	6,965,465
Other	10 (a)	99,286	102,600
		<b>7,736,103</b>	<b>7,068,065</b>
<b>Available-For-Sale Financial Assets</b>			
Equity Securities	11	759,724	537,235
Unit Trust	11	192,023	137,211
Debt Securities	11	6,441,047	4,613,018
		<b>7,392,794</b>	<b>5,287,464</b>
<b>Other Assets</b>			
Reinsurance Receivables	15	3,419,750	2,965,845
Insurance Receivables	16	5,467,048	4,862,524
Cash and Cash Equivalents	18	169,061	78,478
		<b>9,055,859</b>	<b>7,906,847</b>
<b>Total Credit Risk Exposure</b>		<b>24,184,756</b>	<b>20,262,376</b>

## Industry Analysis

31 December 2020	Financial Services Rs.'000	Government Rs.'000	Services Rs.'000	Manufacturing and Power Rs.'000	Others Rs.'000	Total Rs.'000
<b>Assets</b>						
<b>Loans and Receivables</b>						
Term Deposits	7,636,817	-	-	-	-	7,636,817
Unquoted Debentures	-	-	-	-	-	-
Staff and Vehicle Loans	-	-	-	-	99,286	99,286
	7,636,817	-	-	-	99,286	7,736,103
<b>Available-For-Sale Financial Assets</b>						
Equity Securities	202,913	-	1,388	553,442	1,981	759,724
Debt Securities	2,674,210	3,766,837	-	-	-	6,441,047
Unit Trust	192,023	-	-	-	-	192,023
	3,069,146	3,766,837	1,388	553,442	1,981	7,392,794
<b>Total Credit Risk Exposure</b>	<b>10,705,963</b>	<b>3,766,837</b>	<b>1,388</b>	<b>553,442</b>	<b>101,267</b>	<b>15,128,897</b>

31 December 2019	Financial Services Rs.'000	Government Rs.'000	Services Rs.'000	Manufacturing and Power Rs.'000	Others Rs.'000	Total Rs.'000
<b>Assets</b>						
<b>Loans and Receivables</b>						
Term Deposits	6,965,465	-	-	-	-	6,965,465
Unquoted Debentures	-	-	-	-	-	-
Staff and Vehicle Loans	-	-	-	-	102,600	102,600
	6,965,465	-	-	-	102,600	7,068,065
<b>Available-For-Sale Financial Assets</b>						
Equity Securities	224,037	-	2,313	308,919	1,966	537,235
Debt Securities	2,488,236	2,124,782	-	-	-	4,613,018
Unit Trust	137,211	-	-	-	-	137,211
	2,849,484	2,124,782	2,313	308,919	1,966	5,287,464
<b>Total Credit Risk Exposure</b>	<b>9,814,949</b>	<b>2,124,782</b>	<b>2,313</b>	<b>308,919</b>	<b>104,566</b>	<b>12,355,529</b>

# NOTES TO THE FINANCIAL STATEMENTS

The below table indicates the rating of investments as at 31st December 2020 & 2019.

31 December 2020	AAA Rs.'000	AA+ Rs.'000	AA Rs.'000	AA- Rs.'000	A+ Rs.'000	A Rs.'000
Financial Instruments						
Held-to-Maturity Financial Assets						
Debt Securities						
Loans and Receivables	1,421,917	3,145,298	-	-	883,476	2,154,867
Available-For-Sale Financial Assets						
Equity Securities	-	-	-	-	-	-
Debt Securities	4,158,112	-	-	1,267,815	400,942	557,687
Unit Trust	-	-	-	-	-	-
Total	5,580,029	3,145,298	-	1,267,815	1,284,418	2,712,554

31 December 2019	AAA Rs.'000	AA+ Rs.'000	AA Rs.'000	AA- Rs.'000	A+ Rs.'000	A Rs.'000
Financial Instruments						
Held-to-Maturity Financial Assets						
Debt Securities						
Loans and Receivables	1,214,059	773,596	1,505,844	-	900,232	-
Available-For-Sale Financial Assets						
Equity Securities	-	-	-	-	-	-
Debt Securities	2,453,556	-	836,130	381,188	382,478	-
Unit Trust						
Total	3,667,615	773,596	2,341,974	381,188	1,282,710	-

A- Rs.'000	BBB+ Rs.'000	BBB Rs.'000	BBB- Rs.'000	BB+ Rs.'000	BB Rs.'000	B Rs.'000	Not rated Rs.'000	Total Rs.'000
-	-	-	31,258	-	-	-	99,286	7,736,102
-	-	-	-	-	-	-	759,724	-
-	56,490	-	-	-	-	-	-	759,724
-	-	-	-	-	-	-	192,023	6,441,047
-	-	-	-	-	-	-	192,023	192,023
-	56,490	-	31,258	-	-	-	1,051,033	15,128,896

A- Rs.'000	BBB+ Rs.'000	BBB Rs.'000	BBB- Rs.'000	BB+ Rs.'000	BB Rs.'000	B Rs.'000	Not rated Rs.'000	Total Rs.'000
2,527,455	-	-	146,879	-	-	-	-	7,068,065
-	-	-	-	-	-	-	300,387	-
513,837	-	-	713	-	-	-	281,964	300,387
-	-	-	-	-	-	-	137,211	4,849,866
-	-	-	-	-	-	-	137,211	137,211
3,041,292	-	-	147,592	-	-	-	719,562	12,355,529

# NOTES TO THE FINANCIAL STATEMENTS

## 37. INSURANCE AND FINANCIAL RISK (Contd.)

### 37.(c) Liquidity risk

The liquidity risks in Company is where the company does not have enough cash/arrangements to meet payments./ commitments as they fall due. Following processes/activities are in place to minimise the liquidity risk.

- The regular maintenance of investments in accordance with the IRCSL guidelines.
- The investment committee reviews the liquidity levels and take appropriate actions to improve the liquidity
- Efficient forecasting of future commitments and making investments to meet the pay-outs, mitigate any possible liquidity concerns.

### 37.(c) i Maturity analysis for Financial Assets and Financial Liabilities

Table below represent the maturity profiles of Financial Assets and Financial Liabilities

31 December 2020	Within one year Rs.'000	After one year not more than three years Rs.'000	Above 3 years Rs.'000	Total Rs.'000
<b>Financial Assets</b>				
Financial Instrument				
Measured at Fair Value	4,624,409	2,225,227	543,158	7,392,794
Measured at Amortized Cost	7,736,102	-	-	7,736,102
Reinsurance Receivable	3,419,750	-	-	3,419,750
Insurance Receivable	5,467,048	-	-	5,467,048
Other Assets	329,705	-	-	329,705
Cash and Cash Equivalents	169,061	-	-	169,061
<b>Total Financial Assets</b>	<b>21,746,075</b>	<b>2,225,227</b>	<b>543,158</b>	<b>24,514,460</b>
<b>Financial Liabilities</b>				
Reinsurance Payable	3,230,883	-	-	3,230,883
Lease Creditors	52,090	146,066	17,016	215,172
Other Liabilities (except statutory payables)	2,285,462	-	-	2,285,462
<b>Total Financial Liabilities</b>	<b>5,568,435</b>	<b>146,066</b>	<b>17,016</b>	<b>5,731,517</b>
<b>Total Excess Liquidity</b>	<b>16,177,640</b>	<b>2,079,161</b>	<b>526,142</b>	<b>18,782,943</b>

31 December 2019	Within one year Rs.'000	After one year not more than three years Rs.'000	Above 3 years Rs.'000	Total Rs.'000
<b>Financial Assets</b>				
Financial Instrument				
Measured at Fair Value	1,441,032	2,043,496	1,802,936	5,287,464
Measured at Amortized Cost	7,068,065	-	-	7,068,065
Reinsurance Receivable	2,965,845	-	-	2,965,845
Insurance Receivable	4,862,524	-	-	4,862,524
Other Assets	409,382	-	-	409,382
Cash and Cash Equivalents	78,478	-	-	78,478
<b>Total Financial Assets</b>	<b>16,825,326</b>	<b>2,043,496</b>	<b>1,802,936</b>	<b>20,671,758</b>
<b>Financial Liabilities</b>				
Reinsurance Payable	1,994,018	-	-	1,994,018
Other Liabilities (except statutory payables)	1,712,614	-	-	1,712,614
Lease Creditors	39,150	169,531	-	208,681
<b>Total Financial Liabilities</b>	<b>3,745,782</b>	<b>169,531</b>	<b>-</b>	<b>3,915,313</b>
<b>Total Excess Liquidity</b>	<b>13,079,544</b>	<b>1,873,965</b>	<b>1,802,936</b>	<b>16,756,445</b>

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

## 37. INSURANCE AND FINANCIAL RISK (Contd.)

### 37.(d) ii Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The Company's interest risk policy identifies the volatile nature of Sri Lankan interest rate environment. Therefore the Company closely monitors the re-investment calendar of the investment fund and obtains internal and external expert opinion on the behaviour of interest rate environment in taking re-investment decisions.

Company maintains mix of short term and long term asset mix and also maintains interest rate sensitive and Inflation rate sensitive asset classes in managing the interest rate risk. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

### 37.(e) Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Business risks such as changes in environment, technology and the industry are monitored through the strategic management and budgeting process. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

## 38. CONTINGENCIES AND COMMITMENTS

### 38.(a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. However, there is a tax appeal relating on VAT on reinsurance recoveries. (Note 32 (d) )

The Dept of Inland Revenue has issued a Notice of Assessment on the Income Tax Return submitted by the Company for the Year of Assessment 2016/17 disputing some exemptions claimed by the company under Inland Revenue Act, No. 10 of 2016. The Company has made an appeal against the said Notice of Assessment. However the Company is of the opinion that such Assessment will not have material impact to the financial position of the Company.

### 39. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged Rs.'000	Included under
Fixed Deposits	Pledged to Seylan Bank PLC to obtain bank overdraft facilities.	112,779	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.

Year Ended 31 December	2020 Rs.'000	2019 Rs.'000
Short-Term Employee Benefits received from the Company (Salaries, Bonus, Medical expenses etc.)	171,316	224,517
Other Long term/Post Employment/Statutory Benefits (EPF, ETF, Gratuity & Pension)	86,814	100,486

#### 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. 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.

Year Ended 31 December	2020 Rs.	2019 Rs.
Aggregate amounts of premium received from the companies under normal terms of insurance contracts	112,797,694	162,447,864
Aggregate amounts of claim paid to the companies under normal terms of Insurance Contracts	3,918,144	70,267,092

# NOTES TO THE FINANCIAL STATEMENTS

## 40 RELATED PARTY DISCLOSURES (Contd.)

### 40.(b).i Other Transactions with Related Parties

#### 40.(b).i.a Transactions with Parent

	2020 Rs.	2019 Rs.
Ceylinco Insurance PLC		
<i>Nature of Transaction</i>		
Dividends paid	100,000,000	530,212,000

#### 40.(b).i.b Transactions with Affiliates

	2020 Rs.	2019 Rs.
a) Ceylinco Investcorp (Pvt) Ltd		
<i>Nature of Transaction</i>		
Premium Income	-	114,363
Fund Management Fees	2,200,000	2,400,000
Loan Portfolio Disposal	95,000,000	194,722,761
b) Ceylinco Life Insurance Limited		
<i>Nature of Transaction</i>		
Premium Income	47,624,524	60,683,374
Claims paid	1,524,081	26,957,874
Rent Expenses	20,189,167	18,818,086
Premium Receivable	10,104	-
Life Insurance Premium Expenses	11,849,776	11,745,393
c) CEG Education Holdings (Pvt) Ltd		
<i>Nature of Transaction</i>		
Premium Income	187,500	489,650
d) American Education Center Ltd		
<i>Nature of Transaction</i>		
Premium Income	7,045,747	9,835,274
Claims paid	202,849	4,017,156
e) Ceyhydro Developers (Pvt) Ltd		
<i>Nature of Transaction</i>		
Premium Income	-	3,089,287
Claims paid	-	705,694
f) Ceypower Cascades (Pvt) Ltd		
<i>Nature of Transaction</i>		
Premium Income	1,688,541	1,781,394
Claims paid	-	439,667

	2020 Rs.	2019 Rs.
<b>g) International College of Business &amp; Technology Ltd</b>		
<i>Nature of Transaction</i>		
Premium Income	3,058,085	19,781,320
Claims paid	448,527	7,892,758
Premium Receivable	-	-
<b>h) Energy Generators (Pvt) Ltd</b>		
<i>Nature of Transaction</i>		
Premium Income	601,152	5,096,585
Premium Receivable	160,501	-
Claims Paid	-	61,736
<b>i) Citizen Development Business Finance PLC</b>		
<i>Nature of Transaction</i>		
Commission	76,830	30,313,428
Premium Income	43,027,006	41,478,068
Claims Paid	1,490,603	23,908,961
Premium Receivables	53,259	-
Disposal of Shares to Ceylinco Insurance PLC	-	200,524,183
<b>j) Ceylinco Healthcare Services Ltd.</b>		
<i>Nature of Transaction</i>		
Premium Income	-	4,209,350
Claims Paid	-	9,894
Premium Receivables	-	1,785,951
<b>k) Whycherley Internation School (Pvt) Ltd.</b>		
<i>Nature of Transaction</i>		
Premium Income	2,061,579	1,535,634
Claims paid	3,722	826,111
<b>l) CEC Events (Pvt) Ltd.</b>		
<i>Nature of Transaction</i>		
Premium Income	-	466,025
<b>m) Gasworld (Pvt) Ltd.</b>		
<i>Nature of Transaction</i>		
Premium Income	-	894,619
Claims paid	-	218,659

## NOTES TO THE FINANCIAL STATEMENTS

	2020 Rs.	2019 Rs.
<b>n) ANC Modern Motessori</b>		
<i>Nature of Transaction</i>		
Premium Income	996,440	1,064,188
Claims paid	3,290	872,993
<b>o) Ceylinco Insurance (Pvt) Ltd. -Maldives</b>		
<i>Nature of Transaction</i>		
Management Fees	10,792,715	10,018,922

### 40.(b).i.c Transactions with Related Companies

Name of the Company	Nature of Transaction	2020 Rs.	2019 Rs.
Asset Trust Management (Pvt) Ltd	Premium Income	-	120,270
	Investments in Units	-	125,000,000
	Income from Unit Trust	-	-
	Claim Paid	5,000	103,460
Industrial Gases (Pvt) Ltd	Premium Income	1,387,846	2,756,039
	Claims paid	16,082	1,283,522
	Premium Receivable	-	999,054
Ultratech Cement Lanka (Pvt) Ltd	Premium Income	885,726	7,033,256
	Claims paid	217,350	2,181,545
	Premium Receivable	-	-
Kavin Polymers (Pvt) Ltd.	Premium Income	651,192	1,513,251
	Claims paid	-	144,835
	Premium Receivables	-	571,944
Wealthtrust Securities (Pvt) Ltd.	Premium Income	-	505,917
	Claims paid	-	642,227
	Premium Receivables	-	12,258
Kent Group	Premium Income	941,682	-
Union Apparels Group	Premium Income	2,640,674	-
	Claims paid	6,640	-

#### 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 SLFRS 17 which is expected to be adopted in 2023.

As at balance sheet date % of insurance related liabilities	92%
As required by SLFRS 9 the minimum % to be eligible for the exemption	90%

#### 42 COVID 19 IMPACT

The Company experienced various impact due to COVID-19 and the results for the year reflect the effect. Following assessments were made in preparing the financial statements for the year ended 31st December 2020

- The Company assesses at reporting date whether there is an indication that an asset may be impaired. However, the Company has not accounted for any impairment on property, plant and equipment as at the reporting date due to the COVID-19 pandemic.
- The Company does not foresee any impairment of right of use assets due to the COVID-19 pandemic since as each branch is operating under the business continuity plans as per the Company's risk management strategy, whilst strictly adhering to and supporting government directives.
- The Company has utilized maximum credit settlement period and accordingly managed working capital requirements. Therefore, there was no requirement for the arrangement of additional credit facilities from suppliers.
- Non Life Insurance Contract :To ensure prudence in the reserves given the uncertainty arising from Covid19, the net IBNR provisions are being maintained at about the same level as previous year.

We engaged actuary to analyze the impact, if any, of the pandemic on the claims payment pattern and incurred claims development as on 31st December 2020. It was observed that the payment pattern was almost identical to last year i.e. year ending 31st December 2019.

However, slight change was observed in the incurred claims development where the reporting was found to be minutely slower than the previous year.

The company did not face any extra ordinary surge in claims due to COVID19 in any class of business including health insurance where both IBNR and case reserves are being maintained nearly at about the same level as last year.

- Recent reductions in the interest rates from 10% to 8% have resulted in high liability of employee benefit obligation at the end of the reporting period due to the reduction in the interest rates that are used in measuring the present value of the liability. The rate used to discount post-employment benefit obligations be determined with reference to market yields at the end of the reporting period on high quality corporate bonds.
- The financial instruments and investment property reviewed to ensure that the values reflect the conditions at the balance sheet date. This involve measurement based on unobservable inputs that reflect how market participants would consider the effect of COVID-19 in their expectations of future cash flows related to the asset at the reporting date. The reviewed noted that there is a significant decrease in volume or level of activity, or the transaction has not been taken place in an orderly manner. Accordingly the Company incorporate certain adjustments to the existing valuation technique in deriving the fair value of an asset.

#### 43 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 FINANCIAL & INSURANCE TERMS

1. **Acquisition Expenses**  
All expenses which vary with and are primarily related to the acquisition of new insurance contracts and the renewal of existing insurance contracts.
2. **Actuary**  
An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.
3. **Admissible Assets**  
Assets that are included in determining an insurer's statutory solvency margin, specified under the rules made by the Insurance Regulatory Commission of Sri Lanka under the Regulation of Insurance Industry Act No. 43 of 2000.
4. **Claims**  
The amount payable under a contract of insurance arising from occurrence of an insured event such as destruction or damage of property and related death or injuries, the incurring of hospital or medical bills, death or disability of the insured.
5. **Claims Incurred**  
The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
6. **Claims Incurred But not Reported (IBNR)**  
A Reserve to cover the expected cost of losses that have occurred by the Balance Sheet date but have not yet been reported to the insurer.
7. **Commission**  
Remuneration to an intermediary for services such as selling and servicing an insurer's products. This is one component of acquisition expenses.
8. **Deferred Acquisition Expenses / Deferred Acquisition Expense Reserve**  
Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
9. **Earned Premium**  
Written premium adjusted by the unearned premium reserve at the beginning and end of the accounting period.
10. **Earnings Per Share**  
Net Profits of the Company after tax divided by the Number of Ordinary shares in issue.
11. **Gross Claims Reserve**  
The amount provided, including claims incurred but not reported and claims handling expenses, to cover the estimated ultimate cost, arising out of events occurred by the end of the accounting period, less amounts already paid in respect of those claims.
12. **Gross Written Premium**  
Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
13. **Insurance**  
Insurance is a contract whereby one party the insurer, in return for a consideration i.e, the premium, undertakes to pay to the other party - the insured, a sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.
14. **Insurance Provision**  
This comprises of the gross claims reserve unearned premium reserve net of re-insurance and the deferred acquisition expenses
15. **Net Combined Ratio**  
This ratio indicates the profitability of the insurer's operations by combining the net loss ratio with net expense ratio.
16. **Net Earned Premium**  
Gross Written Premium adjusted for the reinsurance incurred and for the increase or decrease in Unearned Premium.
17. **Net Expense Ratio**  
A formula used by insurance companies to relate acquisition and other operating and administrative expenses to net earned premium.  
  
**Formula :**  
$$\frac{\text{Acquisition and other operating and administrative expenses}}{\text{Net Earned Premium}}$$
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:**  
$$\frac{\text{Net claims incurred}}{\text{Net earned Premium}}$$

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>19. Net Assets Per Share</b><br/>Net assets attributable to Shareholders' equity divided by the number of Ordinary shares issued.</p> <p><b>20. Net Written Premium</b><br/>Gross Written Premium less reinsurance premium</p> <p><b>21. Net Claims Incurred</b><br/>Claims incurred less reinsurance recoveries.</p> <p><b>22. Non Life Insurance</b><br/>Non Life Insurance and General Insurance have the identical meaning.</p> <p><b>23. Policy</b><br/>The printed document issued to the policyholder by the Company stating the terms of the insurance contract.</p> <p><b>24. Premium</b><br/>The payment of one of the regular periodic payments that a policyholder makes to own an insurance policy.</p> <p><b>25. Reinsurance</b><br/>A method of insurance arranged by insurers to share the exposure of risks accepted.</p> <p><b>26. Reinsurance Commission</b><br/>Commission received or receivable in respect of premium paid or payable to a reinsurer.</p> | <p><b>27. Reinsurance Premium</b><br/>The premium payable to the reinsurer.</p> <p><b>28. Return on Shareholders' Equity</b><br/>Profits after tax divided by the Capital employed as at Balance Sheet date.</p> <p><b>29. Return on Total Assets</b><br/>Profits after Tax divided by Total assets attributable to Shareholders.</p> <p><b>30. Risk Based Capital (RBC)</b><br/>An amount of capital based on an assessment of risks that company should hold to protect policy holders against adverse developments.</p> <p><b>31. Underwriting Result</b><br/>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.</p> <p><b>32. Unearned Premium / Unearned Premium Reserve</b><br/>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.</p> |
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# NOTICE OF MEETING

Notice is hereby given that the seventh Annual General Meeting of the Shareholders of the Company will be held on 05th April 2021 at 10.30 a.m. at the "West Wing" Level 03, "Ceylinco House", No. 69, Janadhipathi Mawatha, Colombo 01 and the business to be brought before the meeting will be :

1. To read the Notice convening the Meeting.
2. Chairman's Address.
3. To receive, consider and adopt the Report of the Directors and the Financial Statements for the year ended 31st December 2020 and the Report of the Auditors thereon.
4. To declare a Dividend for the year ended 31st December 2020.
5. 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.
6. To re-elect Mr. Kekulkotuwa Don Arcadius Shervin Rushan Arsakularatne who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
7. To re-elect Dr. Upendra Diksha De Silva who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
8. To re-elect Mr. Ekanayake Mudiyansele Mangala Boyagoda, who retires at the Annual General Meeting as a Director, in terms of Section 210 of the Companies Act No. 07 of 2007. Special Notice having 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. Ekanayake Mudiyansele Mangala Boyagoda who will be 70 years in December, 2021 be re-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. Ekanayake Mudiyansele Mangala Boyagoda"

9. To authorise the Directors to determine payments for charitable purposes for the year 2021.
10. To re-appoint Auditors and authorise the Board of Directors to determine their remuneration.
11. 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

2nd March 2021

Note : Any shareholder unable to attend the Meeting may appoint another to attend and vote for him and such proxy need not be a shareholder of the Company.

A Form of Proxy is attached to the Report. The completed Form of Proxy should be deposited at the Head Office of the Company at 5th Floor - "Ceylinco House", 69, Janadhipathi Mawatha, Colombo 1, before 10.30 a.m. on 01st April 2021.

Shareholders/Proxyholders should bring with them their National Identity Card or any form of valid identification when attending the meeting.

# CORPORATE INFORMATION

## Registered Office

"Ceylinco House"  
3rd Floor  
No. 69, Janadhipathi Mawatha,  
Colombo 1, Sri Lanka.

## Company Registration Number

PB 5184

## Legal Form

A Public Company with limited liability, incorporated in Sri Lanka on 22nd April 2014. Licensed as a Company authorized to carry on General Insurance business, under the Regulation of Insurance Industry Act No. 43 of 2000.

## Main Place of Business

"Ceylinco House",  
No. 69, Janadhipathi Mawatha,  
Colombo 1, Sri Lanka.  
Telephone : 2485757-9  
Call Centre : 2393939  
Fax : 2485701  
E-mail : [ceylincoinsurance@ceylins.lk](mailto:ceylincoinsurance@ceylins.lk)  
Website : [www.ceylinco-insurance.com](http://www.ceylinco-insurance.com)

## Principal Activities

Underwriting of all classes of General Insurance

## Auditors

Ernst & Young,  
Chartered Accountants,  
No. 201, De Saram Place,  
Colombo 10.

## Consulting Actuaries

M/s. K. A. Pandit  
Consultants & Actuaries, 2nd Floor - "Churchgate House",  
Veer Nariman Road, Fort, Mumbai - 400 001, India.

## Board of Directors

**Mr. B.S.M. De Silva**  
*Chairman - (Non-Executive Director)*  
**Mr. H.D.K.P. Alwis** FCIC  
*Managing Director / Chief Executive Officer (Executive Director)*  
**Mr. U. Witharana** FCA, MBA, FCMA  
*Deputy Managing Director / Director (Finance) /  
Chief Operations Officer - (Executive Director)*

**Dr. W.C.J. Alwis** BSc., FIII, FCII (Lond.), FloD (UK)  
*Director (Technical) / Chief Technical Officer - (Executive Director)*

**Mr. R.A. Gunathilake**  
*Director-Branch Operations - (Executive Director)*

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

**Mr. E.M.M. Boyagoda** MBA  
*(Non-Executive Director)*

**Dr. U.D. De Silva** MBBS, FD (USA), FOM & T (USA), FAAD  
*("Independent" Non-Executive Director)*

**Mr. A.R.H. Fernando**  
*("Independent" Non-Executive Director)*

**Mr. S.C.G. Guruge**  
*("Independent" Non-Executive Director)*

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

**Mr. G.S. Sundararajan** BEng. (Agri.)  
*(Non-Executive Director)*

**Dr. S.D. Wanigaratne** D.Clin.Psych., FBPsS.  
*(Non-Executive Director)*

**Mr. C.P.A. Wijeyesekera**  
*("Independent" Non-Executive Director)*

**Mr. H.D.A.N. Perera**  
*(Executive Director)*

**Mr. Yu Kitai**  
*(Non-Executive Director)*

## Company Secretary

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

## Bankers

Bank of China Limited - Colombo Branch  
Commercial Bank of Ceylon PLC  
DFCC Bank PLC  
Hatton National Bank PLC  
Nations Trust Bank PLC  
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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