

**Great Nation.
Great Company.
Great Success.**

Ceylinco General Insurance Limited
Annual Report 2017



 **Sri Lanka, We Believe**

Business Excellence

We attribute our success to our ability to execute the best ideas, speedily and with great precision. We believe we are at the pinnacle of the industry because we have never lost our focus or lost sight of our vision.

Rs. 17.9Bn

Gross Written Premium

Rs. 107

Dividend Per Share



Social Responsibility

At Ceylinco we place a great emphasis on our responsibility to society - genuinely caring for the millions of lives we touch across the island. Our every effort is towards uplifting the lives of the people we serve.



Governance and Sustainability

Our approach to governance is predicated on the belief that there is a link between quality of governance and the creation, enhancement and sustenance of long-term stakeholder wealth creation, whilst safeguarding their rights.





Great Nation. Great Company. Great Success.

At Ceylinco General Insurance Limited, we are truly one. Through sheer passion, dedication and our endless pursuit of excellence, we have achieved a place in the hearts and minds of the people; a position unequalled by any other in the industry today. Seeking nothing but perfection, over the years we have worked tirelessly to provide our customers with benefits that are far superior, as we continue to expand and evolve to reach new heights. Widely acknowledged as the best in our field, your Company is proud to state that we are setting the standards – infusing value into everything we do, exceeding expectations across the island. Our people are the driving force behind all that we have accomplished, building lasting relationships that are founded on a culture of trust and care – the reason behind our enduring success.

Ceylinco General Insurance Limited.

One Great Nation. One Great Company. One Great Success.



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"Speedy settlement of flood and cyclone claims by Ceylinco General Insurance enabled thousands of our customers to bounce back to normalcy in the shortest possible time."

Managing Director's Review - Page 10

Rs.17.9 Bn

Premium Income
(11.5%↑)

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Rs.1,703 Mn

Profit Before Tax
(23.3%↑)

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24 **Management Discussion and Analysis**
← Read more on Page

54 **Corporate Governance**
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71 **Financial Statements**
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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 Mission

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.

Our Corporate Goals

Financial Highlights

Profitability

	2017 Rs.'000	2016 Rs.'000	Change %
Gross Written Premium	17,976,991	16,116,889	11.54
Net Earned Premium	13,209,435	11,783,117	12.10
Investment & Other Income	2,029,509	1,573,435	28.98
Insurance Claims & Benefits	(7,371,429)	(6,699,268)	10.03
Profit Before Taxation	1,702,651	1,381,125	23.28
Profit After Taxation	1,406,751	1,309,020	7.47

Financial Position

	2017 Rs.'000	2016 Rs.'000	Change %
Total Assets	25,551,645	23,376,250	9.31
Total Liabilities	15,777,190	14,575,114	8.25
Total Equity	9,774,455	8,801,136	11.05

Per Ordinary Share

	2017 Rs.	2016 Rs.	Change %
Earnings (Basic)	562.48	523.40	7.47
Dividends	107.00	75.98	40.83
Net Assets	3,908.22	3,519.05	11.06

Gross Written Premium (Rs. '000.)

17,976,991
+11.5%

Profit Before Taxation (Rs. '000.)

1,702,651
+23.3%

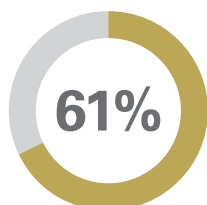
Net Assets Per Share (Rs.)

3,908.22

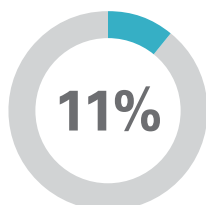
Dividend Per Share (Rs.)

107.00

Class-wise Premium



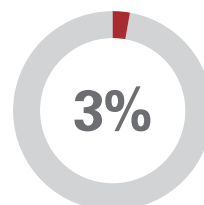
Motor
10,961,929
(Rs. '000.)



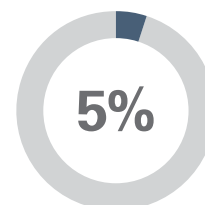
Fire
1,956,803
(Rs. '000.)



Miscellaneous
3,555,918
(Rs. '000.)



Marine
596,975
(Rs. '000.)



Engineering
905,366
(Rs. '000.)

Chairman's Review



In keeping with the excellent performance made during the period under review, your Board of Directors paid a dividend of Rs. 107 per share for the year 2017.

B.S.M. de Silva
Chairman

Gross Written Premium

Rs. **17.9 Bn**
+11.5%

Total Assets

Rs. **25.5 Bn**
+9%

In line with the economic growth of the country, the Company is focused on developing in various areas through its innovative strategies to achieve higher growth than the industry for 2018.

It is with great pleasure that I present the 3rd Annual Report of your Company, in a broadly satisfactory macro economic environment, taking advantage of all possible opportunities to grow and deliver substantial results to all its stakeholders.

Ceylinco General Insurance Ltd has delivered a resilient performance with a Gross Written Premium of Rs. 17.9 Bn reflecting a growth of 11.5%.

Profit before Tax improved to Rs.1.7 Bn establishing a new benchmark for the Company.

Our business has strengthened its market positioning during the year building strong foundations for growth. Hence, it is indeed my pleasure to welcome you to the fourth Annual General Meeting of the Company and to present the Annual Report for the financial year ended 31st December 2017.

Macro-Economic Climate

Sri Lanka moved steadily towards achieving overall stability of the economy even with various challenges.

The drought and floods disturbed agriculture activities and hydro power generation. The tight monetary policy affected partly public and private investment spending which resulted in low economic growth. The above factors increased import expenditure. However, export revenues increased as expected. Lower revenue from all traditional products such as Tea, Rubber and Coconut which were selling below their cost of production has impacted the economy. The reduction in workers' remittances resulted in widening the trade deficit in the external current account.

Even with the above challenges, the Central Bank in coordination with the government implemented policy measures in 2017 and macro economic stability was being restored. The Central Bank adopted flexibility in exchange rates and markets reacted positively.

Chairman's Review

I am happy to conclude by stating that your Company has delivered what it promised and more to all stakeholders during the year, making Ceylinco General Insurance Ltd truly "A Great Company"

Foreign direct investments in 2017 saw an increase and this trend is expected to continue. Government Security Market and Colombo Stock Exchange. Long term financial inflows to the government were also observed during 2017, including through the Central Bank was able to build foreign reserves of over USD 7.9 Bn at the end of 2017.

Despite the policy uncertainty which prevailed during the period with regards to taxation and other reforms, I am pleased to state that your Company remained agile and adapted to the changing conditions, with the administration and operating expenses increasing by less than market norms, despite the increased activity in business. The increased contribution from motor insurance to overall revenue and profitability has resulted in a more balanced business operation.

General Insurance Industry

We observed a substantial drop in new motor vehicle registrations throughout the year which resulted in the motor insurance business getting curtailed. Yet the growth in the motor segment was offset by continued price competition. Overall, premium rates on property and liability remained soft along with the other traditional products like marine and miscellaneous classes.

The usual treasury circular directing all State Sector Organizations to place their businesses with the Government controlled Insurance Companies further curtailed the opportunities for overall premium growth and the chances for Private Sector Companies to take advantage of ongoing infrastructure development activities. This does not augur well for a level playing field in a competitive non tariff market insurance industry.

Results of the year

Ceylinco General Insurance Ltd has made a record gross written premium of Rs. 17.9 Bn during the year under review, signifying a growth of Rs. 1.8 Bn over last year depicting an outstanding performance. Accordingly, the profit after tax increased to Rs. 1,407 Mn, which is an increase of 7.5% over the year 2016.

Dividends

In keeping with the excellent performance made during the period under review your Board of Directors paid a dividend of Rs. 107 per share for the year 2017.

Future Outlook

In line with the economic growth of the country, the Company is focused on developing in various areas through its innovative strategies to achieve higher growth in the industry for 2018.

Conclusion

In conclusion, on behalf of the Board of Directors and all employees of Ceylinco General Insurance Limited, I thank all our stakeholders, customers, insurance brokers, Chairperson 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 service in a professional manner with complete impartiality.

Profit After Taxation (Rs. '000)

1,406,751
+7.5%

Finally, I thank my colleagues on the Board and the Senior Management for their guidance and support extended to me during the year. I am happy to conclude by stating that your Company has delivered what it promised and more, to all stakeholders during the year making Ceylinco General Insurance Ltd truly "A Great Company".



B.S.M. de Silva
Chairman

Managing Director's Review



Ceylinco General Insurance recorded a premium income of Rs. 17,977 Million, which reflects a growth of 11.5 %.

H.D.K.P. Alwis
Managing Director

Gross Written Premium
(Rs. '000)

17,976,991
+11.5%

Claims Paid
(Rs. '000)

9,246,441

“Strategy equals execution. All the great ideas and visions in the world are ruthless if they can’t be implemented rapidly and efficiently.”

- Colin Powell, American elder Statesman and retired Four-Star General of the United States Army

We at Ceylinco also attribute our success to our ability to execute the best ideas, speedily and with great precision.

We believe we are at the pinnacle of the industry because we have never lost our focus or lost sight of our vision. Our every action is executed only after we ensure it will positively impact the people we serve. We never take this responsibility lightly.

Affirming this ethos of the company, it gives me great pleasure to present my review for 2017, a year in which we experienced phenomenal growth and accomplished numerous milestones along our exciting journey. Our achievements are all the more special because this year we complete 30 years in existence, having commenced operations in 1988 after the liberalisation of the insurance industry.

Company Performance

In the year under review, we delivered a remarkable performance which surpassed our own benchmarks. Ceylinco General Insurance recorded a premium income of Rs. 17,977 Million, which reflects a growth of 11.5 %. This marks an increase of Rs. 1,860 Million over the premium of Rs. 16,117

Million that your company recorded in 2016. Similarly, our profits also rose to exceptional levels, recording a profit before tax of Rs. 1,703 Million and a profit after tax of Rs. 1,407 Million, which is an increase of 23.3% and 7.5% respectively over that of 2016.

Industry-first Value Additions

In a landmark move, in August 2017, Ceylinco General Insurance announced yet another breakthrough in Motor Insurance - a Rupees one Million cover that reimburses medical costs incurred for 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 and paralysis. Introduced as an exclusive benefit for Ceylinco VIP On-The-Spot policyholders, the new cover was extended for new policies, while existing policyholders were entitled to the new benefit from their renewal date.

In the case of individual customers, the insured are entitled to this revolutionary benefit, while corporate customers or fleet owners must name an individual (user or driver) as the beneficiary. For individual customers with more than

Managing Director's Review

one vehicle, the spouse or immediate family members could be named as beneficiaries. Similarly, comprehensive motorcycle and three wheeler policyholders, and third party customers will also be entitled to a cover of Rs.100,000/-. This is the first of its kind and the only vehicle insurance policy that offers cover for serious illnesses of this magnitude.

New Products

With the overwhelming success of the revamped 'Suwa Sampatha International' which was introduced a year ago with a million-dollar benefit across the globe, a second tier product was introduced to the market also under the 'Suwa Sampatha International' brand. This product is targeted at those who seek medical treatment in state-of-the-art hospitals across the globe at a lower premium with relatively less benefits.

Under the new product, a cover of US Dollars 50,000/- is at your disposal in the event of an illness to get hospitalised anywhere in the world. This is an ideal product for those who want this added protection for their family. The premium for each individual is Rs 50,000/- and could be paid in Sri Lankan Rupees although the benefits are given in US dollars. We embody our customer centric approach through such solutions. Product innovation has been one of the hallmarks of our success.

Speedy Settlement of Claims

Speedy settlement of flood and cyclone claims by Ceylinco General Insurance enabled thousands of our customers to return to normalcy in the shortest possible time. I pay a tribute to the staff of Ceylinco General Insurance, who acted promptly to pay compensation

to all of our policyholders or flood and cyclone cover, who were affected by the inclement weather that played havoc during the months of May, June and December 2017. Claims were paid within 14 days, thus fulfilling our promise of swift settlement of claims, which is the hallmark of your company's ethos. Accordingly, Ceylinco General Insurance paid claims amounting to Rs. 9 Billion during the year under review.

Widening Branch Network

During the year, our branch network expanded to 470 branches and sales outlets island-wide, making it the largest branch network by far. Our widened geographic reach empowers millions to access our General Insurance solutions. 40 "VIP Counters" were opened in 2017, with 9 of them under the City Office and the remaining 31 under the branch network. The expansion of our branch network was mirrored by that of our sales cadre, which surpassed 1,975. This large sales team enables us to reach customers in far flung areas of the country in a speedy manner.

Channel Development

During the year, we partnered with several corporate entities including banks, finance companies, mobile service providers, etc to explore new distribution channels to offer the insuring public access to our products and services at their convenience. In time to come, these channels will be a key growth area and the products will prove convenient to the public as value additions through partner organizations.

Reinsurance Relationships

In keeping with our decades-old tradition, this year too, we collaborated only with the world's leading reinsurers,

ensuring greater financial stability. By associating with the top reinsurers, we are in a better position to honour claims for any emergency or catastrophe.

In order to minimize the impact due to recurrent natural catastrophes, our underwriting team has mapped out flood-prone areas and carried out loss prevention surveys on behalf of clients located in these areas, while advising them to take additional precautions. As a key player in the Sri Lankan insurance industry, we are proud that the world's best reinsurance companies continue to work with us. Your Company maintained the highest reinsurance coverage during the year, even beyond those stipulated by the regulator. Also, due to the ever increasing natural disasters, our catastrophic risks are comprehensively covered through natural catastrophic reinsurance from world-renowned 'A' rated reinsurers.

Human Resources and Staff Training

We place strong emphasis on staff training, as we strongly believe that a trained team of professionals will add much needed value to our service levels, which are maintained at exceptionally high levels. During the year under review, your Company conducted 60 soft skill development training programmes, covering areas of customer care, communications, team work, personal development, salesmanship etc, for our automobile engineers, Call centre, underwriting and sales staff.

A series of "Management Learning Programmes" were conducted for branch managers covering a wide array of topics whilst several outbound training programmes were conducted for the senior sales staff and the staff

Claims were paid within 14 days, thus fulfilling our promise of swift settlement of claims, which is the hallmark of your company's ethos. Accordingly, Ceylinco General Insurance paid claims amounting to Rs. 9.2 Billion during the year under review.

of the IT department. Accordingly, 20 individuals were sent for overseas training during 2017, while the total staff that underwent training in Sri Lanka exceeded 700.

Furthermore, 14 induction training programmes were conducted for new recruits, exposing them to our business environment and to the corporate world. The programmes had a significant effect on employee retention as well as providing the initial impetus needed to commence their careers as most of them are school leavers and beginners.

The annual overseas tour saw a record number of 240 of our dedicated staff enjoying a five-day-long holiday and a workshop in Jakarta, Indonesia, a new destination which was selected through a survey conducted amongst participants. This trip was arranged for the 14th consecutive year, becoming an eagerly anticipated event, as the

aspiration of every staff member is to be a part of this team. This incentive has also become a key motivational factor for employees. A half-day "Brain storming session" was also held with the participation of the entire group and valuable ideas were generated to increase our service levels, many of which have already been implemented.

Rapid Strides in IT

The company is continuously carrying out improvements to its core ERP solution which is developed and maintained by our in-house IT team. By having sophisticated state-of-the-art hardware, namely, Oracle Exadata X5-2, we are empowered to serve customers in a much more efficient and effective manner, especially considering that our branches are located island wide. All branches are connected to the central data center and to the Disaster recovery site through VPN (Virtual Private Network) and APN (Access Point Name).

We have also set up a DR site with servers placed at Sri Lanka Telecom as a part of our business continuity plan which will enable us to connect to the system in less than 30 minutes and be in full operation without any interruption to our day to day activities in the event of an unfortunate incident at our head office. Also, we are in the process of enhancing server utilization in order to increase efficiency, capacity and security for better performance.

Our IT staff is continuously using the Rapid Application Development methodology to deliver new developments to cater to the competitive insurance market requirements. Further, our IT staff has ventured into mobile application development to enable customers, end users and the sales staff to conduct the required services by themselves.

The customer app has facilities such as online policy issuance, online claim intimation, Premium payments using credit cards and USSD (Unstructured Supplementary Service Data) with facility to upload the accident images onsite to make the accident inspection process much faster.

We have also developed a Mobile app for sales staff to carry out customer servicing, follow-up and other sales related activities to make the customer follow-up much easier. This app also has rendered the claim inspection and underwriting inspection process more efficient without burdening the customer. We have also initiated a document management system to render the entire process paperless in order to minimize delays and human errors in handling manual files.

Profit Before Taxation (Rs. '000)

1,702,651
+23.3%

Managing Director's Review

The Company is continuously providing overseas training to the IT staff on various areas such as new development tools, programming languages, databases, business analytics using big data, cloud applications, firewalls and operating systems etc, to match technological developments in developed countries. We have also signed service agreements with various reputed service providers to obtain expert advice and support as a secondary measure.

Social Responsibility

We have grown from strength to strength with each passing year and our growth has been tempered by our commitment to make a positive impact on the economically under privileged sections of society.

As reported last year, in 2017 we introduced a programme that would benefit thousands of Sri Lankans living under difficult circumstances. Paving the way for 1,000 poor children to dream of a proper education and a brighter future, we grant 1,000 children with Rs. 1,500/- every month until they complete their Advanced Level (A/L) examinations, thereby easing the burden on their parents and giving them a solid platform to remain in school till they complete their A/Ls. Monaragala District was selected as the first location where the first phase of the programme was launched and plans are underway to extend the scheme to other districts as well.

During the months of May and June of 2017, children of flood victims were provided with school books, stationery and other study material by our staff in person, with dozens of them travelling to the affected areas of the country to

We have grown from strength to strength with each passing year, our growth has been tempered by our commitment to make a positive impact on the economically under privileged sections of society.

ensure that the items were distributed fairly to all affected children.

Our staff was actively involved in various religious ceremonies across the island, providing devotees with much-needed refreshments at places of worship. Some of the key religious events visited by our employees include the Nawam Perahara, Midnight Mass at St. Anne's Cathedral, Kurunegala, Annual Theru Festival in Matale, Water Cutting Festival in Nallur, and several Wesak Dansalas.

Performance of General Insurance Industry

During the year under review, Sri Lanka's General Insurance industry brought in Gross Written Premiums valued at Rs.88.9 Billion. It is encouraging to note that the General Insurance industry has recorded consistent growth figures in 2016 and 2017. As at the end of 2017, Motor Premiums accounted for 63.4% of all General Gross Written Premiums, while Fire and Engineering made up 12.5%, followed by Medical products with 13.2%. Meanwhile, General Accident contributed 8.4% and Marine 2.5%. Overall, 14 General Insurance companies were operating in Sri Lanka together with two composite companies as of end 2017.

Challenges Ahead

Challenges abound in the General Insurance industry, with a key obstacle being price under-cutting leading to a decline in premium rates as a result of a severely competitive market. Differentiating merely on price is a short term tactic that will not be sustainable in the long run and only hurts the industry. Unfortunately, government insurers continue to enjoy a competitive edge which skews the playing field and stunts the growth of the industry while giving rise to less than ideal conditions.

Our fervent appeal is for the regulator to ensure a level playing field for all insurance companies, so that the industry may be propelled forward naturally by market forces. We sincerely believe this will enhance professionalism across the board and raise the overall profile of the industry.

Acknowledgments

Looking back on what has been an outstanding year, I would be remiss in not thanking the present government for the business-friendly measures undertaken that are bringing about a positive business climate in Sri Lanka.

I express my gratitude to the Chairperson, the Director General, Members of the Board and officials of the Insurance Regulatory Commission of Sri Lanka for their continued support and guidance. I thank the Insurance Ombudsman for his immeasurable service and objectivity.

I appreciate our relationships with our Reinsurers and Reinsurance Brokers across the globe as we depend on their contribution to our success.

I commend the effort by our insurance agents and brokers for their dedication and commitment to make the impossible seem possible.

I would like to wish all my colleagues on the Board, the Chief Executive Officer and the Head of Finance for their counsel, advice and for placing their trust in me and my team, which gives us the strength to face any challenge.

I salute each and every employee for going beyond their roles to pursue our collective passion for delighting our customers.

Lastly, I would like to express my gratitude to all our loyal clients for their patronage. Ceylinco General Insurance will continue to implement winning strategies that enhance the lives of all its stakeholders.



H.D.K.P. Alwis
Managing Director

Board of Directors



Seated - **Mr. B.Sarada M. De Silva** Chairman,
 Standing - **Mr. C.P.A. Wijeyesekera** Director, **Mr. A.R.H Fernando** Director, **Dr. U.D.De Silva** Director,
Dr. W.C.J. Alwis Director (Technical) / Chief Technical Officer, **Mr. R.A. Gunathilake** Director / Deputy Chief
 Operations Officer, **Dr. S.D. Wanigaratne** Director



Seated - **Mr. H.D.K.P. Alwis** Managing Director

Standing - **Mr. N.D. Nugawela** Director / Chief Operations Officer, **Mr. K.D.A.S.R. Arsakularatne** Director,
Mr. U. Witharana Deputy Managing Director, **Mr. S.C.G. Guruge** Director, **Mr. E.M.M. Boyagoda** Director,
Mr. G.S. Sundararajan Director, **Mr. M.D.E.A.G. Saparamadu** Director

Profiles of Directors

Mr. B. Sarada M. De Silva

Chairman

Mr. Sarada De Silva counts over 40 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 is 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 President of National Chamber of Exporters of Sri Lanka.

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

Mr. De Silva counts over 25 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.

Mr. H.D.K.P. Alwis

Managing Director

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

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

Also, he is credited with setting up the branch network for Ceylinco 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 the 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 the 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.

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

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. 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.

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 presently heading the Education Sector of Ceylinco Insurance PLC.

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.

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

Mr. N.D. Nugawela

Director / Chief Operations Officer

Mr. Nugawela was appointed to the Board of Ceylinco Insurance PLC in September 2001 and overlooked the administration of the Company's General Insurance branches. Having had over 10 years experience at Insurance Corporation where he obtained a Diploma in Insurance, he joined Ceylinco Limited as a Liaison Officer in late 1980. In April 1989, he joined Ceylinco Insurance (General Insurance Division) as a Branch Manager and was promoted as a Regional Sales Manager in 1991, as an Assistant General Manager in 1994 and as a Senior Assistant General Manager in 1998. He held the post of Deputy General Manager (Branches) with effect from 2001.

Mr. Nugawela monitors the Technical and Claims functions of Ceylinco General Insurance and is overall in-charge of the 'Nerve Centre' for claims processing.

Mr. R.A. Gunathilake

Director / Deputy Chief Operations Officer

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.

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 Jayewardenpura.

He is a Director of Blue Ocean Heritage Limited and Director, International Sourcing of RJV Clothing Sdn Bhd, Malaysia in partnership with Marks & Spencer PLC of United Kingdom. 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.

Profiles of Directors

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, Lanka Century Investments PLC, Ceylon Hotels Corporation PLC, Dankotuwa Porcelain PLC, Sierra Construction (Pvt) Limited, Cargills Bank Limited, Royal Fernwood Porcelain (Pvt) Limited, Faber Capital (Pvt) Limited, Virginia International Investment (Pvt) Limited, United Hotel (Pvt) Limited, C A Crushing (Pvt) Limited, Sri Lanka Gateway Industries (Pvt) Limited and Lanka Training and Education Academy Guarantee Limited.

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

Dr. U.D.De Silva

Director

Dr. Upendra De Silva, as a Dermatologist, counts over 21 years of experience in the field of Dermatology in Sri Lanka. Presently, he practices in his own clinic located at Lauries Road, Colombo 04. Dr. De Silva was awarded a fellowship in Occupational Medicine and Toxicology from University of California, San Francisco, USA.

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

Mr. A.R.H Fernando

Director

Mr. Fernando has over 40 years of experience in the tea industry and has been successful in innovation, promoting and marketing the traditional

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

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

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

He was a multi disciplined sportsman at school and represented and captained Sri Lanka at rowing. Mr. Fernando currently heads the Sri Lanka Amateur Rowing Association. He is also a senior member of the National

Olympic Committee and Chairman of its finance management committee. He has represented Sri Lanka as Chef de Mission in 2006 & 2009 at Lusofonia Games in Macau & Portugal and the 2nd Asian Indoor Games in 2007 in Macau.

Mr. S.C.G. Guruge

Director

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

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

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

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

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. He is the recipient of the National Platinum Award for the "Sri Lankan Entrepreneur of the Year 2004." He is a Board Member of two public and three private organizations, Committee Member of the Chamber of Commerce and a guest speaker on entrepreneurship.

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

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

life and non-life insurance businesses housed in the two Insurance ventures in collaboration with Sanlam, South Africa.

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

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.

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 member of the Presidential Task Force on Psychosocial Wellbeing and also 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.

Mr. C.P.A. Wijeyesekera

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.

Profile of Chief Executive Officer



Mr. Ajith Gunawardena joined the Ceylinco Group in 1978 as a Sales Manager, attached to the Polonnaruwa Branch of The Finance, speedily rising to the position of Assistant General Manager.

At The Finance, Mr. Gunawardena was instrumental in initiating the first-ever leasing and project financing division in Sri Lanka. Moreover, he set up the hire purchase scheme for consumer durables and import financing; pioneering concepts in the sphere of finance companies in Sri Lanka. Furthermore, the first ever venture capital company to be established in Sri Lanka, was also his brainchild.

He was appointed Director In Charge of the General Division of Ceylinco Insurance in 1987. He introduced the visionary concept of a direct sales force for the insurance industry in Sri Lanka. His was the idea that transformed the sphere of insurance forevermore – On The Spot Claim Settlement! This unprecedented idea, which amounted to a global first, has been embraced and adopted by many other insurers the world over. In fact, this very concept won the coveted “Innovation of the Year” Award at the Asian Insurance Industry Awards in 2003. Under his able leadership, Ceylinco Insurance received a rare accolade – that of being among the top four General Insurance Companies in Asia, in 2000 and once again clinched the “Innovation of the Year” Award at the Asia Insurance Industry Awards in 2006. Under his guidance Ceylinco Insurance has held the position of market leader in Sri Lanka, continuously since 2004. Mr. Ajith Gunawardena was also behind the first ever overseas joint venture for Ceylinco Insurance – Sagarmatha Insurance of Nepal, the concept which, later on, extended to the Maldives. Several strategic alliances were also formed under his leadership with

insurance companies in the Middle East, in countries such as the United Arab Emirates, Bahrain, Kuwait, Oman and Qatar.

He successfully negotiated key joint ventures with Indian giants Larsen & Toubro and the Aditya Birla Group; alliances which resulted in the cement brand – Ultra Tech, being abundantly available throughout Sri Lanka. Under the aegis of these joint ventures, the L & T Infocity, the largest ever Call Centre in Asia, was established. Mr. Ajith Gunawardena has been the unyielding strength behind numerous other projects for Ceylinco, including power and energy projects in Belihuloya, Loggaloya and Rajjamma.

He was conferred with a Honorary Fellowship from the ICBT Campus, Associate College of Cardiff Metropolitan University of U.K. in 2016, in recognition of the yeoman service rendered to the Insurance industry of Sri Lanka.

A. R. Gunawardena
Chief Executive Officer

Profile of Head of Finance

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

Having worked at M/s. Associated Motorways PLC as an Accountant for 1½ years, he joined The Finance Company PLC as the Chief Accountant in 1986 and excelled to become Deputy Chief Executive Director.

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

platform. Internal Audit Department was introduced by him and the Department works directly under his supervision as an Independent Unit. In 2014, Mr. Peiris took over the City Office Departments directly under him and since then they have shown unprecedented growth in all spheres.

T. N. M. Peiris
Head of Finance



Management Discussion & Analysis

Macro Economic Environment 2017

The Sri Lankan economy grew by 3.9 % in real terms during the first half of 2017 compared to the 4.4 % growth registered in 2016. This growth was mainly driven by Industry activities, supported by the expansion in Services activities amidst the contraction recorded in the Agriculture activities. Accordingly, Industry activities grew by 5.8 % in value added terms during the first half of 2017 mainly backed by the significant increase in construction activities together with the expansion in mining and quarrying activities. Value added Service related activities grew by 4.0 % in the first half of the year. This growth was largely attributable to the expansion in financial services, wholesale and retail trade activities, transportation, health and other personal services activities. However, the value added Agriculture activities contracted by 3.1 % during the first half of 2017 primarily due to the contraction recorded in growing of rice, oleaginous fruits (coconut, king coconut, oil palm), vegetables and other cereals. In the meantime, taxes less subsidies on products increased by 3.0 % in the first half of 2017.

External Sector Performance

External trade, which indicated a slow-moving performance during the past two years, rebounded during the first eleven months of 2017. Both earnings from exports and expenditure on imports increased during this period. However, the overall trade deficit expanded during the first eleven months of 2017, owing to a significant increase in import expenditure compared to export earnings.

The deficit in the trade account widened to US dollars 6,186 million

during the first eight months of 2017 from US dollars 5,515 million in the corresponding period of 2016. Meanwhile, workers' remittances continued to decline, owing to adverse economic and geopolitical conditions prevailing in the Middle Eastern region.

Earnings from exports increased by 7.6 % to US dollars 7,413 million during the first eight months of 2017, from US dollars 6,888 million in the corresponding period of 2016. This was owing to the recovery in key export markets, increased commodity prices in the international market, conducive external trade policies together with institutional support, the gradual depreciation of the exchange rate, the removal of the ban on exports of Sri Lankan fisheries products to the European Union (EU) and the reinstatement of the EU GSP+ facility. Exports of all major categories increased during this period and the highest contribution to the growth in exports was from agricultural exports (56.1 %), followed by industrial exports (42.8 %).

Expenditure on imports increased by 9.6 % (year-on-year) to US dollars 13,599 million during the first eight months of 2017. High commodity prices in the international market, increased reliance on thermal power generation due to drought conditions and measures taken to import rice to meet the shortage in the domestic supply led to an increase in expenditure on imports during the first eight months of 2017. Meanwhile, expenditure on non-fuel imports grew by 5.0 % to US dollars 11,446 million during this period.

On a cumulative basis, earnings from tourism during the period from January to September 2017 grew by 2.9 % to US dollars 2,662.6 million

from US dollars 2,587.9 million in the corresponding period of 2016. Meanwhile, overall, workers' remittances recorded a year-on-year decline of 7.3 % during the year up to end November 2017.

Foreign investments to the government securities market witnessed net inflows up to September 2017. In addition, long term loans to the government increased on a net basis during the first eleven months of the year. Meanwhile, foreign investments in the Colombo Stock Exchange (CSE) recorded a net outflow during the month of November mainly due to a one-off transaction of a local company acquiring the foreign stake of a company operating in Sri Lanka. However, on a cumulative basis, foreign investments in the CSE recorded a significant net inflow during the first eleven months of 2017 in comparison to the net outflow recorded during the corresponding period of 2016. Accordingly, the BOP recorded an overall surplus of around US dollars 2.0 billion by end November 2017. Gross official reserves also increased to US dollars 7.3 billion (equivalent to 4.2 months of imports) by end November 2017 from US dollars 6.0 billion recorded at end 2016.

Government Finance and Monetary Policy

The government revenue to GDP ratio recorded a notable improvement increasing to 9.0 % during the first eight months of 2017 from 8.2 % in the corresponding period of 2016. This increase in government revenue was mainly due to the increase in the proceeds from goods and services related taxes. The revenue collection from income taxes also improved due to higher revenue from the Economic Service Charge (ESC). However, revenue from excise duty on liquor,

cigarettes and tobacco declined during this period mainly due to the drop in sales of liquor and cigarettes.

Total expenditure and net lending as a percentage of estimated GDP also increased to 13.0 % during the first eight months of 2017, in comparison to 12.2 % recorded in the same period of 2016, due to increases in both recurrent expenditure and public investment. As the increase in government expenditure was higher than the increase in government revenue, the overall budget deficit increased to 4.0 % of the estimated GDP during the first eight months of 2017 from 3.9 % in the corresponding period of 2016. In financing this overall budget deficit, domestic and foreign sources were utilized amounting to Rs. 520.2 billion during the first eight months of 2017. This represents, net domestic financing Rs. 273.5 billion and net foreign financing to Rs. 246.7 billion as at end of August 2017.

Headline Inflation, as measured by the change in the National Consumer Price Index (NCPI) (2013=100), decreased to 7.3 % in December 2017 from 8.4 % in November 2017, on year-on-year basis. This decrease is due to the high base prevailed in December 2016.

The Central Bank continued to maintain a tight monetary policy stance in the first nine months of 2017 in view of the developments in inflation as well as monetary and credit aggregates. With a view to containing the build-up of adverse inflation expectations and results of excessive expansion of money supply, the Central Bank further tightened its monetary policy by raising policy interest rates by 25 basis points in March 2017. The Standing Deposit Facility Rate (SDFR) and the Standing

Lending Facility Rate (SLFR) of the Central Bank stood at 7.25 % and 8.75 %, respectively.

Insurance Industry Review

Sri Lanka's insurance industry has experienced a significant amount of transformation during the past years, primarily due to key regulatory changes that have taken place, as well as shifts in the economy. On the regulatory front, change and reform is ongoing. Whilst the public are expected to be the beneficiaries of these reforms, it is also clear that (based on their current books) some insurers will be winners while others will be losers from these reforms.

The segregation has led to transform the insurance industry with a more focus on the performance of individual entities, but with differing effects on insurance companies, based on the size and type of operation. Especially small and medium companies with significant exposure to General insurance have found this challenging as they can no longer depend on earnings of Life business to keep General insurance business, which generally has low profit margins. Larger players instead have considered the change positively as it generates an opportunity to pay much attention on each entity separately. Such industry dynamics have been leading for a gradual consolidation of the industry where it witnessed a series of disposals of parent company being sold off their General Insurance business.

The economic expansion in Sri Lanka presents both opportunities and challenges to the insurance industry. In addition to macroeconomic, social, and regulatory changes likely to

impact the industry and the goal is to be cost minimization and operations modernization in line with customer expectations for 24/7 service, amid heightening competition.

The use of technology will continue to be critical for insurers; enhancing digital capabilities to improve product offerings and enhance the customer experience. Customers are becoming more comfortable with searching and then purchasing their general insurance products on their mobile phones. The rise of the millennials and tech savvy customers is expected to challenge traditional delivery models and force change including the use of the New Payment Platform. Whilst this trend is producing more cost effective distribution platforms for insurers, it does however highlight the need for insurers to make sure their mobile websites are easy to use and tailored for a mobile device. In short, it signifies the growing importance of customer centricity.

Access to data may improve the pricing of risks specific to a customer's individual needs or manage claims costs through prevention or mitigation. Likewise, the rise of the sharing economy is disrupting traditional product offerings. Technology has the potential to fundamentally change not only the way that consumers perceive and interact with their insurers, but also the role of insurance in everyday life. Key to this transformation is a shift from a product-centric to a customer-centric approach to General Insurance. This approach not only helps insurers understand how to better reach potential markets and through what channels, but also provides the ability to design products for customers

Management Discussion & Analysis

based on their needs. Today's business models will not survive in tomorrow's digital landscape - insurers must evolve to survive. Value-added services will improve the customer experience and lead to better retention, and can also reduce claims costs.

As per the provisional data available, for 2017, the Gross Written Premiums (GWP) of the general insurance sector grew by 15.80 % in the year 2017, when compared with the increase of 14.73 % in the year 2016. The growth in the premium income of the general insurance sector, particularly motor insurance, has largely contributed towards the high growth of overall GWP. The gross premium income from motor insurance, which constitutes about 63.40 % of the general insurance premium in 2017 compared with 64.51 % of the general insurance premium in 2016.

Gross Written Premium (GWP)

Ceylinco General Insurance Limited repeated sound financial results for 2017. Despite facing tough conditions in the market, we continued our growth drive in all key financial aspects. Gross written premium of the General Segment increased by 11.54 % to 17,977 million compared to the 16,117 million in year 2016.

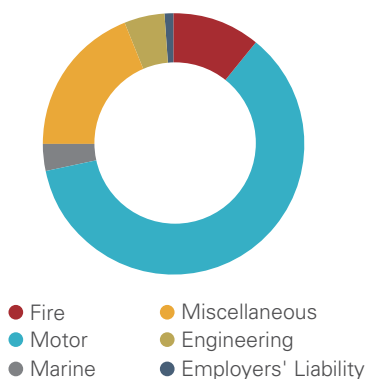
Premium Composition

The Motor class is considered the main contributor to the Non-Life premium income. Motor insurance premium (VIP) revenue of Rs. 10,962 million represented 60.98 % of the total Non-Life premium income. The balance premium income of Rs. 7,015 million corresponds to 39.02 % of total Non-Life premium income of the company, obtained through all other classes of business such as Fire, Marine, Health and Miscellaneous.

During the year, there was no significant change in product composition compared to the previous year. Apart from motor insurance, miscellaneous class dominated in non-motor segment with the premium income of Rs. 3,371 million and followed by the Fire premium income of Rs. 1,957 million in 2017.

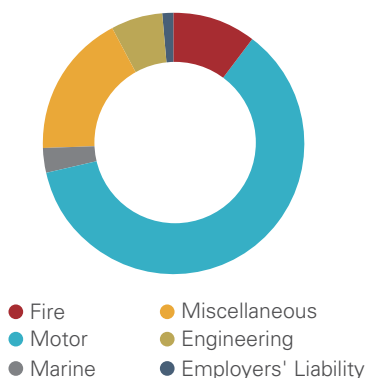
Gross Premium 2017

Rs. Mn



Gross Premium 2016

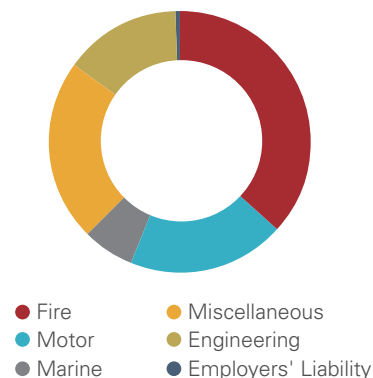
Rs, Mn



During the year, reinsurance outgo increased to Rs. 4,266 million, recording a 22.13 % increase from the Rs. 3,493 million ceded in 2016. As a result of the slight increase a growth in NRP was recorded in 2017. This has enhanced the NRP growth to 8.6 % of the General Insurance in 2017.

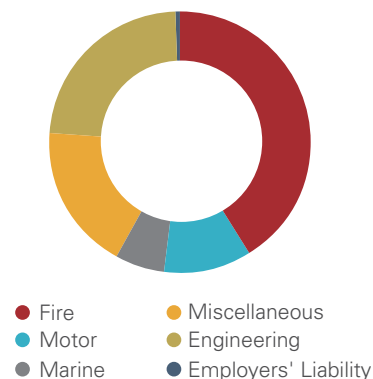
Ceded Premium 2017

Rs. Mn



Ceded Premium 2016

Rs. Mn



One of the main objective of financial management is managing the combined ratio which affects the underwriting surplus of the Company. The Net Combined ratio for the year has slightly increased by 0.93 % over the year 2016. This was mainly due to the increased in Net Expenses ratio by 1.98 % over the year 2016.

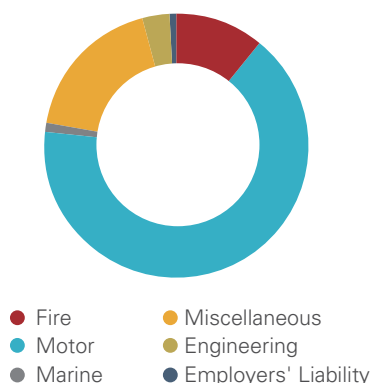
Company recorded Rs. 2,029 million as Other Revenue, which comprises Interest and Dividend Income, Fee and Commission Income and Realized Gains from Investments. This achievement was 28.99 % higher than the Rs. 1,573 million recorded in 2016.

Net Benefits and Claims

During the year under review, the Company incurred Rs. 7,371 million as net claims for customers, marking a 10.0 % increase over the Rs. 6,699 million incurred in 2016. The increase is primarily due to claims in motor class, which accounted for 65.97 % of total net claims.

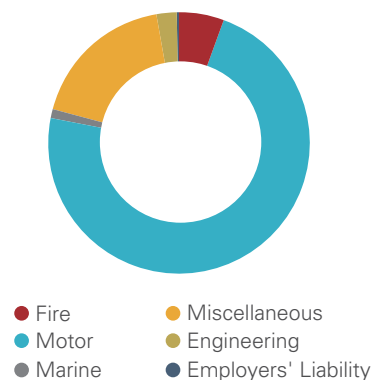
Net Claims 2017

Rs. Mn



Net Claims 2016

Rs. Mn



Other Operating, Administrative Expenses

Expenses management is a key area which effects the profitability of the Company. The Company spent 24.9 % of its GWP as operational and administration expenses, which amounted to Rs. 4,475 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, increased by 16.0 % over the Rs. 3,856 million recorded in 2016. This clearly demonstrates the concerted effort and focus on managing the cost base of the Company in an optimum manner. While controlling incremental impact in utility costs such as electricity and rent on buildings leased by the Company, it was able to increase employee benefits, to align them with the industry.

Profit Before Tax

The Company was able to deliver a Profit Before Tax (PBT) of Rs. 1,703 million in 2017, recording a positive growth of 23.3 % over the Rs. 1,381 million achieved in 2016.

Income Tax Expense

The income tax expense of the Company saw a 311.1 % increase in 2017, amounting to Rs. 296 million, from Rs. 72 million in 2016, mainly due to less tax deductible items on claims and expenses.

Events of the year



Ceylinco General Insurance - The Undisputed Choice of Sri Lankans for the 11th Consecutive year

Sri Lankans young and old voted for Ceylinco General Insurance as their undisputed choice yet again, by selecting them as the 'People's Insurance Brand Of The Year', at the People's Awards 2017 for an unprecedented 11th consecutive time. Bestowed with the honour of being the distinct leader in the Insurance Industry in Sri Lanka once again, Ceylinco Insurance has not missed a beat since the commencement of the POP Award, as it is popularly called, winning every time, thereby confirming its position at the very zenith as the most preferred insurer, in the sphere of insurance in Sri Lanka. The Sri Lanka Institute of

Marketing (SLIM), in association with Nielsen Lanka (Pvt) Ltd., recognise and honour brands that are closest to the hearts and minds of the Sri Lankan people based on a nationwide research.

Ceylinco VIP On The Spot announces Rs. One Million cover for medical

Upholding its track record in pioneering insurance solutions, Ceylinco General Insurance unveiled a novel Motor Insurance solution - a Rs. One Million cover that will reimburse 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. Ceylinco VIP On The Spot policy holders can avail of this landmark health insurance solution to eliminate their worries about incurring expenses on serious illnesses.

In the case of individual customers, the insured will be entitled to this revolutionary benefit, while corporate customers or fleet owners must name an individual (user or driver) as beneficiary. For individual customers with more than one vehicle, the spouse or immediate family members could be named as beneficiaries. Similarly, comprehensive motorcycle and three wheeler policyholders will be entitled to a cover of Rs.100,000/- and third party customers too will benefit with a cover of Rs.100,000/-.



High Flyers of Ceylinco General Insurance rewarded with Mercedes Benz Cars

Eight new entrants were ushered into the prestigious Hall of Fame in the 'Ten Million Circle' rewards programme and received a brand new Mercedes Benz each as a token of recognition from the company for their exceptional contribution. The first time entrants to the Hall of Fame are entitled to a Brand new BMW or a Mercedes Benz car. In 2017, eight new entrants were conferred to Hall of Fame, the highest in any given year. The Ceylinco General Insurance team, widely recognized as the largest sales force in the Sri Lankan insurance arena, has consistently earned a reputation for its motivated dynamism and is renowned for delivering exceptional service levels.



Suwa Sampatha International

Introduced a year ago, the re-launched 'Suwa Sampatha International' wowed customers with a million-dollar benefit valid across the globe. Following on its heels, a second tier 'Suwa Sampatha International' was introduced under by leveraging on the popular brand. This product is targeted at customers who aim to receive medical treatment in state-of-the-art hospitals internationally for a lessor premium with relatively reduced benefits.

The new product extends a cover of 50,000 US dollars in the event of an illness, facilitating hospitalization anywhere in the world, making it an ideal choice for those who value the extra protection for their family. The premium for each individual is Rs 50,000/- and while it could be paid in

Sri Lankan Rupees, the benefits are accorded in US dollars. This is how we deliver superior care and convenience to customers.

Ceylinco VIP Family Carnival

The annual employee family get-together this year consisted of a gala musical show. It was held for the fifth consecutive year in November 2017 at the Havelock Grounds. Organised by the Employees Union of Ceylinco General Insurance, the show was a grand success. A young musical band, 'Glory' and other guest artistes performed at the 'Ceylinco VIP Family Carnival', complete with food stalls and games for the children in a carnival like atmosphere. A fun time was had by all present, making it a memory to cherish.

Inter-Department Cricket Tournament

Staff of Ceylinco General Insurance showcased their sporting prowess at the Annual Inter-Department / Region Cricket Tournament and Annual Family Get-together organised by the Sports Club which was held in September 2017 at the CH&FC Grounds amidst a large crowd of colleagues and families. 24 teams representing the Branches/ Regions and City Office departments participated in the cricket tournament whilst staff members and their families made full use of the recreational activities and atmosphere of gaiety. The City Office Team emerged triumphant as the winner of the overall championship whilst the Sabaragamuwa Region was the runners-up.

Events of the year



Ceylinco General Insurance handsomely rewards Top Performers

The much-awaited Annual Sales Conference and Awards Ceremony for 2016 was held on 6th April 2017. The event featured music, entertainment, fellowship and award winners taking the stage in the presence of their peers. The glittering event rewarded top performers for rising to every challenge, feting them with outstanding performance awards. The Ceylinco General Insurance team, widely recognized as the largest sales force in the Sri Lankan insurance arena, has consistently earned a reputation for its motivated dynamism and is renowned for delivering exceptional service levels.

The event, attended by over 1,150 members of the sales force, was held

under the theme: "A Great Company dedicated to delighting customers through team work".

Ceylinco General Insurance Partners Major Events

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

CNCI Awards of the Ceylon National Chamber of Industries

One of the events supported during 2017 was the Annual Awards Ceremony organised by the Ceylon National Chamber of Industries (CNCI) for the micro, small & medium, as well as the large and extra-large categories of manufacturers and service sector organisations. Ceylinco General

Insurance has been associated with this prestigious awards event for seven years in a row.

National Business Excellence Awards

Yet another event partnered by the Company during 2017 was The National Business Excellence Awards organised by The National Chamber of Commerce of Sri Lanka. This event is widely acknowledged as the premier awards held for corporates in the country and includes a number of categories that celebrate the pinnacle of corporate achievement. Our partnership with the NBEA Awards is now in its sixth year and ensures our brand retains high visibility amongst Sri Lanka's corporate corridors.



Overseas Trip

Sustaining the growth momentum of the company by keeping staff motivated, Ceylinco General Insurance rewarded its deserving staff with an overseas tour for the 14th consecutive year. This gesture by the company recognizes and rewards their outstanding contribution to the company in 2017.

A record number of employees were taken on the Annual Overseas tour which consisted of a five-day holiday in Jakarta, Indonesia, a destination selected via a survey conducted amongst the eligible participants.

The Annual Overseas tour is eagerly anticipated by our employees and is proving to be a prime motivational tool as every team member aspires to be amongst those jetting off on an

all-expenses paid overseas holiday. A brainstorming session was also held with the participation of the entire tour group and valuable ideas were generated to increase our service levels.

Network Expansion

Our branch network continues to flourish and in the year 2017, it expanded to 470 branches and sales outlets strategically located to capitalize on emerging opportunities. As a company with perhaps the largest branch network in the island, we are able to fulfill our role as a key player in driving the General Insurance industry. 40 "VIP Counters" were opened in 2017 with City Office opening 9 of them in the suburbs of Colombo and 31 under the branch network in locations spread all over the country.

There was an aggressive recruitment drive during the year, with the sales force exceeding 1,950, thereby supporting the company's pledge to serve customers efficiently.

Ceylinco General Insurance partners with mCash to offer 3rd Party policies via mobile Customer App

Ceylinco General Insurance partnered with mCash to offer 'Ceylinco VIP 3rd Party' insurance policies via the new Ceylinco Customer App. With this facility, mCash customers too can simply download the Ceylinco Customer App to pay third party insurance premiums. Ceylinco VIP 3rd Party customers can also enjoy this service by registering for mCash by dialing #111#. This service includes all third party policies offered for motor cycles, three wheelers, hand tractors and motor vehicles through Ceylinco General Insurance. By leveraging on mCash to pay premiums via mobile devices, customers can conduct their insurance transactions anywhere and at any time. mCash is the first to integrate as a mobile payment solution to power the newly-launched Ceylinco Customer App.

Ambitious project to install LED screens island wide

In 2017, Ceylinco General Insurance embarked on an ambitious project to install LED screens in major cities to advertise its products. These LED screens enable Ceylinco General Insurance to deliver targeted messages with high impact to thousands of people when they are on the move. Unlike static hoardings hired through third parties, these LED screens are located at the right location for maximum effectiveness in reaching the targeted audiences. About 30 such screens have been installed up to now, covering the entire island.

Corporate Social Responsibility



'Ceylinco VIP Akurata Saviya'

As a company that values people, many of our social responsibility projects are targeted at uplifting lives in a sustainable manner. A strong focus on supporting education and the youth, inspired Ceylinco General Insurance to introduce a programme specifically targeting economically underprivileged communities in which students have odds stacked against them when it comes to pursuing their academic aspirations. The Company has established a trust to provide scholarships to school-going children in underdeveloped parts of the country.

As a result, the programme was launched in Monaragala District in the first quarter of 2017, paving the way for 1,000 poor children to dream of a proper education and a brighter future.

These 1,000 children will receive Rs. 1,500/- every month until they complete their Advanced Level (A/L) examination, thereby easing the burden on their parents and giving them a solid platform and necessary motivation to remain in school and excel in their studies. Performance of the scholarship recipients are monitored regularly through the respective schools and the parents and the principals are updated regularly on corrective action where necessary.

This project has proved an ideal conduit through which to engage employees of Ceylinco General Insurance courtesy of monthly voluntary contributions, special contributions and child sponsorships. We believe that this programme will have a far-reaching impact on keeping children in school until they complete

their schooling. This will not only enhance their employability but will also improve the quality of their lives in the long run.

School Books and Stationery for Children in flood affected areas

The Employees Union of Ceylinco General Insurance carried out several flood relief programmes in selected areas of the country. School books and stationery for children in Galle, Matara, Ratnapura and Kalutara districts were distributed with the help of the staff to these schools faced with one of the worst flooding disasters in recent times where almost all belongings got washed away. Dozens of Ceylinco General Insurance staff travelled to the affected areas of the country with parcels of schools books and stationery packs and stayed back for several days



Annual Blood Donation Camp

Ceylinco General Insurance staff joined hands with The Employees Union to host a Blood Donation Camp in its Head Office premises in February 2017. The camp witnessed participation from employees and customers, as well as people from surrounding offices, who volunteered to donate blood. The Blood Donation Camp was conducted under the supervision of the doctors of the Blood Bank, with many doctors and nurses in attendance.

in order to ensure that the items were distributed fairly to all affected children.

Flood Relief

During the months of May and June of 2017, Sri Lanka was faced with one of the worst flooding disasters in recent times causing hardships to hundreds of thousands of people. These flood victims were provided with food, dry rations, drinking water, sanitary items as well as medicine by our staff during this period. Dozens of Ceylinco General Insurance staff travelled to the affected areas of the country with the much-needed items and stayed back for several days even under trying conditions, to handle the distribution process. Our staff were the first to reach most of these devastated areas and in some instances they even went

by boats to provide relief measures as well as to evacuate people who were stranded.

Refreshment Centres for Pilgrims

Ceylinco General Insurance staff took part actively in several religious ceremonies across the island by providing devotees with much-needed refreshments at Buddhist, Christian, Muslim and Hindu places of worship. Some of the key religious events served by our employees included Nawam Perahera of Gangarama Temple, Water cutting festival in Nallur Kovil etc. Specially devotees who travel from far away places to attend these religious ceremony's appreciate our efforts greatly.

Product Profile

Ceylinco VIP On The Spot

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



Ceylinco VIP Three Wheel Cover

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



Ceylinco VIP Motor Bike Cover

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



Ceylinco VIP 3rd Party Cover

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



Ceylinco CHP Plus

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



Ceylinco Home Owner's Disaster Relief Insurance

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



Ceylinco Suwa Sampatha

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



Ceylinco Traders' Disaster Relief Insurance

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



Product Profile

Ceylinco Family Guardian

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



Ceylinco One Day Cover

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



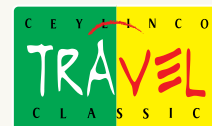
Ceylinco LIPS Insurance

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



Ceylinco Travel Classic Insurance

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



Ceylinco Doo Daruwo Rakshanaya

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



Ceylinco 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 Leasing Cover

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



Ceylinco Suwa Sampatha International

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



Ceylinco Office 2000

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



Product Profile

Ceylinco Dheewara Udana

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



Ceylinco Support Line

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



Ceylinco Nuwana

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



Ceylinco Govi Pawura / Ceylinco Guru Pawura / Ceylinco Liya Pawura

"Ceylinco Pawura" is a product specially designed to protect Farmers, Teachers and Housewives. It covers Personal Accident, damages to the house due to natural disasters, loss of income, temporary accommodation as well as funeral expenses. It also offers farmers a cover for the harvest, teachers a cover for education of children and housewives a cover for accidental death of spouse. These products are marketed at affordable premiums.



Ceylinco Home & You

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



Ceylinco Mapiya Thilina

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



Ceylinco Warranty Insurance

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



Ceylinco Crop and Livestock Insurance

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



Ceylinco One and Only

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



Ceylinco No Worries

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



Product Profile

Ceylinco Twenty Four Seven

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



Ceylinco Suwa Sampatha Monthly

Ceylinco Suwa Sampatha Monthly offers an organisation the unique opportunity to provide a comprehensive hospitalisation cover up to Rs.50,000/-, and a personal accident cover of up to Rs.200,000/- to its employees, at an affordable premium. Additionally, the ability to pay the premium monthly makes the product more financially feasible. Further, this product also provides the flexibility of covering even the dependants of employees until the age of 65.



Ceylinco Suwa Sampatha National Health

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



Ceylinco "A+" International Students' Insurance

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



Branches

Aluthgama	Chunnakam	Kanthale	Padaviya
Ampara	Dambulla	Karapitiya	Pallebedda
Avissawella	Dankotuwa	Kattankudy	Pamunugama
Bandaragama	Dehiattakandiya	Katugasthota	Panadura
Bandarawela	Dehiwala Branch	Katunayaka	Pannipitiya
Boralesgamuwa	Dematagoda	Kegalle	Passara
Borella	Deniyaya	Kekirawa	Peliyagoda
Dickwella	Digana	Kelaniya	Pelmadulla
Embuldeniya	Divulapitiya	Kiribathgoda	Pettah
Kalmunai	Dummalasooriya	Kiridiwela	Piliyandala
Kalpitiya	Eheliyagoda	Kiriella	Pitigala
Kuliyapitiya	Elpitiya	Kochchikade	Polonnaurwa
Kuruwita	Embilipitiya	Kohuwala	Puttalam
Mahara	Enderamulla	Kotahena	Raddolugama
Matara	Eppawala	Kotikawatta	Ragama
Medawachchiya	Galaha	Kottawa	Rambukkana
Middeniya	Galenbindunuwewa	Kotte	Ratnapura
Moratumulla	Galewela	Kurunegala	Rikillagaskada
Neluwa	Galgamuwa	Mahabage	Ruwanwella
Pilimathalawa	Galle	Maharagama	Sea Street
Polgahawela	Galnewa	Mahiyanganaya	Seeduwa
Ratmalana	Gampaha	Mahiyawa	Talawakelle
Tangalle	Gampola	Maho	Thalawathugoda
Town Hall	Ganemulla	Malabe	Thambuttegama
Vavuniya	Giriulla	Mannar	Thanamalwila
Veyangoda	Godakawela	Maradana	Thimbirigasyaya
Akkaraipattu	Grandpass	Marandagahamula	Tissamaharama
Akurana	Hanwella	Matale	Trincomalee
Akuressa	Hatton	Mathugama	Uragasmanhandiya
Alawwa	Hettipola	Mattakkuliya	Wadduwa
Ambalangoda	High Level	Mawanella	Walasmulla
Ambalantota	Hikkaduwa	Mawathagama	Warakapola
Angunakolapelessa	Hingurakgoda	Melsiripura	Wariyapola
Anuradhapura	Homagama	Messenger Street	Wattala
Atchuvely	Horana	Minuwangoda	Wattegama
Athurugiriya	Imaduwa	Mirigama	Welimada
Attidiya	Imbulgoda	Monaragala	Weliweriya
Badulla	Ja-Ela	Moratuwa	Wellawatta
Bakamuna	Jaffna	Mount Lavinia	Wellawaya
Balangoda	Kadawatha	Narammala	Wennappuwa
Bambalapitiya	Kaduruwela	Nattandiya	Yakkala
Battaramulla	Kaduwela	Nawalapitiya	Yakkalamulla
Batticaloa	Kahawattha	Nelliady	Yatiantota
Bibile	Kalawana	Nikaweratiya	
Bingiriya	Kalutara	Nittambuwa	
Biyagama	Kamburupitiya	Nochchiyagama	
Chavakachcheri	Kandana	Nugegoda	
Chilaw	Kandy	Nuwara Eliya	

VIP Counters

Abanpola	Embilipitiya New Town	Kegalle Main Street	Nelumdeniya	Talgaswala
Addalachchenai	Eravur	Kesbewa	Nindavur	Thalahena
Adiambalama	Erawwala	Kilinochchi	Nivithigala	Thalawa
Agalawatha	Galagedera	Kinniya	Norochcholai	Theldeniya
Aggonna	Geliya	Kiribathgoda	Obeysekarapura	Thirappane
Ahangama	Giribawa	Kobeigane	Opanayaka	Thoppure
Ahungalle	Godagama	Kollanawa	Ottamawadi	Thorana Junction,
Anamaduwuwa	Godigamuwa	Kolonna	Pabahinna	Kelaniya
Aralaganwila	Gomarankadawala	Koralawella	Padiyathalawa	Udahamulla
Arangala	Gonapola	Kotadeniyawa	Padukka	Udappuwa
Arayampathi	Habaraduwa	Kotiyakumbura	Palliyawatte	Udawalawa
Athura	Habarakada	Kottramulla	Pamankada	Udubaddawa
Avarivatta	Habarana	Kotugoda	Pamunuwa	Ududumbara
Badalgama	Hadirana	Kurana	Panagoda	Udugama New
Badalkumbura	Hakmana	Kurusa Junction	Pannala	Udugampola
Baduraliya	Haldumulla	Lunugala	Pasyala	Uhana
Balapitiya	Hali Ela	Lunuwila	Pattiya Junction	Urubokka
Bandarawaththa	Hambantota	Madampe	Pelawaththa	Valachchenai
Batagama	Hataraliyadda	Madirigiriya	Pelawattea (Pitigala)	Vilachchiya
Batapola	Higurana	Madurankuliya	Piriwena Junction	Wadiyawatta
Battaramulla	Hokandara South	Mahaoya	Pitipana	Walapane
Beliatta	Horagasmulla	Mahawewa	Point Pedro	Waligamuwa
Bellantara	Horowpathana	Makola	Polhengoda	Waskaduwa
Beruwela	Ibbagamuwa	Maligawatta	Polpithigama	Wathupitiwala
BOC- Gampaha	IDH	Maligawatta - Bodhiraja	Poojapitiya	Weeraketiya
Bowatta	Ihala Karagahamuna,	Maligawatte	Pottuvil	Welipillewa
Bulathkohupitiya	Kadawatha	Malwala	Pugoda	Welmilla
Bulathsinghala	Imaduwa	Manipai	Pulmudai	Yatawatta
Buttala	Ingiriya	Marawila	Punchikara Niwasa	
Chankanai	Ingiriya (Horana)	Mattegoda	Pussellawa	
Dalugama	Jubilee Post, Nugegoda	Meegalewa	Puttalam Road	
Dalupitiya Road	Kabithigollawa	Meegoda	Rajagiriya Tours	
Dehiowita	Kahatagasdigiliya	Meepe	Rajanganaya	
Deiyandara	Kahathuduwa	Miriswatte	Rakwana	
Delgoda	Kalladi	Moragahena	Ranna	
Depanama	Kalubovila	Moranthuduwa	Rathgama	
Deraniyagala	Kalubowila	Morawaka	Rideegama	
Dewalegama	Kaluthara North	Moronthuduwa	Sainthamaruthu	
Dharga Town	Kaluwanchikudy	Moutthur	Saliyawewa	
Dippitiya	Kandana	Mulative	Sammanthurai	
Divulapitiya	Karandeniya	Mulleriyawa	Sammanthurai 1	
Dodangoda	Karative	Murunkan	Sarikkalimulla	
Dompe	Kesbawa	Nagoda	Serunuwara	
Egodauyana, Moratuwa	Katana	Naiwala	Sewanagala	
Ekala	Kataragama	Narangodapaluwa	Singharamulla	
Elakanda Road	Katupotha	Navinna	Siyabalanduwa	
Eldeniya	Katuwana	Nawagattegama	Siyambalape	
Eluvila	Katuwawala	Nawala	Sooriyawewa	

Ceylinco "VIP" Rest Spots

Induruwa
Kitulgala
Kuruwita
Melsiripura
Mundalama
Tangalle
Warakapola

Customer Testimonials



Mr. T L Indrajith

*Proprietor -
Isuru Traders and Samagi
Shoe Centre, Kalutara*

I was surprised to see staff of Ceylinco General Insurance's Kalutara branch in a boat, distributing food and water, and thereafter assessing damages even before the flood waters had receded. 90% of my stock was submerged in the flood waters but I was able to open my shops within a few days because of the commitment of Ceylinco General Insurance. I will be forever grateful to them.



එම්. ජී. ලක්ෂ්මන් මහතා

*අයිතිකරු -
ලක් වී පුද්ගලික සමාගම,
හිඟිපුර, හාල්ල*

2017 ජූනි මස ඇති වූ ගංවතුර උවදුරෙන් මාගේ තේ කර්මාන්ත ශාලා දෙකක්ම ගංවතුරට යටවූ අවස්ථාවේ දින කිහිපයක් ඇතුළත් කර්මාන්ත ශාලා දෙකම විවෘත කළ හැකිවූයේ සෙලින්කෝ ජෙනරල් ඉන්ෂුරන්ස් සමාගම ඉතා ඉක්මනින් මාගේ වන්දි මුදල ලබා දුන් නිසායි.



Lion E. S. P. Nagarathnam

*Proprietor -
Kajamugan Hardware,
Jaffna*

We are proud to be with Ceylinco General Insurance since 2005. Your ability to identify our requirements and the expertise you provide us with is commendable. Your strategically located Rest Spots are another facility we appreciate. The manner in which you maintain them and their cleanliness speaks volumes.



Mr. M. H. Jameel

*Chief Executive Officer -
Zulfa Foods (Pvt) Ltd
Colombo 13*

This is the 12th year we are with Ceylinco General Insurance. Over the years, they have provided protection to our business establishments and the vehicle fleet in a very professional manner. Claims are paid in no time at all, which reduces the strain on our distribution network to a great extent when our vehicles meet with accidents.



Capt. Sumith Kalawila

*Group Chairman -
Lucky Homes (Private) Limited,
Pannipitiya*

Our claim was paid with the same speed that we met the accident. It is indeed a demonstration of service excellence at its highest.

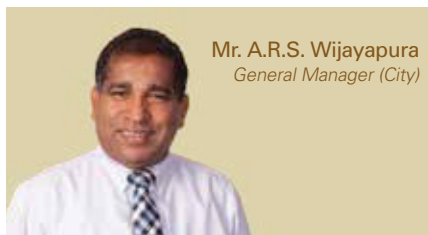
Corporate Management



Mr. H.D.A.N. Perera
General Manager
(Technical)
(Promoted as a Director
w.e.f. 8th January 2018)



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



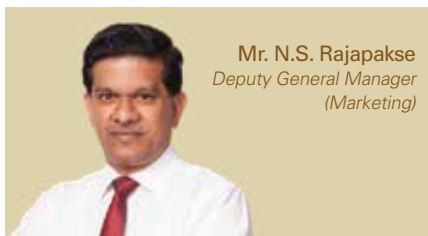
Mr. A.R.S. Wijayapura
General Manager (City)



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



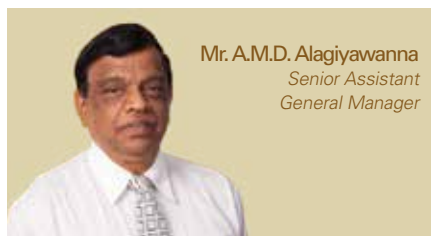
Mr. S.H. Panangala Liyanage
Deputy General Manager



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



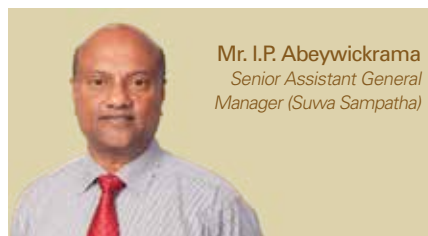
Mr. C.E. Wimalasuriya
Deputy General
Manager (Technical)



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



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



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



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



Mr. R.S. Arulanandan
Senior Assistant
General Manager



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



Mr. V.D.C. Wickramaratne
*Senior Assistant
General Manager*



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



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



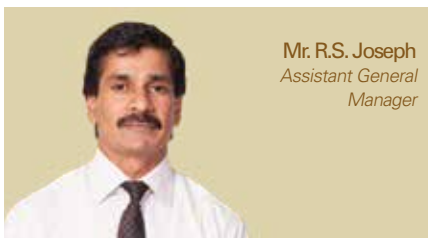
Mrs. R.M. Abeywardena
*Assistant General
Manager (Legal)*



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



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



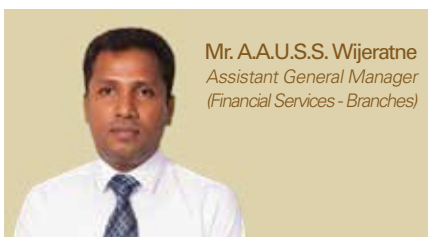
Mr. R.S. Joseph
*Assistant General
Manager*



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



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



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



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



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



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



Mr. D.S. Karunaratne
Regional Manager



Mr. W.P.S. Pemachandra
Regional Manager



Mr. V. Nissanka
Regional Manager



Mr. M.A.L. Ravindra
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. H.C.S. Hemantha
Senior Manager
(Corporate Accounts)



Mr. L.M.M.B. Karaliyadde
Senior Manager
(Corporate Accounts)



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. L.M.R.S. Lansakara
Senior Manager
(Corporate Accounts)



Mr. W. George
Senior Manager
(Corporate Accounts)



Mr. N. Hettiarachchi
Senior Manager
(Corporate Accounts)



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



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



Mr. T.M.R.K. Kurukula
Senior Manager
(Corporate Accounts)



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



Mr. A.V. Upul
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)

Management Staff

Regional / Area Sales Managers



Mr. S.K. De Alwis
Regional Sales Manager



Mr. R.B.R. Wijeratne
Regional Sales Manager



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



Mr. M.D.N. De S.
Amarasekara
Area Sales Manager



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



Mr. J.S. Rajapaksha
Area Sales Manager



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



Mr. L.P.D. Dharmasooriya
Area Sales Manager



Mr. V.K. Gunathilaka
Area Sales Manager



Mr. L.V. Perera
Area Sales Manager



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



Mr. N.P. Wadugodapitya
Area Sales Manager



Mr. H.D. Madugoda
Area Sales Manager



Mr. T.A. Nanayakara
Area Sales Manager



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

Management Staff

Chief Executive Officer

A.R. Gunawardena F.C.I.C., Honorary fellow – ICBT Campus,
Associate College of Cardiff Metropolitan University, U.K.

Head of Finance

T.N.M. Peiris B.A.(Econ.) (Hons.), F.C.A, F.C.M.A., F.C.I.C.

General Manager (Technical)

H.D.A.N. Perera

(Promoted as a Director w.e.f. 8th January 2018)

General Managers (City)

R.A. Ranasinghe

A.R.S. Wijayapura

General Manager – Finance (Branches)

J.D.S.N. Piyadasa B.Sc. (Pub. Admin.)(Hons.), F.C.A., M.B.A. (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. Dip.M.(U.K.), F.C.P.M., M.B.A. (Wales, U.K.)

Deputy General Managers

S. Thilakeshwaran

S.H. Panangala Liyanage M.B.A (U.K)

Deputy General Manager (Financial Services - City Office)

M. Premaratne A.C.A., F.C.M.A.

Deputy General Manager (Technical)

C.E. Wimalasooriya A.C.I.C.

Senior Assistant General Manager

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

Senior Assistant General Manager

(Financial Services – Head Office)

A.B. Wijayatunga M.C.P.M.

Senior Assistant General Manager

(Suwa Sampatha Insurance)

I.P. Abeywickrama

Senior Assistant General Manager (North Western Region)

A.L.J. Atapattu A.C.I.C

Senior Assistant General Manager

R.S. Arulanandan

Senior Assistant General Manager (Uva Region)

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

Senior Assistant General Manager (South Western Region)

V.D.C. Wickramaratne M.B.A. (U.K)

Senior Assistant General Manager (Miscellaneous Insurance)

S.K. Jayasundara

Assistant General Manager (Marine Insurance)

D. Munasinghe

Assistant General Manager (Legal)

Mrs. R.M. Abeywardena

Attorney-at-Law & Notary Public

Assistant General Manager (Risk Management)

A.P.R. De Mel A.M.I. Mech. E.

Assistant General Manager (Western Outer Region)

J.A.N.C. Fernando M.B.A. (India)

Assistant General Managers

R.S. Joseph Dip. Mkt. (U.K.)

H.J.S. Kumara

K.J.N. Perera

M.W.T. Pushpakumara

Assistant General Managers (Corporate Accounts)

B.N.T. Rupasinghe

K.K.V.K. Priyasad

Assistant General Managers (Financial Services - Branches)

A.A.U.S.S. Wijeratne A.C.A., A.C.M.A., M.B.A. (Col.)

U.K.U. Wijeratne

Assistant General Manager (Financial Services)

K. Sankaramoorthy F.C.A., A.C.M.A., M.B.A. (Sri J.)

Regional Managers

D.S. Karunaratne

V. Nissanka

W.P.S. Pemachandra

M.A.L. Ravindra

Management Staff

Chief Manager (Financial Services-Branches)

J. Rambukkana B.Com. (Special)

Chief Managers (Financial Services)

B.C.P. Kumara

Mrs. W.P.S. Jayasinghe B.Sc. (Busi. Admin.) (Special)

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

Chief Manager (Financial Services/Technical)

Mrs. S.H.S.D. Sumanathilake A.C.A., A.C.M.A., A.C.I.I. (Lond.)

Chief Manager (Internal Audit)

J.M.A.R.P. Jayakody

B.Sc.(Busi. Admin.) (Special), A.C.A, M.B.A. (Col.)

Chief Legal Officer

L.P.C. Madhavila

Attorney-at-Law & Notary Public, Commissioner for Oath

Chief Manager - Information Technology (Research & Development)

H.A.R. Dharmaratne B.I.T., Dip. Comp. System Design, M.B.A. (U.S.A.)

Chief Risk Engineers

C.C. Ekanayake B.Sc., M.I.E.E. (U.K.), A.M.I.E. (S.L.)

L.K. Karunarathna

R.K. Wijeyasinghe B.Sc. (Eng.), A.M.I.E. (S.L.), PG. Dip. Elect. Eng.(S.L.)

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

E.M.N. Lasantha B.Sc. (Eng.)

Chief Technical Managers (Underwriting)

M.D.R.D. Gunatillake

B.I.U. Kumara

Mrs. N.D.D.J. Serasinghe

Chief Manager (Marine Insurance)

W.R.S. Fernando

Chief Technical Manager

A.A. Nandana

Chief Technical Managers (Automobile)

A.R. Pietersz F.I.A.E. (S.L.)

B.S.B. Jayasekara A.M.I.A.E. (S.L.)

Chief Manager (Reinsurance)

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

Marketing Manager

I.E. Abeyratne M.C.I.M. (U.K.), Dip.M. (U.K.), M.B.A. (U.K.),

Chartered Marketer (U.K.), M.S.L.I.M., Adv. Dip. MA

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

H.C.S. Hemantha

N. Hettiarachchi

M.D.S.R.L. Jayasekara

L.M.M.B. Karaliyadde

T.M.R.K. Kurukula

L.M.R.S. Lansakara B.Com.(Special)

B.D.C. Perera

W.A.S. Prasanna

M.A.S. Priyadarshana

M.A.V. Priyadarshana

S.A. Priyantha

M.A.S. Rupathunga

W.M.A.C. Sanjana

S.A.D.L. Sural M.B.A. (Wales), Pg. Dip. Mkt. (U.K.), M.C.I.M.

U.A.R.S. Udawela

A.V. Upul

T.S.R. Peiris

D.J. Gunewardene Dip. M. (U.K.), A.C.I.M. (U.K.), M.B.A. (Aust.)

W.A.M.L. Soloman

Senior Legal Officers

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

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

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

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

Company Secretary/Senior Manager

Mrs. Nilika Abhayawardhana A.C.I.S. (U.K.) A.C.C.S (S.L)

Senior Manager (Company Secretarial)

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

Senior Risk Engineers

M.P.P.U. Chulasiri B.Sc.(Eng.), A.M.I.E. (S.L.)

J.A.T.I. Perera N.D.T. (Mech. Eng.)

N.S. Weerakoon

H.D.J.K. Perera B.Sc.

Senior Managers (Internal Audit)

J.A.A.K. Jayasinghe B.Com. (Special), A.C.I.C., S.A.T., C.B.A.

P.U.U. Perera B.Com.

Senior Managers (Financial Services)

R.M.A. Bandara B.Sc. (Busi. Admin.) (Special)

D.R.N. Damsiri B.Sc. (Busi. Admin.) (Special)

S.L.W. Fernando

O.B.R. Perera

M.S.R. Piumwardena

K.L.R.D. Silva

K.N.N. Madarasinghe

Senior Application Engineer

M.H.M. Sajeendra

Senior Technical Managers (Underwriting)

K.M.C.S. Perera

V.A.L.C. De Silva

Senior Technical Managers

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

H.M.A.P. Abeywardena

Senior Technical Managers (Claims)

Mrs. T.K.K. Ratnayake

I.M. Karunasena

J.K. Wanigathunga B.Sc. (Mkt. Mgt.) (Special), M.B.A. (Sri J.),
A.M.S.L.I.M., L.I.I.I., A.I.I. (India)

Senior Software Development Manager

H.A. Dikkumbura

Senior Data Centre Operations Engineer

D.A.T. Dissanayaka

Senior Systems Engineer

P.O.N. Perera

Senior Technical Managers (Automobile)

D.B. Rajaguru

S.H. Sanath B.Sc. (Eng.)

Senior Manager (Head of Broker Servicing Unit)

S. Santhosh Kumar M.B.A. (U.K.)

Senior Manager (Training)

W.A.M. Susantha B.Sc. (Busi. Admin.)(SP), A.M.I.P.M., M.S.L.I.T.A.D.,
M.I.T.D. (S.L.), M.B.A.

Managers (Financial Services)

H.G.N.S. Gunathilake

J.S. Liyanarachchi

H.L.N.C. Nanayakkara

W.J.J. Perera

S.S.T. Pinnagaspiya

S. Rambukwella

W.A. Soysa

V.S. Warnapura

R.R.P. Bandara

M.P.C. Costa

M.R.P. Peiris

L.P.S. Pemakumara

S.M.A. Ranith

H.D.R. Siriwardena

Mrs. H.D.U.I. Hettiarachchi A.C.A, BBA (Special) Fin.

Managers (Internal Audit)

I.A.S.P. Fernando

J.A. Handaragama

Technical Managers (Automobile)

C.J. Amarakoon

K.P.U.D. Gunasekara

A.I. Gunawardana

H.C. Heenatigala

R.G.C. Priyankara

M.S.V Perera

Technical Managers (Underwriting)

Mrs. M.W.S.N. Mangalie

M.A.G. Perera

P.L. Sumanapala

Management Staff

Technical Managers

A.K.I.K. Ariyaratne Dip. C.I.I. (U.K.), Dip.
S.L.I.I., ANZIIIF (Snr Assoc CIP)
W.R.N. Dep
Mrs. H.P.R. Dilrukshi
R.P.D.U. Indrajith
A. Rajapakse
Mrs. I.D. Samaranayake
R.P.I.P.T. Amarasekara
Mrs.W.K.V. Edussuriya

Manager (Recoveries)

S.F.F. De Silva

Senior Area Automobile Engineers

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

Area Automobile Engineers

M.E.V. Fernando
M.C. Manathunga

Managers (Customer Services)

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

Risk Engineers

G.M.M. De Zoysa
H.M.L.R. Jayasundara
H.R. Karunarathna
M.M. Delapalage
H.L.T.T. Dinuka
K.S. Kathriarachchi
G.R. Siriwardhana
J.Thuvarahan

Chief Loss Adjustor / Accountant

K.S.D. Fernando
H.A.R.. Kumarasiri

Regional Sales Managers (Branches)

S.K. De Alwis
R.B.R. Wijeratne M.B.A. (U.K.)
L.A.I.A. Jayasena

Area Sales Managers (Branches)

M.D.N. De S. Amarasekara
K.P.L.A. Balawardena
D.A.S. De Silva
L.P.D. Dharmasooriya
V.K. Gunathilake
H.D. Madugoda
L.V. Perera
J.S. Rajapakse
P.S.M. Rerukana
N.P. Wadugodapitiya
T.A. Nanayakkara

Senior Sales Managers (City)

Miss. K.A.D. De Silva
L.A.S. Edirisinghe
M.C.A. Fernando
J.K.C. Jayawardana
K.M.S.N. Kumara
P.A.L. Kumara
B.G.S. Mendis
D.A.H. Prasad
R.V.N.S. Rajapaksha
K.S. Sanjeewa
V. Sivakumar
S.U. Thalakumbura
M.D.J. Thilina
R.T.D.W. Tilakaratne
W.M.J. Weeraseskara

Senior Sales Managers (Branches)

W.P.G.S.D. De Silva
K.M.P. Rohan
D.P.R. Gunasiri

Manager (Corporate Accounts)

C.N. Weerasuriya

Sales Managers (City)

H.G.N.L. Ariyaratne
K.P. Bope Weerathunga
J.D.C. De Alwis
S. De Alwis
H.M.E.G.P.R. Egodage
W.W.M.A.B.P. Fernando
B.P. Jayawardena
D.C. Jayawardena
K.D.D. Kumara
S.I. Liyanage
R.U. Sampath
N.J. Thavachelvam
K.T.G.N. De Silva

Sales Managers (Branches)

S.R.D.D. Abeykoon
C.I. Abenayaka
K.A.A.P. Abhaya Wickrama
A.M.W.J. Adikari
D.P. Amarasinghe
J.M.I.S.J. Bandara
K.M.U. Chandraratne
D.J.K. Dadigamuwa
R.D.T. Dassanayake
D.M.M. Deshapriya
G.L.N.C. De Silva
W.M.D.C.B. Dissanayake
H.J.C. Fernando
M.B.I.N. Fernando
M.C.K. Fernando
W.M.S.S. Fernando
J.M.R.K.D. Galgamuwa
S.K.K. Gunarathna
H.M.T. Hemantha
O.B. Hussein
I.D.G. Idirideera
R. Ingaran
S.P. Jagathsiri
P.H.M.C. Jayalath
J.M.D.C.P. Jayamanna
M.G.A. Jayanath
M.H.M.S. Jayarathna
R.K.M.A.P. Jayasundara
M.T. Junaid
T.A.S.C. Kumara
K.K.S.K. Kumara
M.G.S. Kumara
P.V.P.L. Kumarasiri
W.S.A. Kumarasiri
A.H. Lalith
S.C. Muhandiramge
T.A.B. Peiris
A.J.J. Perera
B.A. Perera
K.A.S. Piyasena
C. Pratheepan
N.J. Rajapakshe
R.A.C.R. Ranasinghe
H.M.N.T. Ranathunge
L.R. Rathnasiri
N.C. Samarawickrama
W. Sanjaya

H.A.G. Sathyajith
S.A.M.A.N.C. Senanayake
S.J.S. Silva
G.Y. Shanake
L.S.A.M.J. Siriwardhana
S.T. Somathilaka
A.L.N. Suranga
W.R. Suresh
W.P.T. Udugama
N.M. Uduweralla
C.H. Vitharana M.B.A. (U.K.)
W.L.D.K. Weerasuriya
T.S. Wickramasinghe
A.S. Wijethunga
D.G.P.N. Wimalaratne
Y.M.N.A.S. Yapa
W.K. Wijeratne
C.P. Abeysekara
E.M.C. Bandara
T.N.P. Jayarathna
H.L.D.S. Kumara
N.M.C.K. Nawarathne
R.T. Ranatunga
M.R.T. Ranganath
M.H.M. Rizwan
S.Thavakumar
P.P.B.W. Jayalath
H.P. Mallawathantrige
M.D.P.S Karunaratne
H.G.S.De A. Abesiriwardena
A.A. Karunadasa
N.A.Sanjaya Siri

Branch Managers

A.D.W.I. Anushan
T. Athithan
L.H.M.L. Dayananda
D.M.R.N. Dissanayake
D.S.R. Dissanayake
K.C.S. Fernando
M.S.R.M. Fernando
S. Gurusinghe
M.S. Kosgallana
P.V. Kumara
C.S. Mahalekamgedara
H.P.V.U. Mahindaratne
D.S. Menik Kadawara
W.M.R.B. Naranpanawa

N.R.C. Perera
L.T.P. Perera
D.B.J. Prasad
B.A.S. Priyadarshana
H.K.M. Priyanka
K.M.R. Ranasinghe
R.P.S.R. Randunu
D.L.W. Rathnayaka
P.J. Raweendra
J.E. Rulach
P.L.N.C. Sampath
F.B.G.N.S. Wijewardhena
W.A.C.R. Weerasinghe
N.N.R. Diunugala
W.M.R.B. Wijekoon
T.I. Lanthra
S.A.L. Samarasinghe
N.G.C. Gunarathne

Acting Sales Managers (Branches)

I.I. Attanayaka
B.C. de Silva
D.G.R. Saliya
W.M.S.K. Wijayasinghe
D.R.S. Wijeyakulasuriya

Acting Branch Manager

D.D.S.S. Kumar

Corporate Governance

Good Corporate Governance practices are not just a concern for the Board but it is at the heart of everything that we do at the company. It is the system by which a Company is directed, controlled and managed. The Corporate Governance framework guides and drives towards progress by way of developing and implementing appropriate corporate strategies. The approach to governance is predicated on the belief that there is a link between quality of governance and the creation, enhancement and sustenance of long-term stakeholder wealth creation, whilst safeguarding the rights. It is a proactive approach to identify areas for improvement and questioning of the current status quo to ensure that all elements of our governance framework are fit for purpose, enabling value creation and growth, whilst acknowledging the legitimate rights and responsibilities of key groups of stakeholders and preserving accountability. The Board of Directors, led by the Chairman, is committed to ensuring the governance structure, policies and processes are sufficiently robust and relevant in a dynamic environment.

All employees, senior management and the Board of Directors are required to embrace this philosophy in the performance of their official duties and in other situations that could affect the Company image and it is their duty and responsibility to uphold and act in the best interest of the company and its stakeholders in fulfilling its stewardship obligations.

While referred to in detail in subsequent sections of this Annual Report, in setting up the governance frame work for the Company , the Board takes in to account the regulatory requirements, voluntary codes, market best practices and the need to deliver value to stakeholders in a transparent manner.

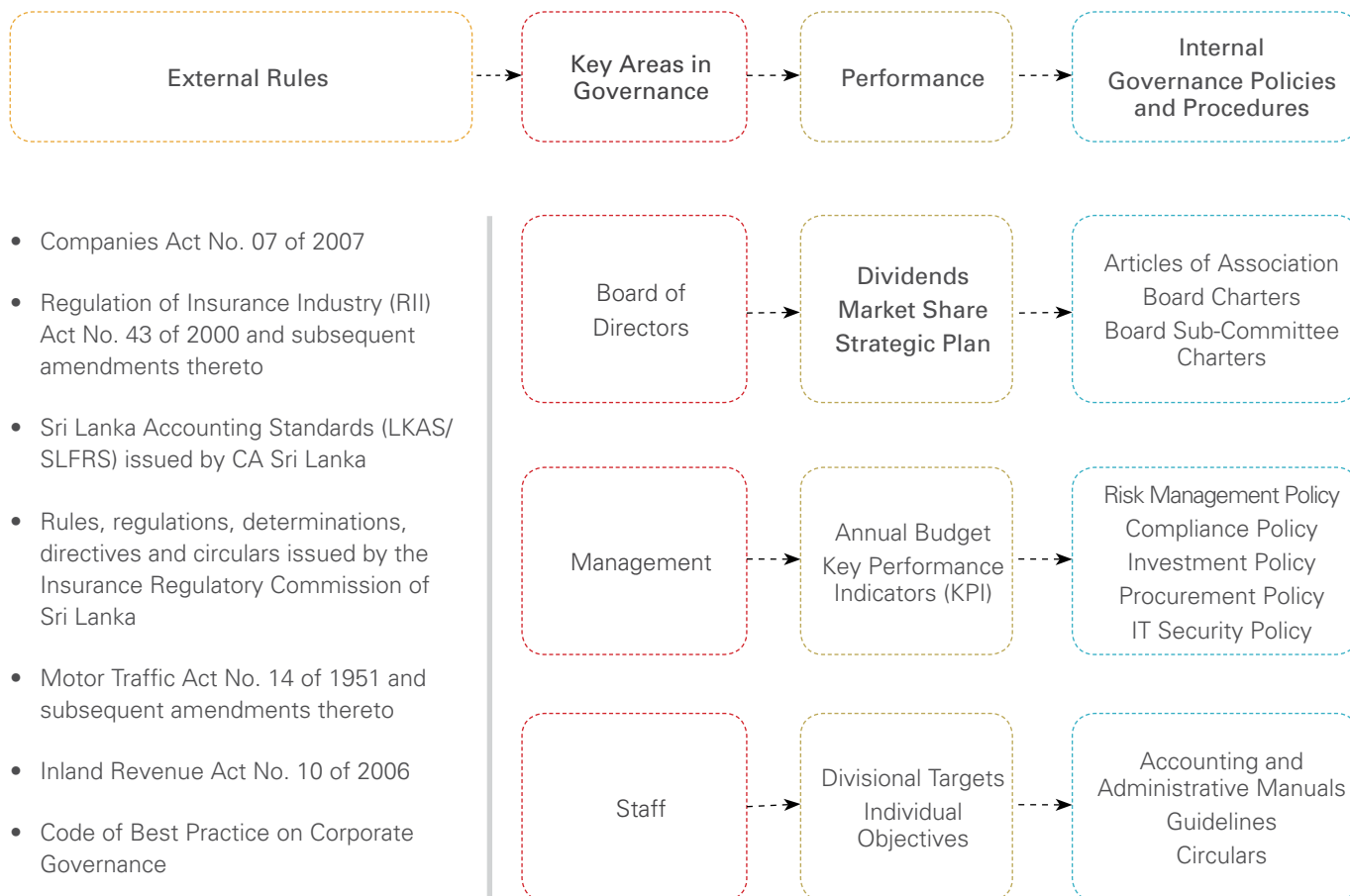
The Board comprises of highly respected individuals who have reached the pinnacle of their chosen fields often displaying multi-disciplinary competencies. The Board represents a cross section from the Finance, Insurance, Corporate, Academic and Professional spheres, who together contribute a wealth of practical insight and business acumen. The Board approves a strategic plan and key policies for the Company and effectively

monitors their implementation through the Board sub committees and Key Management Personnel.

Ceylinco General Insurance Limited always extends internal controls to encompass a range of ethics and integrity issues. Hence, we recognize the value of good Corporate Governance and believe that it provides opportunities to manage risks and add value to its stakeholders while ensuring a viable long-term business. Due to this fact, the Company adheres to both regulatory requirements as well as best practices even before Company is listed in Colombo Stock Exchange. The Board sets the tone at the top by encouraging professional standards and corporate values that cascade to senior management and other employees of the Company.

Further, we wish to state that our commitment to good corporate governance is highly sustained by the existence of a vibrant audit committee. which comprises of two Non Executive Directors who possess multidisciplinary competencies.

Corporate Governance Framework



Board of Directors

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

The Board of Directors of Ceylinco General Insurance Limited comprises of fifteen Directors of whom five are Executive Directors, five are Independent Non-Executive Directors and five are Non-Executive Directors, one being the Chairman of the Board. The Board of Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company. They are well aware of the Company's activities and give direction for long-

term strategy; seeking and contributing views and opinions on strategic options proposed by the senior management of the Company. A brief profile of the members of the Board of Directors is given on pages 16 to 21.

Board Appointments

The Company has established a formal and transparent procedure for new appointments with regard to identifying suitable persons, professional qualifications, business experience

Corporate Governance

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

Role of the Chairman

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

Role of Chief Executive Officer

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

Board meetings and attendance

During the year 2017, the Board has maintained an excellent record of attendance to the meetings.

The number of Board meetings held during 2017, together with individual attendance, is given on page 66.

Board Interaction with Shareholders

The Company is committed to maintain a good relationship with all shareholders. Shareholders have the opportunity to meet and question the Board of Directors at the Annual General Meeting, (AGM) which will be held on 08th March, 2018.

Directors Remuneration

The Board approved the remuneration paid to the Directors during year 2017. No Director is involved in deciding his own remuneration. Directors' remuneration in respect of the company for the year 2017 is given in note 39 to the Financial Statements.

Reinsurance Arrangements

RETENTIONS OF RISK UNDER VARIOUS CLASSES OF INSURANCE

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

MAJOR TEN REINSURERS

Reinsurer	Credit Rating		Country of Origin
	AM EST	S&P	
Swiss Reinsurance Company	AA	AA -	Switzerland
SCOR Reinsurance	AA -	AA -	France
Lloyd's of London	A +	A +	United Kingdom
Munich Reinsurance Company	AA	AA -	Germany
Sirius International Insurance Corporation	A	A -	Sweden
General Insurance Corporation (GIC Re)	A -	-	India
Hannover Re	AA	AA-	Germany
Odyssey Reinsurance Corporation	A +	A -	U.S.A.
Toa Reinsurance Company Limited	A +	A +	Japan
Taiping Reinsurance Co. Ltd.	A	A	Hong Kong

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

Audit Committee Report

Composition of the committee

The Audit Committee is appointed by the Board of Directors of the company. It comprises of following Directors;

Name of the Member	Directorship status	Membership status
Mr. E.M.M. Boyagoda	Non-Executive	Chairman
Mr. S.C.G. Guruge	Independent Non-Executive	Member

The members bring a multitude of varied expertise and knowledge to the audit committee, enabling the effective conduct of its operations. The brief profiles of the members are given on pages 19 and 20.

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

Objective and Authority

The main objective of the Audit Committee is to assist the Board of Directors in discharging its responsibilities to ensure integrity of the Company's financial statements, to assess the effectiveness of the control environment and ensuring the objectivity and independence of External and Internal Auditors. The objectives of the Audit Committee are as follows;

- To oversee the Company's financial reporting process with a view to ensuring the integrity of the information provided to stakeholders.
- To review the Company's compliance with statutory and regulatory requirements.
- To review the process to assess the design and implementation of the internal control systems and take steps to strengthen them as necessary.
- To satisfy itself of the effectiveness of the Company's risk management processes to identify and mitigating risks.
- To assess the independence of the External Auditors and monitor the performance of Internal and External Auditors.

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 66 of this Annual Report.

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

Charter of the Audit Committee

The Audit Committee Charter is annually reviewed and revised with the agreement of Board of Directors. The terms of reference of the committee are clearly defined in the Charter of the Audit Committee.

Compliance with Financial Reporting, Statutory and Regulatory requirements

The Committee recommends the quarterly financial statements, annual accounts and connected documents for approval of the Board. It focuses on a fair presentation and disclosure, reasonability of estimates and judgmental factors and appropriateness of significant accounting policies adopted in 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 of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards.

Internal Audit

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

External Audit

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

The Committee pursued the Report of the Auditors and the Management letter issued by them with the management responses thereto, was discussed and corrective action taken 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 well-articulated 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 is re-appointed as Statutory Auditors of the Company for the financial year ending 31st December 2018, subject to approval by the shareholders at the forthcoming Annual General Meeting.



Mr. E.M.M. Boyagoda
Chairman, Audit Committee

21st February 2018

Report of the Investment Committee Ceylinco General Insurance Limited 2017

Objective of the Committee

The investment portfolio of an insurance company is an important component with impact on the profitability, meeting the regulatory requirements and in ensuring a smooth operation in terms of managing cash flows. The three objectives are in competition on most occasions and requires attention from the strategic level of the management to ensure the investment / treasury management function is in line with the strategic objectives and within the set parameters. Further, the financial markets are quick to respond to macro economic variables and provide new opportunities across instruments and within instruments. The effectiveness of the portfolio would depend on the responsiveness of it to such changes.

The Company has structured a diversified portfolio to bring in high yields as well as long term stability. The asset portfolio of the company comprises Fixed Income, Equity, Commodities and Real Estate portfolios. These portfolios are exposed to interest rate, exchange rate, commodity & equity price volatility risks, which require well informed attention to deliver desired results.

To meet the above challenges, the investment committee together with the investment/treasury management unit, formulates the investment guidelines and policies within which the investment / treasury management unit carries out the investment management function to meet the desired risk – return level of the board of directors and the ERM framework of the company. The committee periodically reviews if the operation and the results are within the set framework and policies.

Functioning

The effectiveness of the portfolio yield is linked to the macroeconomic environment. The committee pays attention and assesses the impact of variables such as present and future expected interest rates, inflation, GDP growth rate, credit demand, balance of payment and exchange rate. Further, attention is drawn to monetary policy decisions of United States, European Union, India and some Asia Pacific region countries which could have an impact on global capital flows.

With such changes and developments the committee does changes to the overall investment policies in order to extract the optimum yield under the given investment climate.

While formulating the strategies as above, the committee also assesses the growth of investments which reflects the conversion of business profits and investment income to cash. This is a strong factor for long term stability and liquidity of the operation.

Further, most importantly, the committee would assess the performance of investment portfolios in terms of investment income, market values and portfolio compositions. Thus the committee performs a holistic function to ensure the investment function is performed at an optimum level.

Economy in 2017

The country's inflation for 2017 as measured by CCPI was 7.1% and had an average of 6.6% which was higher than that of 2016 which stood at 4.5% and 4.0% respectively. However, this increase in the rate of inflation did not reflect in Treasury bill interest rates, but

the opposite was seen when the 364 day treasury bill which yielded 10.17% as at the end of 2016 dropped to 8.90% by the end of 2017. The Average Weighted Deposit Rate (AWDR) edged up slightly to 9.07% from 8.17%. This anomaly is most likely caused by two factors. Firstly, the inflation was caused by supply side effects which has a less impact on the interest rates and which is less likely to be controlled by interest rates. The second being the excess liquidity witnessed in the banking system due to low credit growth which made the banking system compete to invest in government securities.

The Central Bank of Sri Lanka increased key policy rates by 0.25% in March where the SFDR and SLFR (CBSL Repo & Rev-repo window) adjusted to 7.25% and 8.75% respectively. This was the only "rate hike" in 2017. This was amidst U.S. Federal Reserve increasing its key policy rates on three occasions in 2017 by 0.25% at each hike. The total government securities debt of the government increased to Rs.4.9tr at the end of 2017 from Rs.4.5tr at the end of 2016 depicting a Rs.500bn increase.

The services sector led economy, grew by 3.9% in the 1st half of 2017. The Central Bank expects 5.5% growth in 2018. The exchange rate which was an average Rs.149.75/USD at end of 2016 recorded Rs.153.23/USD by the end of 2017 which shows a 2.3% depreciation in the currency for 2017. The balance of payments recorded a USD1.6bn surplus by month of May despite the growing trade deficit and reduced worker remittances. The surplus was a result of increased capital and debt inflows. The Gross Official Reserves stood at USD7.3bn by 30th Nov 2017 up from USD5.6bn, a year earlier.

The All Share Price Index closed the year at 6,369 points up from 6,246 a year earlier. The increase was mostly supported by continued foreign inflows to the Colombo Stock Exchange. The market capitalization was Rs.2,899bn up from Rs.2,673bn last year.

Investment Strategies

The economy showed mixed signals on interest rates behavior and factors affecting interest rates. As an example, while the inflation was increasing the market liquidity kept the interest rates under control. Similarly, while the trade gap widened, the inflows to the capital account kept the reserves, BOP and the exchange rate under control. Similarly while the government securities yields were on a downward slope the bank fixed deposits and corporate debt instruments such as debentures continued to offer returns at a higher level.

Making optimum use of the above conditions and being cautious of an upward movement in the government security interest rates, the strategy in 2017 was to make shifts of investments from government securities to bank deposits and bank debentures so that higher returns were enjoyed. In this process any impact on the RBC and IBSL requirements were carefully looked at and the instrument and institution selection was done. The government securities were carefully selected when making fresh investments. They were selected after studying the security duration, maturity date based arbitrage rates, coupon reinvestment risks and overall yield curve.

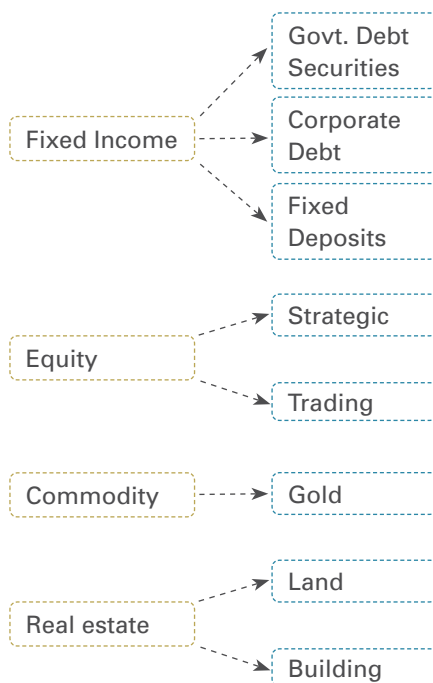
Similarly when it was noticed that the CSE has more potential for value enhancement based on the P/E ratios

and Net Asset based valuations, the committee decided to allocate further limits to enhance the potential returns in the equity investments in the medium term where the equities were selected based on P/E, Net Assets, Dividend Yield and industry outlook.

The above mentioned approach to managing the investment / treasury function gave above average returns compared to the market rates in both government securities and in overall portfolio returns.

Portfolios

The investment committee directs the following portfolios.



Meetings

The committee met once in every 3 months as scheduled. 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 participated at the meetings;

Name	Office Held/ Representing
Mr. Mangala Boyagoda	Chairman of Investment Committee/Director
Mr. Nihal Peiris	Head of Finance
Mr. Upali Witharana	Deputy Managing Director
Mr. Rohan Fernando	Director
Mr. Nilantha Piyadasa	General Manager – Finance
Mr. Athula Wijeyathunga	Senior Assistant General Manager (Financial Services)
Mr. K. Shankaramoorthy	Asst. General Manager (Financial Services)
Mr. Manjula Wickramasinghe	Chief Manager (Financial Services)
Mr. Kasun Nanayakkara	Director / General Manager – Ceylinco Investcorp (Pvt) Ltd (Treasury / Investment Management Unit)

E.M.M. Boyagoda

Chairman of the Investment Committee

21st February 2018

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 70.

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 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 2018 to 2019 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

22nd February 2018

COMPLIANCE REPORT

In respect of the Financial Year ended 31st December 2017 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.
- All Dividend cheques have been dispatched by the due date.



(Mrs.) Nilika Abhayawardhana
Company Secretary

22nd February 2018

Enterprise Risk Management

ERM board sub committee meets regularly and discusses risks associated with main functional areas of the Company. During meetings relevant functional team members participate and explain the significant risks and strategies adopted to rectify those. The committee analyses the risks and recommend risk mitigation alternatives. The Board Committee reports at board meetings the progress of the ERM committee meetings.

The significant risks such as Business risks, Operational risks, Investment risks, Underwriting risks, Information Technology risks, Reinsurance risks, Financial risks and Reputational risks are analyzed in detail continuously in order to introduce new controls/procedures/actions so that the magnitude of the impact is minimal.

Continuously changing environment, regulations and technology requires the Company to understand the new business arena and adopt appropriate risk management techniques. Well experienced and skilled employees see the changes in marketplace and promptly implement solutions for any

risks identified on a day to day basis. Regular training programs and seminars develop knowledge/skills of employees.

The loyal and experienced staff, with the guidance of senior management and Executive Directors monitor risks in each process and ensure that the sufficient protection is available. Some of the important risk management practices followed by the Company are:

- Reinsurance arrangements with well rated Foreign Reinsurance Companies
- Underwriting businesses after careful study of business/risk
- Clearly identified structure and delegated authorities
- Well defined Procedures and controls
- Highly sophisticated IT systems and internal controls
- Various sub committees in managing specific types of risks
- Regular audits by Skilled and Trained Internal audit team
- Appropriate compensation packages and incentive schemes

Financial Reports

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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 Statements of Comprehensive Income, Changes in Equity, Cash Flow and the Statement of Financial Position of Ceylinco General Insurance for the year ended 31st December 2017, and the Report of the Auditors thereon.

Review of Operations

The Chairman's and the Managing Director's Review on pages 6 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

	2017 Rs.'000	2016 Rs.'000
Profit After Taxation	1,406,751	1,309,020
Add : Balance Brought Forward	1,051,620	443,125
	2,458,371	1,752,145
Other Comprehensive Income for the Period	(176,420)	(370,393)
Funds Available for Appropriation	2,281,951	1,381,752
Appropriation :		
Dividend Paid	(377,601)	(330,132)
Unappropriated Profit Carried Forward	1,904,350	1,051,620

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 2017 was Rs. 500,200,000/- and is represented by issued and fully paid 2,501,000 voting ordinary shares.

Dividends

The Directors recommend to propose the interim dividend of Rs. 107/- per share paid on 19.12.2017 as the final dividend for the year ended 31st December 2017.

Directors

Messrs. B.S.M. De Silva, H.D.K.P. Alwis, U. Witharana, W.C.J. Alwis, R.A. Gunathilake, N.D. Nugawela, 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, Mr. G.S. Sundararajan, S.D. Wanigaratne and C.P.A. Wijeyesekera were the Directors of the Company during the financial year ended 31st December 2017.

In accordance with the Articles of Association of the Company, Mr. C.P.A Wijeyesekera, Mr. M.D.E.A.G Saparamadu and Mr. S.C.G Guruge 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 seven 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	7
Mr. H.D.K.P. Alwis	7
Mr. U. Witharana	7
Dr. W.C.J. Alwis	5
Mr. R.A. Gunathilake	7
Mr. N.D. Nugawela	6
Mr. K.D.A.S.R. Arsakularatne	3
Mr. E.M.M. Boyagoda	6
Dr. U.D. De Silva	6
Mr. A.R.H. Fernando	5
Mr. S.C.G. Guruge	5
Mr. M.D.E.A.G. Saparamadu	6
Mr. G.S. Sundararajan	1
Dr. S.D. Wanigaratne	2
Mr. C.P.A. Wijeyesekera	5

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

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 2017.

Corporate Governance

The Audit Committee held four meetings during the year 2017. The Remuneration Committee held two meetings during the year 2017.

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. E.M.M. Boyagoda	3	2
Mr. S.C.G. Guruge	3	Not a Member
Mr. U. Witharana	1	2
Mr. B.S.M. De Silva	Not a Member	2
Mr. M.D.E.A.G. Saparamadu	Not a Member	2
Mr. H.D.K.P. Alwis	Not a Member	2
Mr. T.N.M. Peiris - <i>Head of Finance</i>	4	2

Donations

During the year charitable donations amounting to Rs. 22.3 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. 272.6 Million.

Capital Expenditure & Capital Commitments

The total expenditure on acquisition of Property, Plant and Equipment during the year amounted to Rs. 877.1 Million.

Property, Plant & Equipment

The details of Property, Plant and Equipment of the Company are shown in the "Notes to Financial Statements". page 92.

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. 3.4 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 2017, there were 2,808 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 31.12.2017.

After reviewing the relevant information and Actuarial studies the Actuaries have recommended to make a net IBNR/IBNER provision of Rs. 303.1 Million. The Company has already made this provision in the accounts as at 31.12.2017.

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 29 on page 122 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



U. Witharana
Deputy Managing Director



Mrs. Nilika Abhayawardhana
Company Secretary

22nd February 2018

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 01.01.2017 to 31.12.2017 in which this company has had transactions during the year 2017.

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

Actuarial Report

PARTNERS :

D. K. PANDIT

B.Sc., LL.B., A.I.A. (London), F.I.A.I. (00131)

APPROVED VALUER

REGD. NO. : CAT/X-3 OF 1988

M. G. DIWAN

M.Sc., F.I.A. (London), F.I.I.I., F.I.A.I. (00053)

N. K. PARIKH

M.Com., LL.B., A.I.A. (London), F.I.A.I. (00132)

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M/S. K. A. PANDIT CONSULTANTS & ACTUARIES

(ISO 9001:2008 CERTIFIED)

(ISO 27001:2013 CERTIFIED)

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, 2017.

IBNR and IBNER Claims Reserves include the following:

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

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

We certify, based on above, that the IBNR and IBNER Claims Reserves as on 31-12-2017 to be provided by the Ceylinco General Insurance Limited in respect of its non-life business are estimated as LKR 303,150,316 equal to 2.29% of the Net Earned Premium of LKR 13,209,435,425 as on 31-12-2017. IBNR Claims Reserves as calculated seem adequate and may be provided accordingly. We also certify that the Ceylinco General Insurance Limited meets the Liability Adequacy Test as required under SLFRS-4 satisfactorily.

(N. K. PARIKH)

(PARTNER)

Mumbai, India,

Dated: 22/02/2018

Churchgate : 2nd Floor, Churchgate House, Veer Nariman Road, Fort, Mumbai - 400 001.

Offices : Andheri : 201/C, Remi Bizcourt, Off. Veera Desai Road, Andheri (W), Mumbai - 400 058.

Ahmedabad : 509, Golden Triangle, Near Sardar Patel Stadium, Navrangpura, A'bad - 380 014.

** PRINTED ON ECO-FRIENDLY PAPER **

Independent Auditors' Report



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TO THE SHAREHOLDERS OF CEYLINCO GENERAL INSURANCE LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of Ceylinco General Insurance Limited ("the Company"), which comprise the statement of financial position as at 31 December 2017, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

- a) The basis of opinion, scope and limitations of the audit are as stated above.
- b) In our opinion :
 - 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 and,
 - the financial statements of the Company, comply with the requirements of Section 151 of the Companies Act No. 7 of 2007.

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.

22 February 2018
Colombo

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

A member firm of Ernst & Young Global Limited

Statement of Financial Position

As at 31 December	Page No	Note	2017 Rs.'000	2016 Rs.'000
ASSETS				
Intangible Assets	91	5	86,913	125,920
Deferred Expenses	92	6	942,923	863,805
Property, Plant and Equipment	92	7	3,400,637	2,842,907
Investment Properties	98	8	133,000	155,000
Financial Instruments				
Loans and Receivables	100	9.(a)	3,023,797	1,710,865
Available-For-Sale Financial Assets	100	9.(b)	8,194,889	8,141,785
Employee Gratuity Benefit Asset	108	10	585,808	710,601
Employee Pension Benefit Asset	111	11	950,941	773,906
Reinsurance Receivables	112	12	3,176,207	3,831,541
Deferred Tax Assets	112	13	7,615	119,888
Insurance Receivables	113	14	4,371,770	3,598,682
Accrued Income	113	15	55,961	35,032
Other Assets	113	16	330,490	366,259
Cash and Cash Equivalents	114	17	290,694	100,059
Total Assets			25,551,645	23,376,250
EQUITY AND LIABILITIES				
EQUITY				
Stated Capital	114	18	500,200	500,200
Retained Earnings			1,904,350	1,051,620
Special Reserves	115	18.(b)	6,848,160	6,848,160
Revaluation Reserves			245,942	341,586
Available-for-Sale Reserve			275,803	59,570
Total Equity			9,774,455	8,801,136
LIABILITIES				
Non Life Insurance Contract Liabilities	115	19	11,646,247	11,435,157
Deferred Revenue	117	20	227,504	199,089
Reinsurance Payables	118	21	1,601,253	761,814
Income Tax Payable			152,192	46,380
Other Liabilities	118	22	2,149,994	2,132,674
Total Liabilities			15,777,190	14,575,114
Total Equity and Liabilities			25,551,645	23,376,250

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



T.N.M Peiris
Head of Finance

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



Upali Witharana
Deputy Managing Director



H.D.K.P. Alwis
Managing Director

The notes on pages 78 through 138 form an integral part of the Financial Statements

22 February 2018
Colombo

Income Statement

For the year ended 31 December	Page No	Note	2017 Rs.'000	2016 Rs.'000
Net Income	120	23.(c)	15,238,944	13,356,552
Gross Written Premiums	119	23.(a)	17,976,991	16,116,889
Premiums Ceded to Reinsurers	119	23.(b)	(4,266,264)	(3,493,469)
Net Written Premiums			13,710,727	12,623,420
Net Change in Reserve for Unearned Premium			(501,292)	(840,303)
Net Earned Premium			13,209,435	11,783,117
Fees and Commission Income	120	24	519,556	473,797
Investment Income	120	25	1,377,818	1,111,074
Realised Gains	121	26	132,135	(16,636)
Fair Value Gains	121	26.(a)	-	5,200
Other Revenue			2,029,509	1,573,435
Gross Benefits and Claims Paid	121	27.(a)	(9,246,441)	(8,957,729)
Claims Ceded to Reinsurers	121	27.(b)	2,240,144	1,327,607
Gross Change in Contract Liabilities	121	27.(c)	290,202	(1,526,590)
Change in Contract Liabilities Ceded to Reinsurers	121	27.(d)	(655,334)	2,457,444
Net Benefits and Claims			(7,371,429)	(6,699,268)
Acquisition Cost	122	28	(1,642,944)	(1,356,975)
Other Operating and Administrative Expenses	122	29	(4,474,776)	(3,856,112)
Finance Cost	123	30	(47,144)	(63,072)
Total Benefits, Claims and Other Expenses			(13,536,293)	(11,975,427)
Profit Before Tax			1,702,651	1,381,125
Income Tax Expense	123	31	(295,900)	(72,105)
Profit for the Year			1,406,751	1,309,020
Basic/Diluted Earnings Per Share	124	32	562.48	523.40
Dividend Per Share	125	33	107.00	75.98

The notes on pages 78 through 138 form an integral part of the Financial Statements

Statement of Comprehensive Income

For the year ended 31 December	Note	2017 Rs.'000	2016 Rs.'000
Profit for the Year		1,406,751	1,309,020
Other Comprehensive Income			
Other Comprehensive Income to be Reclassified to Income Statement in Subsequent Period			
Net Gain/(Loss) on Available-For-Sale Assets	34	262,230	(39,942)
Income Tax relating to Components of Other Comprehensive Income	34	(45,997)	8,127
Net Other Comprehensive Income to be Reclassified to Income Statement in Subsequent Period		216,233	(31,815)
Other Comprehensive Income not to be Reclassified to Income Statement in Subsequent Period			
Revaluation Surplus/ (Deficit) During the Year		-	409,890
Actuarial Gain on Defined Benefit Plans	34	(229,035)	(361,677)
Income Tax relating to Components of Other Comprehensive Income	34	(43,029)	(77,020)
Net Other Comprehensive Income not to be reclassified to Income Statement in Subsequent Period		(272,064)	(28,807)
Other Comprehensive Income for the Year, Net of Tax		(55,831)	(60,622)
Total Comprehensive Income for the Year, Net of Tax		1,350,920	1,248,398

The notes on pages 78 through 138 form an integral part of the Financial Statements

Statement of Changes in Equity

For the year ended 31 December							Total Ordinary Share-Holders' Equity
	Notes	Stated Capital Rs.'000	Special Reserves Rs.'000	Revaluation Reserve Rs.'000	Retained Earnings Rs.'000	Available -for Sale Reserve Rs.'000	Rs.'000
Balance As At 1 January 2016		500,200	6,848,160	-	443,125	91,385	7,882,870
Net Profit for the Year		-	-	-	1,309,020	-	1,309,020
Other Comprehensive Income for the Year		-	-	341,586	(370,393)	(31,815)	(60,622)
Total Comprehensive Income for the Year		-	-	341,586	938,627	(31,815)	1,248,398
Final Dividend Paid		-	-	-	(330,132)	-	(330,132)
Balance As At 31 December 2016		500,200	6,848,160	341,586	1,051,620	59,570	8,801,136
Net Profit for the Year		-	-	-	1,406,751	-	1,406,751
Other Comprehensive Income for the Year	34	-	-	(95,644)	(176,420)	216,233	(55,831)
Total Comprehensive Income for the Year		-	-	(95,644)	1,230,331	216,233	1,350,920
Final Dividend Paid	33	-	-	-	(377,601)	-	(377,601)
Balance As At 31 December 2017		500,200	6,848,160	245,942	1,904,350	275,803	9,774,455

The notes on pages 78 through 138 form an integral part of the Financial Statements

Statement of Cash Flows

For the year ended 31 December	Notes	2017 Rs.'000	2016 Rs.'000
Cash Flows from Operating Activities			
Premiums/Revenue received from Customers		17,362,653	15,396,006
Reinsurance Premiums (Net of Commission) Paid		(2,878,853)	(3,024,629)
Commission Paid		(1,824,652)	(1,390,202)
Claims and Benefits Paid		(9,246,445)	(8,975,631)
Reinsurance Receipts in respect of Claims & Benefits		2,240,143	2,123,268
Interest and Dividends Received		1,045,918	940,020
Other Operating Cash Payments		(4,351,019)	(3,441,157)
Other Income		251,322	226,344
Contributions to Gratuity Fund/Gratuity payments		(105,006)	(67,412)
Income Taxes Paid		(80,580)	(76,861)
Interest paid		(47,144)	(63,072)
Net Cash Flows from Operating Activities	(Note A)	2,366,337	1,646,674
Cash Flows from Investing Activities			
Acquisition of Financial Investments		(67,557,474)	(28,586,787)
Proceeds from sale of Investment Property		22,000	231,130
Proceeds from sale of Financial Investments		66,453,667	27,346,814
Acquisition of Property , Plant & Equipment	7	(877,096)	(362,665)
Acquisition of Intangible Assets		(29,754)	(84,015)
Proceeds from Disposal of Property , Plant & Equipment		170,921	46,106
Net Cash Flows from Investing Activities		(1,817,736)	(1,409,417)
Cash Flows from Financing Activities			
Dividends Paid to Equity holders		(357,966)	(328,819)
Net Cash Flows from Financing Activities		(357,966)	(328,819)
Increase / (Decrease) in Cash & Cash Equivalents	(Note B)	190,635	(91,562)

Statement of Cash Flows

For the year ended 31 December	Notes	2017 Rs.'000	2016 Rs.'000
Note A.			
Reconciliation of Profit before tax with Net Cash Flows from Operating Activities			
Profit before tax		1,702,651	1,381,125
Adjustments for:			
Depreciation	7	269,598	207,396
Amortisation of Intangible Assets		68,760	36,943
Change in Trade and Other Receivables		(1,197,893)	(770,521)
Change in Reinsurance Receivable		655,333	(1,661,783)
Increase in Non - Life Insurance Provisions		131,966	2,241,598
Change in Trade and Other Payables		947,105	330,331
Gain on Disposal of Property, Plant & Equipment		(121,105)	(26,796)
Investment Property Fair Value Gain		-	(5,200)
Foreign Exchange Gain/Loss		(9,263)	(9,558)
Income Tax Paid		(80,580)	(76,861)
Net Cash Flows from Operating Activities		2,366,337	1,646,674
Note B.			
Cash and Cash Equivalents at 1st January		100,059	191,621
Cash and Cash Equivalents at 31st December	Note C	290,694	100,059
Increase / (Decrease) in Cash and Cash Equivalents		190,635	(91,562)
Note C			
Cash at Bank		256,532	65,872
Cash in Hand		34,162	34,187
		290,694	100,059

The notes on pages 78 through 138 form an integral part of the Financial Statements

Insurance Revenue Account

For the year ended 31 December	Note	2017 Rs. '000	2016 Rs. '000
Non - Life Insurance			
Gross Written Premium	23.(a)	17,976,991	16,116,889
Net Earned Premium		13,209,435	11,783,117
Net Claims Incurred	27	(7,371,429)	(6,699,268)
Underwriting and Net Acquisition Costs (Including Reinsurance)		(1,123,388)	(883,178)
Underwriting Result		4,714,618	4,200,671
Other Operating, Investments Related and Administrative Expenses	29	(4,474,776)	(3,856,112)
Investment and Other Income		1,509,953	1,099,638
Interest Expense	30	(47,144)	(63,072)
Profits From Operations After Interest Expense		1,702,651	1,381,125
Key Ratios Non - Life Insurance			
Net Loss Ratio		55.80	56.85
Net Expense Ratio		42.74	40.76
Net Combined Ratio		98.54	97.61

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 is located at "Ceylinco House", 69, Janadhipathi Mawatha, Colombo 1. The additional corporate information is given on page 144.

1.2 Principal Activities and Nature of Operations

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

1.3 Ultimate Parent Company

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

1.4 Date of Authorization for Issue

The financial statements of Ceylinco General Insurance Limited for the year ended 31 December 2017 was authorized for issue in accordance with a resolution of the board of directors on 22nd February 2018.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Company's Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred to as "SLFRS") applicable for periods beginning on or after 1 January 2012, promulgated by the Institute of Chartered Accountants of Sri Lanka (CA-Sri Lanka) and comply with the requirements of the Companies Act, No. 7 of 2007 and the Regulation of Insurance Industry Act, No. 43 of 2000.

2.2 Basis of Measurement

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

- Investment property is measured at fair value
- Available for sale 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

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

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

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

2.3 Materiality & aggregation

In compliance with the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements', each material class of similar items is presented separately in the Financial

Statements. Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

2.4 Functional and Presentation Currency

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

2.5 Comparative Information

The comparative information is consistently applied during the year.

2.6 Going Concern

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to all periods presented 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 which are disclosed with available for sale and loans and receivable.

Subsequent measurement

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

Notes to the Financial Statements

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 amortization process.

Derecognition of financial assets

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

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

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

(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

Notes to the Financial Statements

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 consolidated income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(h) Fair Value of Financial Instruments

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

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

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

If the fair value can not be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. (Please refer Note No. 37).

(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.

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

If a reinsurance asset is impaired, the company reduces the carrying amount accordingly and is recognized in profit or loss. 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 profit or loss 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. 10 of 2006 and amendments there to 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.

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 profit or loss is recognised outside profit or loss. 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.

Notes to the Financial Statements

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

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

(m) Property, Plant and Equipment

(i) Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs

directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or constructions of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in profit or loss. 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 profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss 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
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.

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-recognized 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 recognized in profit and loss in the year the asset is de-recognized.

(n) 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 formula.

Stationery	- First in First out Basis
Course Materials	
Books	

(aa) Gold

Gold is measured at realizable value

(o) 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 profit or loss.

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.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, and call deposits. Bank overdrafts are included in the statement of financial position under current liabilities.

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

Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of Company at exchange rates at the

Notes to the Financial Statements

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 profit or loss.

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.

(q) 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 equalisation 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.

(r) Financial Liabilities – Initial Recognition and Subsequent Measurement

Initial recognition and measurement

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

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

Subsequent measurement

The subsequent measurement of financial liabilities as follows:

Interest bearing loans and borrowings

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

Derecognition of financial liabilities

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

(s) Insurance payables

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

Derecognition insurance payables

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

(t) Provisions-General

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

(u) Defined Contribution Plans

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

(v) Pensions and Other Post-Employment Benefits

The Company operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined separately

using the projected unit credit valuation method. Actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

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

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

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

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

The amount recognized as defined benefit liabilities has been netted with the fair value of the plan assets of the reporting period. Any surplus in plan

assets has been measured based on the requirements of LKAS 19 - Employee Benefits, Para 58 and IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

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

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

(w) 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 recognised 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.

(x) 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.

(y) Dividends on Ordinary Share Capital

Interim dividends are deducted from equity when they are paid. Dividends

Notes to the Financial Statements

for the year that are approved after the reporting date are dealt with as an event after the reporting date.

(z) 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.

(aa) Gross Written Premium

1.) Non Life Insurance

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.

(bb) Reinsurance Premium

1.) Non Life Insurance

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

(cc) Unearned Premiums– Non Life Insurance

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums except for the marine and title policies

are calculated on the 1/24th basis until 30 June 2017 and calculated on 1/365 basis with effect from 1 July 2017 for better presentation.

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.

(dd) Acquisition Costs

1.) Non Life Insurance

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.

(ee) 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.

(ff) Other Income

1.) Rental Income

Rental income from property is recognized in profit or loss 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.

(gg) 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.

(hh) Cash Flow Statement

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

3.1 Use of Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (LKAS and SLFRS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Critical Accounting Judgments, Estimates and Assumptions	Disclosure Reference	
	Note	Page
Unearned premium and deferred acquisition cost	19.(a).ii & 6	117 & 92
Reserve for gross outstanding claims	19.(a).i	116
Valuation of investment property	8	98
Measurement of defined benefit obligation	10	108
IBNR/ IBNER	19.(a)	116

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

Either a full retrospective application or a modified retrospective application is required for 1 January 2018. Contracts within the scope of SLFRS 4 Insurance Contracts are scope out according to scope (paragraph 5 (b)) of SLFRS 15. The Company is evaluating the impact of other revenue contracts currently.

Notes to the Financial Statements

SLFRS 16 – Leases

SLFRS 16 will replace Sri Lanka Accounting Standard – LKAS 17 – ‘Leases’, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under LKAS 17. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under SLFRS 16 is substantially unchanged from today’s accounting under LKAS 17. Lessors will continue to classify all leases using the same classification principle as in LKAS 17 and distinguish between two types of leases: operating and finance leases. SLFRS 16 also requires lessees and lessors to make more extensive disclosures than under LKAS 17.

SLFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, Lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs. The impact on the implementation of the above Standard has not been quantified yet.

SLFRS 9 Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company meets the eligibility criteria of the temporary exemption from SLFRS 9 and intend to defer the application of SLFRS 9 until annual reporting periods beginning on or after 1 January 2021.

5. INTANGIBLE ASSETS

	Computer Software & License Rs.'000
Cost	
At 1 January 2016	120,784
Cost Capitalised	84,015
At 1 January 2017	204,799
Cost Capitalised	29,754
At 31 December 2017	234,553
Accumulated Amortisation and Impairment	
At 1 January 2016	41,937
Amortisation during the year	36,942
At 1 January 2017	78,879
Amortisation during the year	68,761
At 31 December 2017	147,640
Carrying Amount	
At 1 January 2017	125,920
At 31 December 2017	86,913

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.29,754,000 (2016 - 84,015,000). Cash payments amounting to Rs.29,754,000. (2016 - 84,015,000) were made during the year for purchase of Intangible assets (Computer Software & License).

5.2 Fully amortised Intangible Assets in use

Intangible Assets do not include fully amortised Computer Software which are in the use of normal business activities (2016 - Nil).

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 2017. 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 (2016 - Nil)

Notes to the Financial Statements

6. DEFERRED EXPENSES

	Deferred Acquisition Costs (DAC) Insurance Contracts	
	2017 Rs.'000	2016 Rs.'000
At 1 January	863,805	756,423
Expenses Deferred	1,722,062	1,464,357
Amortisation	(1,642,944)	(1,356,975)
At 31 December	942,923	863,805

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 Rs.'000	Building Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Office Equipment Rs.'000	Computer Equipment Rs.'000	Furniture & Fittings Rs.'000	Capital Work in Progress Rs.'000	Total Rs.'000
Cost/Valuation									
At 1 January 2017	629,045	1,070,895	51,071	1,166,301	125,834	390,496	255,812	-	3,689,454
Additions	-	-	10,856	722,993	12,647	28,375	15,497	86,728	877,096
Disposals/Transfer	(3,000)	-	(616)	(68,656)	(5,882)	(5,384)	(2,074)	-	(85,612)
At 31 December 2017	626,045	1,070,895	61,311	1,820,638	132,599	413,487	269,235	86,728	4,480,938
Accumulated Depreciation									
At 1 January 2017	-	-	33,539	284,537	90,714	267,870	169,887	-	846,547
Depreciation	-	21,385	3,742	178,976	6,754	40,620	18,121	-	269,598
Disposals	-	-	(621)	(25,534)	(2,587)	(5,057)	(2,045)	-	(35,844)
At 31 December 2017	-	21,385	36,660	437,979	94,881	303,433	185,963	-	1,080,301
Carrying Amount									
At 1 January 2017	629,045	1,070,895	17,532	881,764	35,120	122,626	85,925	-	2,842,907
At 31 December 2017	626,045	1,049,510	24,651	1,382,659	37,718	110,054	83,272	86,728	3,400,637

Movement of Revalued Land and Buildings, if accounted at cost basis

	Freehold Land Rs.'000	Building Rs.'000
At Cost		
At 1 January 2017	463,254	879,220
Additions	-	-
Disposals	(3,000)	-
At 31 December 2017	460,254	879,220
Accumulated Depreciation		
At 1 January 2017	-	52,269
Depreciation	-	17,584
At 31 December 2017	-	69,853
Carrying Amount		
At 1 January 2017	463,254	826,951
At 31 December 2017	460,254	809,367

Revaluation of Land & Building

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

Notes to the Financial Statements

7.1 Details of Freehold Land & Building

Addresses	Building Sq. Ft.	Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Buildings Rs.'000	Cost/Valuation Rs.'000	Date of the Valuation
282, High Level Road, Kottawa	862	Condominium	Investment Method	Rent per Sq. ft per month	Rs. 60	3,700	5,300	9,000	31/12/2016
97, Baudhaloka Mawatha, Gampaha	8360	A-0-R-0-P 16.50	Market Comparable Method	Price per perch Price per Sq. ft	Rs. 2,750,000 Rs. 6,500	45,375	36,625	82,000	31/12/2016
42/1, Mihidu Mawatha, Kurunegala	8425	A-0-R-0-P 8.2	Market Comparable Method	Price per perch Price per Sq. ft	Rs. 5,000,000 Rs. 8,000	41,000	55,000	96,000	31/12/2016
583/ 63 Liyanagemulla, Seeduwa	43080	A-3-R-1-P 3.6	Market Comparable Method	Price per perch Price per Sq. ft	Rs. 250,000 Rs 660 - 4,000	131,000	39,000	170,000	31/12/2016
60, Yovunpitiya Watte, Gnanawimala Mawatha, Kosgoda, Balapitiya	11282	A-0-R-1-P 29	Market Comparable Method	Price per perch Price per Sq. ft	Rs. 300,000 Rs. 5,500	20,700	50,300	71,000	31/12/2016
63, Janadhipathi Mawatha, Colombo 1.	-	A-0-R-0-P 13.84	Market Comparable Method	Price per perch	Rs. 10,000,000	138,500	-	138,500	31/12/2016
3 rd, 4 th, 7 th & 11 th Floors of Ceylinco House Building 69, "Ceylinco House", Janadhipathi Mawatha, Colombo 1.	31332	-	Investment basis	Price per perch Rent per Sq. ft per month	Rs. 10,000,000 Rs. 165-200	-	676,000	676,000	31/12/2016
46 / 34, "VIP Centre", Nawam Mawatha, Colombo 2.	18068	A-0-R-0-P 19.00	Market Comparable Method	Price per perch Price per Sq. ft	Rs. 10,000,000 Rs. 7,500	190,000	174,000	364,000	31/12/2016
Madabawita, Warakapola	608	A-0-R-0-P 16.25	Market Comparable Method	Price per perch Price per Sq. ft	Rs. 460,000 Rs. 4,000	6,900	2,100	9,000	31/12/2016
Malangama, Kuruwita	650	A-0-R-0-P 15.00	Market Comparable Method	Price per perch Price per Sq. ft	Rs. 450,000 Rs. 4,000	6,750	2,250	9,000	31/12/2016

Addresses	Building Sq. Ft.	Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Buildings Rs.'000	Cost/ Valuation Rs.'000	Date of the Valuation
Induruwa, Kosgoda	856	A-0-R-0-P 24.30	Market Comparable Method	Price per perch Price per Sq ft	Rs. 400,000 Rs. 4,500	9,720	3,080	12,800	31/12/2016
Ibbagamuwa, Melsiripura	620	A-0-R-1-P 00.00	Market Comparable Method	Price per perch Price per Sq ft	Rs. 200,000 Rs. 4,000	8,000	2,000	10,000	31/12/2016
Unakuruwa , Tangalle	798	A-0-R-1-P 20.00	Market Comparable Method	Price per perch Price per Sq ft	Rs. 250,000 Rs. 4,000	5,000	2,800	7,800	31/12/2016
Bibilioya, Kithulgala	5326	A-0-R-2-P 00.07	Market Comparable Method	Price per perch Price per Sq ft	Rs. 200,000 Rs. 4,000 - 4,500	17,400	19,600	37,000	31/12/2016
Puttalam -South, Mundel	705	A-0-R-0-P-20.0	Market Comparable Method	Price per perch Price per Sq ft	Rs. 100,000 Rs. 4,000	2,000	2,840	4,840	31/12/2016
Total						626,045	1,070,895	1,696,940	

Notes to the Financial Statements

7.2 Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

The fair value measurement for all of the Freehold Land and Building has been categorized as a Level 3 based on the inputs to the valuation techniques used

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

7.3 Fully Depreciated Property, Plant and Equipment

The initial cost of fully depreciated Property, Plant and Equipment which are still in use as at the reporting date is as follows;

At 31 December	2017 Rs.'000	2016 Rs.'000
Plant and Machinery	6,900	5,702
Computer Equipment	68,896	61,243
Office Equipments	19,052	16,573
Furniture and Fittings	29,990	23,033
	124,838	106,551

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.877,096,000 (2016 - 362,665,000). Cash payments amounting to Rs.877,096,000 (2016 - 362,665,000) 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. (2016 - 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. (2016 - 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 2017. 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. (2016 - Nil)

7.10 Temporarily idle Property, Plant and Equipment

There were no temporarily idle property as at the year ended 31st December 2017. (2016 - Nil)

Notes to the Financial Statements

8. INVESTMENT PROPERTIES

	2017 Rs.'000	2016 Rs.'000
At 1 January	155,000	359,600
Disposal	(22,000)	(209,800)
Fair Value Gains	-	5,200
At 31 December	133,000	155,000

Revaluation of Investment Properties

The Investment Properties were revalued on 31st December 2016 by independent expert valuer, Mr.W.M.Chandrasena Incorporated valuer, in determining the fair value, the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size of location. The appraised fair values are rounded within the range of values. The fair value of investment property reflects the actual market value as at reporting date. Refer note 8.1 for details of revaluations.

8.1 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.85/-	-	42,000	42,000	31/12/2016
583/63, Liyanagemulla, Seeduwa	-	A-2-R- 2-P-21.5	Cost Approach	Price per perch & Price per Sq ft	Rs.450,000/-	91,000	-	91,000	31/12/2016
Sub Total						91,000	42,000	133,000	

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

Notes to the Financial Statements

9. FINANCIAL INSTRUMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

As at 31 December	Note	2017 Rs.'000	2016 Rs.'000
Loans and Receivables (L&R)	9.(a)	3,023,797	1,710,865
Available-for-Sale Financial Assets (AFS)	9.(b)	8,194,889	8,141,785
Total Financial Instruments		11,218,686	9,852,650

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 carried at amortised cost.

As at 31 December	Note	2017 Carrying value Rs.'000	2017 Fair value Rs.'000	2016 Carrying value Rs.'000	2016 Fair value Rs.'000
Loans and Receivables (L&R)	9.(a)	3,023,797	3,023,797	1,710,865	1,710,865
Available-for-Sale Financial Assets (AFS)	9.(b)	8,194,889	8,194,889	8,141,785	8,141,785
Total Financial Instruments		11,218,686	11,218,686	9,852,650	9,852,650

9. (a) Loans and Receivables (L&R)

As at 31 December	Note	2017 Rs.'000	2016 Rs.'000
Staff Loans	9.a.i	91,453	270,037
Debentures - Unquoted	9.a.ii	-	230,000
Term Deposits	9.a.iii	2,932,344	1,210,828
Total Loans and Receivables at Amortised Cost		3,023,797	1,710,865

9. (b) Available-For-Sale Financial Assets (AFS)

As at 31 December	Note	2017 Rs.'000	2016 Rs.'000
Treasury Bond & Bills		5,559,641	5,787,981
Unquoted Share Investment	9.b.i	732,820	638,853
Quoted Debentures	9.b.ii	1,155,565	1,044,606
Quoted Share Investment	9.b.iii	309,252	299,807
Unit Trust Investments	9.b.iv.	437,611	370,538
Total Available-For-Sale Financial Assets at Fair Value		8,194,889	8,141,785

Loans and Receivables (L&R)

9.(a).i Staff Loans

	2017 Rs.'000	2016 Rs.'000
At 1 January	270,037	234,386
Loans Granted	388,870	229,659
Recoveries	(224,790)	(198,680)
Interest Income	3,938	25,378
Deferred Staff Benefit Adjustment	(22,602)	(20,706)
Loan Portfolio Disposal	(324,000)	-
At 31 December	91,453	270,037

9.(a).ii Debenture - Unquoted

As at 31 December	2017 Rs.'000	2016 Rs.'000
LB Finace PLC12% 2,300,000 Debentures redeemable on 01/03/2017	-	230,000
	-	230,000

9.(a).iii Term Deposits

As at 31 December	2017 Rs.'000	2016 Rs.'000
Licensed Commercial Banks	2,907,344	1,151,853
Registered Finance Companies	25,000	58,975
	2,932,344	1,210,828

Details on pledged deposits are provided in Note 38

Available-For-Sale Financial Assets (AFS)

9.(b).i Unquoted Share Investment

As at 31 December	2017		2016	
	Number of Shares	Fair Value Rs.'000	Number of Shares	Fair Value Rs.'000
Ultratech Cement Lanka (Pvt) Ltd	9,000,000	732,820	9,000,000	638,853
		732,820		638,853

Notes to the Financial Statements

9.b.ii Quoted Debentures

As at 31 December		2017 Rs.'000	2016 Rs.'000
Sampath Bank PLC	16.5% 111,100 Debentures redeemable on 11/10/2017	-	13,529
Alliance Finance Co.PLC	20% 100,000 Debentures redeemable on 31/10/2017	-	10,935
Seylan Bank PLC	15.5% 1,000,000 Debentures redeemable on 15/02/2018	113,587	117,684
People's Leasing & Finance PLC	16.5% 500,000 Debentures redeemable on 19/03/2018	57,489	60,351
Commercial Bank PLC	10.75% 1,500,000 Debentures redeemable on 28/02/2021	155,697	147,881
Seylan Bank PLC	13% 451,600 Debentures redeemable on 04/07/2021	49,526	48,492
Commercial Bank PLC	12% 1,316,100 Debentures redeemable on 19/10/2021	135,432	132,572
People's Leasing & Finance PLC	12.6% 2,000,000 Debentures redeemable on 16/11/2021	214,199	203,138
Bank of Ceylon	13.25% 3,000,000 Debentures Redeemable on 20/12/2021	325,401	310,024
Sampath Bank PLC	12.50% 1,000,000 Debentures Redeemable on 22/12/2022	104,234	-
		1,155,565	1,044,606

9.b.iii Quoted Share Investment

As at 31 December		2017 Number of Shares	2017 Fair Value Rs.'000	2016 Number of Shares	2016 Fair Value Rs.'000
Hotels and Travels					
Taj Lanka Hotels PLC	13,000	207	13,000	328	
Eden Hotel Lanka PLC	16,158	229	16,158	218	
Aitken Spence Hotels Holdings PLC	4,100	121	4,100	177	
Renuka City Hotel PLC	1,812	498	1,812	535	
Sector Total		1,055		1,258	
Banks, Finance and Insurance					
Amana Takaful PLC	325,000	260	325,000	293	
Nation Lanka Finance PLC	67,172	74	67,172	87	
Pan Asia Banking Corporation PLC	10,000	157	10,000	200	
The Finance Company PLC	1,875,000	9,750	1,875,000	12,375	
Citizen Development Business Finance PLC	1,853,287	117,498	1,853,287	129,730	
LOLC Finance PLC	100,000	370	100,000	260	
Peoples Leasing & Finance PLC	20,000	340	-	-	
Sector Total		128,449		142,945	
Health Care					
Nawaloka Hospitals PLC	-	-	175,000	786	
Sector Total		-		786	
Beverage Foods and Tobacco					
Renuka Agri Foods PLC	125,000	325	125,000	363	
Sector Total		325		363	

As at 31 December	Number of Shares	2017 Fair Value Rs.'000	Number of Shares	2016 Fair Value Rs.'000
Plantations				
Elpitiya Plantations PLC	-	-	22,800	438
Sector Total	-			438
Telecommunication				
Sri Lanka Telecom PLC	10,000	285	10,000	360
Sector Total		285		360
Chemical and Pharmarceiutical				
J.L.Morison Sons and Jones (Ceylon) PLC	-	-	271	89
Sector Total		-		89
Manufacturing				
Blue Diamond Jewellery Worldwide PLC	285,100	257	285,100	428
Richard Peiris & Company PLC	-	-	31,000	248
Royal Ceramics Lanka PLC	17,000	1,947	16,000	1,848
Access Engineering PLC	36,000	835	26,000	645
Lankem Ceylon PLC	1,500	60	1,500	90
Haycarb PLC	241	36	241	36
Lanka Ceramic PLC	783	117	3,911	479
Hayleys Fabric PLC	-	-	30,000	450
Dipped Product PLC	4,000	340	4,000	347
Kelani Tyres PLC	11,176	496	11,176	725
Ceylon Grain Elevators PLC	24,000	1,586	10,000	829
ACL Cables PLC	24,600	1,043	20,000	1,210
Lanka Tiles PLC	15,000	1,725	15,000	1,439
Piramal Glass Ceylon PLC	-	-	200,090	1,060
Hayleys Management Knitting Mills PLC	30,000	405	-	-
Alumex PLC	15,000	278	-	-
Sector Total		9,125		9,834
Diversified Holdings				
Vallibel One PLC	15,000	266	15,000	279
Browns Investments PLC	20,000,000	52,000	20,000,000	28,000
Renuka Holdings PLC	26,222	629	26,222	553
Hayleys PLC	1,000	241	1,000	270
Lankem Developments PLC	-	-	60,000	234
MDT Walkers PLC	62,200	1,437	50,000	2,050
Lanka Century Investment PLC	9,443,196	114,262	9,443,196	111,440
Expo Lanka Holdings PLC	75,000	398	75,000	473
Browns Capital PLC	-	-	250,000	275
Sector Total		169,233		143,574

Notes to the Financial Statements

As at 31 December	Number of Shares	2017 Fair Value Rs.'000	Number of Shares	2016 Fair Value Rs.'000
Investment and Trust				
Ceylon Guardian Investment Trust PLC	1516	129	1516	160
Sector Total		129		160
Trading				
Singer Sri Lanka (PLC)	15,000	651		-
Sector Total		651		-
Total Investment in Quoted Shares		309,252		299,807

9.(b).iv. Unit Trust Investments

As at 31 December	Number of Units	2017 Carrying Value Rs.'000	Number of Units	2016 Carrying Value Rs.'000
ASTRUE Gilt-Edged Fund	28,522,099	349,313	20,000,000	223,235
ASTRUE Money Market Fund	995,314	11,944	995,314	10,630
Guardian Acuity Fixed Income Fund	415,083	51,762	6,810,345	93,509
INVESTTRUST Money Market Fund	-	-	3,500,000	43,164
ASTRU Alpha Fund	2,753,698	24,592	-	-
		437,611		370,538

9 (c) Movement in the Carrying Values of Financial Instruments

	Loans and Receivables Rs.'000	Available- For-Sale Rs.'000	Total Rs.'000
At 1st January 2017	1,710,865	8,141,785	9,852,650
Purchases	2,271,621	65,285,852	67,557,473
Disposals	(958,689)	(65,494,978)	(66,453,667)
Fair Value Gains recorded in Other Comprehensive Income	-	262,230	262,230
At 31 December 2017	3,023,797	8,194,889	11,218,686

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 book values have been used as a base to calculate fair value of investments.

For unquoted debt instruments, the carrying value approximates the fair value of the investments.

9.(d) 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

Notes to the Financial Statements

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31December		2017				2016			
	Notes	Level 1 Quoted Prices in active markets Rs.'000	Level 2 Significant Observable Inputs Rs.'000	Level 3 Significant Unobservable Inputs Rs.'000	Total Fair Value Rs.'000	Level 1 Quoted Prices in active markets Rs.'000	Level 2 Significant Observable Inputs Rs.'000	Level 3 Significant Unobservable Inputs Rs.'000	Total Fair Value Rs.'000
Financial Assets									
Available-For-Sale									
Financial Assets:									
Equity Securities	9.(b)	309,252	-	732,820	1,042,072	299,807	-	638,853	938,660
Unit trust	9.(b)		437,611	-	437,611	-	370,538	-	370,538
Debt Securities	9.(b)	6,715,206	-	-	6,715,206	5,787,981	1,044,606	-	6,832,587
Total Financial Assets		7,024,458	437,611	732,820	8,194,889	6,087,788	1,415,144	638,853	8,141,785
Non Financial Assets									
Land and Buildings	7	-	-	1,675,555	1,675,555	-	-	1,699,940	1,699,940
Investment Properties	8.1	-	-	133,000	133,000	-	-	155,000	155,000
Total Non Financial Assets		-	-	1,808,555	1,808,555	-	-	1,854,940	1,854,940
Total Financial and Non Financial Assets		7,024,458	437,611	2,541,375	10,003,444	6,087,788	1,415,144	2,493,793	9,996,725

9.(e) 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:

As at 31December	Note	At 1 January 2017 Rs.'000	Total gains/ (loss) recorded in comprehensive income Rs.'000	Additions/ Disposals Rs.'000	Accumulated Depreciation	At 31 December 2017 Rs.'000
Financial Assets						
Available-For-Sale Financial Assets:						
Equity Securities	9.(b).i	638,853	93,967	-	-	732,820
Total Level 3 Financial Assets		638,853	93,967	-	-	732,820
Non Financial Assets						
Land and Buildings	7	1,699,940	-	(3,000)	(21,385)	1,675,555
Investment Properties	8.1	155,000	-	(22,000)	-	133,000
Total Level 3 Non-Financial Assets		1,854,940	-	(25,000)	(21,385)	1,808,555
Total Level 3 Financial and Non-Financial Assets		2,493,793	93,967	(25,000)	(21,385)	2,541,375

- 9.(f) In case of change in assumptions having 10% variation, the effect to Other comprehensive income could be as follows:

As at 31December	Carrying Amount 31/12/2017 Rs.'000	Effect of Possible Alternate Assumptions Rs.'000	Carrying Amount 31/12/2016 Rs.'000	Effect of Possible Alternate Assumptions Rs.'000
Equity Securities	732,820	73,282	638,853	63,885
	732,820	73,282	638,853	63,885

- 9.(g) Financial Assets and Financial Liabilities classification

The table below displays out the carrying values and fair values of the Financial Assets and Financial liabilities of the Company in accordance with LKAS 39.

As at 31December	Note	Available-For-Sale	2017 Loans and Receivables	Total	Available-For-Sale	2016 Loans and Receivables	Total
Financial Assets							
Financial Instrument							
Measured at Fair Value	9.(b)	8,194,889	-	8,194,889	8,141,785	-	8,141,785
Measured at Amortized Cost	9.(a)	-	3,023,797	3,023,797	-	1,710,865	1,710,865
Reinsurance Receivable	12	-	3,176,207	3,176,207	-	3,831,541	3,831,541
Insurance Receivable	14	-	4,371,770	4,371,770	-	3,598,682	3,598,682
Other Assets	16	-	330,490	330,490	-	366,259	366,259
Cash and Cash Equivalents	17	-	290,694	290,694	-	100,059	100,059
Total Financial Assets		8,194,889	11,192,958	19,387,847	8,141,785	9,607,406	17,749,191
Financial Liabilities							
Reinsurance Payable	21	-	1,601,253	1,601,253	-	761,814	761,814
Other Liabilities	22	-	2,149,994	2,149,994	-	2,132,674	2,132,674
Total Financial Liabilities		-	3,751,247	3,751,247	-	2,894,488	2,894,488

- 9.(h) 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 - price to current market rates frequently.

Assets

Cash and Cash Equivalents
Repo
Reinsurance Receivables
Premium Receivables

Liabilities

Reinsurance Creditors
Other Liabilities (Excluding Government Levies and Accruals)

Notes to the Financial Statements

10. GRATUITY BENEFIT ASSET

This note indicates the assumptions used and the movement in the employee benefit plan. As at 31 December 2017 the gratuity liability was actuarially valued under the Projected Unit Credit Method (PUC) by M/S.K.A.Pandit Actuarial valuer. The valuation performed annually.

The amounts recognised in the Income Statement are as follows:

As at 31December	2017 Rs.'000	2016 Rs.'000
Current Service Cost	68,867	66,800
Interest Cost on Benefit Obligation	171,673	132,941
Expected return on Plan Assets	(256,945)	(205,325)
	(16,405)	(5,584)
Net Actuarial gain/ (loss) recognised in the Other Comprehensive Income	(246,027)	(86,239)

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

As at 31December	Note	2017 Rs.'000	2016 Rs.'000
Present value of the Defined Benefit Obligation	10.2	1,754,231	1,430,608
Fair value of Plan Assets	10.3	(2,340,038)	(2,141,209)
Total Net Defined Benefit Asset		(585,808)	(710,601)

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

	2017 Rs.'000	2016 Rs.'000
At 1 January	1,430,608	1,329,408
Current Service Cost	68,867	66,800
Interest Cost	171,673	132,941
Benefits Paid	(104,828)	(67,412)
Actuarial (Gains)/ Losses	187,911	(31,129)
At 31 December	1,754,231	1,430,608

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

10.3 Gratuity Benefit Asset

The movement in the plan assets is as follows:

	2017 Rs.'000	2016 Rs.'000
At 1 January	(2,141,209)	(2,053,252)
Expected return on Plan Assets	(256,945)	(205,325)
Actuarial (Gains)/Losses	58,116	117,368
At 31 December	(2,340,038)	(2,141,209)

The distribution of the plan assets at the reporting date is as follows:

As at 31December	2017 Rs.'000	2016 Rs.'000
Treasury Bonds/Bills	265,541	190,024
Investment in Shares	1,823,351	1,721,792
Corporate Debentures	13,750	13,884
Short term Investments	231,305	100,962
Other Assets	6,091	114,547
Total Plan Assets	2,340,038	2,141,209

Gratuity funds' plan assets include investment in equity shares of Ceylinco Insurance PLC, (the parent entity of the Company) market value amounting to Rs. 1,823,351,000/- (2016-Rs. 1,721,792,000) as at the reporting date.

The overall expected rate of return on assets is determined based on market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal actuarial assumptions used in determining the gratuity benefit obligation for the Company's plan assets are as follows:

	2017	2016
Future salary increases	10.00%	10.00%
Discount rate	10.50%	12.00%
Expected rate of return on plan assets	10.00%	10.00%
Retirement age	55 Years	55 Years

Notes to the Financial Statements

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

	Amount charged to Profit or Loss				Re-measurement Gains/(Losses) in Other Comprehensive Income						31-Dec-17 Rs.000
	1-Jan-17 Rs.000	Service Cost Rs.000	Net interest Rs.000	Sub total included in profit or loss Rs.000	Benefit paid Rs.000	Return on plan assets (Excluding amounts included in net interest expenses) Rs.000	Actuarial changes arising from changes in demographic assumptions Rs.000	Actuarial changes arising from changes in financial assumptions Rs.000	Experience adjustments Rs.000	Subtotal included in OCI Rs.000	Contribution by employers Rs.000
Defined Benefit Obligation	(1,430,608)	(68,867)	(171,673)	(240,540)	104,828	-	(141,078)	(46,833)	-	(187,911)	-
Fair value of Plan Assets	2,141,209	-	-	-	-	256,945	-	(58,116)	-	(58,116)	-
Benefit Assets/ (Liability)	710,601	-	-	(240,540)	104,828	256,945	(141,078)	(104,949)	-	(246,027)	-
											585,808

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 2017 is shown below:

Sensitivity level	Discount Rate		Future Salary Increment Rate		Employee Turnover	
	Increase 1% Rs.000	Decrease 1% Rs.000	Increase 1% Rs.000	Decrease 1% Rs.000	Increase 1% Rs.000	Decrease 1% Rs.000
Impact on defined benefit obligation	(97,336)	112,604	112,058	(98,581)	3,433	(3,924)
Following payments are expected contributions to the defined benefit plan obligation on the future years.						
					2017 Rs.'000	2016 Rs.'000
Within the next 12 Months					694,349	570,521
Between 2 and 5 Years					325,642	277,511
Between 5 and 10 Years					863,087	529,759

The average duration of the defined benefit plan obligation at the end of the reporting period is 9 years.

11. PENSION BENEFIT ASSET

The Company has two defined benefit pension plans, both of which require contributions to be made to separately administered funds namely Pension Trust Fund of Ceylinco Insurance PLC and Pension Fund of Ceylinco Insurance PLC.

	Amount charged to Profit or Loss				Re measurement gains/(losses) in Other Comprehensive Income					31-Dec-17 Rs.000
	1-Jan-17 Rs.000	Service Cost Rs.000	Net Interest Rs.000	Sub total Included in Profit/Loss Rs.000	Return on plan assets (Excluding amounts included in net interest expenses) Rs.000	Actuarial changes arising from changes in demographic assumptions Rs.000	Actuarial changes arising from changes in financial assumptions Rs.000	Experience adjustments Rs.000	Subtotal included in OCI Rs.000	
Defined Benefit	(1,028,899)	(2,791)	(123,468)	(126,259)	-	-	(2,284)	71,343	69,059	(1,057,693)
Obligation										
Fair Value of Plan Assets	1,802,805	216,337	-	216,337	-	(52,068)	-	-	(52,068)	2,008,635
Total Recognised Benefit (Liability) / Asset	773,906	-	-	90,078	-	(52,068)	2,284	71,343	16,991	950,941

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.

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Company's plans are shown below:

		2017	2016
Discount Rate		10.5%	12%
Rate of Return on Plan Assets		10.5%	12%
Salary Escalation Rate	Current Scheme A, B & D Scheme C	0%	0%
		10%	10%
Attrition Rate		1%	1%
Retirement Age	Scheme A	60 Yrs	60 Yrs
	Scheme B, C & D	55Yrs	55Yrs
Mortality Table		IALM 2006-08	IALM 2006-08

Notes to the Financial Statements

12. REINSURANCE RECEIVABLES

As at 31December	2017 Rs.'000	2016 Rs.'000
Reinsurance Receivable on Paid Claims	755,975	526,355
Reinsurance Receivable on Payable Claims	2,420,232	3,305,186
Total Reinsurance Receivables	3,176,207	3,831,541

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.

13. DEFERRED TAX ASSET

As at 31December	Other Comprehensive Income		Income Statement		Statement of Financial Position	
	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000	2017 Rs.'000	2016 Rs.'000
Temporary Difference from Retirement Benefit Liability	(52,615)	8,716	(37,999)	(37,052)	491,185	400,570
Temporary Difference from Property Plant and Equipment	-	68,304	59,649	(34,525)	(363,323)	(303,674)
Temporary Difference from Intangible Assets	-	-	(7,470)	(3,642)	11,110	3,642
Available-for-sale Financial Assets (AFS)	45,997	(8,127)	8,101	-	(45,997)	8,101
Temporary Difference from Allowance for Impairment	-	-	966	(11,249)	10,284	11,249
Revaluation Reserve	95,644	-	-	-	(95,644)	-
Deferred Tax Expense/(Income)	89,026	68,893	23,247	(86,468)		
Deferred Tax Asset					7,615	119,888

13. (a) Total Deferred Tax Assets

	2017 Rs.'000	2016 Rs.'000
At 1 January	119,888	102,314
Amounts recorded in the Income Statement	(23,247)	86,468
Amounts recorded in Other Comprehensive Income	(89,026)	(68,894)
At 31 December	7,615	119,888

The Inland Revenue Act No. 24 of 2017 applied in determining the deferred tax assets/liabilities of the company

14. INSURANCE RECEIVABLES

As at 31December	2017 Rs.'000	2016 Rs.'000
Due from Policyholders	4,408,498	3,638,859
Less : Allowance for impairment	(36,728)	(40,177)
Total Insurance Receivables	4,371,770	3,598,682

14(a). Credit quality of Premium Receivables that are neither past due nor impaired is explained below;

As at 31December	Below 60 days Rs.'000	Above 60 days Rs.'000	Total Rs.'000
2017	3,485,049	886,721	4,371,770
2016	3,015,258	583,144	3,598,402

15. ACCRUED INCOME

As at 31December	Note	2017 Rs.'000	2016 Rs.'000
Loans & Receivables (L&R)	15.(a)	55,961	35,032
		55,961	35,032
15.(a) Loans & Receivables (L&R)			
Fixed Deposits		55,961	25,614
Unquoted Debentures		-	9,418
		55,961	35,032

16. OTHER ASSETS

As at 31December	2017 Rs.'000	2016 Rs.'000
Inventories	28,322	22,064
Advances, Deposits & Prepayments	268,918	245,614
Gold	216	2,706
Deferred Staff Benefits	18,664	50,133
Other Receivables	14,370	45,742
	330,490	366,259

Notes to the Financial Statements

17. CASH AND CASH EQUIVALENTS

As at 31December	2017 Rs.'000	2016 Rs.'000
Cash in Hand	34,162	34,187
Cash at Bank with Licenced Commercial Banks	256,532	65,872
Total Cash and Cash Equivalents	290,694	100,059

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

18. STATED CAPITAL

As at 31December	2017 Rs.'000	2016 Rs.'000
Issued & Fully paid		
Ordinary Shares -Voting	500,200	500,200
	500,200	500,200

All issued shares are fully paid. There is one class of Ordinary shares. All shares issued carry equal voting rights.

The holders of ordinary shares - voting are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

18.(a) Movement of Stated Capital

	2017 Rs.'000	2016 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	2017	2016
At 1 January	2,501,000	2,501,000
Issued during the year	-	-
At 31 December	2,501,000	2,501,000

18.(b) Special Reserves

As at 31December	2017 Rs.'000	2016 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.

19. INSURANCE CONTRACT LIABILITIES

As at 31December	Note	2017 Rs.'000	2016 Rs.'000
Non-Life Insurance Contracts	19.(a)	11,646,247	11,435,157
Total Insurance Contract Liabilities		11,646,247	11,435,157

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 2017 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.

Notes to the Financial Statements

19.(a). Non-Life Insurance Contract Liabilities

As at 31December	Note	2017 Insurance Contract Liabilities Rs.'000	2016 Insurance Contract Liabilities Rs.'000
Provision for reported claims by policyholders		3,904,388	4,242,754
Provision for claims IBNR/IBNER		303,150	254,987
Outstanding claims provision	19.(a).i	4,207,538	4,497,740
Provision for Unearned Premiums	19.(a).ii	7,438,709	6,937,417
Total Non Life Insurance Contract Liabilities		11,646,247	11,435,157
Non-life Technical Reserves		8,510,596	7,465,255

19.(a).i Outstanding Claims Provision

As at 31December	Insurance Contract Liabilities Rs.'000	2017 Reinsurance of Liabilities Rs.'000	Net Rs.'000	Insurance Contract Liabilities Rs.'000	2016 Reinsurance of Liabilities Rs.'000	Net Rs.'000
At 1 January	4,497,740	3,831,541	666,199	2,989,052	2,169,757	819,295
Claims incurred in the current accident year	9,907,925	2,396,995	7,510,930	10,259,140	3,527,331	6,731,809
Other movements in claims incurred in prior accident years	(951,687)	(812,185)	(139,502)	204,728	265,921	(61,193)
Claims paid during the year	(9,246,440)	(2,240,144)	(7,006,296)	(8,955,180)	(2,131,468)	(6,823,712)
At 31 December	4,207,538	3,176,207	1,031,331	4,497,740	3,831,541	666,199

Reinsurance receivable on paid claims are included under above Reinsurance receivables are amounting to Rs.755,975,000 (Rs.526,355,000/- in 2016).

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.

19.(a).ii Provision for Unearned Premiums

As at 31December	2017 Insurance Contract Liabilities Rs.'000	2016 Insurance Contract Liabilities Rs.'000
At 1 January	6,937,417	6,097,126
Premiums written in the year	13,710,727	12,623,420
Premiums earned during the year	(13,209,435)	(11,783,129)
At 31 December	7,438,709	6,937,417

20. DEFERRED REVENUE

As at 31December	2017 Rs.'000	2016 Rs.'000
SRCC/TC RI Commission Payable	77,174	67,978
Foreign RI Commission Provision	150,330	131,111
	227,504	199,089

20.(A). Movement of Deferred Revenue

	2017 Rs.'000	2016 Rs.'000
At 1 January	199,089	193,159
Revenue Deferred	519,556	473,797
Amortisation	(491,141)	(467,867)
At 31 December	227,504	199,089

Notes to the Financial Statements

21. REINSURANCE PAYABLE

As at 31 December	2017 Rs.'000	2016 Rs.'000
Domestic Reinsurer - National Insurance Trust Fund (NITF)	197,530	181,415
Domestic Reinsurers - Others	8,649	22,176
Foreign Reinsurers	1,395,074	558,223
	1,601,253	761,814

22. OTHER LIABILITIES

As at 31 December	2017 Rs.'000	2016 Rs.'000
Agency Commission Payable	609,361	553,225
Government Levies	273,740	226,515
Other Creditors	1,032,685	1,037,772
Accrued Expenses	234,208	315,162
	2,149,994	2,132,674

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

All amounts are payable within one year.

23. NET PREMIUMS

Year ended 31 December	Note	2017 Rs.'000	2016 Rs.'000
Gross Premiums on Insurance Contracts	23.(a)	17,976,991	16,116,889
		17,976,991	16,116,889

Year ended 31 December		2017 Rs.'000	2016 Rs.'000
Premiums Ceded to Reinsurers on Insurance Contracts	23.(b)	4,266,264	3,493,469
		4,266,264	3,493,469

23.(a) Gross Written Premium

The premium income for the year by major classes of business is as follows.

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Fire	1,956,803	1,672,578
Motor	10,961,929	9,867,327
Marine	596,975	502,042
Miscellaneous	3,370,905	2,833,013
Engineering	905,366	1,060,649
Employers' Liability	185,013	181,280
	17,976,991	16,116,889

The Gross written premium of 2017 includes Rs.36,351,499 and US\$ 131,535 (2016-Rs.50,456,964 and US\$ 141,544) which are collected on behalf of co-insurance partners.

23.(b) Premium Ceded to Reinsurers

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Fire	1,569,653	1,437,298
Motor	826,332	382,791
Marine	270,482	215,521
Miscellaneous	964,320	631,020
Engineering	620,591	812,022
Employers' Liability	14,886	14,817
	4,266,264	3,493,469
National Insurance Trust Fund		
Compulsory Reinsurance Cessions	584,919	552,736
Strike , Riots, Civil Commotion	908,568	780,550
Foreign Reinsurers	2,716,620	2,089,275
Local coinsurance partners	56,157	70,908
	4,266,264	3,493,469

Notes to the Financial Statements

23.(c) Net Income

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Net Earned Premium	13,209,435	11,783,117
Other Revenue	2,029,509	1,573,435
	15,238,944	13,356,552

24. FEES AND COMMISSION INCOME

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Reinsurance Commission Income	519,556	473,797
Total Fees and Commission Income	519,556	473,797

25. INVESTMENT INCOME

Year ended 31 December	Note	2017 Rs.'000	2016 Rs.'000
Available-for-Sale Financial Assets			
Interest Income	25.(a)	834,631	578,934
Dividend Income	25.(b)	95,086	81,191
Loans and Receivables - Interest Income		192,368	173,906
Interest Income from Staff Loan		3,938	25,378
Other Operating Revenue		251,795	251,665
Total Investment Income		1,377,818	1,111,074

25. (a) Interest Income

Available-for-Sale Financial Assets			
Debenture Interest		130,099	49,808
Repo Income		28,021	18,782
Tresury Bill & Bonds Income		676,511	510,344
		834,631	578,934

25. (b) Dividend Income

Dividend Income		71,271	66,902
Income from Unit Trusts		23,815	14,289
		95,086	81,191

26. REALISED GAINS

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Property, Plant and Equipment Realised Gains	121,105	23,126
Available-For-Sale Financial Assets Realised Gains		
Equity Securities	1,983	(220)
Debt Securities	9,047	(39,542)
Total Realised Gains for Available-For-Sale Financial Assets	11,030	(39,762)
Total Realised Gains	132,135	(16,636)

26.(a) FAIR VALUE GAINS AND LOSSES

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Fair value gains on Investment Properties	-	5,200

27. NET BENEFITS AND CLAIMS

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
(a) Gross Benefits and Claims Paid		
Non-life insurance contracts	9,246,441	8,957,729
Total Gross Benefits and Claims Paid	9,246,441	8,957,729
(b) Claims Ceded to Reinsurers		
Non-life insurance contracts	(2,240,144)	(1,327,607)
Total Claims Ceded to Reinsurers	(2,240,144)	(1,327,607)
(c) Gross Change in Contract Liabilities		
Change in non-life insurance contract outstanding claims provision	(290,202)	1,526,590
Total Gross Change in Contract Liabilities	(290,202)	1,526,590
(d) Change in Contract Liabilities Ceded to Reinsurers		
Change in non-life insurance contract outstanding claims provision	655,334	(2,457,444)
Total Change in Contract Liabilities Ceded to Reinsurers	655,334	(2,457,444)
Net Benefits and Claims	7,371,429	6,699,268

Notes to the Financial Statements

27.(a) Non - Life Net Claims Incurred

Year ended 31 December	2017 Rs '000	2016 Rs '000
Gross Claims Incurred	8,956,238	10,484,319
Reinsurance Recoveries	(1,584,809)	(3,785,051)
Total Net Claims Incurred	7,371,429	6,699,268

The analysis by major classes of business is as follows

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Fire	807,312	385,666
Motor	4,862,898	4,844,414
Marine	77,943	91,743
Miscellaneous	1,325,031	1,201,960
Engineering	251,883	159,643
Employer's Liability	46,362	15,842
	7,371,429	6,699,268

28. ACQUISITION COSTS

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Fees and Commission Expenses	1,722,062	1,464,357
Deferred Expenses	(79,118)	(107,382)
	1,642,944	1,356,975

29. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Year ended 31 December	Notes	2017 Rs.'000	2016 Rs.'000
Amortisation of Intangible Assets	5	68,761	36,942
Depreciation on Property Plant and Equipment	7	269,598	207,396
Other Operating Expenses		914,578	896,767
Auditors' Remuneration - Fees		4,140	3,971
Employee Benefits Expense	29.(a)	2,495,519	2,127,386
Selling Expenses		685,223	554,732
Legal Expenses		14,613	13,908
Donations		22,344	15,010
Total Other Operating and Administrative Expenses		4,474,776	3,856,112

29.(a) Employee Benefits Expense

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Wages and Salaries including Bonus & Incentives	2,130,156	1,746,836
Employees' Provident Fund	184,876	166,185
Employees' Trust Fund	46,148	41,667
Defined Gratuity Benefit & Pension Costs	(109,275)	(104,591)
Other Staff Related Cost	243,614	277,289
Total Employee Benefits Expense	2,495,519	2,127,386

30. FINANCE COSTS

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Other Finance Charges	47,144	63,072
Total Finance Cost	47,144	63,072

31. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2017 is:

31.(a) Current Year Tax Charge

Year ended 31 December	Note	2017 Rs.'000	2016 Rs.'000
Current Tax			
Income tax		316,659	161,236
Over/under provision in respect of previous year		(44,006)	(2,663)
Total Current Tax		272,653	158,573
Deferred Tax			
Origination of temporary differences	13.(b)	23,247	(86,468)
Total Income Tax Expense		295,900	72,105

31.(b) Tax recorded in other comprehensive income (see Note 34)

Year ended 31 December	2017 Rs.'000	2016 Rs.'000
Deferred Tax	(89,026)	(68,893)
Total Tax charge to Other Comprehensive Income	(89,026)	(68,893)

Notes to the Financial Statements

31.(c) Reconciliation of Tax Charge

Reconciliation of Effective Tax Rate	2017 Rs.000	2016 Rs.000
Profit for the period	1,406,751	1,309,020
Total income tax expense	295,900	72,105
Profit liable for income tax	1,702,651	1,381,125
Income tax using the Company's domestic tax rate (2017-28% 2016 -28%)	476,742	386,715
Tax exempt income	(135,237)	(231,275)
Net non-deductible/(deductible) expenses	(7,200)	(5,796)
Tax savings on current tax loss	(15,967)	19,628
Tax effect of loss claimed for the year	-	(19,628)
Tax effect on Qualifying payments	(1,680)	-
Over / (Under) Provision of Previous Years	(44,006)	(2,663)
	272,653	158,573

31.(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.

32. 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	2017	2016
Profit for the year (Rs.'000)	1,406,751	1,309,020
Weighted Average Number of Ordinary Shares ('000)	2,501	2,501
Basic/Diluted Earnings per Ordinary Share (Rs.)	562.48	523.40

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.

33. DIVIDENDS PAID AND PROPOSED

Year ended 31 December	2017	2016
Interim Dividend Paid (Rs.000)	-	80,032
Final Dividend Paid/Proposed (Rs.'000)	267,607	110,000
	267,607	190,032
No. of Shares in issue for the year ('000)	2,501,000	2,501,000
Dividend per share (Rs.)	107.00	75.98

The Board of Directors has paid dividend of Rs.107.00 per share for the year ended 31st December, 2017.

34. INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

Year ended 31 December	Before tax amount Rs.'000	2017 Tax (expense) benefit Rs.'000	Net of tax amount Rs.'000	Before tax amount Rs.'000	2016 Tax (expense) benefit Rs.'000	Net of tax amount Rs.'000
Net gain/(loss) on Available -For-Sale Financial Assets	262,230	(45,997)	216,233	(39,942)	8,127	(31,815)
Actuarial Gain on Defined Benefit Plans	(229,035)	52,615	(176,420)	(361,677)	(8,716)	(370,393)
Revaluation Surplus/ (Deficit) during the year	-	(95,644)	(95,644)	409,890	(68,304)	341,586
Total	33,195	(89,026)	(55,831)	8,271	(68,893)	(60,622)

Notes to the Financial Statements

35. RISK MANAGEMENT FRAMEWORK

35.(a) Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management process with specified objectives with clear tasks.

The board of directors and senior management manages the risks through various committees and delegated authorities. The reviews of risks on regular basis and the strategies adopted timely ensures the risk management function an important activity within the organisation.

The risks are identified with clear understanding of market environment, regulatory environment and macro economic changes. The company has well experienced and skilled directors who could assess the risks and execute appropriate strategies and achieve the targets with less negative effect to shareholders.

35.(b) Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders

Operations of the Company are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

The Company maintains capital, investments and solvency as per the regulations prescribed by Insurance Regulatory Commission of Sri Lanka. Further, the Company maintains required Capital Adequacy Ratio (CAR) under the Risk Based Capital (RBC) Regime. New changes in regulations are timely adopted and necessary changes are made to internal processes.

Approach to capital management

The Company allocates capital to businesses as required and ensures the sufficient returns to shareholders and policyholders. The assets and liabilities management establishes the required level of liquidity and reduces the risks of the Company and achieves the required capital levels of the Company.

The primary source of capital used by the Company is equity shareholders' funds. The Company also utilises, where efficient to do so, sources of capital such as reinsurance.

The returns expectations are regularly forecast and comparisons are made in order to ensure the requirements of stakeholders are achieved.

35.(c) Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The Company is regulated by Insurance regulatory commission of Sri Lanka 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.

35.(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 organisation's risk tolerance and other constraints. ALM deals with the optimal investment of assets in view of meeting current goals and future liabilities.

Various financial risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces, due to the nature of its investments and liabilities, is interest rate risk.

The Investment committee identifies the nature of the liabilities arising from the product portfolio and evaluates the investment options that best suit to hedge the liability. The Company manages these selected positions within a strategically crafted ALM framework that has been developed considering the cyclical nature of the domestic interest rates to achieve investment returns in excess of its obligations in the long term.

Notes to the Financial Statements

36. INSURANCE AND FINANCIAL RISK

36.(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.

36.(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.

36.(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 Insurance Regulatory Commission of Sri Lanka determination. The maximum exposures to each type of financial instrument is limited based on the policy.
- The investment committee evaluates the exposure and the new investments in instruments in order to reduce the risks.
- The regular review by the Board also minimises the credit risks.

Credit exposure

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and items such as future commitments.

	Notes	2017 Rs.'000	2016 Rs.'000
Financial Instruments			
Loans and Receivables			
Debt Securities	9.(a)	2,932,344	1,440,828
Other	9.(a)	91,453	270,037
		3,023,797	1,710,865
Available-for-sale Financial Assets			
Equity Securities	9.(e)	1,042,072	938,660
Unit trust	9.(e)	437,611	370,538
Debt Securities	9.(e)	6,715,206	6,832,587
		8,194,889	8,141,785
Other Assets			
Reinsurance Receivables	12	3,176,207	3,831,541
Insurance Receivables	14	4,371,770	3,598,682
Cash and Cash Equivalents	17	290,694	100,059
		7,838,671	7,530,282
Total Credit Risk Exposure		19,057,357	17,382,932

Notes to the Financial Statements

36.(b).i. Industry Analysis

31 December 2017	Financial Services Rs.'000	Government Rs.'000	Services Rs.'000	Manufacturing and Power Rs.'000	Others Rs.'000	Total Rs.'000
Assets						
Loans and Receivables						
Term Deposits	2,932,344	-	-	-	-	2,932,344
Staff and Vehicle Loans	-	-	-	-	91,453	91,453
	2,932,344	-	-	-	91,453	3,023,797
Available-For-Sale Financial Assets						
Equity Securities	295,106	-	2,777	741,945	2,244	1,042,072
Debt Securities	1,155,565	5,559,641	-	-	-	6,715,206
Unit Trust	437,611	-	-	-	-	437,611
	1,450,671	5,559,641	2,777	741,945	2,244	8,194,889
Total Credit Risk Exposure	4,383,015	5,559,641	2,777	741,945	93,697	11,218,686

31 December 2016	Financial Services Rs.'000	Government Rs.'000	Services Rs.'000	Manufacturing and Power Rs.'000	Others Rs.'000	Total Rs.'000
Assets						
Loans and Receivables						
Term Deposits	1,210,828	-	-	-	-	1,210,828
Unquoted Debentures	230,000	-	-	-	-	230,000
Staff and vehicle Loans	-	-	-	-	270,037	270,037
	1,440,828	-	-	-	270,037	1,710,865
Available-For-Sale Financial Assets						
Equity Securities	282,814	-	5,365	648,921	1,560	938,660
Debt Securities	1,044,606	5,787,981	-	-	-	6,832,587
Unit Trust	370,538	-	-	-	-	370,538
	1,697,958	5,787,981	5,365	648,921	1,560	8,141,785
Total Credit Risk Exposure	3,138,786	5,787,981	5,365	648,921	271,597	9,852,650

36.(b).ii. The below table indicates the rating of investments as at 31st December 2017 & 2016.

31 December 2017	AAA Rs.'000	AA+	AA Rs.'000	AA-	A+	A Rs.'000	A- Rs.'000	BBB+	BBB Rs.'000	BBB-	BB+	BB Rs.'000	B Rs.'000	Not rated Rs.'000	Total Rs.'000
Financial Instruments															
Loans and Receivables	-	500,000	-	-	279,250	5,125	1,702,876	-	31,125	5,000	-	-	-	500,421	3,023,797
Available-For-Sale															-
Financial Assets															
Equity Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	1,042,072	1,042,072
Debt Securities	5,559,641	597,089	-	291,128	-	-	267,347	-	-	-	-	-	-	-	6,715,205
Unit Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	437,611	437,611
Total	5,559,641	1,097,089	-	291,128	279,250	5,125	1,970,223	-	31,125	5,000	-	-	-	1,980,104	11,218,686

31 December 2016	AAA Rs.'000	AA+	AA Rs.'000	AA-	A+	A Rs.'000	A- Rs.'000	BBB+	BBB Rs.'000	BBB-	BB+	BB Rs.'000	B Rs.'000	Not rated Rs.'000	Total Rs.'000
Financial Instruments															
Loans and Receivables	-	-	1,405,828	-	-	-	-	-	35,000	-	-	-	-	270,037	1,710,865
Available-For-Sale															-
Financial Assets															
Equity Securities	-	-	2,641	-	-	-	-	-	-	-	-	-	-	936,019	938,660
Debt Securities	5,787,981	-	1,033,844	-	-	-	-	-	-	-	-	10,762	-	-	6,832,587
Unit Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	370,538	370,538
Total	5,787,981	-	2,442,313	-	-	-	-	-	35,000	-	-	10,762	-	1,576,594	9,852,650

Notes to the Financial Statements

36.(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 Insurance Regulatory Commission of Sri Lanka 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.

36.(c).i. Maturity analysis for financial financial assets and financial liabilities

Table below represent the maturity profiles of financial assets and financial liabilities

As at December 2017

Financial Assets	Up to 3 years Rs.'000	Above Years Rs.'000	Total Rs.'000
Financial Instrument			
Measured at Fair Value	5,730,717	2,464,172	8,194,889
Measured at Amortized Cost	2,932,344	91,453	3,023,797
Reinsurance Receivable	3,176,207	-	3,176,207
Insurance Receivable	4,371,770	-	4,371,770
Other Assets	302,168	-	302,168
Cash and Cash Equivalents	290,694	-	290,694
Total Financial Assets	16,803,900	2,555,625	19,359,525
Financial Liabilities			
Reinsurance Payable	1,601,253	-	1,601,253
Other Liabilities	2,149,994	-	2,149,994
Total Financial Liabilities	3,751,247	-	3,751,247
Total Excess Liquidity	13,052,653	2,555,625	15,608,278

As at December 2016

Financial Assets	Up to 3 years Rs.'000	Above Years Rs.'000	Total Rs.'000
Financial Instrument			
Measured at Fair Value	6,039,496	2,102,289	8,141,785
Measured at Amortized Cost	1,440,828	270,037	1,710,865
Reinsurance Receivable	3,831,541	-	3,831,541
Insurance Receivable	3,598,682	-	3,598,682
Other Assets	344,195	-	344,195
Cash and Cash Equivalents	100,059	-	100,059
Total Financial Assets	15,354,801	2,372,326	17,727,127
Financial Liabilities			
Reinsurance Payable	761,814	-	761,814
Other Liabilities	2,132,674	-	2,132,674
Total Financial Liabilities	2,894,488	-	2,894,488
Total Excess Liquidity	12,460,313	2,372,326	14,832,639

36.(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.

36.(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.

36.(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.

The 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.

Notes to the Financial Statements

36.(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.

37. CONTINGENCIES AND COMMITMENTS

37.(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 31 (d))

37.(b) Capital commitments

There are no capital commitments as at year end.

38. 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.	64,305	Loans & Receivables

39. RELATED PARTY DISCLOSURES**39.1 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 and Head of Finance 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	2017 Rs.'000	2016 Rs.'000
Short-term employee benefits received from the Company (Salaries, Bonus, Medical expenses etc.) -	296,578	254,207
Other Long term/Post Employment/Statutory Benefits (EPF, ETF, Gratuity & Pension)	119,574	115,092

39.2 Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) - 24, Related Party Disclosures.

Transactions with related parties were made on the basis of the price lists in force with non-related parties, but subject to approved discounts. Outstanding balances with related parties other than balances relating to investment related transactions as at the reporting date are unsecured and interest free. Settlement will take place in cash. Such outstanding balances have been included under respective assets and liabilities together with balances arising from transactions with non-related parties.

Details of related party transactions are reported below.

Year ended 31 December	2017 Rs.	2016 Rs.
Aggregate amounts of premium received from the companies under normal terms of insurance contracts	109,017,430	78,834,718
Aggregate amounts of claim paid to the companies under normal terms of insurance contracts	42,628,650	34,132,814

Notes to the Financial Statements

39.2.1 Other Transactions with Related Parties

39.2.1.a Transactions with Parent

Year ended 31 December	2017 Rs.	2016 Rs.
a) Ceylinco Insurance PLC		
Nature of Transaction		
Dividends paid	377,601,000	330,132,000

39.2.1.b Transactions with Affiliates

Year ended 31 December	2017 Rs.	2016 Rs.
a) Ceylinco Investcorp (Pvt) Ltd		
Nature of Transaction		
Premium Income	144,058	269,543
Fund Management Fees	1,620,000	1,890,000
Premium Receivable	-	158,517
Claims paid	-	22,500
Loan portfolio disposal	324,000,000	
b) Ceylinco Life Insurance Limited		
Nature of Transaction		
Premium Income	37,278,993	33,638,933
Claims paid	15,370,559	19,428,817
Rent Expenses	29,637,884	24,095,889
Premium Receivable	3,264,263	-
c) CEG Education Holdings (Pvt) Ltd		
Nature of Transaction		
Premium Income	423,900	247,245
Claims paid	-	150,000
d) American Education Center Ltd		
Nature of Transaction		
Premium Income	8,324,360	6,887,329
Claims paid	2,680,176	2,881,634

Year ended 31 December		2017 Rs.	2016 Rs.
e)	Ceyhydro Developers (Pvt) Ltd		
	Nature of Transaction		
	Premium Income	4,135,503	2,392,963
	Claims paid	2,811,795	290,785
f)	Ceypower Cascades (Pvt) Ltd		
	Nature of Transaction		
	Claims paid	163,874	116,947
	Premium Income	1,773,783	1,743,280
g)	International College of Business & Technology Ltd		
	Nature of Transaction		
	Premium Income	17,189,549	7,601,356
	Claims paid	2,250,072	837,290
	Premium Receivable	-	3,714
h)	Energy Generators (Pvt) Ltd		
	Nature of Transaction		
	Premium Income	4,502,486	4,572,934
	Premium Receivable	15,470	14,019
	Claims Paid	36,297	893,190
i)	Citizen Development Business Finance PLC		
	Nature of Transaction		
	Commission	40,827,702	36,885,697
	Premium Income	22,634,739	8,690,437
	Claims Paid	13,002,824	2,999,217
	Premium Receivables	5,571,681	591,411
j)	Ceylinco Healthcare Services Ltd.		
	Nature of Transaction		
	Premium Income	3,105,747	2,966,043
	Claims Paid	-	73,550
	Premium Receivables	1,235,409	1,235,409

Notes to the Financial Statements

39.2.i.c Transactions with Related Companies

Name of the Company	Nature of Transaction	2017	2016
Ashyaki Holdings (Pvt) Ltd	Premium Income	71,249	72,193
	Claims paid	-	377,850
Asset Trust Management (Pvt) Ltd	Premium Income	107,700	107,700
	Claims paid	19,900	36,936
	Investment in Units	361,257,000	233,865,000
Industrial Gases (Pvt) Ltd	Premium Income	3,162,503	2,533,312
	Claims paid	1,750,424	1,915,357
	Premium Receivable	1,530,763	
Ultratech Cement Lanka (Pvt) Ltd	Premium Income	6,122,398	5,250,245
	Claims paid	4,116,808	3,440,493
	Premium Receivable	1,585,149	134,378
Wealth Lanka Management (Pvt) Ltd	Premium Income	53,850	71,800
	Claims paid	15,187	27,135
Kavin Polymers (Pvt) Ltd.	Premium Income	1,381,475	1,389,799
	Claims paid	285,288	455,760
	Premium Receivables	237,112	112,538
Wealthtrust Securities (Pvt) Ltd.	Premium Income	378,920	399,606
	Claims paid	309,220	185,353

40 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

Glossary of Financial & Insurance Terms

administrative expenses to net earned premium.

Formula :

Acquisition and other operating and administrative expenses

Net Earned Premium

18 Net Loss Ratio

A formula used by insurers to relate net claims incurred to net earned premium (i.e. after deducting relevant reinsurance)

Formula:

Net claims incurred

Net earned Premium

19 Net Assets Per Share

Net assets attributable to Shareholders' equity divided by the number of Ordinary shares issued.

20 Net Written Premium

Gross Written Premium less reinsurance premium

21 Net Claims Incurred

Claims incurred less reinsurance recoveries.

22 Non Life Insurance

Non Life Insurance and General Insurance have the identical meaning.

23 Policy

The printed document issued to the policyholder by the Company stating the terms of the insurance contract.

24 Premium

The payment of one of the regular periodic payments that a policyholder makes to own an insurance policy.

25 Reinsurance

A method of insurance arranged by insurers to share the exposure of risks accepted.

26 Reinsurance Commission

Commission received or receivable in respect of premium paid or payable to a reinsurer.

27 Reinsurance Premium

The premium payable to the reinsurer.

28 Return on Shareholders' Equity

Profits after tax divided by the Capital employed as at Balance Sheet date.

29 Return on Total Assets

Profits after Tax divided by Total assets attributable to Shareholders.

30 Risk Based Capital (RBC)

An amount of capital based on an assessment of risks that company should hold to protect policy holders against adverse developments.

31 Underwriting Result

This is the profit generated purely from the Non life Insurance business without taking into account the investment income and other non- technical income and expenses.

32 Unearned Premium / Unearned Premium Reserve

It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.

Notes

Notes

Notice of Meeting

Notice is hereby given that the Fourth Annual General Meeting of the Shareholders of the Company will be held on Thursday, 8th March, 2018 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 2017 and the Report of the Auditors thereon.
4. To declare a Dividend for the year ended 31st December 2017.
5. To re-elect Mr. Chithrupa Premalal Ajith Wijeyesekera who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
6. To re-elect Mr. Mahabalage Don Emmanuel Antony Gamini Saparamadu who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
7. To re-elect Mr. Sumith Chandrasiri Galmangoda Guruge who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
8. To re-appoint Mr. Hettithantrige Don Ajith Nandana Perera as a Director, who was appointed to the Board as per provisions of Article E. 21. (ii), subject to the approval of the Insurance Regulatory Commission of Sri Lanka.
9. To authorise the Directors to determine payments for charitable purposes for the year 2018.
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.



(Mrs.) Nilika Abhayawardhana

Company Secretary

22nd February 2018

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 6th March 2018.

Shareholders/Proxyholders should bring with them their National Identity Card or any form of valid identification when attending the meeting.

Corporate Information

Registered Office

"Ceylinco House"
3rd Floor
No. 69, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.

Company Registration Number

PB 5184

Legal Form

A Public Company with limited liability, incorporated in Sri Lanka on 22nd April 2014. Licensed as a Company authorized to carry on General Insurance business, under the Regulation of Insurance Industry Act No. 43 of 2000.

Main Place of Business

"Ceylinco House",
No. 69, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.
Telephone : 2485757-9
Call Centre : 2393939
Fax : 2485701
E-mail : ceylincoinsurance@ceyins.lk
Website : www.ceylinco-insurance.com

Principal Activities

Underwriting of all classes of General Insurance

Auditors

Ernst & Young,
Chartered Accountants,
No. 201, De Saram Place,
Colombo 10.

Consulting Actuaries

M/s. K. A. Pandit
Consultants & Actuaries,
2nd Floor - "Churchgate House",
Veer Nariman Road,
Fort, Mumbai - 400 001, India.

Board of Directors

Mr. B.S.M. De Silva
Chairman - (Non-Executive Director)
Mr. H.D.K.P. Alwis F.C.I.C.
Managing Director - (Executive Director)

Mr. U. Witharana F.C.A., M.B.A., F.C.M.A.
Deputy Managing Director - (Executive Director)
Dr. W.C.J. Alwis B.Sc., F.I.I.L., F.C.I.L. (Lond.), F.I.o.D. (U.K.)
Chief Technical Officer - (Executive Director)
Mr. N.D. Nugawela F.C.I.C.
Chief Operations Officer - (Executive Director)
(Retired with effect from 31st December 2017)
Mr. R.A. Gunathilake
Deputy Chief Operations Officer - (Executive Director)
Mr. K.D.A.S.R. Arsakularatne B. Com. (Hons.)
- (Non-Executive Director)
Mr. E.M.M. Boyagoda M.B.A.
- (Non-Executive Director)
Dr. U.D. De Silva M.B.B.S., F.D. (U.S.A.), F.O.M. & T. (U.S.A.), F.A.A.D.
- ("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 B.Eng. (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
(Appointed with effect from 08th January 2018)

Company Secretary

Mrs. Nilika Abhayawardhana A.C.I.S. (U.K.), A.C.C.S (S.L)

Bankers

Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
NDB Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC

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emagewise

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