



Giving Beyond Measure

Ceylinco General Insurance Limited
Annual Report 2018

 **Sri Lanka, We Believe**

Giving *Beyond Measure*

There are some things in life that are impossible to measure. And at Ceylinco General Insurance Limited, we aspire to create boundless stores of value, and provide the people of our nation with infinite happiness and unlimited prosperity in the years ahead.

That's why, in all we do, we're going above and beyond the call of duty to serve the people providing benefits that are superior, far surpassing all industry standards. And so, in the pages that follow, you will discover how we extend this duty of care to all our stakeholders, transforming their lives every day to ensure they can achieve their full potential - through unmatched products and services, excellence in customer care and a strong commitment to the communities in which we operate.

We're Changing Lives.
We're Giving Beyond Measure.



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Financial Information

Our Mission

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

Our Corporate Goals

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

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

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

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

Financial Highlights

Year ended 31 December 2018	2018 Rs.'000	2017 Rs.'000	Change %
Profitability			
Gross Written premium	19,186,707	17,976,991	6.73% ▲
Net Earned Premium	14,192,538	13,209,435	7.44% ▲
Investment & other income	2,367,828	2,029,509	16.67% ▲
Insurance claims & benefits	(7,523,261)	(7,371,429)	2.06% ▲
Profit before Taxation	2,335,822	1,702,651	37.19% ▲
Profit After Taxation	1,784,880	1,406,751	26.88% ▲
Financial Position			
Total Assets	27,899,029	25,551,645	9.19% ▲
Total Liabilities	16,753,706	15,777,190	6.19% ▲
Total Equity	11,145,323	9,774,455	14.03% ▲
Per Ordinary Share			
Earnings	713.67	562.48	26.88% ▲
Dividends	167	107	56.07% ▲
Net Assets	4,456.35	3,908.22	14.03% ▲

GROSS WRITTEN PREMIUM

(Rs.'000)

19,186,707

⬆ 6.73%

NET ASSETS PER SHARE

(Rs.)

4,456.35

⬆ 14.03%



GROSS WRITTEN PREMIUM
(Rs.'000)



INVESTMENT & OTHER INCOME
(Rs.'000)



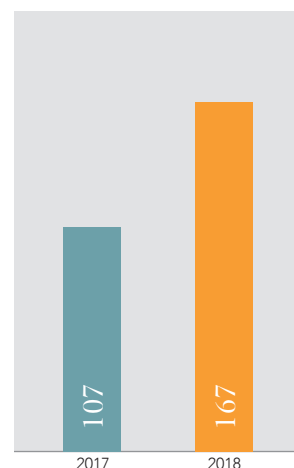
PROFIT AFTER TAXATION
(Rs.'000)



TOTAL EQUITY
(Rs.'000)



EARNINGS
(Rs.)



DIVIDENDS
(Rs.)

PROFIT BEFORE TAXATION

(Rs.'000)

2,335,822

↑ 37.19%

DIVIDENDS PER SHARE

(Rs.)

167.00

↑ 56.07%

Transforming the lives of the people



Your Company
recorded a resilient
performance
during the year
under review.

B.S.M. DE SILVA
Chairman

I am pleased to present the Annual Report and the Financial Statements of CGIL for the financial year ended 31st December 2018. I strongly believe that this report will provide you with an in-depth view of the Company's performance during the period under review.

COMPANY PERFORMANCE

Ceylinco General Insurance Ltd has recorded a resilient performance with a gross written premium of Rs 19.1 Billion (Rs. 19,187 Million), reflecting a growth of 6.7% during the period under consideration. Profit after tax reached Rs. 1.8 Billion, indicating a growth of 27%. Your Company has performed exceptionally well in spite of the economic, social and political drawbacks we encountered during the year 2018.

REVIEW OF BUSINESS ENVIRONMENT

Climate change impact leading to curtailment of day-to-day operations and the economic constraints, which prevailed throughout the year, hampered the progress of infrastructure projects, commodity markets and the stable outlook of the local currency. In fact, the rupee's depreciation against the US Dollar heightened concerns in business circles.

The political instability which arose during the final quarter of the year created a standstill in every sector during the short period of anarchy, which also heavily influenced our performance during that period. In fact, this became evident with the performance of certain categories.

GENERAL INSURANCE INDUSTRY

As a result of the political instability and economic constraints, some of our product lines which usually contribute to our revenues were effected. Yet, we managed to sustain our growth levels above 10% in the non motor segment. With regards

I AM HAPPY TO ANNOUNCE THAT YOUR BOARD OF DIRECTORS PAID A DIVIDEND OF RS. 167 PER SHARE FOR THE YEAR 2018.

to motor insurance, we experienced a relatively moderate growth due to the drop in new motor vehicle registrations and the continued price competition.

Furthermore, the treasury restriction of not allowing private sector companies to underwrite the state sector business eroded the possibilities of conducting our underwriting operations on a level playing field. This created an obstacle as we could not take part in some of the infrastructure development activities. In the event that we were able to conduct our operations without such restrictions eventually, we would have delivered a better performance in those segments.

DIVIDENDS

Despite challenges faced in the business, your Company remains committed to growing shareholder wealth. I am happy to announce that your Board of Directors paid a dividend of Rs. 167 per share for the year 2018.

FUTURE

In keeping with the current trend of the economy of the country, your Company is strategising to penetrate into the micro insurance segment to reach better volumes and reach a wider section of the population. We will achieve this by joining hands with many financial/FMCG organizations, to offer benefits through their networks, which will eventually provide a rich base with our market penetration.

In doing so, we have already tied up with telecommunication operators, vehicle service providers and construction related manufacturers, to name a few.

CONCLUSION

Finally, on behalf of the Board of Directors and all employees of Ceylinco General Insurance, I thank all our stakeholders - Customers, Individual Agents, Insurance Brokers, Chairman and members of the Insurance Regulatory Commission - for the support extended to our Company during the year.

I take this opportunity to offer my sincere appreciation to the Insurance Ombudsman for his invaluable support and service in a professional manner with complete impartiality.

I also wish to thank my colleagues on the Board and the Senior Management for the guidance and support extended to me during the year. I am pleased to conclude my statement by mentioning that despite odds, your Company has performed in line with expectations of all our stakeholders during the year under review. We value the contribution of each and every stakeholder in making Ceylinco General Insurance an invaluable and a great company.



B.S.M. DE SILVA
Chairman

An enduring commitment



Continuing to
introduce breakthrough
products, services and
processes.

H.D.K.P. ALWIS
Managing Director

YEAR AFTER YEAR, THE COMPANY IS VOTED AS THE MOST PREFERRED INSURANCE COMPANY BY CITIZENS OF SRI LANKA

Ceylinco General Insurance is humbled to win the People's Award for General Insurance Company of the Year 2018 for the 12th consecutive year in a row. This award reaffirms our strong brand perception among Sri Lankans from all walks of life. Winning this award for the last 12 years is a testimonial to our consistent performance and strong emotional attachment with the people of Sri Lanka.



Our passion for perfection has led us to the forefront of Sri Lanka's insurance industry and our attention to detail has ensured we maintain our leadership status unflinching, year after year. Sustaining our profitability has been no easy feat against a backdrop of challenging market conditions, yet we have managed to build a profit centre that meets financial targets and is peopled with employees who know how to convert challenges into opportunities.

Once again in 2018, in spite of the volatile conditions that existed throughout the year, Ceylinco General Insurance delivered yet another outstanding year demonstrating an impressive performance and excellent results, while retaining its market leadership in the general insurance industry.

COMPANY PERFORMANCE

During the period under review, the company recorded a premium income of Rs.19.1 billion, coupled with an impressive growth of 6.7%, which marks an increase of Rs. 1.2 billion over the previous year. The company's profit after tax stands at Rs 1.8 billion, indicating an increase of 27% over 2017. Meanwhile, Profit Before Tax grew to Rs. 2.3 billion reflecting an increase of 37% YoY.

EXTENDING GREATER BENEFITS

Our exceptional performance during the year was led by a spirit of innovation and a commitment to meet customer needs by adding greater value to existing products to benefit more people.

Ceylinco General Insurance announced yet another breakthrough in general insurance in the year 2018 by extending its serious illness benefit offered to Ceylinco VIP policy holders, to all non motor policy holders as well. Hence, they are entitled to a cover up to Rs. One Million that reimburses medical costs incurred in the treatment of heart disease, cancer, kidney failure, stroke and several other serious illnesses, including heart attack and open heart surgery, major organ transplants, chronic lung and liver diseases, deafness, blindness, multiple sclerosis, paralysis etc. The cover will vary depending on the premium paid and will commence with Rs. 100,000/- and will accumulate up to Rs. One Million. On purchase of a cross-section of policies, a customer will be entitled to an enhanced cover. This policy will undoubtedly ease the financial burden to a great extent in the event of an illness.

A Customer Relationship Management System will be in place in the near future, which will further enhance the quality of the professional customer service we provide and strengthen our customer relationship management.

PRODUCT INNOVATION

A comprehensive cover was also introduced for students wanting to pursue higher education, covering serious illnesses, accidents, death or disablement of parent or guardians etc., which enables them to continue with their higher studies unhindered, even if an unforeseen event occurs. Introduced with three plans, with affordable premiums, Ceylinco Higher Education Policy will benefit a large number of students pursuing degree programmes, those reading for their Masters as well as other professional and vocational study programmes.

To capture an unsolicited market, Ceylinco General Insurance introduced On The Spot claim settlement to Buyer's Title Insurance policies up to a purchase price of Rs. 15 million. Under this new benefit, Buyer's policy holders will have the option of obtaining company services

to defend their title in the event of litigation or to get compensation by transferring the ownership of the property to the company.

SPEEDY SETTLEMENT OF CLAIMS

During the year under review, claims amounting to Rs. 9.3 Billion were paid, with a majority of them within a few days.

EXPANDING FOOTPRINT

During the year under review, our branch network expanded to over 520 branches and sales outlets island-wide during the year, resulting in the largest branch network by far, enabling easy access to our insurance solutions. 41 "VIP Counters" were opened in 2018, with 19 of them under the City Office and the remaining 22 under the branch network.

Whilst expanding the network, a similar expansion drive was undertaken in terms of recruitment of sales staff. Our rapidly increasing sales team enables us to reach customers in the most rural areas of the country, thus penetrating into untapped markets with suitable insurance solutions.

CHANNEL DEVELOPMENT - BANCASSURANCE

In order to further strengthen our position in the insurance industry and to expand our reach, we have engaged in a continuous drive of developing and managing our channel network. Understanding the emerging trends of the market, we have partnered with several leading banks of the country to offer their customers our insurance services through the respective bancassurance platforms. Through these partnerships, we have introduced many customized products for the benefit of customers of the banks as well as our customers.

Adding to the longstanding partnerships we have with many of our corporate clients, we have tied up with many Mobile, Utility, Service and Transport providers to offer their customers with simple and affordable insurance products. By offering this, our channel partners are able to gain more loyalty for their respective organizations whilst we have extended our reach to a great extent.

MULTINATIONAL PARTNER

Considering our market strength and service capacity, we were honoured to be selected as the Local Partner of American International Group (AIG) for Sri Lanka. AIG, amongst the top 10 insurance companies in the world, has insured some of the world's leading companies. We have been able to provide our services and insure multinational companies operating in Sri Lanka as a result of this partnership.

REINSURANCE RELATIONSHIPS

Our partnerships and collaborations have strengthened our brand over the years. This year too, we collaborated with the world's leading Reinsurers, ensuring greater financial stability and reinforcing our position to honour claims for any emergency or catastrophe.

As a major player in the Sri Lankan insurance industry, we are proud that the world's best rated reinsurance companies continue to work with us. We maintained the highest reinsurance coverage during the year, even beyond the norms stipulated by the regulator. Also, due to ever-increasing natural disasters, our catastrophic risks are comprehensively covered through Natural Catastrophic reinsurance from world-renowned 'A' rated reinsurers.

An unequalled service

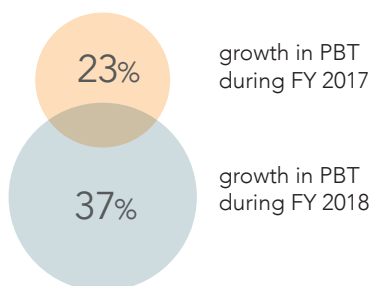
We differentiate ourselves from the rest, by providing benefits that none can match.

-
- Extending the serious illness benefit offered to Ceylinco VIP policy holders, to all non motor policy holders.
 - Claims amounting to Rs. 9.3 Bn paid during the year.
 - Opening of new branches and 41 new sales outlets to better reach the people.
 - Multinational partnerships - selected as the local partner of AIG for Sri Lanka.
 - Continuous employee motivation and development.
 - Move to adopt new technology to enhance the service offering.
 - Adopting year-round community development activities.
-

HUMAN RESOURCES AND STAFF TRAINING

Our emphasis on career development and enhancement of skills and professionalism of our staff has become more important than ever before. As a proactive approach to this important element, we initiated the introduction of an Performance Management System in the latter part of 2018. In the near future, this will enable us to monitor performance and contribution of each and every staff member in a fair and a systematic manner, eliminating any bias or personal preference.

A GROWING PERFORMANCE



During the year under review, several "Management Development Programmes" were conducted for senior and middle level managers. These included six Outbound programmes and five in-house training sessions covering a wide spectrum of topics. In addition, 25 senior staff members were sent for overseas training during 2018. Similarly, another set of three Outbound training programmes were conducted for senior non-sales staff and over 25 training programmes were conducted for Underwriters, Call centre staff, Automobile engineers, staff of IT department etc. covering a range of topics such as customer care, communications, team work, personal development etc. Altogether, 48 training programmes were conducted, targeting sales staff and areas such as salesmanship, customer handling, motivation etc. The sales staff training saw over 1,700 attending these

programmes and over 300 attended the other programmes. Further, 12 induction training programmes were conducted for new recruits, giving them an introduction to our business environment and to the corporate world.

KEEPING STAFF MOTIVATED

The annual overseas tour was arranged for the 15th consecutive year, where a contingent of 250 deserving staff members were flown to Jakarta, Indonesia, for a five-day-long holiday which included a full day brain storming session. This gesture by the company recognizes and rewards their outstanding contribution to the company and has become a key motivational factor. The desire of every staff member is to be a part of the tour group jetting off for an all-expenses paid overseas holiday.

The much-awaited Annual Sales Conference and Awards Ceremony for 2017 attended by over 1,150 members of the sales force was held in April 2018 under the theme: "A Great Company Then, Now and Always, Constantly Delighting Customers Through Service Excellence And Ground Breaking Innovations!."

The glittering event rewarded top performers in the sales team with outstanding performance awards. The new entrants to the celebrated 'Hall of Fame' category received brand new Mercedes Benz cars as a token of recognition from the company for their exceptional contribution.

RAPID STRIDES IN TECHNOLOGY ADOPTION

In order to be on par with the developments in the IT spectrum, we continue to provide specialised training and exposure to our IT staff at all levels including overseas training where necessary, virtual lab environments etc and in various areas such as programming languages, new development tools, databases, cloud applications, firewalls and operating systems etc.

As a part of our business continuity plan, we have designed our DR site with servers that are connected to Oracle Cloud, which aids fast connection to the system in less than 15 minutes in the event of a disaster at the head-office. This will enable us to run our entire operation without any kind of interruption in case of a serious disaster.

Moreover, we have moved towards pathways such as mobile applications that help customers, end users and the sales team to regulate the necessary services without any extra help. The applications (Apps) that we are currently utilizing are ME's Onsite Image Upload App, Marine Online App, Assessor Tracking App. etc. Meanwhile several business platforms are being utilised with a proactive approach to the technology based sales approaches taking place in the market dynamics.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During 2018, we continued the programme we introduced in the Moneragala district in 2017, to provide relief to school children of families living under difficult circumstances. Paving the way for 1,000 poor children to dream of a proper education and a brighter future, we granted 1,000 children with Rs. 1,500/- every month until they 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. Plans are underway to extend the scheme to other districts as well. We have embarked on another ambitious programme to provide drinking water to train commuters as well as pilgrims who patronize places of worship. Several heavy duty water filters were installed in Fort Railway Station, Munneshwaran Kovil etc with a capacity to cater to over 3,000 people a day.

TOGETHER WITH THE ENTIRE TEAM AT CEYLINCO GENERAL INSURANCE, I WISH TO PAY A GLOWING TRIBUTE TO MR. AJITH GUNAWARDENA, CHIEF EXECUTIVE OFFICER, FOR LEADING THE COMPANY FROM THE FRONT FOR OVER 3 DECADES AND MAKING IT A COMPANY THAT IS ACCEPTED WORLDWIDE, WITH SEVERAL WORLDS FIRSTS TO ITS CREDIT. HIS RELENTLESS EFFORTS HAVE ELEVATED CEYLINCO GENERAL INSURANCE AS ONE OF THE TOP CORPORATE ENTITIES - NOT ONLY IN SRI LANKA, BUT IN THE REGION AS WELL.

As done in the past, our staff was actively involved in various religious ceremonies across the island, providing devotees with much-needed refreshments at places of worship. Some of the key religious events visited by our employees include the Nawam Perahara, Midnight Mass at St. Anne's Cathedral, Kurunegala, Annual Theru Festival in Matale, Water Cutting Festival in Nallur, and several Wesak Dansalas etc. We continued these refreshment programmes for the 10th consecutive year.

INDUSTRY OVERVIEW

In 2018, Sri Lanka's insurance industry recorded Gross Written Premiums valued at Rs. 175.7 billion, marking an increase of 9.5% year-on-year while General Insurance accounted for 54.4% of total premiums recording Rs. 95.6 billion in value. The general insurance industry recorded a relatively low percentage in its year on year growth with an increase of 7.9% in 2018 compared with the growth of 15.8% in 2017. About 65.8% of General Insurance premiums were generated through Motor Insurance followed by Fire and Engineering (12.6%), Health products (10.6%), General Accident (8.5%) and Marine (2.5%) as at end 2018. By the end of 2018, the general insurance industry

comprised of 13 companies, where 11 were engaged in General Insurance, the other two being composite companies.

We welcome the move by The Insurance Regulatory Commission of Sri Lanka (IRCSL) in issuing a corporate governance framework for the industry with effect from 1st January 2019 in order to facilitate effective entrepreneurial and prudent management within the insurance companies and to promote corporate fairness, transparency and accountability. Transparency in corporate governance, fairness and accountability and adhering to best practices has been an integral part of Ceylinco General Insurance since its inception and we have held this in high esteem at all times.

CHALLENGES OF THE INDUSTRY

As an industry, there is growing concern about a player in the insurance sphere who does not fall within the purview of the Insurance Regulatory Commission of Sri Lanka and Insurance Industry Act no. 43 of 2000 and yet is involved in selling a category of insurance products in several parts of the country. Since it is not an insurance company regulated by the IRCSL, it is therefore not

geared to accept liabilities of mass scale. As an industry, we are worried about serious consequences that could arise when facing liabilities of risks considering that the company lacks proper reinsurance arrangements.

FUTURE OUTLOOK

As a company, we are open to change and in characteristic style we welcome new regulations that further strengthen the industry. Considering our strong performance and a more stable political and economic scenario in the country in 2019, we remain bullish about the Company's future prospects. The insurance industry is ripe with opportunity and we believe we are best prepared and positioned in the industry as a forerunner to spearhead growth, underscored by our attention to detail, pursuit of perfection and rapid technology adoption to meet customer needs.

APPRECIATIONS

Together with the entire team at Ceylinco General Insurance, I wish to pay a glowing tribute to Mr. Ajith Gunawardena, Chief Executive Officer, for leading the company from the front for over 3 decades and making it a company that is accepted

worldwide, with several worlds firsts to its credit. His relentless efforts have elevated Ceylinco General Insurance as one of the top corporate entities - not only in Sri Lanka, but in the region as well. We assure him that we will do our utmost to take the company forward to the next level.

I would like to express my appreciation to His Excellency the President, the Prime Minister and the Government of Sri Lanka, for their efforts to steer the Sri Lankan economy to a stable position with a visionary leadership. It is encouraging to note the courageous steps taken by the Government towards enhancing the country's perception abroad and this fuels hope amongst the business community.

My gratitude to the Chairperson, Director General, members of the Board and officials of the Insurance Regulatory Commission of Sri Lanka, for their continued co-operation. Their steadfast support has rendered the journey smooth for the industry.

I would also like to make special mention of the former Insurance Ombudsman, the late Dr. Wikrama Weerasooroya, for the yeoman services rendered. Our condolences are with his family and loved ones.

We welcome Dr. Ranjith Ranarajah, who was appointed in February 2019, and assure him of our support and corporation in executing his duties.

My special thanks to all our Reinsurers and Reinsurance Brokers of worldwide repute who have been working with us for decades. They are a pillar of strength for us and reinforce our position in the industry. I wish to thank all our insurance agents and brokers, whose support has helped us achieve amazing things over the years.

I extend my humble gratitude to all my colleagues on the Board and it gives me immense pride to be a part of such an eminent group of professionals as we look forward to a future of even greater prosperity.

It gives me immense joy to thank each and every one of our valued employees who make us proud to belong to the Ceylinco General Insurance family. Despite technology advances, the secret of our success lies in being a 'humane' organization, where our employees care for our customers. We value the dedication, passion and loyalty of our people. Last but not the least, a significant portion of the credit for our outstanding performance goes to our customers for their support, confidence and loyalty in the company. Their unwavering faith in us gives us the momentum we need to achieve our objectives despite challenging circumstances. As a company, we remain committed to going beyond the possible to achieve what seems impossible.



H.D.K.P. Alwis
Managing Director

Board of Directors

- 1 Dr. Upendra De Silva - Director
- 2 Mr. Ajith Perera - Director
- 3 Mr. Ajith Wijeyesekera - Director
- 4 Mr. Rex Gunathilake - Director - Branch Operations
- 5 Mr. Rohan Fernando - Director
- 6 Mr. Sarada De Silva - Chairman
- 7 Dr. Shamil Wanigaratne - Director
- 8 Mr. Yu Kitai - Director



9. Mr. Shervin Arasakularatne - *Director*
10. Mr. Upali Witharana - *Deputy Managing Director*
11. Mr. Mangala Boyagoda - *Director*
12. Mr. Patrick Alwis - *Managing Director*
13. Mr G.S. Sundararajan - *Director*
14. Dr. Jagath Alwis - *Director (Technical) / Chief Technical Officer*
15. Mr. Sumith Guruge - *Director*
16. Mr. Gamini Saparamadu - *Director*



Board of Directors

MR. B.SARADA M. DE SILVA

Chairman

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

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

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

Mr. De Silva as Founder Chairman of the Ceylon Cinnamon Association was instrumental in highlighting the importance of the Cinnamon Industry over the last three decades.

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

He was a Director of the Co-operative Wholesale Establishment (CWE) from 1994 to 2000 and Acting Chairman in

1998 and Chairman of the Committee appointed by the Minister of Trade and Commerce in drafting procurement procedure of the CWE.

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 in addition to his responsibilities as Director (Technical) / Chief Technical Officer of Ceylinco General Insurance Limited.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Board of Directors

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. Under his leadership, the company that exports high end value added packaging has received many export accolades including the Asia Star Award for packaging excellence 2008 and World Star Award for packaging excellence 2009. He is the recipient of the National Gold and The Platinum Award for the Sri Lankan Entrepreneur of the Year 2004 awarded by the Federation of Chambers of Commerce and Industry of Sri Lanka. Recipient of the Global Recognition Medal for Science & Technology In Photography, Nominated as an Honorary Fellow of Earth Space Science Photographers in the World [ESSP]. Member of the National Geographic Society USA. Certified Member in Good Standing of the Awards and Recognition Association of USA (ARA). He is a Board Member of two public and six private organizations. Mr. Saparamadu is a Committee Member of several Chambers of Commerce. He is a Toast Master and a guest speaker on entrepreneurship. Mr. Saparamadu holds MPSc. from UK.

MR. G.S. SUNDARARAJAN

Director

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

Mr. Sundararajan was till recently, the Group Director, 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. WIJESEKERA

Director

Mr. Ajith Wijeyesekera is the Founder, Chairman of Union Apparels (Pvt) Ltd which commenced operations in 1983. He was also the President of The

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

MR. H.D.A.N. PERERA

Director

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

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

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

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

MR. YU KITAI

Director

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

Mr. Kitai joined Mitsui Sumitomo Insurance Company Limited in 1976 immediately after graduating from RIKKYO University. For 12 years in Tokyo Commercial Business Division, he was

a specialist of Commercial business, especially in Plant engineering business which he actively pursued in South East Asia and Middle East Countries at that time. In 1988, Mr. Kitai was posted to Former Mitsui Marine Indonesia, and appointed as the youngest Board Director. He endeavoured to reform the old fashioned organization to modernize and achieve its revitalization. Through services in Osaka and Nagoya Commercial Business Departments in the year 2001, Mr. Kitai was deployed to Mitsui Sumitomo Seguros (Brazil) and appointed as Director Executive Vice President. Even under the stiff regulation of Insurance Authority, he tried to establish a new reinsurance scheme to expand underwriting capacity and saved the flagging operating performance. In 2004, he was seconded to the American Appraisal Japan Inc. as a Director and made an effort to improve have high profile of the company as an independent neutral valuation company in M & A Business. In 2007, he was appointed as full time Director of Chalamandaram MS General Insurance (India) to enhance the Japanese accounts market share, and this led to it becoming No. 1 market share. In 2010, he was assigned M & A head of India and Indonesia Life Insurance business, and successfully established a joint venture life insurance company in Indonesia in a year and was appointed Director of PT. Asuransi Jiwa Sinarmas MSIG. From 2014, he was assigned as an advisor of Mitsui Sumitomo Insurance to develop South Asian countries market and started feasibility studies. He visited Ceylinco Insurance Plc in April 2015 to conduct a feasibility study and review the long years' relationship between Ceylinco Insurance and Mitsui Sumitomo Insurance. He represented Mitsui Sumitomo Insurance and had a rare opportunity to acquire a 5% stake in Ceylinco Insurance. It took 4 years of twists and turns to become true to our name as partners. In 2018, MSI's ownership reached to 15%, and Mr. Kitai was appointed Director of both Ceylinco Insurance PLC and Ceylinco General Insurance Ltd. to serve as a bridge for the successful partnership and harmonious growth between Ceylinco Insurance and Mitsui Sumitomo Insurance.

Profile of Chief Executive Officer

A. R. GUNAWARDENA

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.



Profile of Head of Finance

T. N. M. PEIRIS

Head of Finance

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

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

He joined Ceylinco Insurance as a Finance Manager in 1989 and was appointed to the Board in August 1990. At present, he heads the Finance Division of the Company. He introduced the profit center concept where all branches and units are monitored according to performance. He has also introduced the Finance & Administrative Manual of the Company which indicates all procedures, principles and systems adopted by the Company, and the finances are documented in an IT platform. Internal Audit Department was introduced by him and the Department works directly under his supervision as an Independent Unit. In 2014, Mr. Peiris took over the City Office Departments directly under him and since then they have shown unprecedented growth in all spheres.



Delivering beyond expectations





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Delivering exceptional value every day

THE SRI LANKA INSURANCE INDUSTRY IS WITNESSING A STRONG GROWTH INCLINATION OVER THE PAST FEW YEARS ON THE BACK OF GROWING INSURANCE AWARENESS, RISE IN PER CAPITA INCOME AND ECONOMIC GROWTH.

MACRO ECONOMIC ENVIRONMENT 2018

The Sri Lankan economy recorded a modest growth of 3.6% during the first half of 2018 compared to the growth of 3.2% during the corresponding period of 2017. Agriculture, forestry and fishing activities recorded a turnaround with a 4.9% growth in the first half of the year, indicating a recovery from adverse weather conditions that hampered growth during the first half of 2017. Accordingly, growing of rice, vegetables and cereals supported the expansion. Growth in industrial activities remained subdued with an expansion of 1.6%, particularly with the decline in construction and mining and quarrying activities amidst the moderate expansion in the manufacturing activities. Meanwhile, services activities grew by 4.8% supported by the significant growth in financial services together with the expansion in wholesale and retail trade activities and other personal services activities.

EXTERNAL SECTOR PERFORMANCE

Sri Lanka's external sector experienced a setback in the second and the third quarters of 2018, with moderate foreign exchange inflows amidst increased import expenditure and higher capital outflows. Higher than expected growth in import expenditure outpaced the increase in export earnings, resulting in a considerable widening of the trade deficit during the first eight months of 2018. In addition, the deficit in the primary income account also expanded with the increase in reinvested earnings and dividend payments on foreign direct investments (FDIs) as well as the increase in interest payments on foreign loans. However, the increase in earnings on services exports, mainly driven by the rebound in earnings from tourism, and the surplus in the secondary income account dampened the expansion in the current account deficit to some extent. Nevertheless, the current account deficit widened to US dollars 1,813 million in the first half of 2018 from US dollars 1,037 million in the first half of 2017.

Earnings from exports increased by 5.8%, year-on-year, to US dollars 7,842 million during the first eight months of the year. The restoration of the European Union's Generalized System of Preferences plus (EU-GSP+) facility, higher commodity prices in the international market, conducive external trade policies together with improved institutional support and the flexible exchange rate policy of the Central Bank helped export earnings to increase during the period concerned. The growth in export earnings mainly originated from industrial exports amidst lower earnings from agricultural exports. Expenditure on imports continued to increase during the first eight months of 2018, mainly due to higher importation of fuel, vehicles for personal use, and textiles and textile articles. Accordingly, expenditure on imports increased by 10.9%, year-on-year, to US dollars 15,083 million during the first eight months of 2018. Meanwhile, import expenditure excluding fuel grew by 7.6% to US dollars 12,314 million during this period.

Consequent to these developments, the trade deficit widened to US dollars 7,240 million during the first eight months of 2018 from US dollars 6,184 million in the corresponding period of 2017.

On a cumulative basis, earnings from tourism during the period from January to November 2018 amounted to US dollars 3,212 million compared to US dollars 2,878 million during the corresponding period of 2017. On a

cumulative basis, workers' remittances declined by 0.9% to US dollars 6,431 million during the first eleven months of 2018 in comparison to the corresponding period of 2017.

The government securities market continued to experience a withdrawal of foreign investments recording a cumulative net outflow of US dollars 802 million for the first eleven months of 2018. On a cumulative basis, the CSE recorded a net outflow of US dollars 29 million in the first eleven months of 2018 which comprised an inflow of US dollars 77 million to the primary market and a net outflow of US dollars 106 million from the secondary market. Long term loans to the government recorded a net inflow of US dollars 3.3 million during November 2018. Outflows of foreign investments from the Government securities market and the secondary market of the Colombo Stock Exchange (CSE) led by rising global interest rates exerted pressure on the BOP, especially since the second quarter of 2018. These developments together with higher foreign currency debt service payments contributed to the overall balance to record a deficit of US dollars 650 million by end September 2018. As at end November 2018, gross official reserves were estimated at US dollars 7.0 billion, equivalent to 3.7 months of imports.

GOVERNMENT FINANCE AND MONETARY POLICY

The Central Bank followed a cautious approach in the conduct of monetary policy during the first nine months of 2018 in view of the current and expected developments in the domestic and global economy. In April 2018, the Central Bank indicated the end of monetary policy tightening that commenced at end 2015 in consideration of the favourable developments in inflation and inflation outlook as well as the subdued performance in the real economy.

Outcome of the government's fiscal consolidation efforts was mixed

during the first eight months of 2018 as reflected by key fiscal indicators. Government revenue as a percentage of estimated GDP declined to 8.6% from 9.0% in the corresponding period of 2017 reflecting a decline in tax revenues, mainly from import duties and Cess levy. Total revenue in nominal terms increased by 6.0% to Rs. 1,242.2 billion during the first eight months of 2018 from Rs. 1,172.4 billion in the corresponding period of the previous year. Revenue generated from income taxes, excise duty on motor vehicles, tobacco and cigarettes, Value Added Tax (VAT) and the Ports and Airports Development Levy (PAL) positively contributed to this increase in revenue collection.

Total expenditure and net lending during the first eight months of 2018 declined to 12.1% of the estimated GDP from 13.0% reported during the same period of last year, due to a slowdown in both recurrent and capital expenditure. As a result, the overall budget deficit and the primary surplus as a percentage of estimated GDP exhibited improved performance during the first eight months of 2018, although the current account deficit increased marginally during the period. The overall budget deficit declined to 3.5% of the estimated GDP during the first eight months of 2018 from 4.0% in the corresponding period of 2017.

The overall budget deficit of Rs. 510.9 billion recorded in the first eight months of the year was financed mainly through foreign sources. Net foreign financing increased to Rs. 271.3 billion during the period under consideration compared to Rs. 246.7 billion recorded in the same period of 2017. However, net domestic financing during this period declined to Rs. 239.5 billion in comparison to Rs. 273.5 billion in the corresponding period of 2017.

Headline inflation as measured by the year-on-year change in the National Consumer Price Index

Your company continues to dominate the industry, being recognised for unparalleled business excellence.

(NCPI, 2013=100) decreased to 0.4% in December 2018 from 1.0% in November 2018. The decrease observed in year-on-year inflation in December 2018 is driven by the decrease of prices of items in both Food and Non-food categories.

The Central Bank reduced the Standing Lending Facility Rate (SLFR) by 25 basis points to 8.50%, while maintaining the Standing Deposit Facility Rate (SDFR) unchanged at 7.25%, thereby narrowing the width of the policy interest rate corridor from 150 basis points to 125 basis points.

INSURANCE INDUSTRY REVIEW

The Sri Lanka insurance industry is witnessing a strong growth inclination over the past few years on the back of growing insurance awareness, rise in per capita income and economic growth. The insurance industry is a major component of the economy by virtue of the amount of premiums it collects, the scale of its investment and, more fundamentally, the essential social and economic role it plays by covering personal and business risks. Moreover, the industry is expected to touch the pinnacle of success in coming years with emergence of online insurance services and rising foreign investment in the industry.

The competition in the insurance industry is intensifying as markets evolve, existing players strive to innovate, and new ones enter the market, including ones that distribute only online or through non-traditional channels. As a result, cost optimization and customer retention are becoming critical. In addition, consumers are becoming more discerning, expecting an insurance customer experience on par with the consumer experience.

In the context of a fast-changing competitive landscape, insurance companies are focusing on marketing, distributing and issuing policies more efficiently. They also need to provide high-quality multi-channel customer service at extremely optimized cost. Majority of insurance customers look for some form of personalization, be it an offer, pricing, recommendation or a message from their provider. Higher personalization level in premiums is an emerging trend that is scheduled for a long stay in the insurance industry.

DIVERSIFYING DISTRIBUTION CHANNELS

Sri Lankan insurance companies are starting to leverage multiple parallel channels, often working hard to minimize channel conflicts. Some of the fastest growing channels are bancassurance, affinity and retail partners. Online and mobile channels are also growing in importance, although in most countries mostly for comparison shopping / information gathering. The conclusion for insurance companies is that need to find out previously unexplored market.

In addition to the above, insurers should explore and invest in automation during the whole product lifecycle: from marketing, through underwriting and customer service to claims processing, fraud management and reimbursement. Due to the capabilities of the intelligent systems, the insurance industry is beginning to

In the context of a fast-changing competitive landscape, insurance companies are focusing on marketing, distributing and issuing policies more efficiently.

explore the automation perspectives of much more complex processes such as property assessment, receiving customer insights, personalized customer interactions, fraud detection, and claims verification and processing. Some insurers have even started employing drones for automated property and claims assessment.

The All-In-One form of general insurance is steadily turning itself in an emerging trend. From a customer's point of view, it makes perfect sense and provides great convenience to something that is usually a hassle. When insurance companies have all details about their customers (cars, home, health, travel, pets, and possessions) they are able to provide a single overarching policy, a fair price and a flexible adjustment of the cover as needed. Like all the other members of the financial sector, the general insurance industry is ever-changing and because of the excess of competitors who offer similar services, one needs to follow the emerging trends in order to stay on top.

As per the provisional data available, for 2018, the Gross Written Premiums (GWP) of the general insurance sector grew by 7.87% in the year 2018, when compared with the increase of 15.39% in the year 2017. 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 65.81% of the

general insurance premium in 2018 compared with 63.39% of the general insurance premium in 2017.

COMPANY'S FINANCIAL REVIEW

Ceylinco General Insurance Limited repeated sound financial results for 2018. Despite facing tough conditions in the market, we continued our growth drive in all key financial aspects.

GROSS WRITTEN PREMIUM (GWP)

Gross written premium of the General Segment increased by 6.73% to Rs. 19,187 million compared to Rs. 17,977 million in year 2017.

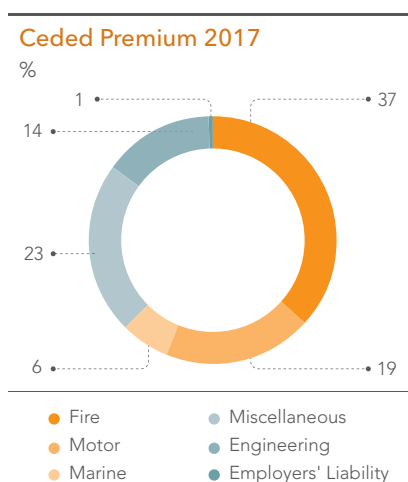
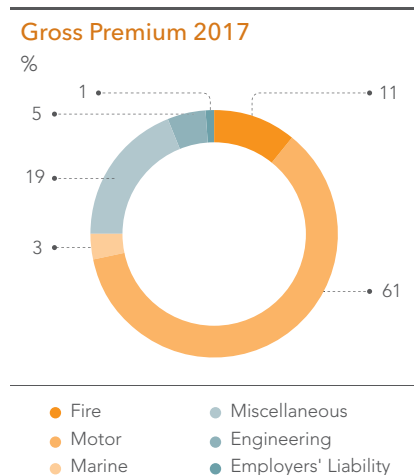
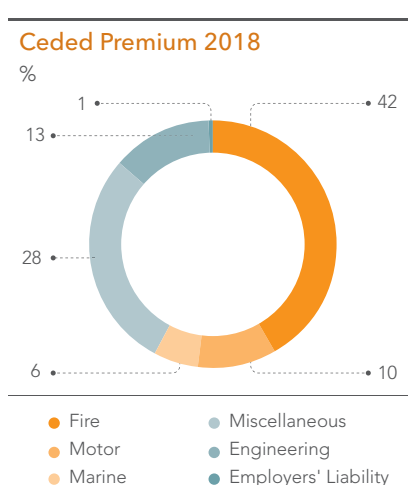
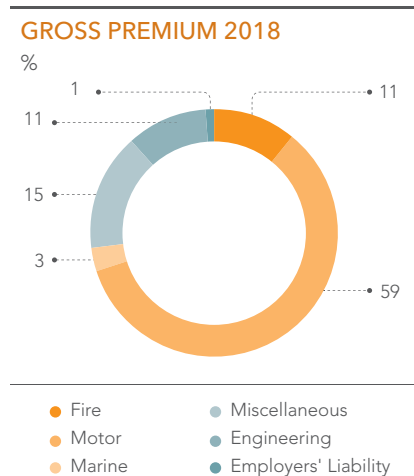
PREMIUM COMPOSITION

The Motor class is considered the main contributor to the Non-Life premium income. Motor insurance premium (VIP) revenue of Rs. 11,314 million represented 58.97% of the total Non-Life premium income. The balance, premium income of Rs. 7,873 million corresponds to 41.03% 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. 2,918 million and followed by the Fire premium income of Rs. 2,122 million in 2018.

CEYLINCO GENERAL INSURANCE LIMITED REPEATED SOUND FINANCIAL RESULTS FOR 2018. DESPITE FACING TOUGH CONDITIONS IN THE MARKET, WE CONTINUED OUR GROWTH DRIVE IN ALL KEY FINANCIAL ASPECTS.

ratio by 0.32% and Net Loss ratio by 2.79% over the year 2017. The Company recorded Rs. 2,368 million as Other Revenue, which comprises Interest and Dividend Income, Fee and Commission Income and Realized Gains from Investments. This achievement was 16.84% higher than the Rs. 2,029 million recorded in 2017.



During the year, reinsurance outgo increased to Rs. 4,716 million, recording a 10.55% increase from the Rs. 4,266 million ceded in 2017. As a result of the slight increase a growth in NRP was recorded in 2018. This has enhanced the NRP growth to 5.5% of the General Insurance in 2018.

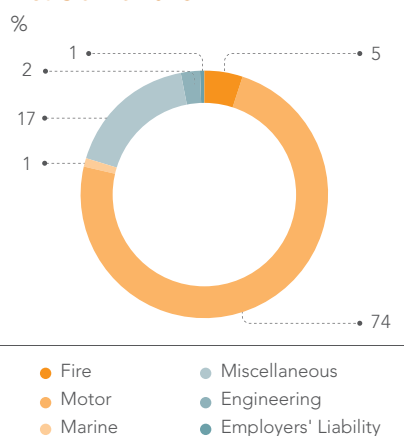
One of the main objectives of financial management is managing the combined ratio which affects the underwriting surplus of the Company. The Net Combined ratio for the year has decreased by 3.11% over the year 2017. This was mainly due to the decrease in Net Expenses

Management Discussion and Analysis

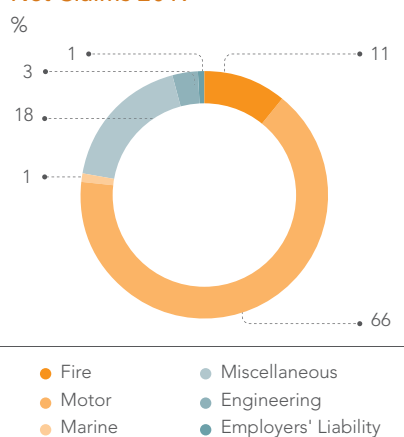
NET BENEFITS AND CLAIMS

During the year under review, the Company incurred Rs. 7,523 million as net claims for customers, marking a 2.0% increase over the Rs. 7,371 million incurred in 2017. The increase is primarily due to claims in motor class, which accounted for 73.51% of total net claims.

Net Claims 2018



Net Claims 2017



OTHER OPERATING, ADMINISTRATIVE EXPENSES

Expenses management is a key area which affects the profitability of the Company. The Company spent 25.7% of its GWP as operational and administration expenses, which amounted to Rs. 4,934 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 10.2% over the Rs. 4,475 million recorded in 2017. 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 in employee benefits, to align them with the industry.

PROFIT BEFORE TAX

The Company was able to deliver a Profit Before Tax (PBT) of Rs. 2,336 million in 2018, recording a positive growth of 37.2% over the Rs. 1,703 million achieved in 2017.

INCOME TAX EXPENSE

The income tax expense of the Company saw a 86.2% increase in 2018, amounting to Rs. 551 million from Rs. 296 million in 2017.

Sustainability Report

One of the hallmarks of the Ceylinco General Insurance brand has been its robust social and community values that have supported our growth and expansion over the years. This commitment has led us to integrate our corporate strategy with our vision for sustainability to integrate the two to be a catalyst for ensuring sustainable operations for all our stakeholders.

Sustainability is inbuilt in our business because our business of accepting risk on behalf of customers helps restore the inequality that exists in society. Throughout many years of

our operations, Ceylinco General Insurance has led the industry in a fair and equitable manner. As part of our vision for a sustainable impact, we have identified our key stakeholder groups and aim to influence our interaction through consultation, communication and relationship building. The Company has identified key stakeholders as Employees, Customers, Community & Environment, Regulators & Business Partners. We engage closely with all these stakeholder groups to foster sustainability in all aspects of our business.



EMPLOYEES

As a company that embodies responsible and transparent governance, our employees are proud to work for the Company. Our strong track record in talent management and retention continues to attract the best and brightest insurance industry professionals, with our employees, being highly passionate about contributing to the long-term sustainability of the company. We have a young and dynamic team mentored by some of the most experienced insurance industry veterans.

Service Analysis by Gender

Years	Under 5	5 to 10	11 to 15	16 to 20	Over 20	Total
Male	1,079	603	387	131	195	2,395
Female	385	110	51	22	67	635
Total	1,464	713	438	153	262	3,030

Age Analysis by Gender

Years	56	46-55	41-45	36-40	18-35	Total
Male	11	59	41	55	469	635
Female	47	251	294	393	1,410	2,395
Total	58	310	335	448	1,879	3,030

In order to build a strong family-unit of employees, the Company has in place a stringent selection and recruitment process - and as an equal opportunity employer, we have strong diversity in our workforce, spanning across all geographies and ethnicities from across the country. Considering that we maintain field staff of over 1,950 we have an ongoing recruitment process.

Recruitment & Selection

On recruitment, after a careful selection process, the Company offers a structured induction training programme for newly-recruited candidates on a monthly basis. The two-week long induction programme steeps candidates in all areas of our operations and in every department, to familiarize them with the Company's operational culture, after which they undergo extensive soft skills development. The Company has a pool of internal and external trainers to ensure employees are exposed to expert knowledge in their respective areas of expertise.

We also have a 'train the trainer' programme to expand knowledge amongst staff, to create a culture of learning. We also recruit a set of management trainees once in every three years who undergo a one year rotational training programme and are then absorbed into management.

Insurance is an intangible product, which naturally suggests that the salespersons' selling skills need to be of high calibre. Since Ceylinco does not compete on price but on service standards, it is important we offer superior service. A critical part of service training is role-playing with senior staff, which prepares the sales force better. A large proportion of sales staff are school leavers, which requires the Company to set aside a substantial budget for training and bringing their skills up to required standards.

Training

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

Performance Appraisal

Our employee appraisal is a scientific process and also encourages staff to self-evaluate their weaknesses and strengths to be more engaged in building their strengths. The growing employee numbers inspired us to introduce a modern Performance Management System which is fully automated and which will streamline performance management.

Senior staff plays a key role in mentoring junior cadres and are always available to extend their support. A powerful reporting system ensures that the Company's employees are monitored for performance to ensure optimal performance.

Grievance counselling

The Company adopts an Open-door policy for employees who have the freedom to approach senior management and express their grievances or suggestions. These are taken seriously, with senior management getting personally involved to resolve them to the satisfaction of our employees.

Incentives

The Company provides the usual industry benefits but in addition we offer complete family health insurance, performance incentives, travel allowances, annual bonuses etc.

We also offer wedding gifts and a month's salary for a family member's funeral. In case an employee passes away while employed with us, the salary is sent to the widowed spouse until the deceased would have reached the age of 55, with a 10% increment every year. If the deceased employee had been with the for over 20 year and used a car, the Company allows the family to keep the car and maintains it at Company cost until the youngest child reaches 18 years of age. These incentives are valid for all cadres.

Unique Company Culture

As a highly performance-oriented company, we have had to establish a unique culture that earns us high employee loyalty while attracting industry best talent to join our operation. Sales staff are given smartphones loaded with inhouse apps to enable real-time transactions.

We offer ample opportunities to relax such as get-togethers, sports tournaments, overseas trips which is paid for by the Company. Every employee gets a fair chance to be part of this annual event.

The corporate culture at Ceylinco General Insurance is of a close-knit family unit and is driven from the top. In case an employee is sick, the CEO calls him/her personally, as also on birthdays.

Rewards & Recognition

Rewards and recognition form a key pillar of talent retention. The much-awaited Annual Sales Conference and Awards Ceremony for 2017 was attended by over 1,150 members of the sales force in April 2018 under the theme: "A Great Company Then, Now and Always, Constantly Delighting Customers Through Service Excellence And Ground Breaking Innovations!" The glittering event rewarded top performers in the sales team with outstanding performance awards. The selection process for the awards is highly stringent, with candidates being evaluated against various performance criteria. Over 700 members of the sales force received awards, reflecting their hard work and commitment. The new entrants to the celebrated 'Hall of Fame' category received brand new Mercedes Benz cars as a token of recognition from the Company for their exceptional contribution.



Team spirit & Fellowship

Annual Overseas Tour

Once again, the annual overseas tour was arranged for the 15th consecutive year. A contingent of 250 deserving

staff members took wing to Jakarta, Indonesia, for a five-day-long holiday and a full day 'Brain storming' session. Staff members were treated at a five-star facility, Le Grandeur Hotel, in the heart of Jakarta. This gesture by the Company recognizes and rewards their outstanding contribution to the Company and has also become a key motivational factor. Every staff member desires to a part of the tour group jetting off for an all-expenses paid overseas holiday, which works as a key incentive.



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

Inter-Department Cricket Tournament



Staff of Ceylinco General Insurance gathered in large numbers together with family members and displayed their sporting skills at the Annual Inter-Department / Region Cricket Tournament and Annual Family Get-together organised by the Sports Club which was held in October 2018 at the CH&FC Grounds. 24 teams representing the Branches/ Regions and City Office departments participated in the cricket tournament whilst staff members and their families made full use of the recreational activities and festive atmosphere to make it another memorable day. The City Office Team emerged triumphant as the winner of the overall championship whilst the Sabaragamuwa Region was the runners-up.

Ceylinco VIP Family Carnival



The annual employee family get-together this year consisted of a gala musical show. It was held for the sixth consecutive year in October 2018 at the Havelock Grounds. Organised by the Employees Union of Ceylinco General Insurance, the show was a grand success. The famous band, 'Sohan and the Experiments' and several guest artistes played

electrifying music at the 'Ceylinco VIP Family Carnival 2018', complete with food stalls and games for the children in a carnival like atmosphere.

CUSTOMERS

Led by an aim to help customers achieve financial security, our entire approach to business is to be customer-centric, serving diverse and evolving needs across the customer life cycle. Having won the trust and confidence of a customer base of over two million over 30 years, the Company has developed long-term customer relationships. Our products and services cater to a wide variety of needs for every stage of life.

We encourage a bottom-up approach as our sales staff gives us feedback on customer queries and needs, which we incorporate while designing products. Brainstorming sessions are held to come up with new product ideas. Once every fortnight, development meetings are held to debate and discuss product ideas.

On the spot

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

Most claims are settled on the spot. The Company is proud of its track record of settling claims. During 2018, the company settled claims to the tune of Rs. 9.3 Billion.

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



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

Ceylinco General Insurance uses drone technology to inspect flood claims on the spot

Registering another industry first, Ceylinco General Insurance became the first insurance company in Sri Lanka to use drone technology to inspect claims. During the floods in May 2018, drones were used to inspect locations submerged under water in order to settle claims speedily. Staff members promptly visited each and every location affected by the floods and locations they could not reach due to flood waters, were inspected by drones. Accordingly, claims were paid within 10 days to flood-damaged Vehicles, Warehouses, Go-downs, Shops,



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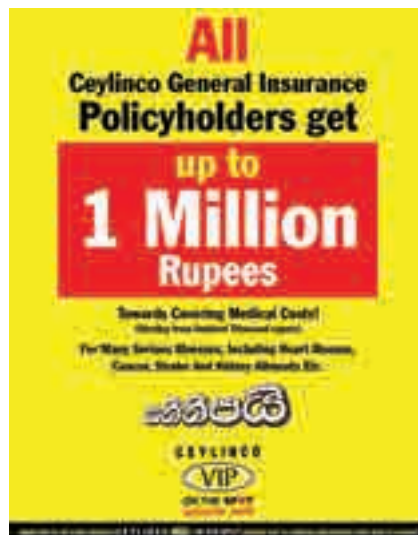
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Offices, Factories, Construction sites
and to Home Owners numbering
several hundreds.

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

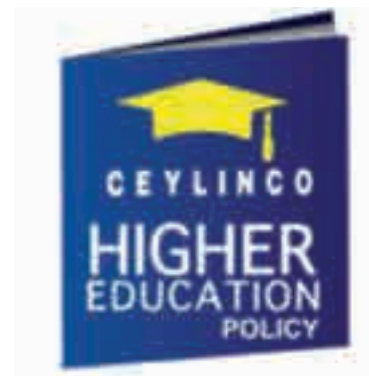


Ceylinco General Insurance Announces Rs. 1 Million Cover For Serious illness for all its policy holders



Ceylinco General Insurance
introduced yet another unique
benefit for all its policy holders in
2018 - offering a cover of up to Rs.
1 Million that reimburses medical
costs incurred in the treatment of
serious illnesses including heart
disease, cancer, kidney failure,
stroke and several other serious
illnesses (open heart surgery, major
organ transplants, chronic lung and
liver diseases, deafness, blindness,
multiple sclerosis, paralysis etc).
Introduced as an exclusive benefit for
all its non-motor policy holders which
includes fire and engineering, general
accident, health, marine etc, the cover
will vary depending on the premium
paid and will commence with Rs
100,000/- and will accumulate up to
Rs. 1 Million. On purchase of a cross-
section of policies, a customer will be
entitled to an enhanced cover. The
cover will be valid for new policies,
while existing policyholders will be
entitled to this benefit from the date
of their next renewal.

Ceylinco Higher Education Policy



A comprehensive cover was also
introduced for students wanting to
pursue higher education, covering
serious illnesses, accidents, death or
disablement of parent or guardians
etc., which enables them to continue
with their higher studies unhindered,
even if an unforeseen event occurs.
Introduced with three plans, with
affordable premiums, Ceylinco Higher
Education Policy will benefit a large
number of students pursuing degree
programmes, those reading for their
Masters as well as other professional
and vocational study programmes.

Detailed descriptions of all products
in our portfolio is given on pg 37.



Mr. I. P. S. Kumara
- Mahawewa

“The **CEYLINCO VIP ON THE SPOT**
Insurance for my car paid for my bypass!”

COMMUNITY & ENVIRONMENT

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

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

CNCI Awards of the Ceylon National Chamber of Industries



One of the events supported during 2018 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 2018 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.

Ironman



The Company supported one of the country's biggest international sporting events, IRONMAN 70.3 Colombo, which saw the participation of over 739 athletes from 58 countries, with another 899 friends and family accompanying the foreign participants to Colombo. Parallel to the event, an Expo was also held to showcase local and international sports, health and wellness products and services for the IRONMAN 70.3 participants as well as the general public. The goals in bringing the IRONMAN franchise to Sri Lanka last year were to establish the country as a viable destination for sports tourism and outdoor recreation, while encouraging Sri Lankans to get more involved in physically challenging activities.

Corporate Social Responsibility (CSR) Projects Undertaken in 2018

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

Akurata Sawiya - Scholarship Programme

During 2018, we continued our programme introduced in the Moneragala district in 2017, to provide relief to school children of families living under difficult circumstances. Paving the way for 1,000 poor children to dream of a proper education and a brighter future, we granted 1,000 children with Rs. 1,500/- every month until they 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. Plans are underway to extend the scheme to other districts.



Safe Drinking Water Project



The company has embarked on another ambitious programme to provide drinking water to train commuters as well as pilgrims at places of worship. Several heavy duty water filters were installed at the Fort Railway Station, Munneshwaran Kovil etc, with a capacity to cater to over 3,000 people a day. Committed to maintain them as well, these filters will provide the commuters and pilgrims with purified water safe to drink and iced water. Similar machines will be installed at several other locations in time to come.

Showing you the right way on the highway



As a responsible corporate citizen and in order to educate people and road users on deteriorating civic values, Ceylinco General Insurance conducted a series of awareness programmes island-wide. Deterioration of moral values in our society are reflected daily on our roads, where people are not concerned about maintaining civil behaviour or even basic manners whether driving, riding or even as pedestrians.

It was our belief that conventional advertising will not be very effective in communicating this message. Therefore, we developed an innovative method of communicating these messages to the public in the form of a peaceful demonstration, holding placards. Another reason for using this method is to give each and every member of our staff the opportunity to participate in this worthy cause. The first programme was held in Colombo covering, Galle Face, Lipton Circus and Rajagiriya, with the participation of over 1,700 staff members followed by similar events in Kandy, Galle, Matara, Kurunegala, Negombo, Anuradhapura and Dambulla.

Refreshments for pilgrims

As in the past, our staff was actively involved in various religious ceremonies across the island, providing devotees with much-needed refreshments at places of worship. Some of the key religious events visited by our employees include the Nawam Perahara, Midnight Mass at St. Anne's Cathedral, Kurunegala, Annual Theru Festival in Matale, Water Cutting Festival in Nallur and several Wesak Dansalas and so on. These refreshment programmes were held for the 10th consecutive year.

Annual Blood Donation



Ceylinco General Insurance staff joined hands with The Employees Union to host a Blood Donation Camp at its Head Office premises in February 2018. 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. It was a huge success - with over 175 pints of blood collected.

Environment

In order to reduce our carbon footprint, the Company has automated the claims process which has reduced usage of paper. All images taken by our assessors on their smartphones at the site of the accident are uploaded digitally.

Within the office premises, we have taken steps to replace bulbs with LED lights which has driven down electricity consumption by 35%. Besides this, we continue to educate and inculcate good habits amongst employees and customers to conserve natural resources. At the same time, we ensure a clean and hygienic workplace for people.

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

Product Profile

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.



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.



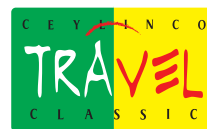
CEYLINCO ONE DAY COVER

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

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.



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 CROP AND LIVESTOCK INSURANCE

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



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 "A+" INTERNATIONAL STUDENTS' INSURANCE

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



CEYLINCO 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 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 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.



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

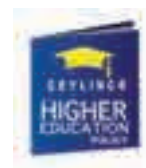
Ceylinco Suwa Sampatha Monthly offers an organisation the unique opportunity to provide a

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 HIGHER EDUCATION POLICY

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

Branches

Achchuvely	Galle	Mahara	Rambukkana
Akkaraipattu	Galnewa	Maharagama	Rathmalana
Akurana	Gampaha	Mahiyangana	Ratnapura
Akuresa	Gampola	Maho	Rikillagaskada
Alawwa	Ganemulla	Malambe	Ruwanwella
Aluthgama	Giriulla	Mannar	Seeduwa
Ambalangoda	Godakawela	Maradagamula	Talawatugoda
Ambalantota	Grand Pass	Maradana	Tangalle
Ampara	Hanwella	Matale	Thalawakele
Angunukolapelessa	Hatton	Matara	Thambuttegama
Anuradhapura	Hettipola	Mattakkuliya	Thanamalwila
Athurugiriya	High Level	Matugama	Thimbirigasyaya
Attidiya	Hikkaduwa	Mawanella	Tissamaharama
Avissawella	Hingurakgoda	Mawathagam	Town Hall
Baddegama	Homagama	Medawachchiya	Trincomalee
Badulla	Horana	Meerigama	Uragasmanhandiya
Bakamuna	Imaduwa	Melsiripura	Vavuniya
Balangoda	Imbulgoda	Messenger Street	Veyangoda
Bambalapitiya	Ja-Ela	Middeniya	Wadduwa
Bandaragama	Jaffna	Minuwangoda	Walasmulla
Bandarawela	Kadawatha	Monaragala	Warakapola
Battaramulla	Kaduruwela	Moratumulla	Wariyapola
Batticaloa	Kaduwela	Moratuwa	Wattala
Bibile	Kahawatta	Mount Lavinia	Wattegama
Bingiriya	Kalawana	Narammala	Welimada
Biyagama	Kalmunai	Nattandiya	Weliweriya
Bopitiya	Kalpitiya	Naula	Wellawatte
Boralesgamuwa	Kalutara	Nawalapitiya	Wellawaya
Borella	Kamburupitiya	Negombo	Wennappuwa
Chawacachcheri	Kandana	Negombo (Sea St.)	Yakkala
Chilaw	Kandy	Nelliadi	Yakkalamulla
Chunnakam	Kantale	Neluwa	Yatiantota
Dambulla	Karapitiya	Nikaweratiya	
Dankotuwa	Katankudi	Nittabuwa	
Dehiattakandiya	Katugastota	Nochchiyagama	
Dehiwala	Kegalle	Nugedoda	
Dematagoda	Kekirawa	Nuwareliya	
Deniyaya	Kelaniya	Padaviya	
Digana	Kiribathgoda	Pallebedda	
Dikwella	Kiriella	Panadura	
Divulapitiya	Kirindiwela	Pannipitiya	
Dummalasuriya	Kochchikade	Passara	
Eheliyagoda	Kohuwala	Peliyagoda	
Elpitiya	Kotahena	Pelmadulla	
Embilipitiya	Kotikawatta	Pettah	
Embuldeniya	Kottawa	Pilimalalawa	
Enderamulla	Kotte	Piliyandala	
Eppawala	Kuliyapitiya	Pitigala	
Free Trade Zone	Kundasale	Polgahawela	
Galaha	Kurunegala	Polonnaruwa	
Galenbindunuwewa	Kuruwita	Puttlam	
Galewela	Mahabage	Raddolugama	
Galgamuwa	Mahaiyawa	Ragama	

VIP Counters

Abanpola	Dunagaha	Kandana	Miriswatta
Adampan	Egodauyana, Moratuwa	Kandy -	Miriswatte
Addalachchenai	Ekala	William Gopallawa Mw	Moragahena
Adiambalama	Elakanda Road,	Karadeniya	Moranthuduwa.
Agalawatha	Elapitiwala	Karative	Morawaka
Aggona	Eldeniya	Kasbawa	Moronthuduwa
Ahangama	Eluvila	Katana	Moutthur
Ahungalle	Embilipitiya New Town	Katupotha	Mulankavil
Aladeniya	Embulgama	Katuwana	Mulative
Anamadua	Eraur	Kegalle - Main Street	Mulleriyawa
Anuradhapura - New Town	Erawwala	Kerawalapitiya	Murunkan
Arachchikattuwa	Galagedera	Kesbawa	Nagoda
Aralaganwila	Galigamuwa	Kilinochchi	Naiwala
Arangala	Geliya	Kinnya	Narangodapaluwa
Arayampathi	Ginigathhena	Kiribathgoda	Navinna
Athura	Giradurukotte	Kirillawala	Nawagamuwa
Avarivatta	Giribawa	Kobeigane	Nawagaththegama
Badalgama	Godagama	Kokkadacholei	Nawala
Badalkumbura	Godigamuwa	Kolonna	Nelumdeniya
Baduraliya	Gomarankadawala	Kolonnawa	Nindavur
Balapitiya	Gonahena	Koralawella	Nittambuwa - Veyangoda Rd
Bandarakoswatata	Gonapola	Koswatte	Nivithigala
Bandarawaththa	Habaraduwa	Kotadeniyawa	Norochcholei
Baseline Road	Habarakada	Kothalawala	Obeysekarapura
Batagama	Habarana	Kotiyakumbura	Opanayaka
Batapola	Hadirana	Kotte	Orugodawatte
Battaramulla	Hakmana	Kottramulla	Ottamawadi
Beliatta	Haldumulla	Kotugoda	Pabahinna
Bellantara	Hali Ela	Kuchchaweli	Padiyathalawa
Bemulla	Hambantota	Kurana	Padukka
Beruwala	Hasalaka	Kurusa Junction	Padukka
Beruwela	Hataraliyadda	Loonuwatta	Pahala Karagahamuna
Boc- Gampaha	Higurana	Lunugala	Kadawatha
Bollegala	Hirana	Madampe	Palai
Bombuwala	Hokandara South	Madirigiriya	Pallepola
Bowatta	Horagasmulla	Madiwela	Palliyawatte
Bulathkohupitiya	Horowpathana	Madiwela	Pamankada
Buttala	Ibbagamuwa	Madurankuliya	Pamunuwa
Chankanai	IDH	Mahaoya	Panagoda
Dalugama	Ihala Karagahamuna	Mahawewa	Pannala
Dalupitiya Road	Ihala Karagahamuna,	Main Street Col 11	Pasyala
Dambadeniya	Kadawatha	Makewita	Pattiya Juntion
Dehiowita	Imaduwa	Makola	Pelawaththa
Deiyandara	Indibadda	Maligawatta	Pelawattea (Pitigala)
Delgoda	Ingiriya	Maligawatta - Bodhiraja	Peradeniya New Town
Demanhandiya	Ingiriya (Horana)	Maligawatte	Peralanda
Depanama	Jayanthipura	Malwala	Piriwena Juntion
Deraniyagala	Jubilee Post, Nugegoda	Manikhinna	Pitabadera
Dewalegama	Kabithigollawa	Manipai	Pitipana
Dharga Town	Kaduruwela (Batticaloa Rd)	Marathamunai	Pitipana North
Dippitiya	Kahatagasdigiliya	Marawila	Point Pedro
Divlapitiya	Kahathuduwa	Mattegoda	Polhengoda
Diyathalawa	Kaleliya	Meegalewa	Polpithigama
Dodangoda	Kalladi	Meegoda	Poojapitiya
Dompe	Kaluwanchikudy	Meepe	Pothuhera

Potuvil
Pugoda
Pulmude
Pussellawa
Puthukudiruppu
- Puttalam Rd
Radawana
Ragala
Rajagiriya Tours
Rajanganaya
Rakwana
Rambewa
Ranmuthugala
Ranna
Rathgama
Rathmalana
Rideegama
Rukmalgama
Sainthamaruthu
Saliyawewa
Sammanturai
Sammanturai 1
Sarikkalimulla
Seeduwa
Serunuwara
Sewanagala
Singharamulla
Siyabalanduwa
Siyambalagaskotuwa
Siyambalape
Sooriyawewa
- Sunethra Devi Rd
Swarapola
Talgaswala
Thalahena
Thalawa
Thalpitiya
Thambala
Theldeniya
Thirappane
Thoppure
Thorana Junction, Kelaniya
Thulhiriya
Udahamulla
Udappuwa

Udawalawa
Udubaddawa
Ududumbara
Udugama New
Udugampola
Udumulla
Uhana
Ukuwela
Urubokka
Valachchenai
Vavunathive
- Vidyala Junction
Vilachchiya
Wadiyawatta
Waligamuwa
Waskaduwa
Wathupitiwala
Wattegedara
Weeraketiya
Welipillewa
Welmilla
Werahera
Yatawatta

CEYLINCO REST SPOTS



Warakapola



Kitulgala



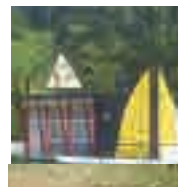
Tangalle



Kuruwita



Melsiripura



Induruwa



Mundalama

Corporate Management



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



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



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



Mr. C. Kotigalage
Head of Legal



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



Mr. S. Thilakeshwaran
*Deputy General
Manager*



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



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



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



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



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



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



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



Mr. A.L.J. Atapattu
*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)*



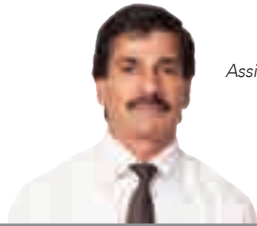
Mrs. R.M. Abeywardena
*Assistant General
Manager (Legal)*



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



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



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



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



Mr. N. Hettiarachchi
Senior Manager
(Corporate Accounts)



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



Mr. T.M.R.K. Kurukula
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)



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



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



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



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

Management Staff

Chief Executive Officer

A.R. Gunawardena FCIC, Honorary Fellow – ICBT Campus,
Associate College of Cardiff Metropolitan University, UK

Head of Finance

T.N.M. Peiris BA (Econ) (Hons), FCA, FCMA, FCIC

General Managers (City)

R.A. Ranasinghe

A.R.S. Wijayapura

General Manager – Finance (Branches)

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

Head of Legal

C.Kotigalage

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

Deputy General Manager (Marketing)

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

Deputy General Managers

S. Thilakeshwaran

S.H. Panangala Liyanage MBA (UK)

R.S. Arulanandan

Deputy General Manager (Financial Services - City Office)

M. Premaratne ACA, FCMA

Deputy General Manager (Technical)

C.E. Wimalasuriya ACIC

Senior Assistant General Manager

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

Senior Assistant General Manager

(Financial Services – Head Office)

A.B. Wijayatunga MCPM

Senior Assistant General Manager

(Suwa Sampatha Insurance)

I.P. Abeywickrama

Senior Assistant General Manager

(North Western Region)

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

Senior Assistant General Manager

(Uva Region)

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

Senior Assistant General Manager

(South Western Region)

V.D.C. Wickramaratne MBA (UK)

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 AMI Mech. E.

Assistant General Manager (Western Outer Region)

J.A.N.C. Fernando MBA (India)

Assistant General Managers

R.S. Joseph Dip. Mkt (UK)

H.J.S. Kumara

K.J.N. Perera

M.W.T. Pushpakumara

Assistant General Managers (Corporate Accounts)

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

K.K.V.K. Priyasad

B.N.T. Rupasinghe

Assistant General Managers (Financial Services - Branches)

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

U.K.U. Wijeratne

Assistant General Manager (Financial Services)

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

Assistant General Manager (Information Technology)

H.A.R. Dharmaratne BIT, Dip. Comp. System Design,

MBA (USA)

Regional Managers

D.S. Karunaratne

V. Nissanka

W.P.S. Pemachandra

M.A.L. Ravindra

Chief Manager (Financial Services-Branches)

J. Rambukkana B.Com (Special)

Chief Managers (Financial Services)

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

B.C.P. Kumara

O.B.R. Perera

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

Management Staff

Chief Manager (Financial Services/Technical)

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

Chief Manager (Internal Audit)

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

Chief Legal Officers

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

S.T. Lamabadusooriya LLB, Attorney-at-Law & Notary Public,

Commissioner for Oath, Regd. Co. Sec.

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

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

Commissioner for Oath

Chief Risk Engineers

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

M.P.P.U. Chulasiri BSc (Eng.) AMIE (SL) (Resigned w.e.f. 13/10/2018)

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

L.K. Karunaratna (Retired w.e.f. 31/12/2018)

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

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

N.S. Weerakoon

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

Chief Technical Managers (Underwriting)

M.D.R.D. Gunatillake

B.I.U. Kumara

Mrs. N.D.D.J. Serasinghe

Chief Manager (Marine Insurance)

W.R.S. Fernando

Chief Technical Managers

A.A. Nandana

K.M.C.S. Perera

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

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

Chief Technical Managers (Automobile)

B.S.B. Jayasekara AMIAE (SL)

A.R. Pietersz FIAE (SL)

Chief Manager (Reinsurance)

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

Chief Manager (Training)

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

Marketing Manager

I.E. Abeyratne MCIM (UK), DipM (UK), MBA (UK),

Chartered Marketer (UK), MSLIM, 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

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

H.C.S. Hemantha

N. Hettiarachchi

M.D.S.R.L. Jayasekara

L.M.M.B. Karaliyadde

T.M.R.K. Kurukula

B.G.S. Mendis

B.D.C. Perera

W.A.S. Prasanna

M.A.S. Priyadarshana

M.A.V. Priyadarshana

S.A. Priyantha

T.S.R. Peiris

M.A.S. Rupathunga

W.M.A.C. Sanjana

S.A.D.L. Sural MBA (Wales), Pg Dip. Mkt. (UK), MCIM
(Resigned w.e.f. 17/10/2018)

W.A.M.L. Solomon

M.D.J. Thilina

U.A.R.S. Udawela

A.V. Upul

Senior Legal Officer

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

Company Secretary/Senior Manager

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

Senior Manager (Company Secretarial)

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

Senior Risk Engineer

H.D.J.K. Perera BSc

Senior Managers (Internal Audit)

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

P.U.U. Perera B. Com

Senior Managers (Financial Services)

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

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

S.L.W. Fernando

K.N.N. Madarasinghe

M.S.R. Piumwardena (Retired w.e.f. 31/12/2018)

K.L.R.D. Silva

Senior Technical Managers (Underwriting)

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

Senior Technical Managers

A.K.I.K. Ariyaratne Dip. CII (UK), Dip. SLII, ANZIIF
(Snr Assoc) CIP
H.M.A.P. Abeywardena
W.R.N. Dep

Senior Technical Managers (Claims)

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

Senior Manager (Applications)

M.H.M. Sajeendra

Senior Software Development Manager

H.A. Dikkumbura

Senior Data Centre Operations Engineer

D.A.T. Dissanayaka

Senior Software Systems Engineer

D.A.L. Manchanayake

Senior Systems Engineer

P.O.N. Perera

Senior Applications Engineer

W.M.S.R. Seneviratne

Senior Technical Managers (Automobile)

R.B.W.A.M.D.B. Rajaguru
S.H. Sanath BSc (Eng.)

Senior Manager (Head of Broker Servicing Unit)

S. Santhosh Kumar MBA (UK)

Managers (Financial Services)

R.R.P. Bandara
S.H.M. Chandrasiri
M.P.C. Costa
H.G.N.S. Gunathilake
Mrs. H.D.U.I. Hettiarachchi ACA ,BBA (Special) Fin
J.S. Liyanarachchi
H.L.N.C. Nanayakkara
W.J.J. Perera
L.P.S. Pemakumara
S.S.T. Pinnagasipitiya
M.R.P. Peiris
S. Rambukwella

S.M.A. Ranith

W.A. Soysa
Mrs. R.H.P.R. Silva
G.D.R. Siriwardena

Managers (Internal Audit)

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

Technical Managers (Automobile)

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

Technical Managers

R.P.I.P.T. Amarasekara
Mrs. H.P.R. Dilrukshi
Mrs. W.K.V. Edussuriya
R.P.D.U. Indrajith
A. Rajapakse
R.J. Rozairo
Mrs. I.D. Samaranayake

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

Manager (Customer Care)

M.R.K. Makalandawa

Manager (Recoveries)

S.F.F. De Silva

Management Staff

Manager

D.S.J. Wickramaratne

Manager (Marine Survey)

W.M.U. Shantha

Risk Engineers

P.G.G.D. Chandima

H.L.T.T. Dinuka

K. Hajananan

S. Jeganesan

H.M.L.R. Jayasundara

H.R. Karunarathna

G.R. Siriwardhana

K. Sarujan

J. Thuvarahan

Chief Loss Adjustors / Accountant

L.P.R. De Silva

K.S.D. Fernando

D.M.A. Gunasekara

C.M. Gunawardana

H.A.R. Kumarasiri

Regional Sales Managers (Branches)

S.K. De Alwis

L.A.I.A. Jayasena

R.B.R. Wijeratne MBA (UK)

Area Sales Managers (Branches)

K.P.L.A. Balawardena

D.A.S. De Silva

L.P.D. Dharmasooriya

V.K. Gunathilake

H.D. Madugoda

T.A. Nanayakkara

L.V. Perera

J.S. Rajapakse

P.S.M. Rerukana

N.P. Wadugodapitiya

Senior Sales Managers (City)

K.T.G.N. De Silva

Miss. K.A.D. De Silva

L.A.S. Edirisinghe

M.C.A. Fernando

J.K.C. Jayawardana

K.M.S.N. Kumara

P.A.L. Kumara

S.H.N.D. Kumara

D.A.H. Prasad

R.V.N.S. Rajapaksha

K.S. Sanjeeva

V. Sivakumar

R.U. Sampath

S.U. Thalakumbura

R.T.D.W. Tilakaratne

W.M.J. Weerasekara

Senior Sales Managers (Branches)

D.P.R. Gunasiri

K.M.P. Rohan

Managers (Corporate Accounts)

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

C.N. Weerasuriya

Sales Managers (City)

H.G.N.L. Ariyaratne

K.P. Bope Weerathunga (Resigned w.e.f.
10/06/2018)

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

U.I. Kodagoda

S.I. Liyanage

H.R.T. Perera

N.J. Thavachchelvam

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

C.P. Abeysekara

J.M.I.S.J. Bandara

E.M.C. 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

P.L.S. De Silva

H.G.S.De A. Abesiriwardena

P.V.S.P.V. De Silva

M.B.I.N. Fernando

M.C.K. Fernando

W.M.S.S. Fernando

M.N. Fareez

J.M.R.K.D. Galgamuwa

S.K.K. Gunarathna

H.M.T. Hemantha

H.M.S.B. Herath
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.N.P. Jayarathna
P.P.B.W. Jayalath
W.T. Jayasingha
T.A.S.C. Kumara
K.K.S.K. Kumara
M.G.S. Kumara
P.V.P.L. Kumarasiri
W.S.A. Kumarasiri
H.L.D.S. Kumara
M.D.P.S. Karunaratne
A.A. Karunadasa
I.M. Kalansuriya
D.T.N. Kulasekara
H.R. Kumara
K.W.T. Kellapatha
K.G.C.P.K. Kumara
M.T.N.A. Kumara
A.H. Lalith
S.C. Muhandiramge
M.D.K.G. Munasinghe
R.P. Marasinghe
H.P. Mallawathantrige
M.A.D. Nishantha
N.M.C.K. Nawarathne
T.A.B. Peiris
A.J.J. Perera
B.A. Perera
K.A.S. Piyasena

C. Pratheepan
B.P.K.D. Pathirana
V.G.D.S. Priyadarshana
P.K.A.K. Priyadarshana
S.M. Pradeeparathna
S.M.J.N. Perera
H.M. Pushpakumara
N.J. Rajapakse
R.A.C.R. Ranasinghe
H.M.N.T. Ranathunge
L.R. Rathnasiri
R.T. Ranatunga
M.R.T. Ranganath
M.H.M. Rizwan
M.R. Raffel
B.M.D.C.L. Ranasingha
P.S.A.L. Rathnayake
M.S.S. Rodrigo
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
A.K.H.M. Somasiri
K.A.H.K. Sirisoma
S.A. Sanjeewa
E.G. Sirimal
N.A. Sanjaya Siri
S. Thavakkumar
S.D. Thotawattage
T.G.A.N. Thalawatta
N.M. Uduweralla
W.P.T. Udugama
C.H. Vitharana M.B.A. (U.K.)
W.L.D.K. Weerasuriya
C.S.K. Wickramanayake
W.M.D.C.C.D. Wijayarathne
S.M.P.F. Warnakulasuriya
T.S. Wickramasinghe
A.S. Wijethunga
D.G.P.N. Wimalaratne
W.K. Wijeratne
Y.M.N.A.S. Yapa

Branch Managers

A.D.W.I. Anushan
T. Athithan
L.H.M.L. Dayananda
D.M.R.N. Dissanayake
D.S.R. Dissanayake
N.N.R. Diunugala
K.C.S. Fernando

M.S.R.M. Fernando
S. Gurusinghe
N.G.C. Gunarathne
M.S. Kosgallana
P.V. Kumara
T.I. Lanthra
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
S.A.L. Samarasinghe
N.C. Samarawickrama
P.L.N.C. Sampath
W.A.C.R. Weerasinghe
W.M.R.B. Wijekoon

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

Sound corporate governance practices allow the company to conduct its business process in a transparent and an ethical manner to create sustainable value for all stakeholders while pursuing business growth. Designed to enhance communication and nurture the dynamic relationship between shareholders, the Board of Directors and the Management, the Company's corporate governance model adopts practices and policies that foster long term business success and allows all stakeholders to benefit from the process and make informed decisions with regard to their future involvement with the Company. Our corporate governance framework relies on the pillars of accountability, participation and transparency which combine together to build and maintain a sustainable business model. The Company's corporate governance structure is designed to ensure beneficial distribution of responsibilities amongst responsible entities and enhance the smooth functioning of the governance framework in line with adopted policies.

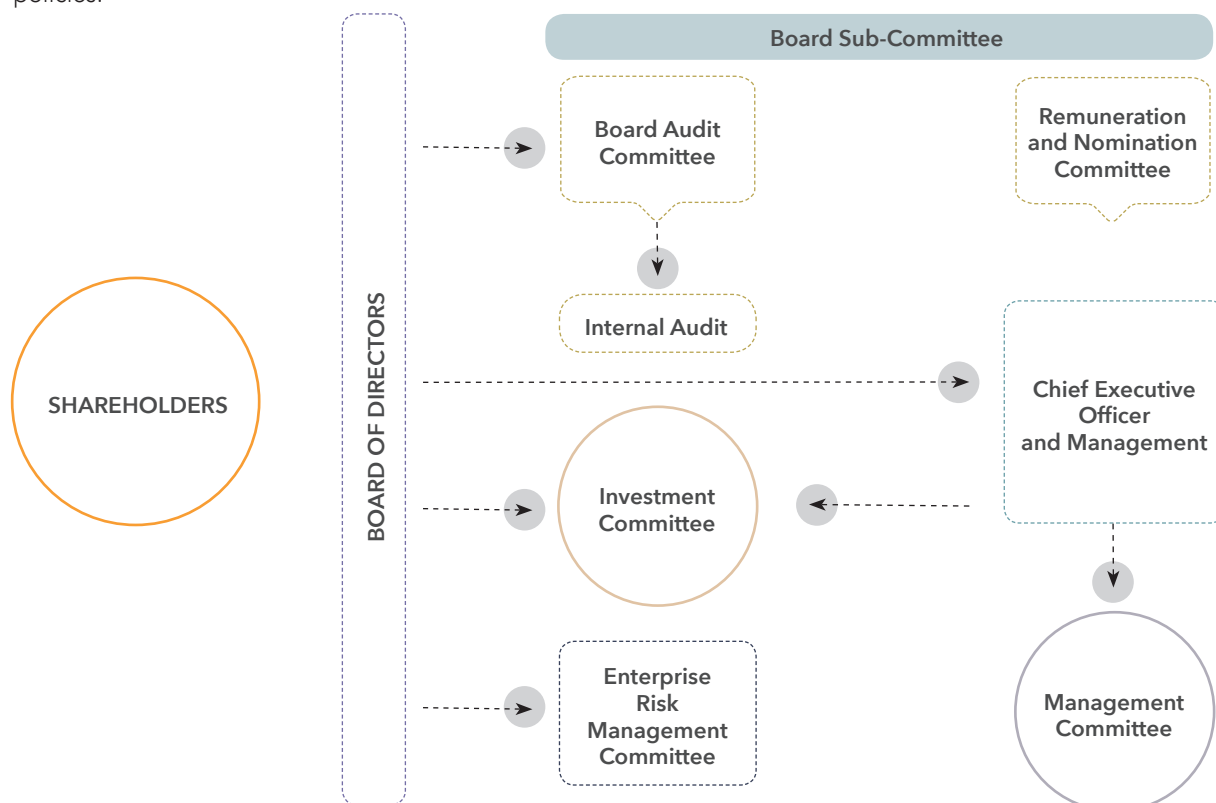
All employees, senior management and the Board of Directors are required to embrace this philosophy in the performance of their official duties and in other situations that could affect the Company image and it is the duty and the responsibility to uphold and act in the best interest of the company and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

The Board comprises of highly respected individuals who have reached the pinnacle of their chosen fields often displaying multidisciplinary 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. 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 listed in the 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

GOVERNANCE STRUCTURE

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



BOARD OF DIRECTORS

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

The Board of Directors of Ceylinco General Insurance Limited comprises of sixteen Directors of whom five are Executive Directors, five are Independent Non-Executive Directors and six are Non-Executive Directors, one being the Chairman of the Board. The Board of Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company. They are well aware of the Company's activities and give direction for long-term strategy; seeking and contributing views and opinions on strategic options proposed by the senior management of the Company. A brief profile of the members of the Board of Directors is given on pages 16 to 19.

BOARD APPOINTMENTS

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

ROLE OF THE CHAIRMAN

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

ROLE OF 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 2018, the Board has maintained an excellent record of attendance to the meetings. The number of Board meetings held during 2018, together with individual attendance, is given on page 68.

BOARD INTERACTION WITH SHAREHOLDERS

The Company is committed to maintain good relationship with all shareholders. Shareholders have the opportunity to meet and question the Board of Directors at the Annual General Meeting, (AGM) which will be held on 22nd March 2019.

DIRECTORS REMUNERATION

The Board approved the remuneration paid to the Directors during year 2018. No Director is involved in deciding his own remuneration. Directors' remuneration in respect of the Company for the year 2018 is given in note 39 to the Financial Statements.

STATEMENT OF COMPLIANCE

Even though it was not mandatory, the Company voluntarily adhered to some of the Rules on Corporate Governance and the requirements in respect to Board Committees as specified in the Listing Rules of the Colombo Stock Exchange and the level of compliance maintained by the Company are analyzed below.

Corporate Governance

Rule of Corporate Governance	Status of Compliance	Details
Two or one third of Directors, whichever is higher, should be Non – Executive Directors.	Complied	The Board comprises eleven Non-Executive Directors.
Two or one third of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be "independent".	Complied	The Board comprises seven independent Non-Executive Directors.
A brief resume of each Director including the areas of expertise should be published in the annual report.	Complied	Please refer page 16
Provide a brief resume of new Director appointments to the Board.	Complied	A brief resume of each such new appointment has been provided
A company shall have a Remuneration Committee.	Complied	
One Non-Executive Director shall be appointed as Chairman of the Committee by the Board	Complied	Mr. E.M.M. Boyagoda functions as Chairman of the Remuneration Committee.
The Remuneration Committee shall recommend the Remuneration of the Chief Executive Officer and the Executive Directors.	Complied	

Rule of Corporate Governance	Status of Compliance	Details
The annual report should set out: The names of Directors comprising the Remuneration Committee A statement of remuneration policy	Complied Complied	Please refer page 69
The aggregate remuneration paid to Executive and Non-Executive Directors.	Complied	Please refer page 136
A Company shall have an Audit Committee	Complied	Please refer page 58
One Non-Executive Director shall be appointed as Chairman of the Audit Committee by the Board.	Complied	Mr.E.M.M.Boyagoda functions as the Chairman of the Audit Committee
The Chief Executive Officer and Chief Financial Officers shall attend Audit Committee meetings	Complied	Please refer Page 58
Confirmation of functions of the Audit Committee is in accordance with the rules.	Complied	Please refer page 58
The annual report should set out: The names of the Directors who comprise the Audit committee	Complied	Please refer page 69

Note

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued corporate Governance framework for insurers under the section 96A of the Regulation of insurance Industry Act no 43 of 2000
The direction shall come in to force with effect from 01.01.2019

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 BEST	S&P	
Swiss Reinsurance Company	AA	AA-	Switzerland
Munich Reinsurance Company	AA	AA-	Germany
Hannover Re	AA	AA-	Germany
SCOR Reinsurance	AA-	AA-	France
Lloyd's of London	A+	A+	United Kingdom
Toa Reinsurance Company Limited	A+	A+	Japan
Odyssey Reinsurance Corporation	A+	A-	U.S.A.
Sirius International Insurance Corporation	A	A-	Sweden
China Reinsurance (Group) Corporation	A	A	China
General Insurance Corporation (GIC Re)	A-	-	India

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

Board Audit Committee Report

COMPOSITION

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

Name of the Member	Directorship Status		Membership Status
	Independent	Non -Executive	
Mr. E.M.M. Boyagoda	No	Yes	Chairman
Mr. S.C.G. Guruge	Yes	Yes	Member
Mr. Yu Kitai	No	Yes	Member

The members bring a multitude of varied expertise and knowledge to the audit committee, enabling the effective conduct of its operations. Brief profiles of the members are given on page 17 to 19.

The Company Secretary functions as the secretary of the Audit Committee. In addition, the Deputy Managing Director, Head of Finance, General Manager – Finance, Chief Internal Auditor of the Company, External Auditors 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 69 of this Annual Report.

Meeting agendas were prepared and distributed to the Committee sufficiently in advance of the meetings. Minutes of the Audit Committee meetings have been tabled at the ensuing Board meeting.

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee charter clearly defines the Terms of Reference of the Committee and is reviewed annually, to ensure new development to the Committee's function and concerns are adequately addressed.

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

INTERNAL AUDIT

The Audit Committee reviewed the independence, objectivity & performance of the internal audit function and the adequacy of its resources. Selected internal audit reports were tabled and reviewed by the Committee and internal audit reports are made available to independent External Auditors. 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 perused the Report of the Auditors and the Management letter issued by them with the management responses thereto. Concerns raised were 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 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 be re-appointed as Statutory Auditors of the Company for the financial year ending 31st December 2019, subject to approval by the shareholders at the forthcoming Annual General Meeting.



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

21 February 2019

Report of the Investment Committee

OBJECTIVE OF THE COMMITTEE

Treasury and Investment management function of Ceylinco General Insurance Ltd. plays an important role in the company by ensuring that financial assets of company are in line with the core business values and corporate strategies of the company, formulated by the board of directors. To meet this purpose the financial assets should provide optimum liquidity for business operations and company expansions, yield adequate returns so that the overall profitability of the company is elevated, the risk exposure is at a level acceptable to the Board of Directors and also the assets meet the regulatory requirements of the Insurance Regulatory Commission of Sri Lanka. The Investment Committee creates the link between the strategic thoughts of the Board and the market implementation of investment decisions by the Treasury and Investment Management unit.

The portfolio structured accordingly, is diversified with short term and/or liquid instruments to meet the volatility of business related cash-flows and as well as the volatility in financial market conditions such as interest rate and market liquidity volatilities. The longer term instruments are selected carefully at acceptable yields to ensure longer term locking in of investment returns. The forex financial assets are converted to SL rupees or retained in USD form based on interest rate differentials and future forex requirements while equity stocks are picked and disposed based on market and security specific fundamentals. Therefore 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 informed decisions of both market conditions and corporate strategy.

This information are tabled at the investment committee meeting where the Treasury and Investment management unit is also a part of which and together the investment guidelines and policies are formulated for the implementation of investment management function to meet the required risk – return combination of the Board of Directors and the ERM framework of the company. Periodic committee meetings are held to ensure the functioning is in line with the set policies.

FUNCTIONING

The resulting portfolio yield of the portfolio management process is derived as a combination of the macro economy and adoptability of the portfolio to macro economic conditions. For this, key is the asset structure and the maturity structure which is constructed by the Investment committee and Treasury management unit after due analysis of the present and future expected interest rates, inflation, GDP growth rate, credit demand, balance of payment, exchange rate and government negotiations with International Monetary Fund and Asian Development Bank. Further, attention is drawn to monetary policy decisions of United States, European Union, India and some Asia Pacific region countries which affect global capital movements.

The committee at its periodic meetings reviews the portfolios in relation to the macro economy and does necessary adjustments to it for optimizing yield at the prevalent and forecasted investment environment.

If the company looks at any investment with new features or newly developed instrument; It would follow a proper method and a procedure which looks at the impact of capital charges in RBC framework, risk to yield combinations, adherence to overall risk preference of the

company Board of Directors and overall exposure to the category of investment being considered. Further any concerns, necessary approvals or consent is documented along with investment justifications for future reference to ensure transparency, accountability and access to information as a best practice.

Another important aspect looked at by the committee is the conversion of business profits in to cash, which is reflected in the investment portfolio growth. This is an important factor determining the company's long term strength and liquidity for business operation.

While investment decisions are implemented, the actions need to be recorded and reviewed for safeguard of assets and future reference. The investment records are duplicated /dual controlled with one set of records in the investment system and the other set of records in the financial reporting ledgers. The committee reviews the information available with the financial reporting systems and investment database records for ensuring the accuracy of values. The system results are reconciled with the financial ledgers and a daily audit is done on the government securities balances at the Lanka Secure CDS account by the internal audit department, Finance department and the investment management unit independently.

ECONOMY IN 2018

The country's inflation for 2018 as measured by CCPI was 2.8%, drastically down from the 7.1% in 2017. However this drop did not reflect in Treasury bill rates, but the opposite was seen with a 250bps increase in the 01 year T'Bill during 2018. The Average Weighted Deposit Rate (AWDR) however dropped by about 50bps. This anomaly is most likely caused by the low GDP growth that caused reduced demand for

loans from banks. The increased government expenditure, exits by foreigners from government securities, and the requirement of USD to meet outflows, led to purchases of USD from the Central Bank of Sri Lanka, resulting in outflows of LKR from the system. This resulted in higher interest rates to meet liquidity shortfalls, witnessed by the banking system, which also contributed to the yields in government securities to move in opposite directions to inflation.

The Central Bank had a more relaxed approach to monetary policy until November, different to the tightening approach seen in previous few years. The Central bank reduced bench mark rate by 25bps in April and maintained policy rates still, till November where liquidity was injected via the reduction in SRR for deposits of Banks, but increased the Standing deposit rate and lending rate by 75bps and 50bps to increase the policy rates to 8.00%pa. and 9.00%pa. respectively, thereby signaling that the given economic conditions are not conducive for lowering interest rates. The total debt of the government is estimated to have reached close to Rs.12Tr by year end which was Rs.10.3Tr at the beginning of the year.

The exchange rate saw one of the most challenging years with over 16% depreciation by the end of the year, reaching LKR 184/= per USD. The main reason sighted was the policy decisions of Federal Reserve where the US interest rates were increased by 100bps during the year. This measure attracted capital flows from emerging markets to United States. The fate of many Asian currencies are the same as LKR. The country's external debt and capital markets had a further blow with the rating downgrades by Fitch and other rating agencies during the year. The effects would be experienced with the USD

denominated debt maturities in 2019. In another move, sighting stabilizing the exchange rate, Central bank has reduced the amount of allowed foreign holding of local government securities to 5% of total outstanding from 10%. The effects of these would reduce the foreign fund inflows.

The Economic growth in 2018 is estimated to be close to 3.2%. While services sector lead the growth, the industrial sector was alarmingly low in growth

The balance of payments which recorded a surplus of USD 2bn in 2017 is expected to be a deficit in 2018. The imports surpassed exports resulting in a USD 8.8bn trade deficit by November 2018 and is expected to be between USD9.5bn to USD 10bn for the year as the worker remittances in 2018 was 2.1% less than 2017. However tourism income for that period was up by 11.6%, while the tourism arrivals for year 2018 fell below the target number of 2.5million. The Gross Official Reserves stood at USD 6.9bn by end of 2018 down from USD 7.9bn a year earlier.

The All Share Price Index closed the year at 6,052 points down from 6,369 a year earlier. The decrease was mostly caused by continued negative sentiment and lack of any special attraction with the Colombo Stock Exchange. The market capitalization was Rs.2,839bn slightly down from Rs.2,899bn last year.

INVESTMENT STRATEGIES

The economic factors were read at the investment committee as ones that buoy interest rates or conducive for upward movement. Therefore the portfolios were adjusted accordingly making use of the different opinion held by some other market participants. An arbitrage was enjoyed when disposal proceeds were shifted to bank deposits of similar tenure with a yield of about

200bps above the disposed rate. The optimum yielding investments with a relatively longer term to maturity was retained to maintain the government security portfolio yield.

The new inland revenue act was not supportive of the unit trust industry. As the previous edge they had through the tax benefit was removed, making unit trusts less preferred in our portfolios. As a result a shift was seen in Fixed Income Unit investments back to government securities and bank deposits. However the stock market while being not active, the price reductions paved the way to picking some fundamentally strong stocks. In order to benefit from this market position with added benefits of economies of scale, our investments in equity units saw an increase.

Further, the investment markets had created an anomaly less experienced where the bank deposits and debentures offered around 200bps to 300bps higher yields than that of similar period government securities. In the absence of any tax position difference in these instruments, it was decided to shift a major portion of portfolio to bank deposits and debentures. The implementation happened in two ways where new fund collections of business were directed for this purpose and maturity or disposal proceeds of investments were reinvested in these instruments.

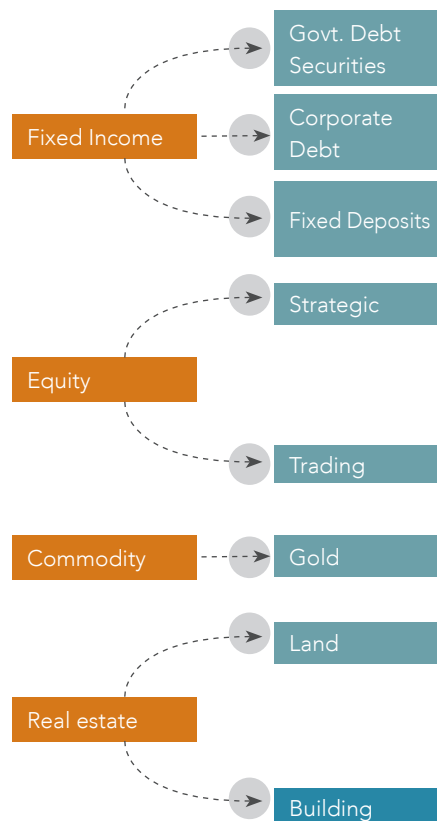
Constant communication with the Finance department assisted effective cash flow planning to facilitate investment and business cash requirements as well as efficient daily cash management.

The result of above strategies proved successful with above average returns were seen in both government securities portfolio and other Fixed Income Portfolios making the overall, portfolio yield above the market averages.

Report of the Investment Committee

PORTFOLIOS

The investment committee directs the following portfolios



MEETINGS

The committee met 3 times during the year, 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 participate 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

21 February 2019

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 73.

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 2019 to 2020 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

22 February 2019

COMPLIANCE REPORT

In respect of the Financial Year ended 31st December 2018 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

22 February 2019

Enterprise Risk Management

ERM is the process of planning, organizing, leading, and controlling the activities of an organization in order to minimize the effects of risk on the organization's capital and earnings. The organization concentrate on minimizing risks arising from various activities in order to ensure wealth is protected/created.

The insurance business involves accepting, sharing and managing risks. It is imperative that the company gives sufficient significance in risks management. The Company has established framework, risk measurements and responsibilities.

The Company's various functional heads are assigned the responsibility of managing the risks relating to respective functions. Well experienced skilful functional heads and the team have the expertise to identify and analyse the risks and make right decisions in order to minimize the risks. Further, the Company's internal audit division which is adequately staffed ensures that the internal controls are properly implemented and regulations and statutes are complied. The established processes and systems manage risks appropriately to benefit the Company.

The Company's board sub-committee (ERM committee) oversees the risk management activities by the respective functions on a regular basis. The committee guides in implementing best practices and taking timely actions. This process helps the company to ensure effective risk management throughout the year. In order to manage specific types of risks the following board sub committees are in operation during the year.

INVESTMENT COMMITTEE

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

AUDIT COMMITTEE

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

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

SIGNIFICANT RISKS WHICH ARE MANAGED BY THE COMPANY

1) Strategic Risk

1.a) Marketing Risk

This arises when there is a gap between product offered and customer requirements or the operations do not meet Social or Economic Requirements.

1.b) Regulatory Risk

It is the risk that company may fail to meet the Regulations governing the insurance Industry or relevant laws of the country. The business is specifically governed by the Insurance Regulatory Commission of Sri Lanka. Further the financial reporting of the company is governed by the Sri Lanka Accounting Standards. Regulatory risk is therefore common to areas of business processes, products, investments and reporting.

1.c) Reputational Risk

Negative perceptions about us arising in the Society caused by an incident different to what the society expects from us. This could be with regard to a product, service expectation or corporate role.

2) Underwriting Risk

2.a) Pricing / Exposure Risk

When the pricing does not reflect the risk accepted, the gap creates an insufficiency to meet the claims or it makes the product too expensive to trigger a sale. Further the exposure to a particular type of business area or single entity can create an imbalance in risk profile. This may not be limited to the current year business risk but also the sales risk of following year.

2.b) Re Insurance Risk

This has two components. Firstly the risk of not re insuring and secondly the risk of Re insurer defaulting claims due to inability or refusing claims due to technical reasons. Such could affect the reserves and wealth of the company and the reputation in the market, should we are unable to meet the customer claims as a result of non-payment by the reinsurer.

2.c) Credit Risk

Credit risk is the risk of debtors of the company defaulting payment. This affects the profitability and cash flows.

3) Financial Market Risk

3.a) Concentration Risk

The risk arises when the investment portfolios and other assets are not prudently diversified. When building a portfolio there are many objectives such as return, liquidity and regulatory requirements need to be met.

3.b) Liquidity Risk

Liquidity risk is where a company does not have enough cash or arrangements to meet payments as they fall due. Nature of insurance business calls for such incidents of large cash outflows in the form of insurance claims and re insurance payments. The reputation and the reliability of the company greatly depend on the ability to meet payments on time.

3.c) Default Risk

The risk of default on the interest or capital of investments primarily caused by the financial weakness of an institution that we made an investment with. The profitability, liquidity and portfolio composition would be affected by such default.

3.d) Market Risks

The risk is caused mainly by the Interest Rate, Exchange Rate and Market price fluctuations which have a direct impact on the income, balance sheet and solvency.

4) Operational Risks

4.a) Information Technology Risk

The communication breakdown and loss of data risk are the key concerns. Especially in an environment where the IT system is fully integrated. The reporting is single source and delivers better accuracy and speed of service. This edge itself enhances the risk of technology being obsolete across and communication breakdown and security of information.

4.b) People Risk

Knowledge has become one of the strongest assets of our company. To extract the best yield of this knowledge the motivation level of people plays a major role. The risk of losing this Human capital could be a great disadvantage. The risk has increased with the new opportunities arising the market place and skill mobility.

4.c) Control Risk.

This is the risk that internal procedures not being followed or misuse of Company assets and fraudulent reporting.

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 day to day basis. Regular training programs and seminars develop knowledge/skills of employees.

The loyal and experienced staffs, with the guidance of senior management and executive directors monitors risks in each process and ensure that the sufficient protection is available. Some of important risk management practices followed by the Company are:

- ⊙ Reinsurance arrangements with well rated Foreign Reinsurance Companies and regular review of same
- ⊙ 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 and regular improvements
- ⊙ Various sub committees in managing specific types of risks
- ⊙ Regular audits by Skilled and Trained Internal audit team
- ⊙ Appropriate compensation packages and incentive schemes
- ⊙ Timely knowledge sharing among teams
- ⊙ Frequent meetings by various teams to discuss risks management strategies

Creating people's success





FINANCIAL INFORMATION

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

The Directors are pleased to submit their report together with the Audited Income Statement, Statements of Comprehensive Income, Changes in Equity, Cash Flow and the Statement of Financial Position of Ceylinco General Insurance for the year ended 31st December 2018, and the Report of the Auditors thereon.

REVIEW OF OPERATIONS

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

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities constitute underwriting all classes of General Insurance

RESULTS OF THE FINANCIAL YEAR

	2018 Rs.'000	2017 Rs.'000
Profit After Taxation	1,784,880	1,406,751
Add : Balance Brought Forward	1,904,350	1,051,620
	3,689,230	2,458,371
Other Comprehensive Income for the Period	225,940	(176,420)
Funds Available for Appropriation	3,915,170	2,281,951
Appropriation :		
Dividend Paid	(417,667)	(377,601)
Unappropriated Profit Carried Forward	3,497,503	1,904,350

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 2018 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. 167/- per share paid on 19.12.2018 as the final dividend for the year ended 31st December 2018.

DIRECTORS

Messrs. B.S.M. De Silva, H.D.K.P. Alwis, U. Witharana, W.C.J. Alwis, R.A. Gunathilake, K.D.A.S.R. Arsakularatne, E.M.M. Boyagoda, U.D. De Silva, A.R.H. Fernando, S.C.G. Guruge, M.D.E.A.G. Saparamadu, Mr. G.S. Sundararajan, S.D. Wanigaratne, C.P.A. Wijeyesekera, H.D.A.N. Perera and Yu Kitai were the Directors of the Company during the financial year ended 31st December 2018.

In accordance with the Articles of Association of the Company, Mr. Upali Witharana, Dr. W.C.J. Alwis and Mr. S.D. Wanigaratne retire by rotation and being eligible, offer themselves for re-election.

Mr. Yu Kitai offers himself for re-election in terms of Article E.21 (ii)

DIRECTORS' MEETINGS

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

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

DIRECTORS' INTEREST IN CONTRACTS

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

DIRECTORS' INTEREST IN SHARES

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

COMPANY SECRETARY

Mrs. Nilika Abhayawardhana was the Company Secretary during the Financial Year ended 31st December 2018.

CORPORATE GOVERNANCE

The Audit Committee held four meetings during the year 2018. The Remuneration Committee held one meeting during the year 2018.

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	4/4	1/1
Mr. S.C.G. Guruge	4/4	Not a Member
Mr. Yu Kitai	1/1	Not a Member
Mr. U. Witharana	3/4	1/1
Mr. B.S.M. De Silva	Not a Member	1/1
Mr. M.D.E.A.G. Saparamadu	Not a Member	1/1
Mr. H.D.K.P. Alwis	Not a Member	0/1
Mr. T.N.M. Peiris-Head of Finance	4/4	1/1

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. 609.6 Million.

CAPITAL EXPENDITURE & CAPITAL COMMITMENTS

The total expenditure on acquisition of Property, Plant and Equipment during the year amounted to Rs. 802.2 Million.

PROPERTY, PLANT & EQUIPMENT

The details of Property, Plant and Equipment of the Company are shown in the "Notes to Financial Statements". page 96.

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. 3.7 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 2018, there were 2,808 employees in the permanent service of the Company.

Report of the Board of Directors on the Affairs 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 31.12.2018.

After reviewing the relevant information and Actuarial studies the Actuaries have recommended to make a net IBNR/IBNER provision of Rs. 353.66 Million. The Company has already made this provision in the accounts as at 31.12.2018.

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 123 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

22 February 2019

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 01.01.2018 to 31.12.2018 in which this company has had transactions during the year 2018

Name of Company		Mr. H.D.K.P. Alwis	Dr. W.C.J. Alwis	Mr. Upali Witharana	Mr.S.C.G. Guruge	Mr.R.A. Gunathilake	Mr.E.M. M. Boyagoda	Mr.M.D.E.A.G Saparamadu	Mr. H.D.A.N. Perera
1	American Education Centre Ltd.	✓	✓	✓					
2	ANC Modern Montessori International (Pvt.) Ltd.		✓	✓					
3	ANC Omega Pvt Ltd		✓	✓					
4	Ashyaki Holdings (Pvt) Ltd.				✓				
5	Asset Trust Management (Pvt) Ltd.			✓			✓		
6	CEC Events (Pvt.) Ltd.		✓	✓					
7	CEG Education Holdings (Pvt.) Ltd.	✓	✓	✓					
8	Ceyhydro Developers (Pvt.) Ltd.	✓		✓		✓			
9	Ceylinco Insurance Company (Pvt.) Ltd.Maldives	✓	✓	✓					✓
10	Ceylinco Insurance PLC	✓	✓	✓					
11	Ceylinco Investcorp (Pvt.) Ltd.	✓	✓	✓					✓
12	Ceypower Cascades (Pvt.) Ltd.	✓		✓					
13	Energy Generators (Pvt.) Ltd.*	✓	✓	✓		✓			✓
14	Gas World (Pvt.) Ltd				✓				
15	Industrial Gases (Pvt) Ltd.				✓				
16	International College of Business & Technology Ltd.	✓	✓	✓					
17	Kavin Polymers (Pvt.) Ltd.							✓	
18	Ultratech Cement Lanka (Pvt.) Ltd.			✓					
19	Wealth Lanka Management (Pvt) Ltd.						✓		
20	Wealth Trust Securities (Pvt) Ltd.						✓		
21	Wycherly International School (Pvt.) Ltd.		✓	✓					

* 1. Mr. H.D.K.P. Alwis and Dr. W.C.J. Alwis resigned from Energy Generators (Pvt.) Ltd w.e.f. 23/02/2018

2. Mr. U.Witharana resigned from Energy Generators (Pvt.) Ltd w.e.f. 19/04/2018

3. Mr. H.D.A.N. Perera and Mr. R.A. Gunathilake were appointed to the Board of Energy Generators (Pvt.) Ltd on 19/04/2018

PARTNERS :

D. K. PANDIT

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

APPROVED VALUER

REGD. NO. : CAT/3 OF 1988

M. G. DIWAN

M.Sc., F.I.A. (London), F.I.I., F.I.A.I. (00063)

N. K. PARIKH

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

P. I. MAJUMDAR

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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, 2018.

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 31-12-2018 to be provided by the Ceylinco General Insurance Limited in respect of its non-life business are estimated as LKR 353,659,207 equal to 2.49% of the Net Earned Premium of LKR 14,192,537,222 as on 31-12-2018. 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 SIFRS-4 satisfactorily.

N. K. PARIKH

F.I.A.I. (00132)

N. K. Parikh
kap@ka-pandit.com

(N. K. PARIKH)

(PARTNER)

Mumbai, India,

Dated: 14/02/2019

Churchgate : 2nd Floor, Churchgate House, Veer Nariman Road, Fort, Mumbai - 400 001.
Offices : Andheri : 201/C, Rami Bazaar, Off. Veera Desai Road, Andheri (W), Mumbai - 400 058.
Ahmedabad : 509, Golden Triangle, Near Sardar Patel Stadium, Navrangpura, A'bad - 380 014.

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Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CEYLINCO GENERAL INSURANCE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ceylinco General Insurance Limited ("Company"), which comprise the statement of financial position as at 31 December 2018, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled

our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole

are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit

Independent Auditor's Report

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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



22 February 2019
Colombo

Partners: Mr. R.H. Fernando FCA FCMA, Mr. D. Dissanayake FCA FCMA, Mr. de Saena ACA FCMA, Mr. A.A. de Silva FCA, Mr. Y.A. de Silva FCA, Mr. B.S.P. Fernando FCA FCMA,
Mr. K.R.M. Fernando FCA FCMA, Mr. J. A.K.L. Fernando FCA, Mr. P.A. Gunaratne FCA FCMA, Mr. Herath FCA, Mr. D.M. Gunaratne FCA FCMA, Mr. L.L. de Silva FCA, Mr. A. Jayasinghe FCA FCMA,
Mr. A.A. Ludoewy FCA FCMA, Mr. G.G. Manatunga FCA, Mr. P.M.N. Sajeewani FCA, Mr. S. Sumanasekera ACA FCMA, Mr. S. Sumanasekera FCA FCMA, Mr. S. Sumanasekera FCA FCMA,
Principal: Mr. M. Rubeen FCA FCMA

A member firm of Ernst & Young Global Limited

Statement of Financial Position

As at 31 December 2018	Page No.	Note	2018 Rs.'000	2017 Rs.'000
ASSETS				
Intangible Assets	95	5	63,036	86,913
Deferred Expenses	96	6	1,008,175	942,923
Property, Plant and Equipment	96	7	3,774,829	3,400,637
Investment Properties	101	8	133,000	133,000
Financial Instruments				
Loans and Receivables	103	9	5,591,576	3,079,758
Available-For-Sale Financial Assets	104	10	6,162,375	8,194,889
Employee Gratuity Benefit Asset	110	11	822,607	585,808
Employee Pension Benefit Asset	113	12	1,284,657	950,941
Deferred Tax Assets	114	13	17,731	7,615
Reinsurance Receivables	114	14	3,049,953	3,176,207
Insurance Receivables	115	15	5,132,522	4,371,770
Other Assets	115	16	467,048	330,490
Cash and Cash Equivalents	115	17	391,520	290,694
Total Assets			27,899,029	25,551,645
EQUITY AND LIABILITIES				
EQUITY				
Stated Capital	116	18	500,200	500,200
Retained Earnings			3,497,503	1,904,350
Special Reserves	116	18 (b)	6,848,160	6,848,160
Revaluation Reserves			245,942	245,942
Available-for-Sale Reserve			53,518	275,803
Total Equity			11,145,323	9,774,455
LIABILITIES				
Non Life Insurance Contract Liabilities	117	19	11,898,662	11,646,247
Deferred Revenue	119	20	291,593	227,504
Reinsurance Payables	119	21	1,539,059	1,601,253
Income Tax Payable			507,498	152,192
Other Liabilities	119	22	2,516,894	2,149,994
Total Liabilities			16,753,706	15,777,190
Total Equity and Liabilities			27,899,029	25,551,645

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 by;



Upali Witharana
Deputy Managing Director



H.D.K.P. Alwis
Managing Director

The notes on pages 82 through 139 form an integral part of the Financial Statements.

22 February 2019
Colombo

Income Statement

For the Year ended 31 December 2018	Page No.	Note	2018 Rs.'000	2017 Rs.'000
Net Income	121	23 (c)	16,560,366	15,238,944
Gross Written Premiums	120	23 (a)	19,186,707	17,976,991
Premiums Ceded to Reinsurers	120	23 (b)	(4,716,483)	(4,266,264)
Net Written Premiums			14,470,224	13,710,727
Net Change in Reserve for Unearned Premium			(277,686)	(501,292)
Net Earned Premium			14,192,538	13,209,435
Fees and Commission Income	121	24	681,060	519,556
Investment Income	121	25	1,535,697	1,377,818
Realised Gains	121	26	151,071	132,135
Other Revenue			2,367,828	2,029,509
Gross Benefits and Claims Paid	122	27(a)	(9,454,561)	(9,246,441)
Claims Ceded to Reinsurers	122	27(b)	2,033,027	2,240,144
Gross Change in Contract Liabilities	122	27(c)	24,526	290,202
Change in Contract Liabilities Ceded to Reinsurers	122	27(d)	(126,253)	(655,334)
Net Benefits and Claims			(7,523,261)	(7,371,429)
Acquisition Cost	122	28	(1,715,305)	(1,642,944)
Other Operating and Administrative Expenses	123	29	(4,933,854)	(4,474,776)
Finance Cost	123	30	(52,124)	(47,144)
Total Benefits, Claims and Other Expenses			(14,224,544)	(13,536,293)
Profit Before Tax			2,335,822	1,702,651
Income Tax Expense	124	31	(550,942)	(295,900)
Profit for the Year			1,784,880	1,406,751
Basic/Diluted Earnings Per Share	125	32	713.67	562.48
Dividend Per Share	125	33	167.00	107.00

The notes on pages 82 through 139 form an integral part of the Financial Statements.

Statement of Comprehensive Income

For the Year ended 31 December 2018	Note	2018 Rs.'000	2017 Rs.'000
Profit for the Year		1,784,880	1,406,751
Other Comprehensive Income			
Other Comprehensive Income to be Reclassified to Income Statement in Subsequent Period			
Net Gain/(Loss) on Available-For-Sale Assets	34	(203,493)	262,230
Income Tax relating to Components of Other Comprehensive Income	34	(18,792)	(45,997)
Net Other Comprehensive Income to be Reclassified to Income Statement in Subsequent Period		(222,285)	216,233
Other Comprehensive Income not to be Reclassified to Income Statement in Subsequent Period			
Actuarial Gain on Defined Benefit Plans	34	255,686	(229,035)
Income tax relating to comprehensive income	34	(29,746)	(43,029)
Net Other Comprehensive Income not to be Reclassified to Income Statement in Subsequent Period		225,940	(272,064)
Other Comprehensive Income for the Year, Net of Tax		3,655	(55,831)
Total Comprehensive Income for the Year, Net of Tax		1,788,535	1,350,920

The notes on pages 82 through 139 form an integral part of the Financial Statements.

Statement of Changes In Equity

	Note	Stated Capital Rs.'000	Special Reserves Rs.'000	Revaluation Reserve Rs.'000	Retained Earnings Rs.'000	Available-for- Sale Reserve Rs.'000	Share- Holders' Equity Rs.'000
For the Year ended 31 December 2018							
Balance As At 1 January 2017		500,200	6,848,160	341,586	1,051,620	59,570	8,801,136
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		-	-	-	(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
Profit for the Year		-	-	-	1,784,880	-	1,784,880
Other Comprehensive Income for the Year	34	-	-	-	225,940	(222,285)	3,655
Total Comprehensive Income for the Year		-	-	-	2,010,820	(222,285)	1,788,535
Final Dividend Paid		-	-	-	(417,667)	-	(417,667)
Balance As At 31 December 2018		500,200	6,848,160	245,942	3,497,503	53,518	11,145,323

The notes on pages 82 through 139 form an integral part of the Financial Statements.

Statement of Cash Flows

For the Year ended 31 December 2018	Note	2018 Rs.'000	2017 Rs.'000
Cash Flows from Operating Activities			
Premiums/Revenue Received from Customers		18,414,214	17,362,653
Reinsurance Premiums (net of Commission) Paid		(4,033,529)	(2,878,853)
Commission Paid		(1,674,318)	(1,824,652)
Claims and Benefits Paid		(9,454,561)	(9,246,445)
Reinsurance Receipts in respect of Claims & Benefits		2,033,183	2,240,143
Interest and Dividends Received		1,163,045	1,045,918
Other Operating Cash Payments		(4,612,995)	(4,351,019)
Other Income		296,916	251,322
Contributions to Gratuity Fund/Gratuity payments		(143,912)	(105,006)
Income Taxes Paid		(254,291)	(80,580)
Interest Paid		(52,124)	(47,144)
Net Cash Flows from Operating Activities (Note A)		1,681,628	2,366,337
Cash Flows from Investing Activities			
Acquisition of Financial Investments		(120,312,689)	(67,557,474)
Proceeds from sale of Investment Property		-	22,000
Proceeds from Financial Investments		119,732,857	66,453,667
Acquisition of Property , Plant & Equipment	7.4	(802,201)	(877,096)
Acquisition of Intangible Assets	5.1	(45,219)	(29,754)
Proceeds from Disposal of Property , Plant & Equipment		208,521	170,921
Net Cash Flows used in Investing Activities		(1,218,731)	(1,817,736)
Cash Flows from Financing Activities			
Dividends Paid to Equityholders		(362,071)	(357,966)
Net Cash Flows from Financing Activities		(362,071)	(357,966)
Increase / (Decrease) in Cash & Cash Equivalents (Note B)		100,826	190,635

Statement of Cash Flows

For the Year ended 31 December 2018	Note	2018 Rs.'000	2017 Rs.'000
Note A.			
Reconciliation of Profit Before Tax with Net Cash Flows from Operating Activities			
Profit Before Tax		2,335,822	1,702,651
Adjustments for:			
Depreciation	7	354,211	269,598
Amortisation of Intangible Assets	5	69,096	68,760
Change in Trade and Other Receivables		(1,210,523)	(1,197,893)
Change in Reinsurance Receivable		126,254	655,333
Increase in Non - Life Insurance Provisions		251,251	131,966
Change in Trade and Other Payables		247,282	947,105
Gain on Disposal of Property, Plant & Equipment		(134,723)	(121,105)
Foreign Exchange Gain/Loss		(102,751)	(9,263)
Income Tax Paid		(254,291)	(80,580)
Net Cash Flows from Operating Activities		1,681,628	2,366,337
Note B.			
Cash and Cash Equivalents at 1st January		290,694	100,059
Cash and Cash Equivalents at 31st December	Note C	391,520	290,694
Increase / (Decrease) in Cash and Cash Equivalents		100,826	190,635
Note C			
Cash at Bank		357,630	256,532
Cash in Hand		33,890	34,162
		391,520	290,694

The notes on pages 82 through 139 form an integral part of the Financial Statements.

Insurance Revenue Account

For the Year ended 31 December 2018	Note	2018 Rs.'000	2017 Rs.'000
Non - Life Insurance			
Gross Written Premium	23 (a)	19,186,707	17,976,991
Net Earned Premium		14,192,538	13,209,435
Net Claims Incurred	27	(7,523,261)	(7,371,429)
Underwriting and Net Acquisition Costs (Including Reinsurance)		(1,034,245)	(1,123,388)
Underwriting Result		5,635,032	4,714,618
Other Operating, Investments Related and Administrative Expenses	29	(4,933,854)	(4,474,776)
Investment and Other Income		1,686,768	1,509,953
Interest Expense	30	(52,124)	(47,144)
Profits From Operations After Interest Expense		2,335,822	1,702,651
Key Ratios Non - Life Insurance			
Net Loss Ratio		53.01	55.80
Net Expense Ratio		42.42	42.74
Net Combined Ratio		95.43	98.54

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

1.3 Ultimate Parent Company

The Company's 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 2018 was authorized for issue in accordance with a resolution of the board of directors on 22 February 2019.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Company's Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as issued 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
- Employee Gratuity and Pension Benefit Assets at fair value

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

1. In the principal market for the asset or liability
- Or
2. In the absence of a 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 and 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 except disclosed in note 41 to the financial statements.

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.

The Company applied SLFRS 15 for the first time in 2018, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective as of the financial reporting date.

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

(c) Intangible Assets

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

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

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

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

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

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

(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.

Notes to the Financial Statements

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading.

Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realized gains and losses are recognised in the income statement.

The Company evaluated its financial assets at fair value through profit and loss (held for trading) whether the intend to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

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 derecognised 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 derecognised when:

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

- (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

Notes to the Financial Statements

regularly to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial investments

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

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

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued

using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

(g) Offsetting of Financial Instruments

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

(h) Fair Value of Financial Instruments

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

For financial instruments where there is not an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted

cash flow method, net assets, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

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

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

(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 derecognised 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 derecognised when the derecognising 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 have been applied in determining the taxable income/loss of the Company for the first 3 months and The Inland Revenue Act No. 24 of 2017 applied for the remaining nine months.

• Deferred Tax

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

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

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

deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

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

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

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

Deferred tax relating to items recognised outside 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

Notes to the Financial Statements

income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

- Sales Taxes and Premium Taxes
- Revenues, expenses and assets are recognised net of the amount of sales taxes and premium taxes except:
- Where the sales or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of sales or premium tax included.

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

(l) Investment Properties

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

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

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

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

(m) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment is stated at cost or revaluation 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 recognized 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	50-70 Years
Leasehold rights	15-99 years
Improvement on Leasehold Building	04-06 Years
Furniture and Fittings	05-10 Years
Office Equipment	03-10 Years
Computer Equipment	02-05 Years
Motor Vehicles	04-05 Years
Plant & Machinery/ Project Equipment	4-30 Years
Civil Construction	57-60
Years Medical Equipment	05 Years
Electric Equipment	05 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 every three years. Fair values of Land and buildings are reviewed at each reporting date to ensure that carrying amount does not differ materially from fair value.

The revaluation surplus is recognized on the net carrying value of the asset and is transferred to a revaluation reserve after restating the asset

at the revalued amount. The revaluation reserve is transferred to retained earnings at the point of derecognition.

(v) De-recognition

An item of property, plant and equipment is de-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 formulae.

Stationery	} First in First out Basis
Course Materials	
Books	

(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.

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 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

Notes to the Financial Statements

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 equalization or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

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

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

(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 trade and other payables, borrowings, and reinsurance payables.

Subsequent measurement

The subsequent measurement of financial liabilities as follows:

Interest bearing loans and borrowings

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

Derecognition of financial liabilities

A financial liability is 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.

Derecognition insurance payables

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

(t) **Provisions-General**

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

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

(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 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 prorata basis over the term of the related policy coverage. However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided.

Notes to the Financial Statements

(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 are calculated on the 1/365 basis except for the marine and title Policies in accordance with the Control of Insurance Regulations.

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

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

(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
Impairment of assets (receivables)	15	115
Reserve for gross outstanding claims (IBNR/IBNER)	19	118
Valuation of investment property	08	101
Measurement of defined benefit obligation and pension	11	110
Unearned Premium and deferred acquisition cost	19 & 06	117 & 96

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 16 Leases

SLFRS 16 was issued in January 2016 and it replaces 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 (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to 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, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under LKAS 17.

Transition to SLFRS 16

The Company plans to adopt SLFRS 16 modified retrospectively to each prior reporting period presented. The company will elect to apply the standard to contracts that were previously identified as leases

Notes to the Financial Statements

applying LKAS 17 and IFRIC 4. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying LKAS 17 and IFRIC 4.

The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

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 2022.

5. INTANGIBLE ASSETS

Year ended 31 December 2018		Computer Software & License Rs.'000
Cost		
At 1 January 2017		204,799
Cost Capitalised		29,754
At 1 January 2018		234,553
Cost Capitalised		45,219
At 31 December 2018		279,772
Accumulated Amortisation and Impairment		
At 1 January 2017		78,879
Amortisation during the year		68,761
At 1 January 2018		147,640
Amortisation during the year		69,096
At 31 December 2018		216,736
Carrying Amount		
At 1 January 2018		86,913
At 31 December 2018		63,036

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.45,219,000 (2017 - 29,754,000). Cash payments amounting to Rs.45,219,000 (2017 - 29,754,000) were made during the year for purchase of Intangible assets (Computer Software & License).

5.2 Fully Amortised Intangible Assets in use

Intangible Assets include fully amortised Computer Software which are in the use of normal business activities Rs. 121,698,908 (2017 - Rs. 55,664,089).

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 2018. 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 (2017 - Nil)

Notes to the Financial Statements

6. DEFERRED EXPENSES

	Deferred Acquisition Costs (DAC) Insurance Contracts	
	2018 Rs.'000	2017 Rs.'000
At 1 January 2018	942,923	863,805
Expenses Deferred	1,929,545	1,722,062
Amortisation	(1,864,293)	(1,642,944)
At 31 December 2018	1,008,175	942,923

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

7. PROPERTY, PLANT & EQUIPMENT

	Freehold Land	Building	Plant & Machinery	Motor Vehicles	Office Equipment	Computer Equipment	Furniture & Fittings	Capital Work in Progress	Electrical Equipment	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost/Valuation										
At 1 January 2018	626,045	1,070,895	61,311	1,820,638	132,599	413,487	269,235	86,728	-	4,480,938
Additions	-	723	7,582	684,947	5,336	43,972	16,956	30,996	11,689	802,201
Disposals	-	-	(2,169)	(112,499)	(3,353)	(8,337)	(643)	-	-	(127,001)
Transfer	-	-	-	-	-	-	-	(86,728)	86,728	-
At 31 December 2018	626,045	1,071,618	66,724	2,393,086	134,582	449,122	285,548	30,996	98,417	5,156,138
Accumulated Depreciation										
At 1 January 2018	-	21,385	36,660	437,979	94,881	303,433	185,963	-	-	1,080,301
Depreciation	-	21,322	4,039	239,532	7,158	44,097	17,421	-	20,642	354,211
Disposals	-	-	(2,118)	(39,690)	(3,000)	(7,775)	(620)	-	-	(53,203)
At 31 December 2018	-	42,707	38,581	637,821	99,039	339,755	202,764	-	20,642	1,381,309
Carrying Amount										
At 1 January 2018	626,045	1,049,510	24,651	1,382,659	37,718	110,054	83,272	86,728	-	3,400,637
At 31 December 2018	626,045	1,028,911	28,143	1,755,265	35,543	109,367	82,784	30,996	77,775	3,774,829

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

At Cost	Freehold Land Rs.'000	Building Rs.'000
Cost/Valuation		
At 1 January 2018	460,254	879,220
Additions	-	723
At 31 December 2018	460,254	879,943
At 1 January 2018	-	69,853
Depreciation	-	17,598
At 31 December 2018	-	87,451
Carrying Amount		
At 1 January 2018	460,254	809,367
At 31 December 2018	460,254	792,492

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.

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	Rs. 2,750,000	45,375	36,625	82,000	18/12/2016
42/1, Mihidu Mawatha, Kurunegala	8425	A-0-R-0-P 8.2	Market Comparable Method	Price per Sq ft	Rs. 6500				
				Price per perch Price per Sq ft	Rs. 5,000,000 Rs. 8000	41,000	55,000	96,000	15/12/2016
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 - 4000	131,000	39,000	170,000	15/12/2016
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. 5500	20,700	50,300	71,000	2-Dec-16
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	15/12/2016
3 rd, 4 th, 7 th & 11 th Floors of Ceylinco House Building	31332	-	Investment Basis	Rent per Sq.ft per month	Rs. 10,000,000	-	676,000	676,000	15/12/2016
69, "Ceylinco House", Janadhipathi Mawatha, Colombo 1.					Rs. 165-200				
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. 7500	190,000	174,723	364,723	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. 4000	6,900	2,100	9,000	22/12/2016

Addresses	Building Sq. Ft.	Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land	Value of Buildings	Cost/ Valuation	Date of the Valuation
						Rs.'000	Rs.'000	Rs.'000	
Malangama, Kuruwita	650	A-0-R-0-P 15.00	Market Comparable Method	Price per perch per Sq ft	Rs. 450,000 Rs. 4,000	6,750	2,250	9,000	4-Dec-16
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	1-Feb-17
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	15-Dec-16
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	12-Mar-16
Bibiloya, Kithulgala	5326	A-0-R-2-P 00.07	Market Comparable Method	Price per perch per Sq ft	Rs. 200,000 Rs. 4,000 - 4,500	17,400	19,600	37,000	12-Dec-16
Puttalam -South, Mundel	705	A-0-R-0-P-20.0	Market Comparable Method	Price per perch	Rs. 100,000 Rs. 4,000	2,000	2,840	4,840	15-Dec-16
Total						626,045	1,071,618	1,697,663	

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.		Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/increases
	Price per perch for Land Price per square foot	
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.		Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases
	Gross Monthly Rental Years	

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 2018	2018 Rs.'000	2017 Rs.'000
Plant and Machinery	7,139	6,900
Computer Equipment	76,571	68,896
Office Equipments	21,173	19,052
Furniture and Fittings	37,611	29,990
	142,494	124,838

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. 888,929,000 (2017 - 877,096,000). Cash payments amounting to Rs. 802,201,000 (2017 - 877,096,000) 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. (2017 - 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. (2017 - 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 2018. 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. (2017 - Nil)

7.10 Temporarily idle Property, Plant and Equipment

There were no temporarily idle property as at the year ended 31st December 2018. (2017 - Nil)

8. INVESTMENT PROPERTIES

	2018 Rs.'000	2017 Rs.'000
At 1 January 2018	133,000	155,000
Disposal	-	(22,000)
At 31 December 2018	133,000	133,000

Revaluation of Investment Properties

The Investment Properties were revalued on 31st December 2018 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.

Notes to the Financial Statements

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/-	-	37,500	37,500	31/12/2018
583/63, Liyanagemulla, Seeduwa		A-2-R- 2-P-21.5	Cost Approach	Price per perch & Price per Sq ft	Rs.450,000/-	95,500	-	95,500	31/12/2018
Sub Total						95,500	37,500	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
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Market Comparable Method

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property in this process outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

Price per perch for Land

Estimated fair value would increase (decrease) if; Price per perch increases (decreases) Price per square foot increases (decreases) Depreciation rate for building (decreases)/increases

Investment Method

This method involves capitalisation of the expected rental income at an appropriate Rate of years purchase currently characterised by the real estate market.

Gross Monthly Rental
Years

Estimated fair value would increase (decrease) if; Gross Annual Rental increases (decreases) Years Purchase increases (decreases) Void Period (decrease) / increases

9&10 FINANCIAL INSTRUMENTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial instruments are summarised by categories as follows:

As at 31 December	Note	2018 Rs.'000	2017 Rs.'000
Loans and Receivables (L&R)	9	5,591,576	3,079,758
Available-for-sale Financial Assets (AFS)	10	6,162,375	8,194,889
Total Financial Instruments		11,753,951	11,274,647

The following table compares the fair values of the financial instruments to their carrying values:
Available-for-sale Financial Assets (AFS) have been valued at fair value and Loans and Receivables (L&R) are valued at amortized cost.

As at 31 December	Note	2018		2017	
		Carrying Value Rs.'000	Fair Value Rs.'000	Carrying Value Rs.'000	Fair Value Rs.'000
Loans and Receivables (L&R)	9	5,591,576	5,587,422	3,079,758	3,079,758
Available-for-sale Financial Assets (AFS)	10	6,162,375	6,162,375	8,194,889	8,194,889
Total Financial Instruments		11,753,951	11,749,797	11,274,647	11,274,647

9. Loans and Receivables (L&R)

As at 31 December	Note	2018 Rs.'000	2017 Rs.'000
Staff Loans	9.a	116,412	91,453
Term Deposits	9.b	5,475,164	2,988,305
Total Loans and Receivables at Amortised Cost		5,591,576	3,079,758

9.(a) Staff Loans

As at 31 December	2018 Rs.'000	2017 Rs.'000
At 1 January 2018	91,453	270,037
Loans Granted	395,700	388,870
Recoveries	(370,025)	(224,790)
Interest income	10,667	3,938
Deferred staff benefit adjustment	(11,383)	(22,602)
Loan portfolio Disposal	-	(324,000)
At 31 December 2018	116,412	91,453

Notes to the Financial Statements

9.(b) Term Deposits

As at 31 December	2018 Rs.'000	2017 Rs.'000
Licensed Commercial Banks & Specialised Banks	5,432,491	2,961,306
Registered Finance Companies	42,673	26,999
	5,475,164	2,988,305

Details on pledged deposits are provided in note number 38

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

As at 31 December	Note	2018 Rs.'000	2017 Rs.'000
Treasury Bond & Bills		3,335,083	5,559,641
Unquoted Share Investment	10.a	761,781	732,820
Quoted Debentures	10.b	1,774,915	1,155,565
Quoted Share Investment	10.c	244,734	309,252
Unit Trust Investments	10.d	45,862	437,611
Total Available-For-Sale Financial Assets at Fair Value		6,162,375	8,194,889

10.(a) Unquoted Share Investment

Available-For-Sale Financial Assets (AFS)	2018 Number of Shares	Fair Value Rs.'000	2017 Number of Shares	Fair Value Rs.'000
Ultratech Cement Lanka (Pvt) Ltd	9,000,000	761,781	9,000,000	732,820
Total Financial Instruments		761,781		732,820

10.(b) Quoted Debentures

As at 31 December		2018 Rs.'000	2017 Rs.'000
Sampath Bank PLC	12.5% 2,500,000 Debentures redeemable on 20/03/2023	258,208	-
Seylan Bank PLC	12.85%, 2,000,000 Debentures redeemable on 29/03/2023	205,165	-
Seylan Bank PLC	15.5% 1,000,000 Debentures redeemable on 15/02/2018	-	113,587
People's Leasing & Finance PLC	16.5% 500,000 Debentures redeemable on 19/03/2018	-	57,489
Commercial Bank PLC	10.75% 1,500,000 Debentures redeemable on 28/02/2021	150,627	155,697
Seylan Bank PLC	13% 451,600 Debentures redeemable on 04/07/2021	47,992	49,526
Commercial Bank PLC	12% 1,316,100 Debentures redeemable on 19/10/2021	132,881	135,432
People's Leasing & Finance PLC	12.6% 2,000,000 Debentures redeemable on 16/11/2021	203,297	214,199
Bank of Ceylon	13.25% 3,000,000 Debentures Redeemable on 20/12/2021	305,428	325,401
DFCC Bank PLC	12.6% , 1,500,000 Debentures redeemable on 29/03/2023	164,401	-
Commercial Bank PLC	12% 2,007,900 Debentures redeemable on 22/07/2023	206,841	-
Sampath Bank PLC	12.50% 1,000,000 Debentures Redeemable on 22/12/2022	100,075	104,234
		1,774,915	1,155,565

10.(c) Quoted Share Investment

Available-For-Sale Financial Assets (AFS)	2018		2017	
	Number of Shares	Fair Value Rs.'000	Number of Shares	Fair Value Rs.'000
Hotels and Travels				
Taj Lanka Hotels PLC	13,000	169	13,000	207
Eden Hotel Lanka PLC	16,158	218	16,158	229
Aitken Spence Hotels Holdings PLC	4,100	111	4,100	121
Renuka City Hotel PLC	1,812	462	1,812	498
Sector Total		960		1,055
Banks, Finance and Insurance				
Amana Takaful PLC	325,000	221	325,000	260
Nation Lanka Finance PLC	67,172	40	67,172	74
Pan Asia Banking Corporation PLC	10,000	148	10,000	157
The Finance Company PLC	1,875,000	2,063	1,875,000	9,750
Citizen Development Business Finance PLC	1,853,287	152,694	1,853,287	117,498
LOLC Finance PLC	100,000	340	100,000	370
Peoples Leasing & Finance PLC	50,000	815	20,000	340
Sector Total		156,321		128,449
Beverage Foods and Tobacco				
Renuka Agri Foods PLC	125,000	263	125,000	325
Sector Total		263		325
Telecommunication				
Sri Lanka Telecom PLC	10,000	235	10,000	285
Sector Total		235		285
Manufacturing				
Blue Diamond Jewellery Worldwide PLC	285,100	143	285,100	257
Royal Ceramics Lanka PLC	17,000	1,268	17,000	1,947
Access Engineering PLC	46,000	649	36,000	835
Lankem Ceylon PLC	1,500	36	1,500	60
Haycarb PLC	241	30	241	36
Lanka Ceramic PLC	718	94	783	117
Lanka Walltile PLC	91	6	-	-
Dipped Product PLC	4,000	340	4,000	340
Kelani Tyres PLC	11,176	402	11,176	496
Ceylon Grain Elevators PLC	24,000	1,428	24,000	1,586
ACL Cables PLC	24,600	910	24,600	1,043
Lanka Tiles PLC	15,000	1,097	15,000	1,725
Hayleys Management Knitting Mills PLC	30,000	276	30,000	405
Alumex PLC	15,000	203	15,000	278
Sector Total		6,882		9,125

Notes to the Financial Statements

Available-For-Sale Financial Assets (AFS)	2018		2017	
	Number of Shares	Fair Value Rs.'000	Number of Shares	Fair Value Rs.'000
Diversified Holdings				
Vallibel One PLC	15,000	255	15,000	266
Browns Investments PLC	20,000,000	38,000	20,000,000	52,000
Renuka Holdings PLC	26,222	443	26,222	629
Hayleys PLC	1,000	187	1,000	241
MDT Walkers PLC	62,200	684	62,200	1,437
Lanka Century Investment PLC	9,443,196	39,661	9,443,196	114,262
Expo Lanka Holdings PLC	75,000	300	75,000	398
Sector Total		79,530		169,233
Investment and Trust				
Ceylon Guardian Investment Trust PLC	1,516	105	1516	129
Sector Total		105		129
Trading				
Singer Sri Lanka (PLC)	15,000	438	15,000	651
Sector Total		438		651
		244,734		309,252

10.(d) Unit Trust Investments

	2018		2017	
	Number of Shares	Carrying Value Rs.'000	Number of Shares	Carrying Value Rs.'000
ASTRUE Gilt-Edged Fund	-	-	28,522,099	349,313
ASTRUE Money Market Fund	-	-	995,314	11,944
Guardian Acuity Fixed Income Fund	-	-	415,083	51,762
ASTRU Alpha Fund	5,683,912	45,862	2,753,698	24,592
		45,862		437,611

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

	Loans and Receivables Rs.'000	Available- For-Sale Rs.'000	Total Rs.'000
At 1st January 2018	3,079,758	8,194,889	11,274,647
Purchases	4,523,514	115,789,174	120,312,689
Disposals	(2,057,402)	(117,675,455)	(119,732,857)
Fair value gains recorded in the income statement	(10,667)	-	(10,667)
Fair value gains recorded in other comprehensive income	-	(202,562)	(202,562)
Foreign exchange adjustment	46,422	56,329	102,751
Amortisation adjustment	9,951	-	9,950
At 31 December 2018	5,591,576	6,162,375	11,753,951

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements (i.e., loans and receivables).

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

For quoted debt instruments the fair values are determined based on quoted market prices.

For unquoted equity investments have been fair valued using Dividend growth method.

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

Notes to the Financial Statements

10.(f) Determination of Fair Value and Fair Values Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

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

		2018				2017			
	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	10	244,734	-	761,781	1,006,515	309,252	-	732,820	1,042,072
Unit trust	10	-	45,862	-	45,862	-	437,611	-	437,611
Debt Securities	10	5,109,998	-	-	5,109,998	6,715,206	-	-	6,715,206
Total Financial Assets		5,354,732	45,862	761,781	6,162,375	7,024,458	437,611	732,820	8,194,889
Non Financial Assets									
Land and Buildings	7	-	-	1,654,956	1,654,956	-	-	1,675,555	1,675,555
Investment Properties	8.1	-	-	133,000	133,000	-	-	133,000	133,000
Total Non Financial Assets		-	-	1,787,956	1,787,956	-	-	1,808,555	1,808,555
Total Financial and Non Financial Assets		5,354,732	45,862	2,549,737	7,950,331	7,024,458	437,611	2,541,375	10,003,444

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

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

	Note	At 1 January 2018 Rs.'000	Total gains/ (loss) recorded in comprehensive income Rs.'000	Additions/ Disposals Rs.'000	Accumulated Depreciation Rs.'000	At 31 December 2018 Rs.'000
Financial Assets						
Available-For-Sale Financial Assets:						
Equity Securities	10.(a)	732,820	28,961	-	-	761,781
Total Level 3 Financial Assets		732,820	28,961	-	-	761,781
Non Financial Assets						
Land and Buildings	7	1,675,555	-	723	(21,322)	1,654,956
Investment Properties	8.1	133,000	-	-	-	133,000
Total Level 3 Non-Financial Assets		1,808,555	-	723	(21,322)	1,787,956
Total Level 3 Financial and Non-Financial Assets		2,541,375	28,961	723	(21,322)	2,549,737

10.(h) In case of change in assumptions such as dividends growth rate having 10% variation, the effect to Other comprehensive income could be as follows:

	Carrying Amount 31/12/2018 Rs.'000	Effect of Possible Alternate Assumptions Rs.'000	Carrying Amount 31/12/2017 Rs.'000	Effect of Possible Alternate Assumptions Rs.'000
Equity Securities	761,781	76,178	732,820	73,282
	761,781	76,178	732,820	73,282

10.(i) Financial Instruments not under the fair value measurement hierarchy

The following is a list of financial instruments which have not been considered under the fair value measurement hierarchy, because the carrying amount of those financial instruments is a reasonable approximation of fair value since they are short-term in nature or re - prise to current market rates frequently.

Assets

Cash and Cash Equivalents
Term deposits and Repo
Reinsurance Receivables
Premium Receivables

Liabilities

Reinsurance Creditors
Other Liabilities (Excluding Government Levies and Accruals)

Notes to the Financial Statements

11. GRATUITY BENEFIT ASSET

This note indicates the assumptions used and the movement in the employee benefit plan. As at 31 December 2018 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:

	2018 Rs.'000	2017 Rs.'000
Current Service Cost	86,702	68,867
Interest Cost on Benefit Obligation	184,194	171,673
Expected return on Plan Assets	(245,704)	(256,945)
	25,192	(16,405)
Net Actuarial gain/ (loss) recognised in the Other Comprehensive Income	118,079	(246,027)

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

	Note	2018 Rs.'000	2017 Rs.'000
Present value of the Defined Benefit Obligation	11.2	1,774,978	1,754,231
Fair value of Plan Assets	11.3	(2,597,584)	(2,340,038)
Total Net Defined Benefit Asset		(822,607)	(585,808)

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

	2018 Rs.'000	2017 Rs.'000
At 1 January 2018	1,754,231	1,430,608
Current Service Cost	86,702	68,867
Interest Cost	184,194	171,673
Benefits Paid	(143,912)	(104,828)
Actuarial (gains)/ losses	(106,237)	187,911
At 31 December 2018	1,774,978	1,754,231

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

11.3 Gratuity Benefit Asset

The movement in the plan assets is as follows:

	2018 Rs.'000	2017 Rs.'000
At 1 January 2018	(2,340,038)	(2,141,209)
Expected Return on Plan Assets	(245,704)	(256,945)
Actuarial Gains/losses	(11,842)	58,116
At 31 December 2018	(2,597,584)	(2,340,038)

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

	2018 Rs.'000	2017 Rs.'000
Treasury Bonds/Bills	-	265,541
Investment in Shares	1,833,719	1,823,351
Corporate Debentures	-	13,750
Short term Investments	336,520	231,305
Other Assets	427,345	6,091
Total Plan Assets	2,597,584	2,340,038

Gratuity funds' plan assets include investment in equity shares of Ceylinco Insurance PLC,(the parent entity of the Company) market value amounting to Rs. 1,428,942,000/- (2017-1,823,351,000) 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:

	2018 Rs.'000	2017 Rs.'000
Future salary increases	10.00%	10.00%
Discount rate	12.13%	10.50%
Expected rate of return on plan assets	12.13%	10.00%
Retirement age	55 Years	55 Years

11.4 Changes in the defined benefit obligation and fair value of plant assets

Amount charged to Profit or Loss				Re-measurement Gains/(Losses) in Other Comprehensive Income								
	1-Jan-18	Service Cost	Net interest	Sub total included in profit or loss	Benefit paid	Return on plan assets (Excluding amounts included in net interest expenses)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI	Contribution by employers	31-Dec-18
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(1,754,231)	(86,702)	(184,194)	(270,896)	143,912	-	-	170,806	(64,569)	106,237	-	(1,774,978)
Fair value of Plan Assets	2,340,038	-	-	-	-	245,704	-	-	11,842	11,842	-	2,597,584
Benefit Assets/ Liability	585,808	(86,702)	(184,194)	(270,896)	143,912	245,704	-	170,806	(52,727)	118,079	-	822,607

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 2018 is shown below:

	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	(87,265)	100,085	101,178	(89,603)	15,847	(17,744)
Following payments are expected contributions to the defined benefit plan obligation on the future years.						
	2018 Rs.'000		2017 Rs.'000		2017 Rs.'000	
Within the next 12 Months			761,504		694,349	
Between 2 and 5 Years			329,703		325,642	
Between 5 and 10 Years			674,846		863,087	

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

12. EMPLOYEE PENSION BENEFIT ASSET

Amount charged to Profit or Loss						Re-measurement Gains/(Losses) in Other Comprehensive Income						
		Service Cost	Net interest	Sub total included in profit or loss	Benefit paid	Return on plan assets (Excluding amounts included in net interest expenses)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI	Contribution by employers	31-Dec-18
	1-Jan-18	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(1,057,693)	(3,109)	(82,575)	(85,684)	73,719	-	-	7,261	(65,110)	(57,849)	-	(1,127,507)
Fair value of Plan Assets	2008,635	-	-	-	(73,719)	211,528	195,415			195,415	70,306	2,412,165
Total recognised benefit (liability) / Asset	950,941	(3,109)	(82,575)	(85,684)	-	211,528	195,415	7,261	(65,110)	137,566	70,306	1,284,657

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:

		2018	2017
Discount Rate		8% - 12.04%	8% - 10.5%
Rate of Return on Plan Assets		12.04%	10.5%
Salary Escalation Rate	Current Scheme A & B Scheme C	0%	0%
Attrition Rate		10%	10%
Retirement Age	Scheme A & B Scheme C	0%	1%
		60 Yrs	60 Yrs
		55 Yrs	55Yrs
Mortality Table		IALM 2006-08	IALM 2006-08

Notes to the Financial Statements

13. DEFERRED TAX ASSET

As at 31 December	Other Comprehensive Income		Income Statement		Statement of Financial Position	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
Temporary Difference from Retirement Benefit Liability	29,746	(52,615)	(35,556)	(37,999)	496,994	491,185
Temporary Difference from Property Plant and Equipment	-	-	(20,278)	59,649	(343,045)	(363,323)
Temporary Difference from Intangible Assets	-	-	(2,519)	(7,470)	13,630	11,110
Available-for-sale Financial Assets (AFS)	18,792	45,997	-	8,101	(64,789)	(45,997)
Temporary Difference from Allowance for Impairment	-	-	(301)	966	10,585	10,284
Revaluation Reserve	-	95,644	-	-	(95,644)	(95,644)
Deferred Tax Expense/(Income)	48,538	89,026	(58,654)	23,247		
Deferred Tax Asset					17,731	7,615

13.(a) Total Deferred Tax Assets

	2018 Rs.'000	2017 Rs.'000
At 1 January 2018	7,615	119,888
Amounts recorded in the income statement	58,654	(23,247)
Amounts recorded in other comprehensive income	(48,538)	(89,026)
At 31 December 2018	17,731	7,615

14. REINSURANCE RECEIVABLES

As at 31 December	2018 Rs.'000	2017 Rs.'000
Reinsurance receivable on paid claims	1,045,156	755,975
Reinsurance receivable on payable claims	2,004,797	2,420,232
Total Reinsurance Receivables	3,049,953	3,176,207

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.

15. **INSURANCE RECEIVABLES**

As at 31 December	2018 Rs.'000	2017 Rs.'000
Due from Policyholders	5,161,278	4,395,058
Due from Related Parties	9,046	13,440
Less : Allowance for impairment on Due from Policyholders	(37,802)	(36,728)
Total Insurance Receivables	5,132,522	4,371,770

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

As at 31 December	Below 60 days Rs.'000	Above 60 days Rs.'000	Total Rs.'000
2018	4,000,673	1,131,849	5,132,522
2017	3,485,049	886,721	4,371,770

16. **OTHER ASSETS**

As at 31 December	2018 Rs.'000	2017 Rs.'000
Inventories	26,771	28,322
Advances, Deposits & Prepayments	378,481	268,918
Gold	-	216
Deferred Staff Benefits	19,045	18,664
Other Receivables	42,751	14,370
	467,048	330,490

17. **CASH AND CASH EQUIVALENTS**

As at 31 December	2018 Rs.'000	2017 Rs.'000
Cash in hand	33,890	34,162
Cash at Bank with Licensed Commercial Banks	357,630	256,532
Total Cash and Cash Equivalents	391,520	290,694

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

Notes to the Financial Statements

18. STATED CAPITAL

As at 31 December	2018 Rs.'000	2017 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

	2018 Rs.'000	2017 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

	2018 Rs.'000	2017 Rs.'000
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 31 December	2018 Rs.'000	2017 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 31 December	Note	2018 Rs.'000	2017 Rs.'000
Non-Life Insurance Contracts	19.a	11,898,662	11,646,247
Total Insurance Contract Liabilities		11,898,662	11,646,247

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 2018 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.

19.(a) Non-Life Insurance Contract Liabilities

As at 31 December	Note	2018 Insurance Contract Liabilities Rs.'000	2017 Insurance Contract Liabilities Rs.'000
Provision for reported claims by policyholders		3,828,608	3,904,388
Provision for claims IBNR/IBNER		353,659	303,150
Outstanding claims provision	19.a.1	4,182,267	4,207,538
Provision for Unearned Premiums	19.a.2	7,716,395	7,438,709
Total Non Life Insurance Contract Liabilities		11,898,662	11,646,247
Non-life Technical Reserves		9,436,480	8,510,596

Notes to the Financial Statements

19.(a).i Outstanding Claims Provision

As at 31 December	2018			2017		
	Insurance Contract Liabilities Rs.'000	Reinsurance of Liabilities Rs.'000	Net Rs.'000	Insurance Contract Liabilities Rs.'000	Reinsurance of Liabilities Rs.'000	Net Rs.'000
At 1 January 2018	4,207,538	3,176,207	1,031,331	4,497,740	3,831,541	666,199
Claims incurred in the current accident year	9,067,034	1,668,573	7,161,005	9,907,925	2,396,995	7,510,930
Other movements in claims incurred in prior accident years	362,256	238,200	362,256	(951,687)	(812,185)	(139,502)
Claims paid during the year	(9,454,561)	(2,033,027)	(7,422,278)	(9,246,440)	(2,240,144)	(7,006,296)
At 31 December 2018	4,182,267	3,049,953	1,132,314	4,207,538	3,176,207	1,031,331

Reinsurance receivable on paid claims are included under above Reinsurance receivables are amounting to Rs.1,045,156,000 (Rs.755,975,000/- in 2017).

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

	2018 Insurance Contract Liabilities Rs.'000	2017 Insurance Contract Liabilities Rs.'000
At 1 January	7,438,709	6,937,417
Premiums written in the year	14,470,223	13,710,727
Premiums earned during the year	(14,192,537)	(13,209,435)
At 31 December	7,716,395	7,438,709

20. DEFERRED REVENUE

As at 31 December	2018 Rs.'000	2017 Rs.'000
SRCC/TC RI Commission Payable	91,072	77,174
Foreign RI Commission Provision	200,521	150,330
	291,593	227,504

20.(a) Movement of Deferred Revenue

As at 31 December	2018 Rs.'000	2017 Rs.'000
At 1 January	227,504	199,089
Revenue Deferred	681,060	519,556
Amortisation	(616,971)	(491,141)
At 31 December	291,593	227,504

21. REINSURANCE PAYABLE

As at 31 December	2018 Rs.'000	2017 Rs.'000
Domestic Reinsurer - National Insurance Trust Fund (NITF)	208,385	197,530
Domestic Reinsurers - Others	10,823	8,649
Foreign Reinsurers	1,319,851	1,395,074
	1,539,059	1,601,253

22. OTHER LIABILITIES

As at 31 December	2018 Rs.'000	2017 Rs.'000
Agency Commission Payable	715,600	609,361
Government Levies	303,589	273,740
Other Creditors	1,264,177	1,032,685
Accrued Expenses	233,528	234,208
	2,516,894	2,149,994

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.
All amounts are payable within one year.

Notes to the Financial Statements

23. NET PREMIUMS

Year Ended 31 December	Note	2018 Rs.'000	2017 Rs.'000
Gross premiums on insurance contracts	23.a	19,186,707	17,976,991
		19,186,707	17,976,991

Year Ended 31 December	Note	2018 Rs.'000	2017 Rs.'000
Premiums ceded to reinsurers on insurance contracts	23.b	4,716,483	4,266,264
		4,716,483	4,266,264

23.a Gross Written Premium

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

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Fire	2,121,681	1,956,803
Motor	11,314,068	10,961,929
Marine	627,784	596,975
Miscellaneous	2,918,263	3,370,905
Engineering	2,013,984	905,366
Employers' Liability	190,927	185,013
	19,186,707	17,976,991

The Gross written premium of 2018 includes Rs.27,715,703 and US\$ 124,315 (2017-Rs.36,351,499 and US\$ 131,535) which are collected on behalf of co-insurance partners.

23.b Premium Ceded to Reinsurers

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Fire	1,969,686	1,569,653
Motor	481,934	826,332
Marine	286,387	270,482
Miscellaneous	1,340,722	964,320
Engineering	622,070	620,591
Employers' Liability	15,684	14,886
	4,716,483	4,266,264

National Insurance Trust Fund		
Compulsory Reinsurance Cessions	737,868	584,919
Strike , Riots, Civil Commotion	1,001,372	908,568
Foreign Reinsurers	2,929,841	2,716,620
Local coinsurance partners	47,402	56,157
	4,716,483	4,266,264

23.c Net Income

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Net Earned Premium	14,192,538	13,209,435
Other Revenue	2,367,828	2,029,509
	16,560,366	15,238,944

24. FEES AND COMMISSION INCOME

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Reinsurance Commission Income	681,060	519,556
Total Fees and Commission Income	681,060	519,556

25. INVESTMENT INCOME

Year Ended 31 December	Note	2018 Rs.'000	2017 Rs.'000
Available-for-Sale Financial Assets			
Interest Income	25.a	675,451	834,631
Dividend Income	25.b	55,892	95,086
Loans and Receivables - Interest Income		393,986	192,368
Interest Income from Staff Loan		10,700	3,938
Other Operating Revenue		399,668	251,795
Total Investment Income		1,535,697	1,377,818

25.a Available-for-sale financial assets

Interest Income			
Debenture Interest		189,338	130,099
Repo Income		55,343	28,021
Treasury Bill & Bonds Income		430,770	676,511
		675,451	834,631

25.b Dividend Income

Dividend Income-Quoted Investment	20,568	71,271
Income from unit trusts	35,324	23,815
	55,892	95,086

26. REALISED GAINS

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Property, Plant and equipment		
Realised gains	134,722	121,105
Available-for-sale financial assets		
Realised gains		
Equity securities	(11)	1,983
Debt securities	16,360	9,047
Total realised gains for available-for-sale financial assets	16,349	11,030
Total realised gains	151,071	132,135

Notes to the Financial Statements

27. NET BENEFITS AND CLAIMS

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
(a) Gross Benefits and Claims Paid		
Non-life insurance contracts	9,454,561	9,246,441
Total Gross Benefits and Claims Paid	9,454,561	9,246,441
(b) Claims Ceded to Reinsurers		
Non-life insurance contracts	(2,033,027)	(2,240,144)
Total Claims Ceded to Reinsurers	(2,033,027)	(2,240,144)
(c) Gross Change in Contract Liabilities		
Change in non-life insurance contract outstanding claims provision	(24,526)	(290,202)
Total Gross Change in Contract Liabilities	(24,526)	(290,202)
(d) Change in Contract Liabilities Ceded to Reinsurers		
Change in non-life insurance contract outstanding claims provision	126,253	655,334
Total Change in Contract Liabilities Ceded to Reinsurers	126,253	655,334
Net Benefits and claims	7,523,261	7,371,429

Non - Life Net Claims Incurred

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Gross Claims Incurred	9,430,035	8,956,238
Reinsurance Recoveries	(1,906,774)	(1,584,809)
Total Net Claims Incurred	7,523,261	7,371,429

The analysis by major classes of business is as follows-non-life

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Fire	390,983	807,312
Motor	5,530,800	4,862,898
Marine	96,167	77,943
Miscellaneous	1,294,059	1,325,031
Engineering	172,649	251,883
Employer's Liability	38,603	46,362
	7,523,261	7,371,429

28. ACQUISITION COSTS

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Fees and Commission Expenses	1,780,557	1,722,062
Deferred Expenses	(65,252)	(79,118)
	1,715,305	1,642,944

29. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Year Ended 31 December	Notes	2018 Rs.'000	2017 Rs.'000
Amortisation of Intangible Assets	5	69,096	68,761
Depreciation on Property Plant and Equipment	7	354,211	269,598
Other Operating Expenses		976,928	914,578
Auditors' Remuneration - Fees		4,200	4,140
Employee Benefits Expense	29(a)	2,735,405	2,495,519
Selling Expenses		763,313	685,223
Legal Expenses		8,357	14,613
Donations		22,344	22,344
Total Other Operating and Administrative Expenses		4,933,854	4,474,776

29.(a) Employee Benefits Expense

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Wages and Salaries including Bonus & Incentives	2,320,950	2,130,156
Employees' Provident Fund	203,498	184,876
Employees' Trust Fund	50,769	46,148
Defined Gratuity Benefit & Pension Costs	(100,652)	(109,275)
Other Staff related Cost	260,840	243,614
Total Employee Benefits Expense	2,735,405	2,495,519

30. FINANCE COSTS

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Other Finance Charges	52,124	47,144
Total Finance Cost	52,124	47,144

Notes to the Financial Statements

31. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2018 is:

31.(a) Current Year Tax Charge

Year Ended 31 December	Notes	2018 Rs.'000	2017 Rs.'000
Current Tax			
Income tax		610,779	316,659
Over/under provision in respect of previous year		(1,183)	(44,006)
Total Current Tax		609,596	272,653
Deferred Tax			
Origination of temporary differences	13 (a)	(58,654)	23,247
Total Income Tax Expense		550,942	295,900

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

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Deferred Tax	(48,538)	(89,026)
Total tax charge to Other Comprehensive Income	(48,538)	(89,026)

31.(c) Reconciliation of Tax Charge

Reconciliation of Effective Tax Rate

	2018 Rs.'000	2017 Rs.'000
Profit for the period	1,784,880	1,406,751
Total income tax expense	550,941	295,900
Profit liable for income tax	2,335,821	1,702,651
Income tax using the Company's domestic tax rate (2018-28% 2017 -28%)	654,030	476,742
Tax exempt income	(65,120)	(135,237)
Net non-deductible/(deductible) expenses	21,869	(7,200)
Tax savings on current tax loss	-	(15,967)
Tax effect on Qualifying payments	-	(1,680)
Over / (Under) Provision of Previous Years	(1,183)	(44,006)
	609,596	272,653

31.(d) INCOME TAX EXPENSE

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	2018 Rs.'000	2017 Rs.'000
Profit for the year (Rs.'000)	1,784,880	1,406,751
Weighted Average Number of Ordinary Shares ('000)	2,501	2,501
Basic/Diluted Earnings per Ordinary Share (Rs.)	713.67	562.48

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

Year Ended 31 December	2018 Rs.'000	2017 Rs.'000
Interim Dividend Paid (Rs.000)	-	-
Final Dividend Paid (Rs.'000)	417,667	267,607
	417,667	267,607
No. of Shares in issue for the year	2,501,000	2,501,000
Dividend per share (Rs.)	167.00	107.00

The Board of Directors has paid dividend of Rs.167.00 per share for the year ended 31st December, 2018 which is to be approved by the shareholders at the Annual General Meeting to be held on 22 March 2019 .

Under the Inland Revenue Act, No. 24 of 2017, a withholding tax of 14% has been imposed on dividends declared

34. INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

Year Ended 31 December	2018 Tax			2017 Tax		
	Before tax amount Rs.'000	(expense) benefit Rs.'000	Net of tax amount Rs.'000	Before tax amount Rs.'000	(expense) benefit Rs.'000	Net of tax amount Rs.'000
Net gain/(loss) on Available-for-sale financial assets	(203,493)	(18,792)	(222,285)	262,230	(45,997)	216,233
Actuarial gain on defined benefit plans	255,686	(29,746)	225,940	(229,035)	52,615	(176,420)
Revaluation surplus/(Deficit) during the year	-	-	-	-	(95,644)	(95,644)
Total	52,193	(48,538)	3,655	33,195	(89,026)	(55,831)

35. RISK MANAGEMENT FRAMEWORK

(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.

(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, under the parallel run requirements of IBSL 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.

	2018 Rs.'000	2017 Rs.'000
Available capital resources		
Total equity	11,145,323	9,774,455
Adjustments onto a regulatory basis	(5,249,211)	(4,642,734)
Available capital resources	5,896,112	5,131,721

The adjustments onto a regulatory basis represent assets inadmissible for regulatory reporting purposes.

(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.

IRCSL ensures that the Company maintains required solvency position to meet future liabilities. The Company successfully implemented the Risk Based Capital (RBC) framework on solvency margin as required by IRCSL.

The capital positions of the Company as of 31st December 2018 and 2017 are as follows.

	Total Available Capital (TAC) Rs.000	Minimum Capital Requirement Rs.000	Risk-based Capital Adequacy Ratio (CAR)	Regulatory Minimum CAR
31st December 2018	5,896,112	3,026,609	195	120
31st December 2017	5,131,721	2,703,494	190	120

(d) Asset Liability Management (ALM) Framework

ALM is the ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve an organization's financial objectives, given the organization's risk tolerance and other constraints. ALM deals with the optimal investment of assets in view of meeting current goals and future liabilities.

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

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

36. INSURANCE AND FINANCIAL RISK

(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).1 Insurance contracts

The non-life insurance principally issues the following types of general insurance contracts: motor, marine, engineering, fire, suwa sampatha and miscellaneous products. Risks under non-life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from accidents, climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the non-life. Further on the spot claims settlement procedures also helps to reduce the exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The non-life has also limited its exposure by arranging reinsurance contracts with rated Reinsurers internationally.

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence; changes in market factors such as public attitude to claiming; economic conditions; as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Notes to the Financial Statements

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 IBSL 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	2018 Rs.'000	2017 Rs.'000
Financial Instruments			
Loans and Receivables			
Debt Securities	9 (b)	5,475,164	2,988,305
Other	9 (a)	116,412	91,453
		5,591,576	3,079,758
Available-for-sale Financial Assets			
Equity Securities	10	1,006,515	1,042,072
Unit trust	10	45,862	437,611
Debt Securities	10	5,109,998	6,715,206
		6,162,375	8,194,889
Other Assets			
Reinsurance Receivables	12	3,049,953	3,176,207
Insurance Receivables	15	5,132,522	4,371,770
Cash and Cash Equivalents	17	391,520	290,694
		8,573,995	7,838,671
Total Credit Risk Exposure		20,282,084	19,113,318

36. INSURANCE & FINANCIAL RISK

Industry Analysis

31 December 2018	Financial Services Rs.'000	Government Rs.'000	Services Rs.'000	Manufacturing and Power Rs.'000	Others Rs.'000	Total Rs.'000
Assets						
Loans and Receivables						
Term Deposits	5,475,164	-	-	-	-	5,475,164
Staff and vehicle Loans	-	-	-	-	116,412	116,412
	5,475,164	-	-	-	116,412	5,591,576
Available-for-sale Financial Assets						
Equity Securities	234,342	-	1,879	768,663	1,631	1,006,515
Debt Securities	1,774,915	3,335,083	-	-	-	5,109,998
Unit Trust	45,862	-	-	-	-	45,862
	2,009,257	3,335,083	1,879	768,663	1,631	6,162,375
Total Credit Risk Exposure	7,484,421	3,335,083	1,879	768,663	118,043	11,753,951
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	2,988,305	-	-	-	-	2,988,305
Staff and vehicle Loans	-	-	-	-	91,453	91,453
	2,988,305	-	-	-	91,453	3,079,758
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	4,438,976	5,559,641	2,777	741,945	93,697	11,274,647

36. INSURANCE & FINANCIAL RISK (CONTD.)

The below table indicates the rating of investments as at 31st December 2017 & 2018.

31 December 2018	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	B	Not rated	Total
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Instruments															
Loans and Receivables	507,123	1,411,247	-	627,575	579,293	-	2,307,253	-	-	31,644	-	-	-	127,441	5,591,576
Available-for-sale Financial Assets															
Equity securities	-	1,488	-	-	-	-	152,842	-	-	-	-	-	-	852,185	1,006,515
Debt securities	3,335,083	305,430	-	858,047	358,326	-	253,157	-	-	-	-	-	-	-	5,109,998
Unit trust	-	-	-	-	-	-	-	-	-	-	-	-	-	45,862	45,862
Total	3,842,206	1,718,165	-	1,485,622	937,619	-	2,560,410	152,842	-	31,644	-	-	-	1,025,443	11,753,951

31 December 2017	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	B	Not rated	Total
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Instruments															
Loans and Receivables	-	505,856	-	-	284,498	5,125	1,745,762	-	31,125	6,971	-	-	-	500,421	3,079,758
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	1,102,945	-	291,128	284,498	5,125	2,013,109	-	31,125	6,971	-	-	-	1,980,104	11,274,647

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 IBSL guidelines.
- The investment committee reviews the liquidity levels and take appropriate actions to improve the liquidity
- Efficient forecasting of future commitments and making investments to meet the pay-outs, mitigate any possible liquidity concerns.

36.(c).1 Maturity analysis for financial assets and financial liabilities

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

As at 31 December 2018	Up to 3 years	Above 3 years	Total
Financial Assets			
Financial Instrument			
Measured at Fair Value	5,591,576	-	5,591,576
Measured at Amortized Cost	4,175,308	1,987,067	6,162,375
Reinsurance Receivable	3,049,953	-	3,049,953
Insurance Receivable	5,132,522	-	5,132,522
Other Assets	467,048	-	467,048
Cash and Cash Equivalents	391,520	-	391,520
Total Financial Assets	18,846,614	2,035,209	20,881,823
Financial Liabilities			
Reinsurance Payable	1,539,059	-	1,539,059
Other Liabilities	2,516,894	-	2,516,894
Total Financial Liabilities	4,055,953	-	4,055,953
Total excess liquidity	14,790,661	2,035,209	16,825,870

As at 31 December 2017	Up to 3 years	Above 3 years	Total
Financial Assets			
Financial Instrument			
Measured at Fair Value	5,730,717	-	8,194,889
Measured at Amortized Cost	2,988,305	2,464,172	3,079,758
Reinsurance Receivable	3,176,207	91,453	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	16,859,861	2,555,625	19,415,486
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	13,108,614	2,555,625	15,664,239

Notes to the Financial Statements

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.

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.

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The company's interest risk policy identifies the volatile nature of Sri Lankan interest rate environment. Therefore the company closely monitors the re-investment calendar of the investment fund and obtains internal and external expert opinion on the behaviour of interest rate environment in taking re-investment decisions.

Company maintains mix of short term and long term asset mix and also maintains interest rate sensitive and Inflation rate sensitive asset classes in managing the interest rate risk. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

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

(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))

(b) Capital commitments

There are no capital commitments as at year end.

The Company has entered into commercial leases on certain property and equipment. These leases have an average life of between three and five years, with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into the leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

	2018 Rs.'000
Within one year	72,921
After one year but not more than five years	122,196
Total operating lease rentals payable	195,117

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 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	2018 Rs.'000	2017 Rs.'000
Short-term employee benefits received from the Company (Salaries, Bonus, Medical expenses etc.)	309,141	296,578
Other Long term/Post Employment/Statutory Benefits (EPF, ETF, Gratuity & Pension)	122,174	119,574

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	2018 Rs.	2017 Rs.
Aggregate amounts of premium received from the companies under normal terms of insurance contracts	152,852,940	109,017,430
Aggregate amounts of claim paid to the companies under normal terms of insurance contracts	62,435,723	42,628,650

39.2.1 Other Transactions with Related Parties

39.2.1.a Transactions with Parent

Year Ended 31 December	2018 Rs.	2017 Rs.
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a)	Ceylinco Insurance PLC		
	Nature of Transaction		
	Dividends paid	417,667,000	377,601,000

39.2.1.b Transactions with Affiliates

Year Ended 31 December		2018 Rs.	2017 Rs.
a)	Ceylinco Investcorp (Pvt) Ltd		
	Nature of Transaction		
	Premium Income	119,278	144,058
	Fund Management Fees	1,755,000	1,620,000
	Loan portfolio disposal	-	324,000,000
b)	Ceylinco Life Insurance Limited		
	Nature of Transaction		
	Premium Income	50,480,209	37,278,993
	Claims paid	25,403,064	15,370,559
	Rent Expenses	19,993,490	29,637,884
	Premium Receivable	871,899	3,264,263
	Life Insurance Premium Expense	10,174,510	9,072,181
c)	CEG Education Holdings (Pvt) Ltd		
	Nature of Transaction		
	Premium Income	443,227	423,900
d)	American Education Center Ltd		
	Nature of Transaction		
	Premium Income	7,434,673	8,324,360
	Claims paid	2,755,817	2,680,176
e)	Ceyhydro Developers (Pvt) Ltd		
	Nature of Transaction		
	Premium Income	4,372,542	4,135,503
	Claims paid	252,128	2,811,795
	Premium Receivable	35,523	
f)	Ceypower Cascades (Pvt) Ltd		
	Nature of Transaction		
	Premium Income	1,759,344	1,773,783
	Claims paid	-	163,874

Notes to the Financial Statements

Year Ended 31 December		2018 Rs.	2017 Rs.
g)	International College of Business & Technology Ltd		
	Nature of Transaction		
	Premium Income	18,922,500	17,189,549
	Claims paid	3,792,517	2,250,072
h)	Energy Generators (Pvt) Ltd		
	Nature of Transaction		
	Premium Income	5,533,823	4,502,486
	Premium Receivable	25,921	15,470
	Claims Paid	59,670	36,297
i)	Citizen Development Business Finance PLC		
	Nature of Transaction		
	Commission	53,172,097	40,827,702
	Premium Income	42,152,948	22,634,739
	Claims Paid	20,570,816	13,002,824
	Premium Receivables	2,523,391	5,571,681
j)	Ceylinco Healthcare Services Ltd.		
	Nature of Transaction		
	Premium Income	3,524,960	3,105,747
	Premium Receivables	1,822,125	1,235,409
k)	Whycherley International School (Pvt) Ltd.		
	Nature of Transaction		
	Premium Income	735,300	-
	Claims paid	678,512	-
l)	CEC Events (Pvt) Ltd.		
	Nature of Transaction		
	Premium Income	498,665	-
m)	Gasworld (Pvt) Ltd.		
	Nature of Transaction		
	Premium Income	720,393	-
	Claims paid	463,182	-
	Premium Receivables	742,066	-

39.2.1.c Transactions with Related Companies

Name of the Company	Nature of Transaction	2018 Rs.	2017 Rs.
Ashyaki Holdings (Pvt) Ltd	Premium Income	66,305	71,249
Asset Trust Management (Pvt) Ltd	Premium Income	107,700	107,700
	Investments in Units	45,861,214	385,849,000
	Income from Unit Trust	32,541,554	23,815,000
	Claims paid	105,376	19,900
Industrial Gases (Pvt) Ltd	Premium Income	2,762,972	3,162,503
	Claims paid	1,466,297	1,750,424
	Premium Receivable	1,511,156	1,530,763
Ultratech Cement Lanka (Pvt) Ltd	Premium Income	11,524,409	6,122,398
	Claims paid	6,130,158	4,116,808
	Premium Receivable	1,267,664	1,585,149
Wealth Lanka Management (Pvt) Ltd	Premium Income	53,850	53,850
	Claims paid	-	15,187
Kavin Polymers (Pvt) Ltd.	Premium Income	1,639,843	1,381,475
	Claims paid	609,231	285,288
	Premium Receivables	246,442	237,112
Wealthtrust Securities (Pvt) Ltd.	Premium Income	-	378,920
	Claims paid	254,331	309,220

40. TEMPORARY EXEMPTION FROM SLFRS 9 -FINANCIAL INSTRUMENTS

The Company's activities are predominately connected with Insurance and therefore its permitted by SLFRS 9 temporary exemption to defer SLFRS 9 until adoption of IFRS 17 which is expected to be adopted in 2022.

As at balance sheet date % of insurance related liabilities 94%

As required by SLFRS 9 the minimum % to be eligible for the exemption 90%

41. RECLASSIFICATION OF COMPARATIVES

Interest Receivable which was included under Accrued Income has been reclassified under Financial Instruments for better presentation and fair valuation purposes.

Impact on the Statement of Financial Position as at 31 December 2017	Previously Reported Rs.'000	Reclassified Amount Rs.'000
Accrued Income	55,961	-
Financial Instruments		
Loans & Receivables	3,023,797	3,079,758

42. EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the 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.	7	COMMISSION Remuneration to an intermediary for services such as selling and servicing an insurer's products. This is one component of acquisition expenses.	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.
2	ACTUARY An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.	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.	14	INSURANCE PROVISION This comprises of the gross claims reserve unearned premium reserve net of re-insurance and the deferred acquisition expenses
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.	9	EARNED PREMIUM Written premium adjusted by the unearned premium reserve at the beginning and end of the accounting period.	15	NET COMBINED RATIO This ratio indicates the profitability of the insurer's operations by combining the net loss ratio with net expense ratio.
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.	10	EARNINGS PER SHARE Net Profits of the Company after tax divided by the Number of Ordinary shares in issue.	16	NET EARNED PREMIUM Gross Written Premium adjusted for the reinsurance incurred and for the increase or decrease in Unearned Premium.
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.	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.	17	NET EXPENSE RATIO A formula used by insurance companies to relate acquisition and other operating and administrative expenses to net earned premium. Formula : Acquisition and other operating and administrative expenses <hr/> Net Earned Premium
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.	12	GROSS WRITTEN PREMIUM Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.	18	NET LOSS RATIO A formula used by insurers to relate net claims incurred to net earned premium (i.e. after deducting relevant reinsurance)

	<p>Formula:</p> $\frac{\text{Net claims incurred}}{\text{Net earned Premium}}$	
19	<p>NET ASSETS PER SHARE</p> <p>Net assets attributable to Shareholders' equity divided by the number of Ordinary shares issued.</p>	<p>27 REINSURANCE PREMIUM</p> <p>The premium payable to the reinsurer.</p>
20	<p>NET WRITTEN PREMIUM</p> <p>Gross Written Premium less reinsurance premium</p>	<p>28 RETURN ON SHAREHOLDERS' EQUITY</p> <p>Profits after tax divided by the Capital employed as at Balance Sheet date.</p>
21	<p>NET CLAIMS INCURRED</p> <p>Claims incurred less reinsurance recoveries.</p>	<p>29 RETURN ON TOTAL ASSETS</p> <p>Profits after Tax divided by Total assets attributable to Shareholders.</p>
22	<p>NON LIFE INSURANCE</p> <p>Non Life Insurance and General Insurance have the identical meaning.</p>	<p>30 RISK BASED CAPITAL (RBC)</p> <p>An amount of capital based on an assessment of risks that company should hold to protect policy holders against adverse developments.</p>
23	<p>POLICY</p> <p>The printed document issued to the policyholder by the Company stating the terms of the insurance contract.</p>	<p>31 UNDERWRITING RESULT</p> <p>This is the profit generated purely from the Non life Insurance business without taking into account the investment income and other non- technical income and expenses.</p>
24	<p>PREMIUM</p> <p>The payment of one of the regular periodic payments that a policyholder makes to own an insurance policy.</p>	<p>32 UNEARNED PREMIUM / UNEARNED PREMIUM RESERVE</p> <p>It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.</p>
25	<p>REINSURANCE</p> <p>A method of insurance arranged by insurers to share the exposure of risks accepted.</p>	
26	<p>REINSURANCE COMMISSION</p> <p>Commission received or receivable in respect of premium paid or payable to a reinsurer.</p>	

Notes

[illegible]

Notice of Meeting

Notice is hereby given that the Fifth Annual General Meeting of the Shareholders of the Company will be held on Friday, 22nd March, 2019 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 2018 and the Report of the Auditors thereon.
4. To declare a Dividend for the year ended 31st December 2018.
5. To re-elect Mr. Upali Witharana who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
6. To re-elect Dr. Watuthanthrige Chakrine Jagath Alwis who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
7. To re-elect Mr. Shamil David Wanigaratne who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
8. To re-appoint Mr. Yu Kitai as a Director, who was appointed to the Board on 10th September, 2018 as per provisions of Article E. 21 (ii).
9. To authorise the Directors to determine payments for charitable purposes for the year 2019.
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

22 February 2019

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 19th March 2019.

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.cejlinco-insurance.com

Principal Activities

Underwriting of all classes of General Insurance

Auditors

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

Consulting Actuaries

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

Board of Directors

Mr. B.S.M. De Silva
Chairman - (Non-Executive Director)

Mr. H.D.K.P. Alwis FCIC
Managing Director - (Executive Director)

Mr. U. Witharana FCA, MBA, FCMA
Deputy Managing Director - (Executive Director)

Dr. W.C.J. Alwis BSc., FIII, FCII (Lond.), FloD (UK)
Chief Technical Officer - (Executive Director)

Mr. R.A. Gunathilake
Director-Branch Operations - (Executive Director)

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

Mr. E.M.M. Boyagoda MBA
(Non-Executive Director)

Dr. U.D. De Silva MBBS, FD (USA), FOM & T (USA), FAAD
("Independent" Non-Executive Director)

Mr. A.R.H. Fernando
("Independent" Non-Executive Director)

Mr. S.C.G. Guruge
("Independent" Non-Executive Director)

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

Mr. G.S. Sundararajan BEng. (Agri.)
(Non-Executive Director)

Dr. S.D. Wanigaratne D.Clin.Psych., FBPsS.
(Non-Executive Director)

Mr. C.P.A. Wijeyesekera
("Independent" Non-Executive Director)

Mr. H.D.A.N. Perera
(Executive Director)

Mr. Yu Kitai
(Non-Executive Director)
(Appointed with effect from 10th September 2018)

Company Secretary

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

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

Designed & produced by

emagewise

Digital Plates & Printing by Gunaratne Offset Ltd
Photography by Taprobane Street

