

IN TUNE ▶



Ceylinco General Insurance Limited
Annual Report 2015

At Ceylinco Insurance we have always been proud of our pedigree, our heritage and our constantly reaffirmed position as the Sri Lankan insurer of choice. Our belief in the pride and potential of every Sri Lankan gives great purpose to the work we do every day.

Today we celebrate our twenty-ninth year in business. Yet our history can be traced as far back as 1939, when the company was originally registered as the Ceylon Insurance Co., which was in fact, the first Ceylonese company ever registered.

IN TUNE ▶

WITH THE PEOPLE

Since 1987, Ceylinco Insurance PLC has been recognized as an iconic Sri Lankan corporate offering both General & Life insurance services; later, in 2015, segregating into Ceylinco General Insurance Ltd and Ceylinco Life Insurance Ltd, in line with new regulations.

The years have seen us grow and evolve in tune with the people and the country, strengthening our reach, expanding our influence and enriching the many lives we touch across the island. People are our inspiration and our strength. They are our partners - the investors, associates, communities, employees and customers we serve with integrity and care.

Ceylinco General Insurance Limited.
Fulfilling our purpose by staying in tune with the people.





Strings, Woodwind, Brass, Percussion. These are the instrument families that make up an orchestra. The instruments are very different yet related, together creating the fusion of sound and harmony that we enjoy as music. An orchestra is led by a conductor, guiding and directing the performance, bringing the music of diverse instruments together, setting the tempo and keeping time.

At Ceylinco Insurance we offer our audience of customers a symphony of insurance products and services that resonate with quality and value, brought together under the Ceylinco brand, directed and guided by our strong management team to deliver vibrant value and a harmonious year on year result, to every stakeholder we partner today.

Contents

Corporate Information	2	Board Audit Committee Report	51
Financial Highlights	3	Report of the Investment Committee	53
Chairman's Review	4	Statement of Directors' Responsibility	55
Managing Director's Review	7		
Board of Directors	12	Report of the Directors	58
		Report of the Directors (Annexure)	62
Management Discussion and Analysis	20	Actuarial Report	63
Branches	24	Report of the Auditors	64
Events of the Year	27	Statement of Financial Position	65
Corporate Social Responsibility	32	Income Statement	66
What Our Customers Say	34	Statement of Comprehensive Income	67
Corporate Management	35	Statement of Changes in Equity	68
Management Staff - Sales	37	Statement of Cash Flows	69
Management Staff	39	Insurance Revenue Account	70
Our Products	43	Notes to the Financial Statements	71
Reinsurance Arrangements	48	Notice of Meeting	120
Corporate Governance	49		

Corporate Information ►

Registered Office

“Ceylinco House”
No. 69, Janadhipathi Mawatha,
Colombo 1, Sri Lanka.

Company Registration Number

PB 5184

Legal Form

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

Main Place of Business

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

Principal Activities

Underwriting all classes of General Insurance.

Auditors

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

Consulting Actuaries

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

Board of Directors

Mr. B.S.M. De Silva

Chairman
- (Non-Executive Director)

Mr. H.D.K.P. Alwis F.C.I.C.

Managing Director
- (Executive Director)

Mr. U. Witharana A.C.A., M.B.A., F.C.M.A.

Deputy Managing Director
- (Executive Director)

Dr. W.C.J. Alwis B.Sc., F.I.I.I., F.C.I.I. (Lond.),

F.I.O.D. (U.K.)

Chief Technical Officer

- (Executive Director)

Mr. N.D. Nugawela F.C.I.C.

Chief Operations Officer
- (Executive Director)

Mr. R.A. Gunathilake

Deputy Chief Operations Officer
- (Executive Director)

Mr. K.D.A.S.R. Arsakularatne

B. Com. (Hons.)

- (Non-Executive Director)

Mr. E.M.M. Boyagoda M.B.A.

- (Non-Executive Director)

Dr. U.D. De Silva M.B.B.S., F.D. (U.S.A.),

F.O.M. & T. (U.S.A.), F.A.A.D.

- (“Independent” Non-Executive Director)

Mr. A.R.H. Fernando

- (“Independent” Non-Executive Director)

Mr. S.C.G. Guruge

- (“Independent” Non-Executive Director)

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

- (“Independent” Non-Executive Director)

Mr. G.S. Sundararajan B.Eng. (Agri.)

- (Non-Executive Director)

Dr. S.D. Wanigaratne D.Clin.Psych., FBPSS.

- (Non-Executive Director)

Mr. C.P.A. Wijeyesekera

- (“Independent” Non-Executive Director)

Company Secretary

Mrs. T.N. Jasenthuliyana F.C.I.S. (U.K.),
F.C.P.M., F.C.C.S.

Bankers

Bank of Ceylon
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
National Savings Bank
Nations Trust Bank PLC
NDB Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC

Financial Highlights

Note: Eventhough, Ceylinco General Insurance Ltd. had seven months of insurance operations, for comparison purposes information is presented for the full year of General Insurance Business Operations in pages 3 to 11. (Refer Note 40)

	2015 Rs.'000	2014 Rs.'000	%
Gross Written Premium	13,557,833	12,164,864	11.45
Net Earned Premium	10,152,831	9,359,977	8.47
Investment & Other Income	1,513,926	1,520,514	(0.43)
Insurance Claims & Benefits	(5,690,518)	(5,259,911)	8.19
Profit before taxation	1,090,155	867,413	25.68
Profit after taxation	896,860	779,637	15.04

	2015 Rs.Mn	2014 Rs.Mn
Available Solvency Margin	2,789	2,843
Required Solvency Margin	2,114	1,958
Solvency Ratio (Times)	1.32	1.45

11.4%

Premium Growth

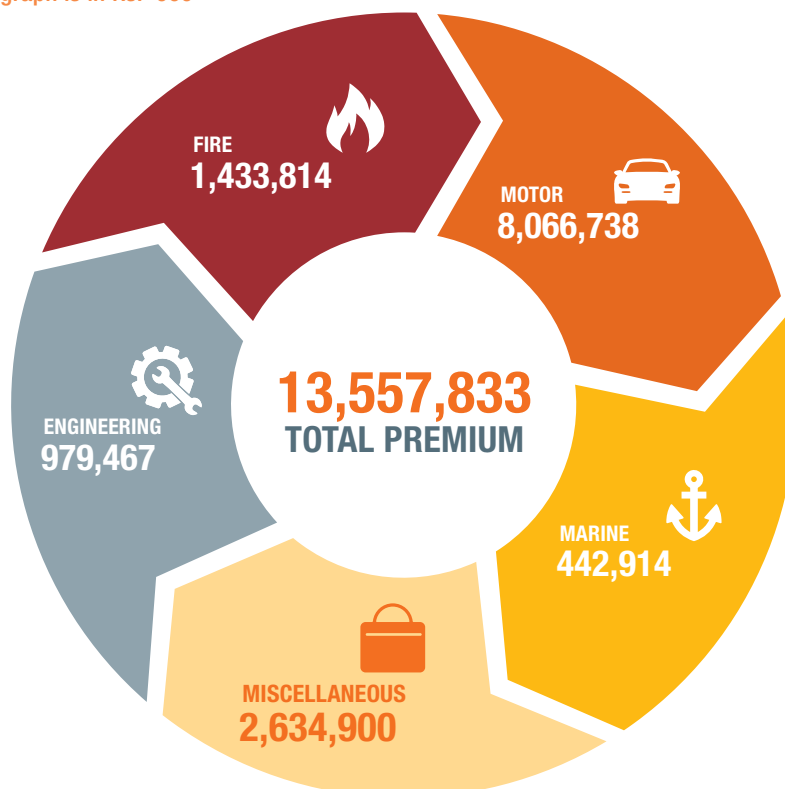
Rs. 100

Dividend Per Share

Rs.1.1 Bn

Profit Before Tax

Figures indicated in the graph is in Rs. '000



Chairman's Review ►



► Your company has recorded one of the best years in its history in all facets of the business: turnover, growth and profit. Ceylinco General Insurance recorded a Gross Written Premium of Rs.13.5 billion during the year under review, signifying a growth of 11.4% over the previous year.

I consider it a great privilege to present the Chairman's Review for the first-ever Annual Report of Ceylinco General Insurance Ltd. It is even more significant, as this is my first report as the Chairman of Ceylinco General Insurance Ltd. It is a rare honour and a privilege to be at the helm of an insurance company of the stature of Ceylinco General Insurance Ltd. Ceylinco General Insurance is by no means just another insurance company. Its history could be traced back to 1939, when Ceylon Insurance Company was registered as the first Sri Lankan company with the Registrar of Companies. Since then, it has striven to differentiate itself from the others in the insurance market and present new and innovative products and services to the customer.

The new Board of Ceylinco General Insurance Ltd constitute of five executive directors and ten non-executive directors. The ten non-executive directors bring in a wealth of experience to the company, as most of them are top entrepreneurs and professionals in their respective fields, greatly respected for their integrity, dynamism and acumen. The executive directors have given long years to the company, with unprecedented contributions, amazing innovations and serving to set the standard for general insurance ever higher. Their loyalty to the company is without question and the respect they command in the business world is without doubt. Together, the Board of Directors of Ceylinco General Insurance, stand poised to usher in a new era of prosperity and ready to take on the challenges the future will bring.

Moreover, we are blessed with an incredibly motivated, dedicated and loyal staff, and without a doubt, it is their effort, dedication and commitment that has elevated your company to the upper echelons of corporate achievement.

Further, I will be failing in my duty if I do not thank former Managing Director / CEO, and now CEO, Mr Ajith Gunawardena, who has continually led the company from the front. His vision has led the company to unprecedented heights, setting several benchmarks along the way for the rest of the industry to follow. One such incredible innovation, pioneered by him, is the On The Spot claim settlement process, which will no doubt be remembered by the people as long as the industry exists. This is just a single example of his many pioneering efforts that changed the entire landscape of the insurance industry in Sri Lanka, bringing immense benefits to the public. Furthermore, his relentless efforts and his grit that steered the company through many challenges, should definitely be appreciated.

Your new Managing Director, Mr Patrick Alwis, once again, counts a wealth of experience behind him; he has been a tower of strength to Mr Ajith Gunawardena, and has been driving the company's branch network and overseas operations continually to unprecedented heights, until he took over as Deputy Chief Executive Officer. From that point on, he has led the company from the forefront with characteristic dynamism and undaunted vision, and more importantly with the unwavering belief in our ultimate success. I have no doubt that he will yield yeoman service to Ceylinco General Insurance for years to come, with the unshaken loyalty of our family of employees and the undeniable trust of all our customers and stakeholders.

Our Performance

Your company has recorded one of the best years in its history in all facets of the business: turnover, growth and profit. Ceylinco General Insurance recorded a Gross Written Premium of Rs.13.5 billion during the year under review, signifying a growth of 11.4% over the previous year, which is even more significant in a year the country faced two elections and a somewhat non-committal attitude from the business world. Profit before tax stood at Rs.1.1 billion, which is an increase of 26% over 2014. Your company was

Rs.1.1 Billion
Profit Before Tax (26%↑)

Chairman's Review ►

able to reach these significant achievements purely due to the untiring efforts of the staff and the direction given by the Board of Directors.

Proposed Dividend

As a result of the excellent performance throughout the year under review, your Board of Directors is pleased to propose a dividend of Rs. 250 million for the year 2015.

Macro Environment

When looking at the macro environment in 2015, the depreciation of the Rupee due to the fiscal policies of the government towards the latter part of the year, had a negative impact on most households, as the price of essential goods escalated due to fears of rising inflation. However, this did not have a huge impact, as the government was able to give many concessions to the people through reduced oil prices etc. during the early part of the year. The government had to embark on a prudent effort to encourage the inflow of FDI's to the country, as the recovery in advanced economies remained reluctant to take off steadily, while most Middle Eastern Countries were affected by the drop in oil prices. However, the country is expected to record a growth of 5.5% in 2015, though hit by a marginal decline in export earnings, as well as remittances from the Middle East, the country's key foreign exchange earners.

Future Prospects

2016 will be a year of stabilisation for the country and the economy is expected to experience a moderate growth from 6% - 6.5%. Already several steps have been taken to move macroeconomic policies towards a more sustainable path. Government efforts to place state firms on a commercial footing, allowing them to make market-based financial decisions and subjecting them to greater financial discipline should be encouraged. This will also help to reduce risks to the budget and the financial system. The government will no doubt encourage the private sector to play a pivotal role in the economic restructuring process. Your company is geared to move forward to capitalise on all opportunities that come our way. Ours is a company that will champion its goals and objectives in any given situation and 2016 will be no exception.

Industry

The Gross Written Premium of the general insurance industry is expected to reach Rs. 67.4 billion, recording a growth of 15.3% over 2014. This is a sharp increase, compared to the 3.9% increase experienced in 2014. We expect the trend to continue in 2016, with economic activity moving to a more vibrant platform.

My Thanks

Finally, it is my privilege to say a heartfelt thank you to the Chairperson, Board of Directors and staff of the Insurance Board of Sri Lanka for the co-operation extended to us, and especially, the guidance and support given to us during the segregation and its aftermath. My sincere thanks are extended to the Insurance Ombudsman for continuing his services in a professional manner, with complete impartiality.

Our customers are the key to our business. They form the core, and we will continue to strive to provide them with unmatched service, as we have continuously done in the past.

The dedication and commitment of our staff is admirable, and I say a profound thank you, with gratitude to them.

To all Brokers and Agents, who continue to support us, thank you: we look forward to your continued support.

We always have had the best of relations with our world renowned reinsurers and reinsurance brokers, and I extend a very special thank you to all of them, with the fervent belief of strengthening an already strong bond in the years to come.

My sincere appreciation and gratitude is expressed to the Managing Director and the Members of the Board. Your commitment is admirable and your dynamism and far-sightedness is unprecedented, and together, we can take our company to even greater heights, as we embrace all the challenges of the future, with the unequivocal belief that we can surmount all hurdles.

I wish all our stakeholders, staff and customers a 2016 in which mammoth success is achieved in every endeavour we undertake, and leave you with the maxim that nothing is impossible with a single minded vision.



B.S.M. De Silva
Chairman

Managing Director's Review ►

► “To stay true to one’s vision is the highest form of commitment there is, and when one’s vision is to lead, that commitment must be relentless.”

Indeed, it is with great pride and unbounded pleasure that I present my review to the Annual Report of Ceylinco General Insurance Ltd for 2015, which we consider a landmark year. During the year under review, we faced a multitude of challenges, from external sources, along with the need to comply with sweeping regulatory requirements. I can proudly say that we met all such challenges with courage and dedication, while simultaneously strengthening the company even further by converting challenges into business opportunities full of potential, thereby growing in confidence and stature. My heartiest thanks and deepest congratulations are extended to all those who rallied around Ceylinco General Insurance as a family, executing each and every task meticulously and seeing each avenue to fruition, overcoming all obstacles. At this juncture I must pause briefly to talk about a truly unique personality. If not for his untiring efforts, undeniable vision and unrelenting resolve, I would not be able to present a resoundingly successful report of this nature.

Mr Ajith Gunawardena – Thank You For Your Yeoman Service

Mr Ajith Gunawardena served without rest for decades, making Ceylinco General Insurance not just a truly great company, but a home away from home, for all of us. Indeed, most of us count several decades amongst the folds of Ceylinco General Insurance, simply because he has been there always: to guide us, to lead us, to set higher and loftier goals and always, to catch us, should we fall. You, who are our rock, we love, adore and respect above all men. I have no doubt that the Members of the Board and all the members of the staff will join me in saying thank you and extending our endless gratitude for the yeoman service you have rendered to this great company.

As a truly great leader, he groomed and nurtured others to take over the helm, and in this process, he stepped down, handing over that mantle to me, at the absolute peak of his career; an incredible feat, preceded by a rare few in business echelons.

Macro Outlook

2015 saw Sri Lanka experience an increase in consumer spending, created by the sharp rise in public wages and salaries, combined with other concessions offered by the government, such as the reduction of fuel prices. This led to a consumption boom, creating demand for consumer durables and lifestyle goods. On the other hand, the trade deficit widened marginally, with workers’ remittances decreasing, partly attributable to the continued decline in international oil prices and the stagnant growth in Middle Eastern economies. Further, export earnings, led by garments, textile and tea, recorded a marginal decline, largely due to weak global demand, while earnings from tourism increased significantly.

However, towards the end of 2015, a marked reduction in optimism about the investment climate in the country was witnessed, which may not augur well for the economy in 2016.

Meanwhile, efforts are being made by the Ministry of Finance to implement a budget proposal to allocate board seats for individuals holding 10% or more in a commercial bank and 15% in a listed company (though the ministry classifies it as a budget proposal, no mention to this effect was made in the budget speech). If implemented however, this move could have serious consequences, as any individual, who through various dubious activities may have earned this position, could also demand or will be entitled to, board seat/s, and companies that have been built on great value and vision, could fall into the hands of the so called racketeers, who cannot account for how the money was earned. The adverse repercussions from such a move will be far greater than the benefits derived.

Performance

Ceylinco General Insurance reached a mammoth premium income of Rs.13,557 million by the end of 2015. This represents a growth of 11.4% year on year, while the increase in absolute Rupee terms, amounted to Rs.1,393 million. Moreover, the profit of the General Insurance business, after tax, stands at Rs. 0.9 billion, while the profit before tax was tabulated at Rs. 1.1 billion.

Rs.13,557 Million

Premium Income (11.4%)

Managing Director's Review ▶



► In a landmark move, Ceylinco General Insurance introduced yet another breakthrough in motor insurance, with a Rs. 4 million Emergency Hospitalisation Insurance Cover, provided absolutely free of charge to our Ceylinco VIP On The Spot customers.

During the year under review, Ceylinco General Insurance paid claims amounting to Rs.6.4 billion, providing full settlement of all genuine claims in the quickest possible time, signifying an increase year on year of 13% in settled claims.

Value Additions

In a landmark move, Ceylinco General Insurance introduced yet another breakthrough in motor insurance, with a Rs.4 million Emergency Hospitalisation Insurance Cover, provided absolutely free of charge to our Ceylinco VIP On The Spot customers. It included a cover of Rs.1.3 million for hospitalisation expenses, in the event of a road traffic accident within Sri Lanka, and for follow-up treatment overseas, if necessary on medical recommendation. Further, in the event of a policyholder travelling overseas, he or she would be entitled to a hospitalisation cover, due to any medical emergency, up to Rs.1.3 million, and Rs.2.6 million for hospitalisation expenses due to an accident, up to 15 days per trip. Furthermore, overseas travellers would be entitled to a Personal Accident Cover of Rs.1.3 million, which will include Death and Total Permanent Disablement Covers, while overseas, and Permanent Partial Disablements will be covered up to Rs.650,000/-. The benefits were applicable to all comprehensive policyholders of Ceylinco VIP On The Spot, who have insured their Cars, Vans, Jeeps, Double Cabs, Buses and Lorries. Similarly, comprehensive motorcycle policyholders would be entitled to a Hospitalisation Cover of Rs.300,000/-, in the event of a road traffic accident within

Sri Lanka, and all the benefits applicable for vehicles, in the event of travelling overseas. Third party customers too would benefit with a cover of Rs.200,000/- for hospitalisation, in the event of a road traffic accident within Sri Lanka for vehicles, and Rs.100,000/- for motorcycles.

Information Technology

Realising full well the potential of information and reliable systems, your Company continuously invests in improvements to the existing Information Technologysystem, guaranteeing business growth. The Virtual Private Network that connects the branches located island-wide has now been extended to cover our over 400 branches, while connectivity is obtained through two different service providers, enabling our totally integrated Core Insurance Application System to provide faster customer service, with on-demand management information, for faster decision making.

Further, new software was developed to accommodate the newly formed Strategic Business Development Units and external institutions, such as banks and other institutions, while the auto-monitoring and cancellation of credit business was introduced to streamline company's credit policy in line with regulatory requirements, such as the premium payment warranty. The claim settlement process was also further enhanced by capturing additional information related to customers, garages and claims, in a bid to avoid fraudulent cases. In order to expedite claim payments, the system was further improved to accommodate remote cheque printing.

Most importantly the structure of the IT was changed to Oracle EXA DATA Server exclusively used for Oracle Data Base which uses the latest technology. Also we moved from Oracle 9i to 11g which is the latest platform used by the Financial giants world over.

The Call Centre software system was also enhanced to accommodate automobile engineer feedback and customer feedback by the Call Centre staff, working all day every day, to provide a better service to our customers.

A Cash Card was also introduced, in collaboration with Seylan Bank, enabling our customers to withdraw money conveniently through any ATM, even without visiting any of our branches, ensuring that most claim recipients will benefit.

Human Resources

Keeping to the maxim that happy employees would naturally engender satisfied customers, your Company continued to invest in its human resource, enhancing a committed and loyal workforce throughout the year under review. Throughout the year, members of the staff from varying tiers were exposed to training sessions on differing topics both in Sri Lanka and abroad. Accordingly,

Managing Director's Review ►

a rigorous training exercise for 85 members of the senior management, was held over a period of six months, and is to be continued during the first half of 2016 as well. The programme involved individual assessments by world-renowned coaches and was conducted by the top training experts in the country. It was designed as a management development programme for the succession plan of the company, gearing and equipping the senior management with the knowledge and expertise to take over the helm, when the need arises.

The Best Reinsurance Options

For decades, your Company has only trusted the world's foremost Reinsurers to ensure the trust of all our stakeholders and to guarantee financial stability in any scenario. Thus, throughout 2015 and well into the future, your Company enjoyed the stability of the most renowned Reinsurers in the world, continually remaining far ahead of the stipulated, stringent reinsurance requirements demanded by the regulator.

Industry Performance

Throughout the year under review the General Insurance Industry recorded a robust growth of 15.3%, compared with the 3.9% growth recorded in 2014. The industry recorded a total premium income of Rs. 67.4 billion, and once again, Motor Insurance was the largest component in the premium composition, accounting for a premium income of Rs. 42.9 billion, recording a growth of 19.1% year on year. Meanwhile, Non Motor Premiums reached Rs. 24.4 billion, growing by 9.2% year on year.

2015 also witnessed uneven playing conditions, with certain distinct advantages to government insurers, which only served to create an unhealthy situation to the industry's growth. If such regulations were removed, the vibrancy of the industry would be unquestioned, as even government institutions would have the opportunity of creating a more competitive service, with more options.

Importantly, another noticeable factor was the lack of a central database to report fraudulent customers, black listed customers, garages etc. Your Company considers this void a serious lapse, allowing unscrupulous individuals a tremendous advantage. Ceylinco General Insurance feels that it is certainly the right time that the industry formulates a central database, similar to the CRIB, managed and regulated by the IBSL or IASL.

Regulatory Obligations Fulfilled

Two important milestones that served to align the local insurance industry with global perspectives: the segregation of composite companies and the move to a Risk Based Capital Model, were completed in 2015. Your company fully endorsed and complied

with both directives successfully, and tirelessly worked closely with the IBSL to ensure a smoother transition.

Expansion

27 'VIP Counters' under the City Office of Ceylinco General Insurance and 30 'VIP Counters' under the branch network, opened during 2015, saw the total network of Ceylinco General Insurance surpass the 400 outlet mark. The move ensured that the largest network of any insurer in the island was now owned and consolidated by Ceylinco General Insurance, while the sales personnel attached exceeded 1,800, providing more employment opportunities to Sri Lanka's discerning youth.

The expanding network, reaching far and wide throughout the island, serve only to supplement your Company's efforts to provide speedier and more efficient service standards to customers, reiterating the credo of Ceylinco General Insurance.

Future Outlook

The changing and evolving local and global scenarios that 2016 will undoubtedly bring is anticipated with eagerness by your Company, knowing without a shadow of a doubt that we are ready, and with the intrinsic faith of all our stakeholders, who together will propel us to the newer zeniths of newer achievements.

Thank You

Considering the landmark achievements of the year under review, firstly, I must thank His Excellency, the President, the Prime Minister and the Government of Sri Lanka, who were instrumental in providing a boost to the Sri Lankan economy, and creating an environment, infinitely more suitable for businesses to grow and thrive in. The way we see it, it is truly a vibrant future to look forward to.

Heartfelt thanks are extended to the Chairperson and officials of the Insurance Board of Sri Lanka for their continued guidance and support. The IBSL functions as a true partner to insurers, providing the impetus and the directives to scale great heights. In the same vein, the Insurance Ombudsman must also be remembered for his admirable impartiality and yeoman service.

We wish to express our deep gratitude to Shriram City Union Finance Ltd. of India and Mitsui Sumitomo Insurance Co. Ltd. of Japan for the partnerships we have developed, which we hope to further strengthen in the years to come.

My thanks also go out to all our Reinsurers and Reinsurance Brokers of international renown, whose strength is our strength. Not forgetting all our insurance agents and brokers, whose unwavering commitment has boded well for us over decades.

I take this opportunity to salute all my colleagues on the board, who, I know I can count on, in any situation. Your presence is our strength, and we can overcome any challenge with all of you there.

To all our employees, who are members of the extended Ceylinco General Insurance family, I say a big Thank You: your commitment, loyalty and dynamism is what propels us, year on year, relentlessly forward. Your Company knows it can count on you, no matter what, to deliver the goods. Your efforts have not been in vain. Thanks to you, we've had our best year in 2015.

Now, finally our clients. You are the best, most loyal customers of unwavering faith a company could hope to have. It is your trust in us that has made all our success possible. Your belief in us enables us to strive for bigger, better, loftier goals, and I thank you from the bottom of my heart.

Over two and a half decades a certain indelible truth emerges; Ceylinco General Insurance has succeeded due to its inherently innovative nature and it is that very nature that has garnered international recognition. Ceylinco General Insurance will continue to innovate and persist in reaching out to their ultimate goal, where one day, all Sri Lankans will enjoy the solid security that insurance provides, and go on to living richer, fuller, more productive and infinitely more enjoyable lives.



H.D.K.P. Alwis
Managing Director

Board of Directors ►



Mr. B.S.M. De Silva
Chairman



Mr. H.D.K.P. Alwis
Managing Director



Mr. U. Witharana
Deputy Managing Director



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



Mr. N.D. Nugawela
Director / Chief Operations Officer



Mr. R.A. Gunathilake
Director / Deputy Chief Operations Officer



Mr. K.D.A.S.R. Arsakularatne
Director



Mr. E.M.M. Boyagoda
Director



Dr. U. D. De Silva
Director



Mr. A.R.H. Fernando
Director



Mr. S.C.G. Guruge
Director



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



Mr. G.S. Sundararajan
Director



Dr. S.D. Wanigaratne
Director



Mr. C.P.A. Wijeyesekera
Director

Board of Directors ►

Mr. B.S.M. De Silva

Chairman

Mr. Sarada De Silva counts over 40 years experience in the Spice Industry, specially in the Cinnamon Industry and is the Founder Chairman of the Spice Council of Sri Lanka. He has held many positions in the Spice industry including the Chairmanship of the Export Development Board Advisory Committee on Spices & Allied products, Trade facilitation and the Ministry of Commerce and Industry Advisory Committee on Spices & Allied Products. A Member of the National Council for Economic Development (NCED), Export Cluster and Member of the Steering Committee to form the National Competitiveness Council of the Ministry of Finance. Mr. De Silva is also the President of National Chamber of Exporters of Sri Lanka.

He is the Chairman and Managing Director of B. Darsin De Silva & Sons (Private) Limited and the Chairman of Cinnamon Training Academy Limited. He was the Chairman and Managing Director of Intercom Group of Companies until his retirement in 2014.

Mr. De Silva as Founder Chairman of the Ceylon Cinnamon Association was instrumental in highlighting the importance of the Cinnamon Industry over the last three decades. Mr. De Silva counts over 25 years experience in the Tourism and Leisure Industry with the Serendib Hotels Group, Director of Dolphin Hotels PLC and 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

Mr. Alwis joined Ceylinco Insurance PLC on 15th May 1990. Prior to joining the Company, he worked from 1978 at M/s. Hatton National Bank, Lever Brothers (Ceylon) Limited and Richard Peiris & Company, in the field of Sales and Marketing.

He joined Ceylinco Insurance (General Insurance Division) as a Regional Manager and was promoted as Assistant General Manager in 1992, as Senior Assistant General Manager in 1996 and as Deputy General Manager in 1998. He was appointed to the Board of Ceylinco Insurance PLC on the 10th of January 2001, and currently serves as a Director.

He was instrumental in spearheading the Strategic Alliances with leading Insurance Companies in the Middle East (UAE, Bahrain, Kuwait, Oman and Qatar), where Ceylinco Insurance promotes unique insurance solutions to migrant workers of all nationalities residing in the Gulf. He was also the key figure behind setting up the Ceylinco Insurance branch network in Sri Lanka, which has become one of the key factors for the Company's exponential growth in a fast-paced economy.

He was further involved in successfully implementing a unique system for the insurance sales force, regarding effectively prospecting 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 as a whole. The system in question has also paved the way to monitor and manage the Direct Sales Force of Ceylinco Insurance.

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 an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member 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 Member (FCII) in 1990. Also a Fellow Member of the Indian Insurance Institute (FIII), he is a Chartered Insurer by profession. Dr. Alwis is a Fellow Member of the Institute of Directors, U.K.

Dr. Alwis joined Ceylinco Insurance Company in March, 1988 as the Reinsurance Manager and also served in the capacity of Chief Manager (Technical), Deputy General Manager (Technical) before being appointed to the Board as the Director (Technical) in January, 1993.

He presently serves on the Boards of a couple of leading Education Institutions as the Chairman, and heads the education sector of Ceylinco Insurance PLC.

He is one of the past Presidents of the Insurance Association of Sri Lanka (IASL) and 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 presently a member of the Board of Trustees.

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

Dr. Alwis is also a Board Member of the Faculty of Science - University of Peradeniya and a Board Member of the Faculty of Management Studies - University of Sabaragamuwa.

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

The International Insurance Society (IIS) U.S.A. has appointed Dr. Alwis in 2015 as a Ambassador for SAARC Region.

Mr. N.D. Nugawela

Director / Chief Operations Officer

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

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

Mr. R.A. Gunathilake

Director / Deputy Chief Operations Officer

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

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 Jayawardenapura.

He is a Director of Blue Ocean Heritage Limited and Director, International Sourcing of RJV Clothing Sdn Bhd, Malaysia in partnership with Marks & Spencer PLC of United Kingdom. He is also the former Executive Director of Gartex Industries (Pvt) Ltd and Chairman Managing Director of Ruchi Clothing (Pvt) Ltd.

Mr. E.M.M. Boyagoda

Director

Mr. Mangala Boyagoda has many years of experience in the fields of banking and treasury management having worked at DFCC Bank, Standard Chartered Bank, Union Bank and Bank of Ceylon. He is the Chairman of Wealth Lanka Management (Pvt.) Limited. He is a Director of Lanka Century Investment PLC, Wealth Trust Securities Limited, SAFE Holdings (Pvt.) Limited, Asset Trust Management (Pvt.) Limited, Ceylon Hotels Corporation PLC, Dankotuwa Porcelain PLC, Maskeliya Plantation PLC, Capital Alliance Finance PLC, Sierra Construction (Pvt.) Limited, Cargill's Bank Limited, Royal Fernwood Porcelain (Pvt.) Limited, Faber Capital (Pvt.) Limited, Virginia International Investment (Pvt.) Limited, United Hotel (Pvt.) Limited, C A Crushing (Pvt.) Limited, Sri Lanka Gateway Industries (Pvt.) Limited and Lanka Training and Education Academy Guarantee Limited.

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

Dr. U. D. De Silva

Director

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

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

Board of Directors ►

Mr. A.R.H. Fernando

Director

Mr. Fernando is the founder of HVA Group and the Chairman / CEO of HVA Lanka Exports (Pvt.) Limited and HVA Foods PLC.

He is a Non Executive Director of the Industrial Technological Institute and the Sri Lanka Tea Board.

He is a past President of the National Chamber of Exporters and the present Chairman of the Tea Exporters Association.

Under his stewardship HVA was selected as the Exporter Of The Year in 1999 and has won many international and national awards for packaging and business excellence.

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 establish his own Freight Forwarding Company in 1990. When the 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 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 Siffa Cargo Services Limited.

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

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

Director

Mr. Gamini Saparamadu is the founder Chairman and Managing Director of Kent Holdings Ltd. Eight private limited liability companies operate in diverse business disciplines under the umbrella of the Kent Group. He is the recipient of the National Platinum Award for the Sri Lankan Entrepreneur of the Year 2004. He is a Board Member of two public and three private organizations, Committee Member of the Chambers of Commerce and a guest speaker on entrepreneurship.

Mr. G.S. Sundararajan

Director

Mr. Sundararajan is currently the Group Director, Shriram Group. He joined the 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. Mr. Sundararajan's experience in the Asian market made Sanlam Emerging Markets induct him into their Board in South Africa.

Prior to this, Mr. Sundararajan was the CEO and Managing Director of Fullerton India Credit Company Ltd., a wholly owned subsidiary of Temasek Holdings, Singapore. 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 had a 9 years stint in Citi Bank wherein he built a large SME/ABF business for the bank. His last role in the bank was Managing Director and Head of Citibank's SME and Asset Based Finance business 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, Kings College London.

He was a founding member of the British Psychological Society's Faculty of Addiction and in 1996, the UK-Sri Lanka Trauma Group. He is currently Chair of the UK-Sri Lanka Trauma Group, a UK registered charity and a Director of Samutthana, the King's College London Resource Centre for Trauma, Displacement and Mental Health in Sri Lanka. He is a member of the Presidential Task Force on Psychosocial Wellbeing and also Honorary Consultant to Mel Medura in Colombo. In 2011 in recognition of his contribution to his field and profession he was elected as a Fellow of the British Psychological Society.

Mr. C.P.A. Wijeyesekera

Director

Mr. Ajith Wijeyesekera is the Chairman / Managing Director of Union Apparels (Pvt.) Limited, Union Resorts Limited, Northstar Holdings (Pvt.) Limited and Dilly's Fashions (Pvt.) Limited. He is also a Director of National Asset Management Limited and UB Finance.

Chief Executive Officer and Head of Finance ►



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 of 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, 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 Rajjammana.



T. N. M. Peiris
Head of Finance

Mr. Nihal Peiris graduated with Honors from the Sri Jayawardenapura 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 Member of the Institute. He is also a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka.

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.

Having worked at M/s. Associated Motorways PLC as an Accountant for 1 ½ years, he joined The Finance Company PLC as the Chief Accountant in 1986 and excelled to Deputy Chief Executive Director and was on the Board till 2010. He also heads the Ceyfco Group as the Chairman and serves on the Boards of Subsidiary Companies.

**PEOPLE
ARE OUR
INSPIRATION**





Management Discussion and Analysis ►

Macro Economic Environment 2015

Global growth for 2015 is projected at 3.1%, 0.3% lower than in 2014, and 0.2% below the forecasts in the July 2015 World Economic Outlook (WEO) Update. Prospects across the main countries and regions remain uneven. The Sri Lankan economy recorded a growth of 5.6% in the first half of 2015, with positive contributions from agriculture, industry and service related activities. Agriculture, Forestry and Fishing related economic activities rebounded, recording a growth of 3.3% during the first half of 2015, compared to the contraction of 0.7% in the corresponding period of 2014, mainly as a result of the significant improvement in the paddy sector, amidst negative growth rates recorded in relation to tea, rubber and spices. Industry related activities, which contracted by 4.5% in the first half of 2014, recorded a growth of 1.3% in the first half of 2015 due to the recovery in manufacturing activities. The growth momentum of Services related activities continued, with an expansion of 7.1% during the first half of 2015, compared to 4.2% in the first half of the previous year. The acceleration of value in Services was driven by real estate, financial services, and wholesale and retail trade activities.

External Sector Performance

Earnings from exports continued a downward trend, and in 2015, recorded a 5.6% decline, year-on-year, to US dollars 626 million, led by textile and garments and tea exports. Export earnings from textile and garments, which contribute nearly 44% to the total exports, declined for the third consecutive month by 2.2% in December 2015, reflecting low exports to both the EU and USA markets. Lower demand for tea exports continued throughout the year 2015 due to economic and geo-political developments in the main tea export destinations. Accordingly, earnings from tea exports in 2015 dropped by 17.7%, reflecting declines in both export volume and average price levels compared to the previous year.

Expenditure on imports declined by 2.5% to US dollars 18,935 million. This was due to the decline recorded in the fuel import bill, because of lower oil prices and lower thermal power generation. On a cumulative basis, the trade deficit during 2015 expanded marginally by 1.7% to US dollars 8,430 million over 2014. Earnings from tourism grew by 22.6%, year-on-year, to US dollars 549 million in 2015.

Workers remittances decreased marginally by 0.5% to US dollars 6,980.3 million in 2015, compared to US dollars 7,017.8 million in 2014. This marginal decline of workers remittances during this period could be partly attributable to the continued decline in international oil prices and the stagnating growth in Middle Eastern countries. The overall BOP is estimated to have recorded a deficit of US dollars 1,489 million, compared to a surplus of US dollars

1,369 million, recorded in 2014. Sri Lanka's gross official reserves as at end December 2015 amounted to US dollars 7.3 billion, equivalent to 4.6 months of imports, while total foreign assets amounted to US dollars 9.3 billion, equivalent to 5.9 months of imports.

Government Finance and Monetary Policy

Government revenue as a percentage of estimated GDP increased slightly to 6.4% during the first seven months of 2015, compared to 5.8% of GDP in the corresponding period in 2014, mainly due to an increase in revenue from import related taxes. Revenue from import duties, and excise taxes on motor vehicles, liquor, cigarettes and tobacco, as well as the Nation Building Tax (NBT) on domestic economic activities, recorded an increase. A decline in revenue was observed from corporate and non-corporate income taxes and value added tax (VAT).

Total expenditure and net lending as a percentage of estimated GDP increased to 10.8% during the first seven months of 2015, compared to 10.4% of GDP recorded in the same period in 2014, as a combined outcome of the overrun in recurrent expenditure and a decline in public investment.

As a result, during the first seven months of 2015, the overall budget deficit is estimated to have declined to 4.5% of estimated GDP from 4.6% of GDP in the corresponding period in 2014. In financing the overall fiscal deficit during the first seven months of the year, the government relied entirely on domestic sources, as net foreign financing recorded a repayment during this period, mainly due to comparatively low disbursement of foreign project loans and net outflow of foreign investments in Government securities. In domestic financing, net borrowings from the banking sector increased significantly to Rs.299.2 billion, compared to the annual estimate of Rs.70 billion in the Budget for 2015.

During the first nine months of 2015, the Central Bank continued to maintain a relatively relaxed monetary policy stance, with the view of supporting economic activity, in the backdrop of persistently low levels of inflation. The low interest rate environment driven by the continuously relaxed monetary policy stance encouraged the demand for bank credit by the private sector, reflecting the effective pass-through of monetary policy actions into the broader economy. However, The Central Bank continued to monitor developments in inflation and output of the economy vis-à-vis the monetary developments for the early identification of possible threats to economic and price stability.

Prospects for 2016

Growth will be lower in 2016, compared to 2015, with the forecast lying somewhere between 5% to 5.5%. As the macro economic situation is tightening, Sri Lanka needs to stabilize the economy

in 2016, and in this process, there is bound to be an economic slowdown.

The World Economic Forum has categorised Sri Lanka as an efficiency-driven economy (stage 2) in this year's global competitiveness index. It is an achievement, for Colombo has moved up from factor-driven (stage 1). Almost all South Asian countries are still on stage 1 or in transition. Sri Lanka should aim to move from efficiency-driven to the next stage of transition, and then to innovation-driven by 2030. A goal to double per capita to reach US\$7,000 by 2020 and to improve all sectors of the economy should be set.

Insurance Industry Review

The trade and industry development in Sri Lanka presents both opportunities and challenges to the insurance industry. Since insurance is all about trust, insurance players have to believe innovation in insurance products, and public confidence is the key for the growth of the insurance industry.

As per the provisional data available, during 2015 the total premium income of the insurance industry was Rs.120,968 million, a growth of 17.3% over the Rs.103,091 million, recorded in 2014, and it is noted that this growth rate is higher than the 6.1% growth rate achieved in 2014. It is also estimated that in 2015 the Non - Life Insurance GWP has grown by 15.3%, which was up from 3.9% in 2014, while the Life Insurance GWP has significantly grown by 20.0%, which is again up from 9.2% during the previous year.

The premium income from motor insurance, which constitutes around 64% of the general insurance premium, grew at a higher rate of 19.1% in the year 2015, compared to the 5.5% in the corresponding period of 2014. This was mainly due to new registrations of motor vehicles during year 2015.

Financial Review

As per the Regulation of Insurance Industry (Amendment) Act No.3 of 2011, Ceylinco Insurance PLC had segregated into two insurance companies with effect from 01st June 2015. Thereby Ceylinco General Insurance Limited, which was incorporated on 22 April 2014 commenced operations on 01st June 2015 as a fully owned subsidiary company of Ceylinco Insurance PLC, after obtaining licenses from the Insurance Board of Sri Lanka.

Therefore, the performance of the Company depicts seven months progress in the following section.

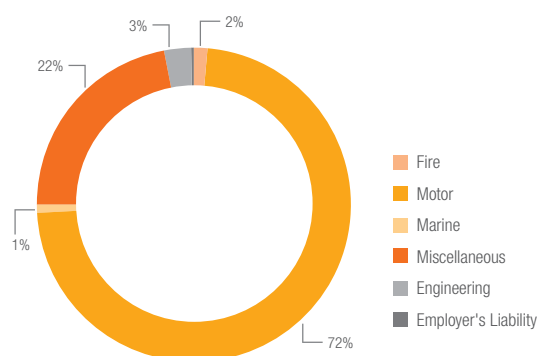
Gross Written Premium (GWP)

The Company achieved an overall GWP of Rs. 8,052 million during the seven months period of the year 2015.

Premium Composition

Motor insurance premium (VIP) revenue of Rs. 4,746 million represented 59% of the total Non-Life premium income. The balance premium income of Rs. 3,306 million corresponds to 41% of total Non-Life premium income of the company, obtained through all other classes of business such as Fire, Marine, Health and Miscellaneous. Apart from motor insurance, the miscellaneous class tops the premium income with Rs. 1,537 million, followed by the fire premium income of Rs. 751 million in the seven months period.

Major classes of business for the seven months period



During the seven months period, the Company reinsurance outgo was Rs. 2,029 million.

The Net Combined ratio for the seven months period was 98.76. This was mainly due to the increased Net Loss ratio of 55.59 % for the period while incremental impact to the Net Combine ratio was set off by decreased Net Expenses ratio of 43.17% over the period.

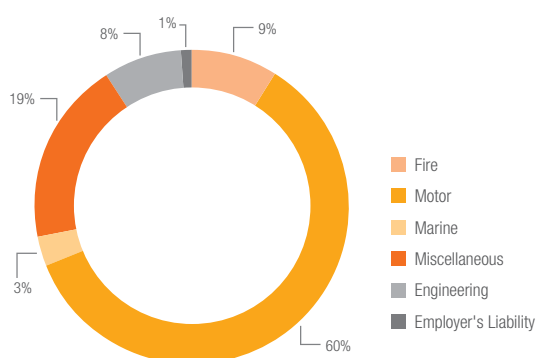
The Company recorded Rs. 913 million as Other Revenue, which comprises Interest and Dividend Income, Fee and Commission Income and Realized Gains from Investments. This achievement was with the key input stemming from Reinsurance Commission Income that was recorded at Rs.281 million.

Management Discussion and Analysis ►

Net Benefits and Claims

During the year under review, the Company incurred Rs. 3,364 million as net claims for Non - Life Insurance customers. The majority is paid to claims in motor class, which accounted for 72.6% of total net claims.

Net Claims (class wise) for the seven months period



Other Operating, Administrative Expenses

The Company spent 26.9% of its GWP as operational and administration expenses, which amounted to Rs. 2,168 million. These expenses, consisting of employee benefits, administration expenses, depreciation, amortization, investment-related expenses and all other expenses not included under underwriting and net acquisition costs.

Profit Before Tax

The Company achieved a Profit Before Tax (PBT) of Rs. 707 million in the seven months period of 2015.

Income Tax Expense

The income tax expense of the Company was Rs. 103 million.

Solvency and Technical Reserves

Ceylinco General Insurance Limited was able to maintain a healthy solvency margin over the stipulated level by Insurance Board of Sri Lanka.

	2015 Rs.'million
Available Solvency Margin	2,789
Required Solvency Margin	2,114
Solvency Ratio (Times)	1.32

Enterprise Risk Management (ERM)

ERM is the process of planning, organizing, leading, and controlling the activities of an organization in order to minimize the effects of risk on an organization's capital and earnings. The organizations 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.

In a highly competitive business environment the need to identify the risks in detail and taking appropriate strategies is crucial for success of the Company. The Company's various functional heads are assigned the responsibility of managing the risks relating to respective functions. Well experienced skillful 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 provides guidance 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 portfolios are managed after 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 with efficient resources utilization, seizing the right opportunities, timely actions, stewardship, reducing waste/ losses, increasing services levels, improving 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 Board of Sri Lanka. Further the financial reporting of the company is governed by the Sri Lanka Accounting Standards. The company being listed in the Colombo Stock Exchange, the requirements of the SEC are also met. 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 the following year.

2.b) Re Insurance Risk

This has two components. Firstly the risk of not re insuring and secondly the risk of the Re insurer defaulting claims due an inability or refusing claims due to technical reasons. Such as could affect the reserves and wealth of the company and the reputation in the business market, should we in turn be unable to meet 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 that 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.

Branches ▶

Branch			
Akkaraipattu	Galebidunuwewa	Kotikawatte	Pelmadulla
Akurana	Galewela	Kottawa	Pettah
Akuressa	Galgamuwa	Kuliyapitiya	Pilimathalawa
Alawwa	Galle	Kurunegala	Piliyandala
Aluthgama	Galnewa	Kuruwita	Pitakotte
Ambalangoda	Gampaha	Madavachchiya	Pitigala
Ambalanthota	Gampola	Mahabage	Polgahawela
Ampara	Ganemulla	Mahaiyawa	Polonnaruwa
Angunakolapalessa	Giriulla	Mahara	Puttlam
Anuradhapura	Godakawela	Maharagama	Raddolugama
Atchuveli	Grandpass	Mahiyangana	Ragama
Athurugiriya	Hanwella	Maho	Rambukkana
Attidiya	Hatton	Malabe	Rathmalana
Avissawella	Hettipola	Malsiripura	Rathnapura
Badulla	High Level	Mannar	Rikillagaskada
Bakamuna	Higuraggoda	Maradagahamula	Ruwanwella
Balangoda	Hikkaduwa	Maradana	Sea Street
Bambalapitiya/ Kollupitiya	Homagama	Matale	Seeduwa
Bandaragama	Horana	Matara	Tanamalwila
Bandarawela	Imaduwa	Mattakkuliya	Tangalle
Battaramulla	Imbulgoda	Matugama	Thalawakele
Batticaloa	Ja-Ela	Mawanella	Thalawathugoda
Bibile	Jaffna	Mawathagama	Thambuttegama
Bingiriya	Kadawatha	Meerigama	Thimbirigasyaya
Biyagama	Kaduruwela	Messenger Street	Tissamaharama
Bopitiya	Kaduwela	Middeniya	Town Hall
Boraesgamuwa	Kahawatta	Minuwangoda	Trincomalee
Borella	Kalawana	Monaragala	Uragasmanhandiya
Chawakachcheri	Kalmunai	Moratumulla	Vavunia
Chilaw	Kalpitiya	Moratuwa	Veyangoda
Chunnakam	Kalutara	Mount Lavinia	Wadduwa
Dambulla	Kamburapitiya	Narammala	Walasmulla
Dankotuwa	Kandana	Nattandiya	Warakapola
Dehiattakandiya	Kandy	Nawalapitiya	Wariyapola
Dehiwala	Kantale	Negombo	Wattala
Dematagoda	Kanthankudy	Nelliadi	Wattegama
Deniyaya	Karapitiya	Neluwa	Welimada
Dickwella	Katugastota	Nikaweratiya	Weliweriya
Digana	Katunayake	Nittambuwa	Wellawatte
Divulapitiya	Kegalle	Nochchiyagama	Wellawaya
Dumalasuriya	Kekirawa	Nugegoda	Wennappuwa
Eheliyagoda	Kelaniya	Nuwara Eliya	Yakkala
Elpitiya	Kiribathgoda	Padaviya	Yakkalamulla
Embilipitiya	Kiriella	Pallebedda	Yatiantota
Embuldeniya	Kirindiwela	Panadura	
Enderamulla	Kochchikade	Pannipitiya	
Eppawala	Kohuwala	Passara	
Galaha	Kotahena	Peliyagoda	

VIP Counters

Abanpola
Addalachchenai
Agalawatha
Aggona
Ahangama
Ahungalle
Anamaduwa
Aralaganwila
Arangala
Arayampathi
Avarivatta
Badalgama
Badalkumbura
Baddegama
Baduraliya
Balapitiya
Bandarawaththa
Batagama
Batapola
Battaramulla
Beliatta
Bellantara
Beruwela
Boc- Gampaha
Bowatta
Bulathkohupitiya
Bulathsinghala
Buttala
Chankanai
Dalugama
Dalupitiya Road
Dehiowita (New)
Deiyandara
Delgoda
Depanama
Deraniyagala
Dewalegama
Dharga Town
Dippitiya
Divlapitiya
Dompe
Egodauyana, Moratuwa
Ekala
Elakanda Road,
Eldeniyaya
Eluvila
Embilipitiya New Town
Eraur

Erawwala
Galagedera
Gale Bazaar
Gelioya
Giribawa
Godagama
Godigamuwa
Gomarankadawala
Gonapola
Habaraduwa
Habarakada
Habarana
Hadirana
Hakmana
Haldumulla
Hali Ela
Hambantota
Hataraliyadda
Higurana
Hill Street
Hokandara
Hokandara South
Horowpathana
Ibbagamuwa
IDH
Ihala Karagahamuna,
Kadawatha
Imaduwa
Ingiriya
Ingiriya (Horana)
Issadeen Town
Jubilee Post, Nugegoda
Kabithigollawa
Kahatagasdigiliya
Kahathuduwa
Kalladi
Kalubowila
Kaluwanchikudy
Kandana
Karandeniya
Karative (New)
Kesbewa
Katana
Kataragama
Katupotha
Katuwana
Katuwawala
Kegalle Main Street

Kilinochchi
Kinnya
Kiribathgoda
Kobeigane
Kollanawa
Kolonna
Koralawella
Koralawella
Kotadeniyawa
Kotiyakumbura
Kottramulla
Kotugoda
Kudugalwatta
Kundasale
Kurusu Junction
Laugfs Bellanthara
Laugfs Embuldeniya
Laugfs Galle
Laugfs Kalutara
Lunugala
Lunuwila
Madampe
Madirigiriya
Madurankuliya
Mahaoya
Mahawewa
Makola
Maligawatta
Maligawatta - Bodhiraja
Maligawatte
Malwala
Manipai
Marawila
Mattegoda
Meegalewa
Meegoda
Meepe
Miriswatte
Moragahena
Moranthuduwa.
Morawaka
Moronthuduwa
Moutthur
Mulative
Mulleriyawa
Murunkan
Nagoda
Naiwala

Narangodapaluwa
Naula
Navinna
Nawagattegama
Nawala
Nelumdeniya
Nindavur
Nivithigala
Norochcholei
Obeysekarapura
Opanayaka
Ottamawadi
Padiyathalawa
Padukka
Pamankada
Pamunuwa
Panagoda
Panamura
Pannala
Papiliyana
Pasyala
Pelawatte
Peradeniya
Piriwena Junction
Pitipana
Polhengoda
Polpithigama (New)
Potuvil
Pugoda
Pulmude
Punchikara Niwasa
Pussellawa
Puttalam Rd
Radawana
Rajagiriya Tours
Rajanganaya
Rakwana
Ranna
Rathgama
Rideegama
Sainthamaruthu
Saliyawewa
Sammanturai
Sammanturai 1
Sarikkalimulla
Serunuwara
Sewanagala
Singharamulla

Branches ►

VIP Counters

Siyabalanduwa
 Siyambalape
 Sooriyawewa
 Soysapura
 Swarapola
 Talgaswala
 Thalahena
 Thalawa
 Theldeniya
 Thihariya
 Thihariya, Kalagedihena
 Thirappane (New)
 Thoppure
 Thorana Junction, Kelaniya
 Udahamulla
 Udappuwa
 Udawalawa
 Udubaddawa
 Ududumbara
 Udugama New
 Udugampola
 Uhana
 Urubokka
 Valachchenai
 Vilachchiya
 Waligamuwa
 Wathupitiwala
 Weeraketiya
 Welioya
 Welipillewa
 Wellampitiya
 Welmilla
 Yatawatta

Ceylinco “VIP” Rest Spots

Induruwa
 Kitulgala
 Kuruwita
 Melsiripura
 Mundalama
 Pussellawa
 Tangalle
 Warakapola

Events of the Year ►

Ceylinco General Insurance Unveils New Website



Conceptualised with a more compact view of products, services, news and other information useful for investors and potential investors, Ceylinco General Insurance unveiled its new website in 2015. Designed in a manner that will help clients know us better and provide a good idea of who we are and what we do as a company, the new site will also be a useful tool for students pursuing business studies and other projects.

Ceylinco VIP Introduces Rs.4 Million Emergency Hospitalisation Cover Absolutely Free For All Policyholders



In a landmark move, Ceylinco General Insurance announced yet another breakthrough in Motor Insurance, with a Rs.4 million Emergency Hospitalisation Insurance Cover, provided absolutely free of charge to its Ceylinco VIP On The Spot customers. It will include a cover of Rs.1.3 million for hospitalisation expenses, in the event of a road traffic accident within Sri Lanka, and for follow-up treatment overseas, if necessary on medical recommendation. Further, in the event of a policyholder travelling overseas, he or she will be entitled to a hospitalisation cover, due to any medical emergency, up to Rs.1.3 million, and Rs.2.6 million for hospitalisation expenses due to an accident, up to 15 days per trip. Furthermore, overseas travellers will be entitled to a Personal Accident Cover of Rs.1.3 million, which will include Death and Total Permanent Disablement covers, while overseas, and Permanent Partial Disablements will be covered up to Rs.650,000/-. The benefits announced is applicable to comprehensive policyholders

of Ceylinco VIP On The Spot, who have insured their Cars, Vans, Jeeps, Double Cabs, Buses and Lorries. Similarly, comprehensive motorcycle policyholders will be entitled to a Hospitalisation Cover of Rs.300,000/-, in the event of a road traffic accident within Sri Lanka, and all the benefits applicable for vehicles, in the event of travelling overseas. Third party customers too will benefit with a cover of Rs.200,000/- for hospitalisation, in the event of a road traffic accident within Sri Lanka for vehicles, and Rs.100,000/- for motorcycles.

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

Ceylinco Suwa Sampatha Monthly Introduced



2015 saw the introduction of Ceylinco Suwa Sampatha Monthly, aimed at fulfilling the health insurance requirements of employees of small and medium-scale organisations. It offers unique benefits at an affordable premium.

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 General Insurance Fetes Top Achievers

Ceylinco General Insurance once again recognised and handsomely rewarded its energetic and dedicated sales team at its Annual Sales Conference and Awards Ceremony for 2014. The gala event bore witness to a truly outstanding cadre of dynamic individuals, whose top performers were feted with outstanding performance awards, and rewarded for going above and beyond the call of duty. The Ceylinco General Insurance team, recognised as the largest sales force in the industry, is renowned for its highly motivated dynamism, and consistent delivery of exceptional service to customers.

Events of the Year ►



The event, held under the theme: “No One And Nothing Will Stop Us From Going Ever Forward”, was attended by well over 1,200 sales personnel, attached to the City Office, the over 400-strong branch network and other senior staff members. At the event, over 500 sales personnel, who had excelled in their performance during the year 2014, received awards, accorded on evaluations conducted through a demanding performance criteria. The top performers were categorised into Bronze, Silver and Gold categories, rising to the zenith, the much-coveted ‘Hall of Fame’. Along with the valuable rewards in these categories, an individual member, who was inducted into the prestigious Hall of Fame, received a brand new BMW vehicle, while two members, who achieved a premium income of over Rs.500 million, over a three-year period, received two brand new houses.

Twin Destinations: Vietnam And Thailand, Included In Annual Staff Trip

For the 12th successive year, Ceylinco General Insurance rewarded its loyal and dedicated staff with the much looked-forward to overseas tour in May 2015. A new destination; Ho Chi Min City in Vietnam was added to the tour as an option, where 50 staff members arrived there first, and was later joined by 150 staff members, who travelled to Thailand direct. The members of the staff to be so rewarded were selected in recognition of their exceptional contribution during 2014, which included staff from all categories: senior managers to office assistants. A full day's



workshop was also held in Thailand, with the entire group in attendance, while several sightseeing tours and cultural excursions were undertaken.

The tour itself serves to motivate and encourage staff to reach greater heights, in order to qualify to be a member of the touring team. This is amply evident, as the qualifying criteria needs to be more and more stringent every year, due to the increased number of staff members reaching the cut-off level.

Annual Family Get-Together & Inter-Department Cricket Tournament



The Annual Inter-Department / Region Cricket Tournament was held in August 2015 at the BRC grounds, with 24 teams representing the regions, as well as the City Office. While stiff competition for the 'Ajith Gunawardena Challenge Trophy' abounded, the City Office 'C' team managed to win the trophy, while the Southern Region emerged runners-up. It was the ideal opportunity for staff members to meet and mix and make merry, as over 1,400 employees and their families participated at this colourful, gala event, which turned out to be an unforgettable day.

Annual Musical Extravaganza



A Grand musical show, which was an inclusion to the annual family get-together for the third year running, was held in December 2015. Organised by the Employees Union of Ceylinco General Insurance, the event was an overwhelming success, with all those present enjoying it to the utmost. 'Wayo' and several other guest artistes performed at the 'family musical show', which boasted a carnival atmosphere, with food stalls, and games for the children aplenty. Members of the staff, who had excelled in mercantile sector sports activities, representing the company, were also recognised and were presented with trophies. All in all it was a truly colourful and enjoyable event, which will no doubt linger in memory throughout the year.

Ceylinco General Insurance Partners Major Events

Ceylinco General Insurance partnered with several corporate events held during the year; as most of our clients are a part of these annual events, our participation as a strategic partner, reiterated our commitment towards the development of the corporate echelons of the country.

- CNCI Awards of the Ceylon National Chamber of Industries

The Annual Awards Ceremony organised by the Ceylon National Chamber of Industries is a much looked-forward to event by the micro, small & medium, as well as the large and extra large categories of manufacturers and service sector organisations. This was our sixth year of association with awards ceremony.

- National Business Excellence Awards

The National Business Excellence Awards organised by The National Chamber of Commerce of Sri Lanka is considered the premier awards held for the corporate sphere in the country and include a number of categories that celebrate the zenith of corporate achievement. The recently introduced and keenly contested Criteria Awards being a case in point. Our partnership with the NBEA Awards is now in its fifth year, and associates us with the upper echelons of the business world.

- Colombo Maritime Conference

Held for the first time in Sri Lanka in 2015, this event attracted a huge participation from the maritime and shipping industries all over the world. Realising the significance for local business and dynamic growth, Ceylinco Insurance was the insurance partner of the event.

Succession Planning And Extensive Training For Senior Staff

Ceylinco General Insurance embarked on a rigorous training programme for 85 of its senior management staff, which was held over a period of six months. The programme involved individual assessments by world-renowned coaches and was conducted by top training experts in the country. Training was conducted in four groups. The programme was designed as a management development programme for the succession plan of the company. According to the feedback received, it was a huge success in the aspects of motivation and gearing individuals to take over the helm of the company, when the need arises.

Events of the Year ►



himself; Kasun Jayathunga from Matara, was named Volunteer of the Year, for his volunteer initiatives aimed at reducing inequalities endured by the deaf community. 29 year old Danesh Maduranga was named Youth Volunteer of the Year for his rural community development initiatives, carried out through his foundation, whilst Anuradha Nilupul was awarded the thematic award for V-Awards 2015, 'Volunteering for Disaster Risk Reduction' for volunteering for the conservation of the Bolgoda River eco-system.

3rd Party Insurance Via Dialog



During the year under review, Sri Lanka's premier telecommunications service provider, Dialog Axiata, added further value to its innovative mobile insurance offering, with the introduction of third party motor insurance, together with Ceylinco General Insurance.

At the outset, the mobile vehicle insurance is available for motorcycles, and subscribers simply need to follow a few instructions to activate their third party insurance via Dialog. This service is open to all Dialog mobile subscribers, and the insurance premiums can be added to users' monthly mobile bills or deducted from pre-paid credit, and the customer will receive the insurance card via post, within 48 hours. Incidentally, Ceylinco 3rdparty insurance is the only 3rdparty insurance that offers compensation, in the event the motorcycle is condemned due to an accident, and pays compensation up to the market value of the motorcycle.

The launch of third party insurance cover via mobiles follows the successful introduction of accident and hospitalisation cover via mobile phones, which is popular amongst all segments of Sri Lankans. Mobile Insurance provides greater convenience to customers, as they can obtain insurance cover and make payments on the go, with the benefit of safety and security for life and property.

Ceylinco General Insurance Partners With 'V' Awards



'V Awards' is a project initiated by the National Steering Committee on Volunteering, in collaboration with United Nations Volunteers and 'News 1st', to mark the 10th anniversary of the International Year of Volunteers in 2011. The concept behind the project is to recognise individuals who make extraordinary and selfless contributions to society at large and reward the most outstanding volunteer at the national level. Ceylinco General Insurance joined this initiative as a partner.

Continuing this tradition of recognising, honouring and inspiring acts of volunteerism, the third edition of the volunteer awards: 'V-Awards 2015', concluded with a grand finale at the Nelum Pokuna Theatre. Over 600 nominations reached the V-Awards Secretariat, and following a comprehensive and independent evaluation process, 10 volunteers were shortlisted as finalists for their work to be celebrated at the ceremony. Hearing impaired

57 New 'VIP Counters' Added To Network By City Office And Branches



City Office Departments of Ceylinco General Insurance opened 27 New 'VIP Counters' in the suburbs of Colombo in 2015. These were opened to cater to the growing demand in general insurance and to provide easy access and convenience to discerning customers. Placed at convenient locations, these mini-branches offer all classes of general insurance policies to the people in the respective localities, thus, bringing insurance services much closer to their lives.

Meanwhile, 22 new 'VIP Counters' were added to the extensive network of Ceylinco General Insurance branches, increasing the network to over 370 branches.

Total Network Of General Division Exceeds 400

With the 27 'VIP Counters' opened under the City Office of Ceylinco Insurance General and the 30 new 'VIP Counters' attached to the branch network, opened during 2015, the total network of Ceylinco General Insurance exceeds 400 outlets. This is easily the largest network of any insurer in the island, and the staff attached to it now exceed 1,800 people, which further serves to provide employment opportunities to the discerning youth of Sri Lanka.

Firmly believing that a branch presence in respective localities will supplement the companies' efforts to provide a speedier and an efficient service to customers, Ceylinco General Insurance will continue this exponential growth in the coming years.

Corporate Social Responsibility ►

'Meditation Kuti' Donated To Kataragama Monastery



A 'Meditation Kuti' was constructed at the Kataragama Monastery premises, and officially handed over by the employees of Ceylinco General Insurance. The 'Meditation Kuti' is to be patronised by local and foreign devotees and used for meditation and Dhamma reference purposes. The donation fulfils a long-felt need by the many thousands who flock to Kataragama.

Looking After The Deserving



The wife of 35-year old Mr P.D.R. Kumara, employed as an office aid, suffers from an acute neuro-condition and is paralysed, requiring regular visits to hospitals. However, as there is no pathway leading to their home, even getting a three-wheeler is out of the question, compelling Kumara to diligently carry his wife over a kilometre to the roadway through muddy land each week. Understanding the acuteness of the situation, a donation was made to help Mr. Kumara, in order to find an alternate home close to the main road.

Washrooms Constructed For Methsevana Children's Home, Handapangala

Two individual washrooms, for boys and girls, were constructed at the 'Methsevana' Children's Home in Handapangala, which houses over 40 mentally and physically handicapped children. Most of these children had been deserted by their parents and have no place to go, while the parents of the others cannot afford to give them nourishment or the required medical facilities.

Refreshment Centres For Pilgrims



As witnessed over the last several years, Refreshment Centres were organised by Ceylinco General Insurance for the benefit of pilgrims at prominent Buddhist, Christian, Muslim and Hindu festivals across the country. These Refreshment Centres are greatly appreciated by the religious dignitaries, as well as pilgrims, as most such devotees travel long distances to attend these festivals.

Two Washrooms Donated To Keragala Sangaraja Maha Vidyalaya



Two washrooms were constructed to benefit children in the primary section of Keragala Sangaraja Maha Vidyalaya in Keragala, Henegama. This had been a pressing need for the school, as

primary students had to walk a long distance for sanitary facilities. Further, several signage boards, with selected lessons from the curriculum of the grade five scholarship, were also donated for the benefit of students, who sit for the year five scholarship examination.

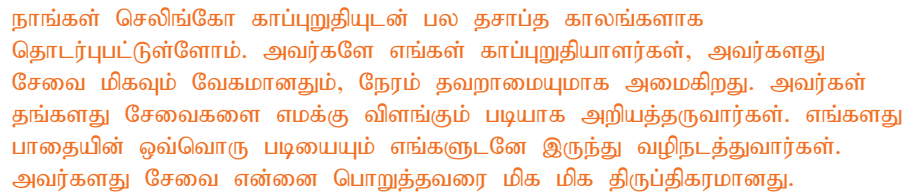
Assistance For A Deserving Young Athlete



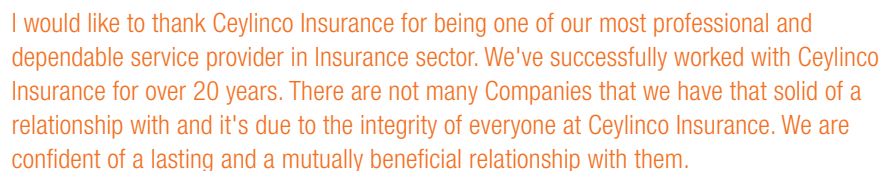
Ceylinco General Insurance stepped forward to support a talented young athlete Ms Yamani Dulanjali. of Ginigathhena, a Gold medal winner of 400 m event at 1st Asian Youth Games, who lacked even basic facilities in her makeshift home in Udubulathgama, Ginigathhena. She had made a public appeal through a TV channel for assistance, in order to continue her sport. She lived in extreme poverty with her parents and was in a situation where she could not continue her sport, when she made the appeal. Ceylinco General Insurance provided her with all the amenities for her home, so that she can focus on her athletics career.



කළමනාකාර අධ්‍යක්ෂක
එම්. ජේ. හෝල්ඩින් සමාගම
එම්. ජේ. ඉම්පෝර්ට්ස්
බ්‍රිද්‍රස් සිල්වා ඩිස්ට්‍රිබියුටර්ස්



நிர்வாக இயக்குனர்,
என்கேடி ரத்னம் அன்ட் கம்பனி



Keangnam Enterprises Ltd.



Chairman,
Suranjith Motors

Corporate Management ►

01. **Mr. H.D.A.N. Perera**
General Manager (Technical)



1

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



2

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



3

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



4

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



5

06. **Mr. S. Thilakeshwaran**
Deputy General Manager



6

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



7

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



8

09. **Mrs. T.N. Jasenthuliyana**
*Company Secretary / Senior Assistant
General Manager*



9

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



10

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



11

12. **Mr. C.E. Wimalasuriya**
*Senior Assistant General Manager
(Technical)*



12

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



13

14. **Mr. A.L.J. Atapattu**
*Senior Assistant General Manager
(Northern Region)*



14

15. **Mr. R.S. Arulananthan**
Senior Assistant General Manager



15

16. **Mr. I.A.K.J.P. Ilangakoon**
*Senior Assistant General Manager
(Central Region)*



16

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



17

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



18

Corporate Management ►

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



19

20. Mr. S.K. Jayasundara
Assistant General Manager
(Miscellaneous)



20



21

21. Mr. J.A.N.C. Fernando
Assistant General Manager
(Western Outer Region)



22

22. Mr. V.D.C. Wickramaratne
Assistant General Manager
(Western Region)



23



24

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

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



25

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



26



27

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

27. Mr. K. Sankaramoorthy
Assistant General Manager
(Financial Services)



28

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



29



30

29. Mr. K.J.N. Perera
Regional Manager

30. Mr. D.S. Karunaratne
Regional Manager



31

31. Mr. W.P.S. Pemachandra
Acting Regional Manager



32



33

32. Mr. V. Nissanka
Acting Regional Manager

33. Mr. M.A.L. Ravindra
Acting Regional Manager

Management Staff ►

Corporate Sales

01. **Mr. H.C.S. Hemantha**
Senior Manager (Corporate Accounts)
02. **Mr. L.M.M.B. Karaliyadde**
Senior Manager (Corporate Accounts)
03. **Mr. S.A. Priyantha**
Senior Manager (Corporate Accounts)
04. **Mr. W.M.A.C. Sanjana**
Senior Manager (Corporate Accounts)
05. **Mr. V.S.D. De Mel**
Senior Manager (Corporate Accounts)
06. **Mr. W.P.N. De Alwis**
Senior Manager (Corporate Accounts)
07. **Mr. M.A.S. Rupathunga**
Senior Manager (Corporate Accounts)
08. **Mr. K. Alikhan**
Senior Manager (Corporate Accounts)
09. **Mr. U.A.R.S. Udawela**
Senior Manager (Corporate Accounts)
10. **Mr. B.D.C. Perera**
Senior Manager (Corporate Accounts)
11. **Mr. M.A.V. Priyadarshana**
Senior Manager (Corporate Accounts)
12. **Mr. M.D.S.R.L. Jayasekara**
Senior Manager (Corporate Accounts)
13. **Mr. L.M.R.S. Lansakara**
Senior Manager (Corporate Accounts)
14. **Mr. W. George**
Senior Manager (Corporate Accounts)
15. **Mr. K.K.V.K. Priyasad**
Senior Manager (Corporate Accounts)
16. **Mr. N. Hettiarachchi**
Senior Manager (Corporate Accounts)
17. **Mr. S.A.D.L. Sural**
Senior Manager (Corporate Accounts)
18. **Mr. M.P.S. Divithurugama**
Senior Manager (Corporate Accounts)
19. **Mr. T.M.R.K. Kurukula**
Senior Manager (Corporate Accounts)
20. **Mr. M.A.S. Priyadarshana**
Senior Manager (Corporate Accounts)
21. **Mr. A.V. Upul**
Senior Manager (Corporate Accounts)
22. **Mr. W.A.S. Prasanna**
Senior Manager (Corporate Accounts)
23. **Mr. P.C.N. Dias**
Senior Manager (Corporate Accounts)



1



2



3



4



5



6



7



8



9



10



11



12



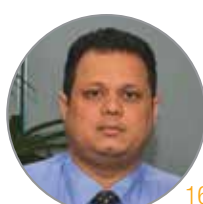
13



14



15



16



17



18



19



20



21



22



23

Management Staff ►

Regional / Area Sales Managers

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

02. **Mr. B.N.T. Rupasinghe**
Regional Sales Manager

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

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

05. **Mr. C.N. Weerasuriya**
Area Sales Manager

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

07. **Mr. J.S. Rajapaksha**
Area Sales Manager

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

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

10. **Mr. V.K. Gunathilaka**
Area Sales Manager

11. **Mr. L.A.I.A. Jayasena**
Area Sales Manager

12. **Mr. L.V. Perera**
Area Sales Manager

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

14. **Mr. N.P. Wadugodapitya**
Area Sales Manager

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



1



2



3



4



5



6



7



8



9



10



11



12



13



14



15

Management Staff ►

Chief Executive Officer

A. R. Gunawardena F.C.I.C.

Head of Finance

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

General Manager (Technical)

H.D.A.N. Perera

General Managers (City)

R.A. Ranasinghe

A.R.S. Wijayapura

General Manager – Finance (Branches)

J.D.S.N. Piyadasa

B.Sc. (Pub. Admin.)(Hons.), F.C.A., M.B.A. (Sri J.)

Deputy General Manager (Marketing)

N.S. Rajapakse Pg. Dip.M.(U.K.), F.C.P.M., M.B.A. (Wales, U.K.)

Deputy General Managers

S. Thilakeshwaran

S.H. Panangala Liyanage

Deputy General Manager (Financial Services - City Office)

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

Company Secretary / Senior Assistant General Manager

Mrs. T.N. Jasenthuliyana F.C.I.S.(U.K.), F.C.P.M., F.C.C.S.

Senior Assistant General Manager

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

Senior Assistant General Manager

(Financial Services – Head Office)

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

Senior Assistant General Manager (Technical)

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

Senior Assistant General Manager (Suwa Sampatha Insurance)

I.P. Abeywickrama

Senior Assistant General Manager

R.S. Arulanathan

Senior Assistant General Manager (Central Region)

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

Senior Assistant General Manager (Northern Region)

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

Assistant General Manager (Marine Insurance)

D. Munasinghe

Assistant General Manager (Legal)

Mrs. R.M. Abeywardena Attorney-at-Law & Notary Public

Assistant General Manager (Miscellaneous Insurance)

S.K. Jayasundara

Assistant General Manager (Risk Management)

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

Assistant General Manager (Western Outer Region)

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

Assistant General Manager (Western Region)

V.D.C. Wickramaratne

Assistant General Managers

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

H.J.S. Kumara

M.W.T. Pushpakumara

Assistant General Manager (Internal Audit)

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

Assistant General Manager (Financial Services)

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

Assistant General Manager (Financial Services - Branches)

U.K.U. Wijeratne

Regional Managers

D.S. Karunaratne

K.J.N. Perera

Acting Regional Managers

W.P.S. Pemachandra

V. Nissanka

M.A.L. Ravindra

Chief Manager (Financial Services)

J. Rambukkana B.Com. (Special)

Chief Legal Officer

L.P.C. Madhavila

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

Chief Manager - Information Technology

(Research & Development)

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

Chief Risk Engineers

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

L.K. Karunaratna

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

Chief Technical Managers (Underwriting)

M.D.R.D. Gunatillake

B.I.U. Kumara

Mrs. N.D.D.J. Serasinghe

Chief Technical Manager (Marine Insurance)

Miss. P. Dambegoda

Chief Technical Manager

A.A. Nandana

Chief Technical Managers (Automobile)

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

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

Chief Manager (Reinsurance)

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

Marketing Manager

I.E. Abeyratne M.C.I.M. (U.K.), Dip.M. (U.K.), M.B.A. (U.K.),
Chartered Marketer (U.K.), M.S.L.I.M., Adv. Dip. MA

Management Staff ►

Senior Managers (Corporate Accounts)

K. Alikhan
P.C.N. Dias
W.P.N. De Alwis
V.S.D. De Mel
M.P.S. Divithurugama
W. George
H.C.S. Hemantha
N. Hettiarachchi
M.D.S.R.L. Jayasekara
L.M.M.B. Karaliyadde
T.M.R.K. Kurukula
L.M.R.S. Lansakara B.Com.(Special)
B.D.C. Perera
W.A.S. Prasanna
M.A.S. Priyadarshana
M.A.V. Priyadarshana
S.A. Priyantha
K.K.V.K. Priyasad
M.A.S. Rupathunga
W.M.A.C. Sanjana
S.A.D.L. Sural M.B.A. (Wales), Pg. Dip. Mkt. (U.K.), M.C.I.M.
U.A.R.S. Udawela
A.V. Upul

Senior Legal Officers

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

Senior Manager (Company Secretarial)

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

Senior Risk Engineers

B.G.N.I.B. Basnayake B.Sc.(Eng.)
M.P.P.U. Chulasiri B.Sc.(Eng.), A.M.I.E. (S.L.)
E.M.N. Lasantha B.Sc. (Eng.)
J.A.T.I. Perera N.D.T. (Mech. Eng.)
N.S. Weerakoon

Senior Managers (Internal Audit)

J.M.A.R.P. Jayakody B.Sc.(Busi. Admin.)(Special), A.C.A., M.B.A. (Col.)
J.A.A.K. Jayasinghe B.Com.(Special), A.C.I.C., S.A.T., C.B.A.
P.U.U. Perera B.Com.

Senior Managers (Financial Services)

R.M.A. Bandara B.Sc. (Busi. Admin.) (Special)
S.L.W. Fernando
Mrs. W.P.S. Jayasinghe B.Sc. (Busi. Admin.) (Special)
B.C.P. Kumara
O.B.R. Perera

Senior Managers (Financial Services) (Contd.)

M.S.R. Piumwardena
A.S. Sarathchandran
K.L.R.D. Silva
Mrs. S.H.S.D. Sumanathilake A.C.A., A.C.M.A.
A.K.M. Wickramasinghe B.B. Mgt. (Sp.) (Hons.)

Senior Manager (Marine Survey)

T.A. Wickramaratne

Senior Manager (Customer Care)

W.R.R.A. Perera

Senior Application Support Engineer

M.H.M. Sajeendra

Senior Technical Managers (Underwriting)

W.R.S. Fernando
K.M.C.S. Perera

Senior Technical Managers

H.M.T. Herath B.Sc. (Mkt. Mgt.) (Special)
K.W.M.A. Kulatunga

Senior Technical Managers (Claims)

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

Senior Manager (Information Technology Implementation)

H.A. Dikkumbura

Senior Hardware Support Engineer (Information Technology)

D.A.T. Dissanayaka
P.O.N. Perera

Senior Manager (Information Systems Audit)

K.N.N. Madarasinghe

Senior Technical Managers (Automobile)

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

Manager (Internal Audit)

W.A.S.H.A.D. Jaksa

Managers (Financial Services)

D.R.N. Damsiri B.Sc. (Busi. Admin.) (Special)
P.F.R. Fernando
H.G.N.S. Gunathilake
J.S. Liyanarachchi
W.J.J. Perera
S.S.T. Pinnagaspitiya
S. Rambukwella
W.A. Soysa
V.S. Warnapura

Manager (Training)

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

Technical Managers (Automobile)

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

Technical Managers (Underwriting)

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

Technical Manager (Claims)

Mrs. T.K.K. Ratnayake

Technical Managers

H.M.A.P. Abeywardena
A.K.I.K. Ariyaratne Cert. C.I.I.I., Dip. S.L.I.I.
W.R.N. Dep
Mrs. H.P.R. Dilrukshi
R.P.D.U. Indrajith
A. Rajapakse

Manager (Recoveries)

S.F.F. De Silva

Senior Area Automobile Engineers

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

Area Automobile Engineer

M.C. Manathunga

Managers (Customer Services)

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

Risk Engineers

G.M.M. De Zoysa
S. Dhatparan B.Eng. (U.K.)
A. Hewavitharana
H.M.L.R. Jayasundara
H.D.J.K. Perera B.Sc.
R.M.T.D. Rajapaksha B.Sc. Eng.

Chief Loss Adjustor / Accountant

K.S.D. Fernando

Regional Sales Managers (Branches)

S.K. De Alwis
B.N.T. Rupasinghe
R.B.R. Wijeratne M.B.A. (U.K.)

Area Sales Managers (Branches)

M.D.N. De S. Amarasekara
K.P.L.A. Balawardena
D.A.S. De Silva
L.P.D. Dharmasooriya
V.K. Gunathilake
L.A.I.A. Jayasena
H.D. Madugoda
L.V. Perera
J.S. Rajapakse
P.S.M. Rerukana
N.P. Wadugodapitiya
C.N. Weerasuriya

Senior Sales Managers (City)

W.M.C.J. Bandara
Miss. K.A.D. De Silva
L.A.S. Edirisinghe
M.C.A. Fernando
D.J. Gunawardene Dip. M. (U.K.), A.C.I.M. (U.K.), M.B.A. (Aust.)
J.K.C. Jayawardana
K.M.S.N. Kumara
P.A.L. Kumara
B.G.S. Mendis
T.S.R. Peiris
D.A.H. Prasad
R.V.N.S. Rajapaksha
K.S. Sanjeewa
V. Sivakumar
S.U. Thalakumbura
M.D.J. Thilina
R.T.D.W. Tilakaratne
W.M.J. Weerasekara

Senior Sales Manager (Branches)

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

Sales Managers (City)

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

Management Staff ►

Sales Managers (Branches)

S.R.D.D. Abeykoon
 C.I. Abenayaka
 K.A.A.P. Abhaya Wickrama
 A.M.W.J. Adikari
 D.P. Amarasinghe
 J.M.P.S. Amaradasa
 K.M.U. Chandraratne
 D.J.K. Dadigamuwa
 D.M.M. Deshapriya
 G.L.N.C. De Silva
 W.M.D.C.B. Dissanayake
 N.N.R. Diunugala
 H.J.C. Fernando
 M.B.I.N. Fernando
 M.S.R.M. Fernando
 W.M.S.S. Fernando
 J.M.R.K.D. Galgamuwa
 S.K.K. Gunarathna
 N.G.C. Gunarathne
 D.P.R. Gunasiri
 P.U.I. Gunawardena
 H.M.T. Hemantha
 H.M.T.K.B. Herath
 O.B. Hussein
 I.G.D. Idirideera
 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
 K.K.S.K. Kumara
 M.S. Kosgallana
 M.G.S. Kumara
 M.T.N.A. Kumara
 P.V.P.L. Kumarasiri
 W.S.A. Kumarasiri
 A.H. Lalith
 T.I. Lanthra
 T.A.B. Peiris
 A.J.J. Perera
 N.R.C. Perera
 K.A.S. Piyasena
 C. Pratheepan
 B.A.S. Priyadarshana
 N.J. Rajapakshe
 R.A.C.R. Ranasinghe
 H.M.N.T. Ranathunge
 L.R. Rathnasiri
 K.M.P. Rohan
 K. Sakthivadivel
 S.A.L. Samarasinghe

Sales Managers (Branches) (Contd.)

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
 N.M. Uduweralla
 C.H. Vitharana
 W.L.D.K. Weerasuriya
 T.S. Wickramasinghe
 W.M.R.B. Wijekoon
 A.S. Wijethunga
 F.B.G.N.S. Wijewardhena
 D.G.P.N. Wimalaratne
 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
 K.C.S. Fernando
 S. Gurusinghe
 P.V. Kumara
 C.S. Mahalekamgedara
 H.P.V.U. Mahindaratne
 D.S. Menik Kadawara
 W.M.R.B. Naranpanawa
 L.T.P. Perera
 D.B.J. Prasad
 H.K.M. Priyankara
 K.M.R. Ranasinghe
 R.P.S.R. Randunu
 D.L.W. Rathnayaka
 P.J. Raweendra
 W.A.D.S.A. Rodrigo
 J.E. Rulach
 P.L.N.C. Sampath
 W.K. Wijeratne
 W.A.C.R. Weerasinghe

Acting Sales Managers (Branches)

I.I. Attanayaka
 B.C. de Silva
 W.M.S.K. Wijayasinghe

Acting Branch Managers

D.D.S.S. Kumar
 T.A. Nanayakkara
 B.A.S. Priyadarshana

Our Products ►



Ceylinco VIP

Ceylinco VIP 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 and a host of other benefits.



Three Wheel Cover

Ceylinco VIP Three Wheel Cover is the most comprehensive product available for Three-wheels in Sri Lanka. This product provides exclusive benefits to Three Wheel 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.



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.



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.



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.



New Householders' Insurance

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

Our Products ►



New Traders' Combined Insurance

This packaged product provides a complete protection plan for businesses which includes of Fire and related perils, 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.



Family Guardian

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.



Insurance on the go

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.



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.



"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 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

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.



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/Nameboards/ 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 the 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.

Our Products ►



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 there after a lump sum payment to give the child a secure start in life.



Ceylinco Gobi 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.



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.



Mapiya Thilina

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



Ceylinco Warranty Insurance

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



Crop And Livestock Insurance

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



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.



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 Insurance

This is the ideal product to protect the employees: 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 Introduced

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.

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	Country of Origin
Swiss Reinsurance Company	Switzerland
Scor Reinsurance Asia - Pacific Pte. Ltd.	France
Lloyd's of London	United Kingdom
R+V Versicherung AG	Germany
Toa Reinsurance Company Limited	Japan
Odyssey Reinsurance Corporation	U.S.A.
General Insurance Corporation (GIC Re)	India
Sirius International Insurance Corporation (Publ)	Sweden
Trust International Insurance & Reinsurance Company B.S.C.	Bahrain
Taiping Reinsurance Co. Ltd.	Hong Kong

The security rating of all Reinsurers are in compliance with the minimum security guidelines issued by the Insurance Board of Sri Lanka dated 19.12.2003.

Corporate Governance ►

Corporate governance refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can execute its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term.

New understandings of business risk show that Boards have a legal and fiduciary responsibility to manage environmental, social and governance risks. The Board of Directors is required to be prepared to manage these long term concerns alongside typical corporate directives. By addressing and managing these risks effectively, Boards can position their businesses to perform well financially and secure a long term license to operate.

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 was listed with 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.

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 has full and effective control of the Company and they are responsible for enhancing shareholder value, providing necessary guidance and directions in planning of short-term and long-term corporate strategies, reviewing and providing necessary guidance on budget planning, reviewing the system of human resource management, corporate governance, statutory compliance, assisting internal audit and integrated risk management and approving major and substantial investments.

The Board consists of the Chairman (Non-Executive)/ Managing Director, Deputy Managing Director, 3 Executive Directors, 9 Non-Executive Directors of which, 5 are Independent Non-Executive Directors. A brief profile of the members of the Board of Directors is given on pages 14 to 16.

Board Appointments

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

Role of the Chairman and CEO

The Ceylinco General Insurance Limited leadership model adopts a clear division of responsibilities between the Chairman and the CEO, which ensures an appropriate balance of power, increased accountability and enhanced independence in decision-making.

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

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

Board meetings and attendance

As per the Regulation of Insurance Industry (Amendment) Act No.3 of 2011, Ceylinco Insurance PLC had segregated in to two insurance companies with effect from 01st June 2015. Thereby Ceylinco General Insurance Limited has commenced its operation since 01st June 2015 after obtaining license where necessary. During the year 2015, the Board has maintained an excellent record of attendance to the meetings. The number of Board meetings held during 2015, together with individual attendance, is given on page 59.

Board Performance

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

Corporate Governance ►

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 31st March 2016. All items of business which will be considered at the AGM is included with the Notice of Meeting, which will be sent to shareholders 15 working days prior to the AGM.

Directors Remuneration

The Remuneration Committee is responsible for defining the remuneration policy of the Company. No Director is involved in deciding his own remuneration. Directors' remuneration in respect of the company for the year 2015 is given in note 41 to the Financial Statements.

Board Audit Committee Report ►

The Audit Committee, appointed by and responsible to the Board of Directors, comprises the following two Non-Executive Directors.

Mr. E.M.M. Boyagoda (Chairman)

Mr. S.C.G. Guruge

The Chairman of the committee, Mr. E.M.M. Boyagoda, a Non-Executive Director, is a Fund Manager with over 30 years of post-qualification experience.

Objective and Authority

The main objective of the Audit Committee is to assist the Board of Directors in discharging its responsibilities for the 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 mitigate risks.
- To assess the independence of the External Auditors and monitor the performance of Internal and External Auditors.

Meetings and Attendance

As per the regulation of Insurance Industry (Amendment) Act No.3 of 2011 Ceylinco Insurance PLC had segregated into two insurance companies with effect from 01st June 2015. Thereby a new Audit Committee has been appointed for Ceylinco General Insurance Ltd.

The Committee met two times during the financial year under review. The attendance of the members at these meetings is recorded in page 60 of this Annual Report.

The Head of Finance, Chief Financial Officer, General Manager – Finance, the Chief Internal Auditor of the Company and other members of the management are also invited to attend these meetings when necessary. 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 judgemental factors and appropriateness of significant accounting policies adopted in preparation of financial statements.

The company secretary acts as the secretary to the audit committee.

Charter of the Audit Committee

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

Compliance with Financial Reporting, Statutory and Regulatory requirements

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

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

Internal Audit

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

Board Audit Committee Report ►

External Audit

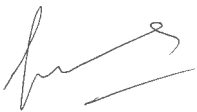
The Audit Committee met with the External Auditors to discuss the audit scope and plan prior to their commencement of the audit. The External Auditors were given adequate access to whatever information they needed for the audit.

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

Conclusion

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

The Audit Committee having looked into the independence and performance of the External Auditors recommended to the Board that Messrs. Ernst & Young, Chartered Accountants is re-appointed as Statutory Auditors of the Company for the financial year ending 31st December 2016, subject to approval by the shareholders at the forthcoming Annual General Meeting.



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

20th February 2016

Report of the Investment Committee ►

Objective of the Committee

The investment management and the treasury function are important components of the insurance business. In the context of a General insurer, the performance of the investment portfolio impacts the profitability, solvency (regulatory requirements) and the liquidity of the company. Portfolio returns and Liquidity have to be managed optimally to ensure that the company meets its regulatory solvency requirements, while optimizing profitability, which at times can be very challenging.

The investment portfolios of Ceylinco General Insurance Ltd, includes Fixed Income, Equity, Commodities and Real Estate. This results in a number of risks which need to be managed, including the risk arising from interest rates, exchange rates and commodity & equity price volatility. All these risks have to be maintained at desired and pre-determined levels.

The investment committee together with the investment/treasury management unit, provides and formulates the necessary guidelines and investment policies for the investment / treasury management unit to carry on the above functions to meet the desired risk – return levels. These levels are determined by the Board of Directors, and monitored through the ERM framework.

Functions of the Committee

For the investment portfolios to provide sustained performance, they have to be relevant and in-line with the current and expected future economic climate. In order to achieve this, the committee together with the investment / treasury management unit discusses the local and global macro economy to assess the overall economic situation and the resultant impact on the asset values and returns. Key factors discussed include the inflation, international trade, foreign direct investments, GDP, USD reserves, exchange rates and economic policy decisions of other influential economies.

Political changes domestically and turbulent conditions in international markets resulted in a volatile year for many asset classes including Interest Rates, Exchange Rates and the Equity Markets in Sri Lanka in 2015.

In 2015, Interest Rates had mixed fortunes with an overall increase of interest rates by approximately 1%. The Stock market experiencing an overall negative trend, with the ASPI declining by 5.5% during the year. The exchange rate witnessed a depreciation of approximately 9% as well.

One of the key reasons for the deterioration of performance of interest rates, the stock market and the pressure on the exchange rate was due Fund Managers withdrawing funds from investments in the Asia Pacific Region. The key reasons for this was the slowdown in the economic growth of China, and a change in the

economic policies in the United States. This resulted in a net outflow of approximately USD 1.16 billion from the capital markets in Sri Lanka.

Away from the external factors resulting in the outflow of investment flows, Sri Lanka showed resilient economic indicators, with inflation for the years at a low of 2.8% (avg) in 2015 and GDP growth at 5.8%. In isolation, these economic indicators warrant stable interest rates and a positive growth in the stock market. However the external sectors of international trade and gross official reserves impacted all asset classes negatively in 2015. Balance Of Payments were a negative 2.3bn by Oct 2015 and gross official reserves were down to USD 6.5bn in Oct 2015 from USD8.2bn in January 2015. The reserves however rebounded to USD 7.3bn in December, assisted by the sovereign bond issue in November 2015. This however failed to create an impact on domestic interest rates. One of the factors which contributed to local interest rates trending upwards was the fear that there will be more withdrawals of foreign funds from the local market as a result of the upward revision in United States interest rate at the end of 2015, and continued upwards revisions in 2016.

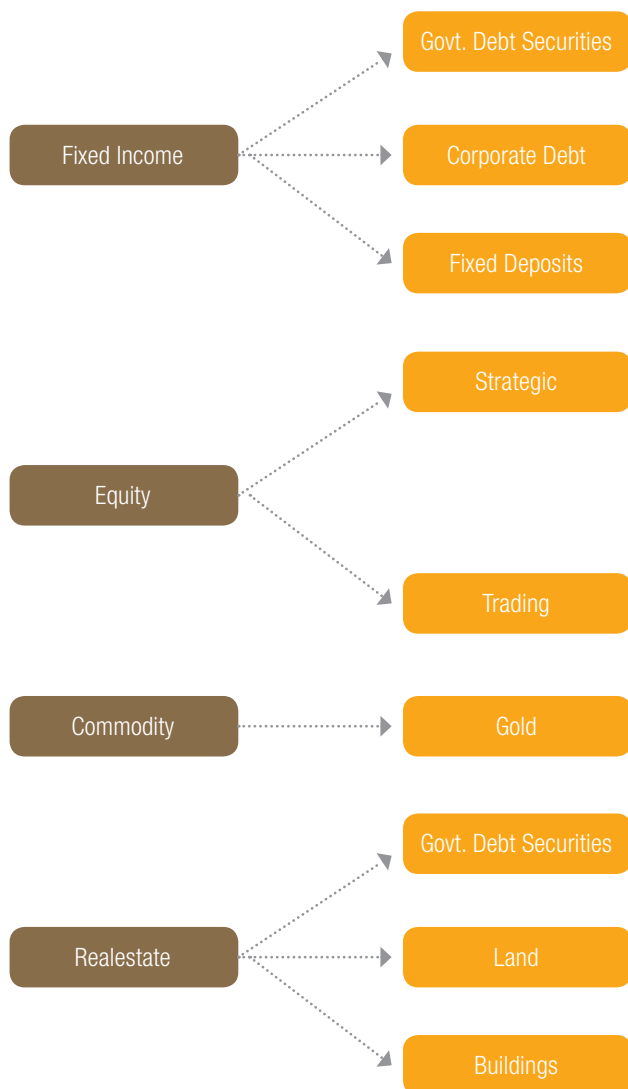
The investment committee and the investment management unit discussed the possible economic outcomes at the beginning of 2015 based on the economic data and forecasts & research done by the investment unit and decided to follow a conservative strategy in asset allocations. As a result the FIS investment portfolios were skewed to short tenures. Additionally, exposure to equity trading portfolios was also reduced and available capital gains were realized. The USD assets were maintained at similar levels in the face of uncertainty. The strategy was vindicated, as the FIS portfolios generated a return above the average market returns while the total duration was maintained at a very safe level. The equity trading portfolios generated very high positive returns while the ASPI was a negative for 2015.

The positive performance of the General Insurance services business which generated premium income exceeding Rs.13.5bn also provide ample opportunity to take advantage of the higher interest rate environment. Additionally, the finance department synchronized very well with the Investment and treasury function providing for robust investment and treasury planning and management.

Report of the Investment Committee ►

Portfolios

The investment committee directs the following portfolios



Meetings

The committee met bi-monthly as scheduled. These meetings followed the agenda of discussing the economy, reviewing the business cashflows, review of portfolio returns and assets, discussing the future short and long term strategy and approval of any investments requiring committee approval. Further when required common view on any matter snap meetings were called or the information was shared among the members by the investment unit for comment.

The meetings were held with the participation of following;

Name	Office Held / Representing
Mr. Mangala Boyagoda	Chairman of Investment Committee / Director
Mr. Nihal Peiris	Committee Member / Head of Finance
Mr. Upali Witharana	Committee Member / Deputy Managing Director
Mr. Rohan Fernando	Committee Member / Director

Further Mr. Nilantha Piyadasa – General Manager (Finance – Branches) along with members of the finance team and Mr. Kasun Nanayakkara – Deputy General Manager of the Investment / Treasury Management Unit act as core participants of the Investment Committee meetings.

E.M.M. Boyagoda
Chairman of the Investment Committee

20th. February, 2016

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 64.

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 judgements 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 2016 to 2017 including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

BY ORDER OF THE BOARD

T.N. Jasenthuliyana

Mrs. T. N. Jasenthuliyana

Company Secretary / Senior Assistant General Manager

20th. February, 2016

COMPLIANCE REPORT

In respect of the Financial Year ended 31st December, 2015 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.

T.N. Jasenthuliyana

(Mrs.) T.N. Jasenthuliyana

Company Secretary / Senior Assistant General Manager

20th. February, 2016

**PEOPLE
ARE OUR
STRENGTH**





Report of the Directors ►

The Directors are pleased to submit their report together with the Audited Statements of Comprehensive Income, Changes in Equity, Cash Flow and the Statement of Financial Position of Ceylinco General Insurance for the year ended 31st. December, 2015, and the Report of the Auditors thereon.

Review of Operations

The Chairman's and the Managing Director's Review on pages 4 to 11 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

	2015 Rs.'000	2014 Rs.'000
Profit After Taxation	604,361	2,575
Add : Balance Brought Forward	2,575	-
	606,936	2,575
Other Comprehensive Income for the Period	(163,311)	-
Funds Available for Appropriation	443,625	2,575
Appropriation :		
Dividend Paid - Interim	(500)	-
Unappropriated Profit Carried Forward	443,125	2,575

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

During the Financial Year under review, 2,000,000 shares were issued at the rate of Rs. 200/- per share.

The Stated Capital of the Company as at 31st. December, 2015 was Rs. 500,200,000/= and is represented by issued and fully paid 2,501,000 voting ordinary shares.

Dividends

The Directors recommend a first and final dividend of Rs. 100/= per share for the year ended 31st. December, 2015, payable on 08th. April, 2016.

Directors

Messrs. B.S.M. De Silva, H.D.K.P. Alwis, U. Witharana, W.C.J. Alwis, R.A. Gunathilake, N.D. Nugawela, K.D.A.S.R. Arsakularatne, E.M.M. Boyagoda, U.D. De Silva, A.R.H. Fernando, S.C.G. Guruge, M.D.E.A.G. Saparamadu, S.D. Wanigaratne and C.P.A. Wijeyesekera were the Directors of the Company during the financial year ended 31st. December, 2015.

Mr. G.S. Sundararajan was also a Director partly during the financial year ended 31st. December, 2015 having been appointed to the Board with effect from 01st. July, 2015 and Mr. E.K.I. De Zoysa was also a Director who resigned with effect from 01st. July, 2015.

In accordance with the Articles of Association of the Company, Messrs. B.S.M. de Silva, R. A. Gunathilake and E.M.M. Boyagoda retire by rotation and being eligible, offer themselves for re-election.

Mr. Gopalamudram Srinivasa Raghavan Sundararajan was appointed to the Board with effect from 01st. July, 2015, subject to Insurance Board of Sri Lanka (IBSL) granting approval. Approval was granted on 06th. October, 2015 and Mr. Gopalamudram Srinivasa Raghavan Sundararajan, being a Director appointed in July, 2015 is eligible and offers himself for re-election.

Directors' Meetings

The number of Board Meetings held during the financial year under review were three 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	3
Mr. H.D.K.P. Alwis	3
Mr. U. Witharana	3
Dr. W.C.J. Alwis	3
Mr. R.A. Gunathilake	2
Mr. N.D. Nugawela	3
Mr. K.D.A.S.R. Arsakularatne	1
Mr. E.M.M. Boyagoda	3
Dr. U.D. De Silva	2
Mr. A.R.H. Fernando	2
Mr. S.C.G. Guruge	2
Mr. M.D.E.A.G. Saparamadu	2
Dr. S.D. Wanigaratne	1
Mr. C.P.A. Wijeyesekera	3
Mr. G.S. Sundararajan (Appointed w.e.f. 01/07/2015)	-
Mr. E.K.I. de Zoysa (resigned w.e.f. 01/07/2015)	1

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.

Report of the Directors ►

Corporate Governance

The Audit Committee held two meetings during the year 2015.

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

Name of Committee Member	Audit Committee
Mr. E.M.M. Boyagoda	2
Mr. S.C.G. Guruge	2
Mr. U. Witharana	2
Mr. D.H.J. Gunawardena (resigned w.e.f. 31.12.2015)	1
Mr. T.N.M. Peiris	1

Donations

During the year charitable donations amounting to Rs. 6.5 Million were made by the Company.

Taxation

The Company is liable for income tax at 28%.

The Income Tax Liability of the Company for the year amounted to Rs. 115.8 Million.

Capital Expenditure & Capital Commitments

The total expenditure on acquisition of Property, Plant and Equipment during the year amounted to Rs. 397.8 Million.

Property, Plant & Equipment

The details of Property, Plant and Equipment of the Company are shown in the "Notes to Financial Statements". (Pages 84 to 86)

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. 2.3 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 realisable 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, 2015, there were 2,399 employees in the permanent service of the Company.

Actuarial Valuation

- IBNR / IBNER

The Company has appointed M/s. K.A. Pandit, Consultant Actuaries to certify the IBNR/IBNER provisions made in the accounts as at 31.12.2015.

After reviewing the relevant information and Actuarial studies the Actuaries have recommended to make a net IBNR/IBNER provision of Rs. 224.8 Million. The Company has already made this provision in the accounts as at 31.12.2015.

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 authorising the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The fees paid to the Auditors are disclosed in note 30 on page 107 to the Financial Statements.

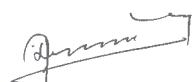
The Auditors of the Company, Messrs. Ernst & Young do not have any relationship with the Company other than that as the Auditors.

BY ORDER OF THE BOARD



H. D. K. P. Alwis

Managing Director



U. Witharana

Deputy Managing Director



Mrs. T. N. Jasenthuliyana

Company Secretary / Senior Assistant General Manager

03rd. March, 2016

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 01.01.2015 to 31.12.2015 in which this company has had transactions during the year 2015.

	Name of Company	Mr. H.D.K.P. Alwis	Dr. W.C.J. Alwis	Mr. N.D. Nugawela	Mr. U. Witharana	Mr. S.C.G. Guruge	Mr. R.A. Gunathilake	Mr. E.M. M. Boyagoda
1	American Education Centre Ltd.	✓	✓		✓			
2	Ashyaki Holdings (Pvt) Ltd.					✓		
3	Asset Trust Management (Pvt) Ltd.				✓			✓
4	CEG Education Holdings (Pvt.) Ltd.	✓	✓		✓			
5	Ceyhydro Developers (Pvt.) Ltd.	✓		✓	✓		✓	
6	Ceylinco Investcorp (Pvt.) Ltd.	✓	✓	✓	✓			
7	Ceypower Cascades (Pvt.) Ltd.	✓		✓	✓			
8	Energy Generators (Pvt.) Ltd.	✓	✓	✓	✓			
9	Industrial Gases (Pvt) Ltd.					✓		
10	International College of Business & Technology Ltd.	✓	✓		✓			
11	Net Assist International (Pvt.) Ltd.		✓		✓			
12	Ultratech Cement Lanka (Pvt.) Ltd.				✓			
13	Wealth Lanka Management (Pvt) Ltd.							✓
14	Wealth Trust Securities (Pvt) Ltd.							✓

Actuarial Report ►

PARTNERS :

D. K. PANDIT
B.Sc., LL.B., A.I.A. (London), F.I.A.I. (00131)
APPROVED VALUER
REGD. NO. : CAT/X-3 OF 1988

AKSHAY PANDIT
B.Sc., A.I.A.I. (00300)

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

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

P. I. MAJUMDAR
B.Com., F.I.A. (London), F.C.I.I., F.I.I.I., F.I.A.I. (00109)



Tel. : (91-22) 4292 2231
(91-22) 4292 2250
(91-79) 2646 0734
Fax : (91-22) 2288 3155
kap@ka-pandit.com
www.ka-pandit.com

M/S. K. A. PANDIT
CONSULTANTS & ACTUARIES
(ISO 9001:2008 CERTIFIED)
(ISO 27001:2005 CERTIFIED)

CERTIFICATE

As Consulting Actuaries to Ceylinco General Insurance Limited, 4th Floor, "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, 2015.

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 31-12-2015 to be provided by Ceylinco General Insurance Limited of its non-life business are estimated as LKR 224,874,236 equal to 2.21% of the Net Earned Premium of LKR 10,152,830,436 as on 31-12-2015. IBNR Claims Reserves as calculated seem adequate and may be provided accordingly. We also certify that the Company meets the Liability Adequacy Test as required under SLFRS-4 satisfactorily.

(N. K. PARIKH)
(PARTNER)
Mumbai, India,
Dated: 09/02/2016



Report of the Auditors ►



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

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

BW/RR/NHG/TW

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CEYLINCO GENERAL INSURANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Ceylinco General Insurance Limited, ("the Company"), which comprise the statement of financial position as at 31 December 2015, and the income statement, the statement of comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. (Set out on pages 71 to 119)

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on other legal and regulatory requirements

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

- a) The basis of opinion, and scope and limitations of the audit are as stated above.
- b) In our opinion :
 - We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company, and
 - The financial statements of the Company comply with the requirements of Section 151 of the Companies Act No 07 of 2007.

As required by 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 Board of Sri Lanka, so as to clearly indicate the true and fair view of the financial position of the Company.

03 March 2016
Colombo

Statement of Financial Position ►

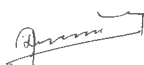
As at 31 December 2015	Page No.	Note	2015 Rs.'000	2014 Rs.'000
ASSETS				
Intangible Assets	83	5	78,847	-
Deferred Expenses	83	6	756,423	-
Property, Plant and Equipment	84	7	2,297,254	-
Investment Properties	87	8	359,600	-
Financial Instruments				
Loans and Receivables	88	9(a)	2,723,125	102,759
Available-For-Sale Financial Assets	88	9(b)	5,844,899	-
Employee Gratuity Benefit Asset	94	10	723,844	-
Employee Pension Benefit Asset	96	11	890,305	-
Reinsurance Receivables	98	12	2,169,757	-
Deferred Tax Assets	99	13(a)	102,314	-
Insurance Receivables	99	14	2,877,519	-
Accrued Income	100	15	246,319	669
Other Assets	100	16	372,235	507
Cash and Cash Equivalents	100	17	191,621	200
Total Assets			19,634,062	104,135
EQUITY AND LIABILITIES				
Equity				
Stated Capital	101	18 (a)	500,200	100,200
Retained Earnings			443,125	2,575
Special Reserves	101	18 (c)	6,848,160	-
Available-for-Sale Reserve			91,385	-
Total Equity			7,882,870	102,775
Liabilities				
Non Life Insurance Contract Liabilities	101	19	9,086,178	-
Deferred Revenue	103	20	193,159	-
Other Financial Liabilities	103	21	-	1,360
Reinsurance Payables	103	22	772,700	-
Income Tax Payable			79,751	-
Trade and Other Payables	103	23	1,619,404	-
Total Liabilities			11,751,192	1,360
Total Equity and Liabilities			19,634,062	104,135

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 the preparation and presentation of these Financial Statements; on behalf of the Board



Upali Witharana
Deputy Managing Director



H.D.K.P Alwis
Managing Director

The notes on pages 71 through 119 form an integral part of the Financial Statements

03 March 2016
Colombo

Income Statement ►

Year ended 31 December 2015	Page No.	Note	2015 Rs.'000	2014 Rs.'000
Net Income	104	24 (c)	6,964,078	3,735
Gross Written Premiums	104	24 (a)	8,052,323	-
Premiums Ceded to Reinsurers	104	24 (b)	(2,028,967)	-
Net Written Premiums			6,023,356	-
Net Change in Reserve for Unearned Premium			27,273	-
Net Earned Premium			6,050,629	-
Fees and Commission Income	104	25	281,043	-
Investment Income	105	26	607,842	3,735
Realised Gains	105	27	24,564	-
Other Revenue			913,449	3,735
Gross Benefits and Claims Paid	106	28(a)	(3,796,087)	-
Claims Ceded to Reinsurers	106	28(b)	541,514	-
Gross Change in Contract Liabilities	106	28(c)	(193,979)	-
Change in Contract Liabilities Ceded to Reinsurers	106	28(d)	84,811	-
Net Benefits and Claims			(3,363,741)	-
Acquisition Cost	106	29	(680,475)	-
Other Operating and Administrative Expenses	107	30	(2,167,833)	(1,159)
Finance Cost	107	31	(44,869)	(1)
Total Benefits, Claims and Other Expenses			(6,256,918)	(1,160)
Profit Before Tax			707,160	2,575
Income Tax Expense	107	32	(102,799)	-
Profit for the Year			604,361	2,575
Basic/Diluted Earnings Per Share	108	33	362.40	5.14
Dividend Per Share	109	34	100.20	-

The notes on pages 71 through 119 form an integral part of the Financial Statements

Statement of Comprehensive Income ►

Year ended 31 December 2015	Note	2015 Rs.'000	2014 Rs.'000
Profit for the Year		604,361	2,575
Other Comprehensive Income			
Other Comprehensive Income to be reclassified to Income Statement in subsequent period			
Net Gain/(Loss) on Available-For-Sale Financial Assets	35	91,533	-
Income Tax relating to Components of Other Comprehensive Income	35	(148)	-
Net Other Comprehensive Income to be reclassified to Income Statement in subsequent period		91,385	-
Other Comprehensive Income not to be reclassified to Income Statement in subsequent period		-	-
Actuarial Gain on Defined Benefit Plans	35	(169,848)	-
Income Tax relating to Components of Other Comprehensive Income	35	6,537	-
Net Other Comprehensive Income not to be reclassified to Income Statement in subsequent period		(163,311)	-
Other Comprehensive Income for the Year, Net of Tax		(71,926)	-
Total Comprehensive Income for the Year, Net of Tax		532,435	2,575

The notes on pages 71 through 119 form an integral part of the Financial Statements

Statement of Changes in Equity ►

Year ended 31 December 2015	Note	Stated Capital Rs.'000	Special Reserves Rs.'000	Retained Earnings Rs.'000	Available-for Sale Reserve Rs.'000	Total Ordinary Share- Holders' Equity Rs.'000
Balance As At 1 January 2014		100,200	-	-	-	100,200
Net Profit for the Year		-	-	2,575	-	2,575
Other Comprehensive Income for the Year		-	-	-	-	-
Total Comprehensive Income for the Year		-	-	2,575	-	2,575
Final Dividend Paid		-	-	-	-	-
Balance As At 31 December 2014		100,200	-	2,575	-	102,775
Net Profit for the Year		-	-	604,361	-	604,361
Other Comprehensive Income for the Year	35	-	-	(163,311)	91,385	(71,926)
Total Comprehensive Income for the Year		-	-	441,050	91,385	532,435
Issue of shares	18 (b)	400,000	-	-	-	400,000
Reserve arising on segregation	18 (c)	-	6,848,160	-	-	6,848,160
Dividend Paid	34	-	-	(500)	-	(500)
Balance As At 31 December 2015		500,200	6,848,160	443,125	91,385	7,882,870

The notes on pages 71 through 119 form an integral part of the Financial Statements

Statement of Cash Flows ►

Year ended 31 December 2015	2015 Rs.'000	2014 Rs.'000
Cash Flows from Operating Activities		
Premiums/Revenue received from Customers	8,651,402	-
Reinsurance Premiums (net of Commission) Paid	(1,334,798)	-
Commission Paid	(847,935)	-
Claims and Benefits Paid	(4,005,875)	-
Reinsurance Receipts in respect of Claims & Benefits	651,172	-
Interest and Dividends Received	525,368	3,066
Other Operating Cash Payments	(2,600,697)	(307)
Other Income	191,123	-
Contributions to Gratuity Fund/Gratuity payments	(35,123)	-
Income Taxes Paid	(36,054)	-
Interest paid	(45,455)	-
Net Cash Flows from Operating Activities (Note A)	1,113,128	2,759
Cash Flows from Investing Activities		
Acquisition of Financial Investments	(48,706,349)	(102,759)
Proceeds from sale of Investment Property	179,150	-
Proceeds from Financial Investments	47,494,358	-
Acquisition of Property, Plant & Equipment	(397,877)	-
Acquisition of Intangible Assets	(10,435)	-
Proceeds from Disposal of Property, Plant & Equipment	21,094	-
Net Cash Flows from Investing Activities	(1,420,059)	(102,759)
Cash Flows from Financing Activities		
Proceeds from Issue of Ordinary Shares	400,000	100,200
Dividends Paid to Equityholders	(501)	-
Cash received from Ceylinco Insurance PLC on Segregation	98,853	-
Net Cash Flows from Financing Activities	498,352	100,200
Increase / (Decrease) in Cash & Cash Equivalents (Note B)	191,421	200
Note A.		
Reconciliation of Profit before tax with Net Cash Flows from Operating Activities		
Profit before tax	707,160	2,574
Adjustments for:		
Depreciation	103,679	-
Amortisation of Intangible Assets	14,173	-
Change in Trade and Other Receivables	(106,047)	(1,175)
Change in Reinsurance Receivable	24,847	-
Increase in Non - Life Insurance Provisions	(76,762)	-
Change in Trade and Other Payables	526,088	1,360
Gain on Disposal of Property, Plant & Equipment	(15,234)	-
Fair value Gain recorded in Income Statement	-	-
Foreign Exchange gain/loss	(28,722)	-
Income Tax Paid	(36,054)	-
Net Cash Flows from Operating Activities	1,113,128	2,759
Note B.		
Cash and Cash Equivalents at 1st January	200	-
Cash and Cash Equivalents at 31st December	Note C 191,621	200
Increase / (Decrease) in Cash and Cash Equivalents	191,421	200
Note C		
Cash at Bank	157,319	200
Cash in Hand	34,302	-
Bank Overdraft	-	-
	191,621	200

The notes on pages 71 through 119 form an integral part of the Financial Statements

Insurance Revenue Account ►

Year ended 31 December 2015	Note	2015 Rs.'000	2014 Rs.'000
Non - Life Insurance			
Gross Written Premium	24 (a)	8,052,323	-
Net Earned Premium		6,050,629	-
Net Claims Incurred	28	(3,363,741)	-
Underwriting and Net Acquisition Costs (Including Reinsurance)		(399,432)	-
Underwriting Result		2,287,456	-
Other Operating, Investments Related and Administrative Expenses	30	(2,167,833)	-
Investment and Other Income		632,406	-
Interest Expense	31	(44,869)	-
Profits From Operations After Interest Expense		707,160	-
Key Ratios Non - Life Insurance			
Net Loss Ratio		55.59	-
Net Expense Ratio		43.17	-
Net Combined Ratio		98.76	-

Notes to the Financial Statements ►

1. Corporate Information

1.1 General

Ceylinco General Insurance Limited (the Company) is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 69, Janadhipathi Mawatha, Colombo 1. The main place of business of General Insurance is located at "Ceylinco House", 69, Janadhipathi Mawatha, Colombo 1. The additional corporate information is given on page 2.

1.2 Principal Activities and Nature of Operations

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

1.3 Ultimate Parent Company

The Company's ultimate parent Company is Ceylinco Insurance PLC (CIPLC) 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 2015 was authorized for issue in accordance with a resolution of the board of directors on 3rd March 2016.

2 Basis of Preparation

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

- Investment property is measured at fair value
- Available For Sale Assets that have been measured at fair value
- Land and buildings are stated at revalued amounts

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 or liability.

2.3 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.

2.4 Comparative Information

The Company commenced insurance business with effect from 1st June 2015 subsequent to obtaining insurance license from Insurance Board of Sri Lanka as a result of the Regulatory requirements on segregation. As at 1st June 2015, its parent Company Ceylinco Insurance PLC transferred its business, assets and liabilities to the Company (Ceylinco General Insurance Ltd). The Income statement, the Statement of Comprehensive Income, Statements of Cashflows include financial information for the insurance operations of 7 months period ended 31st December 2015.

The insurance business information is disclosed only for the year 2015 since the transfer of business took place during 2015.

2.5 Going Concern

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

3 Significant Accounting Policies

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

(a) Product Classification

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

Notes to the Financial Statements

(b) Deferred Acquisition Costs (DAC)

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

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

(c) Intangible Assets

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

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

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

Item	Useful Life
Computer software	03 - 05 Years

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

(d) Financial 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.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Company's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held to maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

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

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

Subsequent measurement

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

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 derecognized or impaired, as well as through the amortization process.

Held to maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold until maturity.

These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR method, less impairment. Gains and losses are recognised in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

Derecognition of financial assets

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

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

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

Notes to the Financial Statements ►

(e) Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or Company of financial assets is impaired. A financial asset or a Company 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 Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company 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 Company 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 Company of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial investments

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

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

are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

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

(f) Offsetting of Financial Instruments

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

(g) 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.

(h) Reinsurance

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

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

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

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance assets include the balances due from both insurance and reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from reinsurers 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.

Notes to the Financial Statements ►

(i) Insurance Receivables

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

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

(j) Taxes

• *Income Tax*

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

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

The Inland Revenue Act No. 10 of 2006 and amendments there to are applied in determining the taxable income/loss of the Company.

• *Deferred Tax*

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

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

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

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

• *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.

(k) Investment Properties

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

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

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

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

(l) Property, Plant and Equipment

(i) Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or constructions of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in 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 Years
Furniture and Fittings	10 Years
Office Equipment	10 Years
Computer Equipment	05 Years
Motor Vehicles	05 Years
Plant & Machinery	10 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Revaluations

Revaluation is performed on freehold land and building by professionally qualified valuers using the open market value. Land and buildings are revalued in every three years.

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

Notes to the Financial Statements ►

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.

(m) *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	

(aa) *Gold*

Gold is measured at realizable value

(n) *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.

(o) *Cash and Cash Equivalents*

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

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

(p) *Foreign Currency Transactions*

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

j) *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 derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

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

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

(r) Financial Liabilities – Initial Recognition and Subsequent Measurement

Initial recognition and measurement

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

The Company's financial liabilities include 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 derecognized 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 derecognized 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

Notes to the Financial Statements ►

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

(bb) Reinsurance Premium

1.) Non Life Insurance

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

(cc) Unearned Premiums– Non Life Insurance

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 1/24th 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".

3.1.1 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	14	99
Unearned premium and deferred acquisition cost	19.a.2 & 6	102 & 83
Reserve for gross outstanding claims	19	101
Valuation of investment property	8	87
Measurement of defined benefit obligation	10	94

Notes to the Financial Statements ►

4. Standards Issued but Not Yet Effective

Certain new accounting standards and amendments / improvements to existing standards have been published, that are not mandatory for 31 December 2015 reporting periods. None of those have been early adopted by the Company.

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.

SLFRS 14 Regulatory Deferral Accounts

SLFRS 14 is an interim standard which provides relief for first time -adopters of SLFRS in relation to the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts.

SLFRS 14 is effective for annual periods beginning on or after 1 January 2016.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Management believes that the SLFRS 14 would not be applicable for the Group, as it is an existing SLFRS preparer/ does not involve in rate regulatory activities. Pending the completion of the detailed impact analysis, possible Impact from SLFRS 9 and SLFRS 15 is not reasonably estimable as of the reporting date.

The following amendments and improvements are not expected to have a significant impact on the Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations (Amendments to SLFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to LKAS 16 and LKAS 38).
- Equity Method in Separate Financial Statements (Amendments to LKAS 27).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SLFRS 10 and LKAS 28).
- Annual Improvements to SLFRSs 2012–2014 Cycle – various standards.
- Investment Entities: Applying the Consolidation Exception (Amendments to SLFRS 10, SLFRS 12 and LKAS 28).
- Disclosure Initiative (Amendments to LKAS 1).

5. Intangible Assets

	Computer Software & License Rs.'000
Cost	
At 1 January 2014	-
Cost Capitalised	-
At 1 January 2015	-
Transferred From Ceylinco Insurance PLC (CIPLC)	110,349
Cost Capitalised	10,435
At 31 December 2015	120,784
Accumulated Amortisation and Impairment	
At 1 January 2014	-
Amortisation during the year	-
At 1 January 2015	-
Transferred From CIPLC	27,764
Amortisation	14,173
At 31 December 2015	41,937
Carrying Amount	
At 1 January 2015	-
At 31 December 2015	78,847

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. 10,435,000 (2014 - Nil). Cash payments amounting to Rs. 10,435,000.(2014 - Nil) were made during the year for purchase of Intangible assets (Computer Software & License).

5.2 Fully Amortised Intangible Assets

Intangible Assets do not include fully amortised Computer Software which are in the use of normal business activities (2014 - Nil).

6. Deferred Expenses

	Deferred Acquisition Costs (DAC) Insurance Contracts Rs.'000
At 1 January 2015	-
Transferred From CIPLC	721,269
Expenses Deferred	715,627
Amortisation	(680,473)
At 31 December 2015	756,423

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

Notes to the Financial Statements ►

7. Property, Plant & Equipment

	Freehold Land Rs.'000	Building Rs.'000	Plant & Machinery Rs.'000	Motor Vehicles Rs.'000	Office Equipment Rs.'000	Computer Equipment Rs.'000	Furniture & Fittings Rs.'000	Total Rs.'000
Cost/Valuation								
At 1 January 2015	-	-	-	-	-	-	-	-
Transferred From CIPLC	463,254	871,869	47,198	584,514	129,694	327,957	256,326	2,680,812
Additions	-	2,799	1,145	357,211	1,910	25,904	8,908	397,877
Disposals	-	-	(1,348)	(9,753)	(9,198)	(29,834)	(17,231)	(67,364)
At 31 December 2015	463,254	874,668	46,995	931,972	122,406	324,027	248,003	3,011,325
Accumulated Depreciation								
At 1 January 2015	-	-	-	-	-	-	-	-
Transferred From CIPLC	-	24,984	29,009	123,955	86,288	249,197	158,463	671,896
Depreciation	-	10,018	2,125	56,540	5,528	17,899	11,569	103,679
Disposals	-	-	(1,312)	(5,822)	(8,427)	(29,479)	(16,464)	(61,504)
At 31 December 2015	-	35,002	29,822	174,673	83,389	237,617	153,568	714,071
Carrying Amount								
At 1 January 2015	-	-	-	-	-	-	-	-
At 31 December 2015	463,254	839,666	17,173	757,299	39,017	86,410	94,435	2,297,254

Revaluation of Land and Buildings

The Company uses the revaluation model for measurement of land and buildings. The Land and Buildings were revalued by Ceylinco Insurance PLC (CIPLC) in 2013 (Before transfer of the assets to the Company (CGIL)) 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 by CIPLC.

7. Property, Plant & Equipment (Contd.)

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	Cost/ Valuation Rs.'000	Date of the Valuation
282, High Level Road, Kottawa	2625	Condominium	Investment Method	Rent per Sq.ft per month	Rs. 52.50	3,700	8,000	3-Jan-14
97, Baudhaloka Mawatha, Gampaha	10436	A-0-R-0-P 16.50	Market Comparable Method	Price per perch	Rs. 2,500,000	41,250	73,000	5-Jan-14
				Price per Sq ft	Rs. 5500			
42/1, Mihidu Mawatha, Kurunegala	7600	A-0-R-0-P 8.2	Market Comparable Method	Price per perch	Rs. 2,500,000	20,500	74,000	5-Jan-14
				Price per Sq ft	Rs. 7500			
583/ 63 Liyanagemulla , Seeduwa	34465	A-3-R-1-P .3.6	Market Comparable Method	Price per perch	Rs. 210,000	110,000	144,000	23-Nov-13
				Price per Sq ft	Rs 150 - 1200			
60 , Yovunpitiya Watte, Gnanawimala Mawatha.	7776	A-0-R-1-P 29	Market Comparable Method	Price per perch	Rs. 150,000	10,350	49,000	24-Dec-13
Kosgoda , Balapitiya				Price per Sq ft	Rs. 4000			
63, Janadhipathi Mawatha, Colombo 1.	0	A-0-R-0-P 13.84	Market Comparable Method	Price per perch	Rs. 6,500,000	90,000	90,000	5-Jan-14
3 rd,4 th, 7 th & 11 th Floors of Ceylinco House Building	43468		Investment Method	Rent per Sq.ft per month	Rs. 135	-	580,566	5-Jan-14
69, "Ceylinco House", Janadhipathi Mawatha, Colombo 1.								
46 / 34, "VIP Centre", Nawam Mawatha , Colombo 2.	19534	A-0-R-0-P 19.00	Market Comparable Method	Price per perch	Rs. 8,000,000	152,000	247,798	5-Jan-14
				Price per Sq ft	Rs. 6500			
Madabawita, Warakapola	650	A-0-R-0-P 20.00	Market Comparable Method	Price per perch	Rs. 250,000	3,750	6,000	25-Dec-13
				Price per Sq ft	Rs. 3700			
Malangama, Kuruwita	650	A-0-R-0-P 15.00	Market Comparable Method	Price per perch	Rs. 300,000	4,500	6,400	26-Dec-13
				Price per Sq ft	Rs. 3000			
Induruwa, Kosgoda	650	A-0-R-0-P 24.30	Market Comparable Method	Price per perch	Rs. 250,000	6,075	8,600	24-Dec-13
				Price per Sq ft	Rs. 3000			
Ibbagamuwa, Melsiripura	650	A-0-R-1-P 00.00	Market Comparable Method	Price per perch	Rs. 150,000	6,000	8,500	5-Jan-14
				Price per Sq ft	Rs. 3500			
Unakuruwa , Tangalle	650	A-0-R-1-P 38.88	Market Comparable Method	Price per perch	Rs. 150,000	3,000	5,800	24-Dec-13
				Price per Sq ft	Rs. 3500			
Bibiliya, Kithulgala	5577	A-1-R-3-P 27.00	Market Comparable Method	Price per perch	Rs. 90,000	7,830	23,600	6-Jan-14
				Price per Sq ft	Rs. 2500 - 3200			
Ibbanwewa, Pussellawa	650	A-0-R-0-P 11.60	Market Comparable Method	Price per perch	Rs. 250,000	2,900	5,540	6-Jan-14
				Price per Sq ft	Rs. 4000			
Puttalam -South, Mundel		A-0-R-0-P-20.0	Market Comparable Method	Price per perch	Rs. 70,000	1,400	7,118	25-Jan-14
Total						463,254	1,337,922	

Notes to the Financial Statements ►

7. Property, Plant & Equipment (Contd.)

- 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;

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

7.3 Fully Depreciated Property, Plant and Equipment

The initial cost of fully depreciated property, plant and equipment which are still in use as at the reporting date is as follows;

At 31 December 2015	2015 Rs.'000	2014 Rs.'000
Plant and Machinery	3,701	-
Computer Equipment	54,971	-
Office Equipments	10,709	-
Furniture and Fittings	17,657	-
	87,037	-

7.4 Acquisition of Property, Plant and Equipment (PPE) during the year

During the financial year, the Company acquired PPE to the aggregate value of Rs.397,877,000 (2014 - Nil). Cash payments amounting to Rs.397,877,000 (2014 - Nil) were made during the year to purchase of PPE.

7.5 Capital Commitments

There were no capital commitments relating to the acquisition of Property, Plant and Equipment during the year. (2014 - Nil)

7.6 PPE pledged as security for Liabilities

There were no items of Property, Plant and Equipment pledged as securities for liabilities during the year. (2014 - Nil)

7.6 Title restriction on PPE

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date.

8. Investment Properties

	2015 Rs.'000	2014 Rs.'000
At 1 January 2015	-	-
Transfers from CIPLC	536,957	-
Disposal	(177,357)	-
At 31 December 2015	359,600	-

Revaluation of Investment Properties

The Investment Properties were revalued by Ceylinco Insurance PLC (CIPLC) in 2013 (Before transfer of the assets to the Company (CGIL)). Fair valuation of investment properties were ascertained 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. The most recent valuation was done as at 31st December 2013. Refer note 8.1 for details of revaluations.

8.1 Details of Investment Properties

Addresses	Building Sq. Ft.	Extent	Method of Valuation	Significant Unobservable Inputs	Estimation for Unobservable Inputs	Value of Land Rs.'000	Value of Building Rs.'000	Total Rs.'000	Date of Valuation
No,34, Muhandiram ED Dabare Mawatha, Colombo-05 (2 Apartments)	3868		Investment Method	Rent per Sq.ft per month	Rs.84/- 97/-	-	70,000	70,000	9-Jan-14
Averihena, Thalangama (6 Houses)	18423	A-0-R- 0-P-87.9	Market Comparable Method	Price per perch & Price per Sq ft	Rs.565,000/- & Rs. 4650/-	51,722	99,878	151,600	5-Jan-14
Dehiwela 138/1 & 138 Galle Road, Mount Lavinia		A-0-R- 0-P-27.55	Market Comparable Method	Price per perch	Rs. 2,100,000	58,000	-	58,000	28-Dec-13
Liyanagemulla, Seeduwa		A-2-R- 2-P-21.5	Cost Approach	Price per perch	Rs. 400,000	80,000		80,000	23-Nov-13
Sub Total						189,722	169,878	359,600	

Notes to the Financial Statements ►

9. Financial Instruments and Fair Values of Financial Instruments

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

	Note	2015 Rs.'000	2014 Rs.'000
Loans and Receivables (L&R)	9(a)	2,723,125	102,759
Available-for-sale Financial Assets (AFS)	9(b)	5,844,899	-
Total Financial Instruments		8,568,024	102,759

The following table compares the fair values of the financial instruments to their carrying values:

	Note	2015		2014	
		Carrying value Rs.'000	Fair value Rs.'000	Carrying value Rs.'000	Fair value Rs.'000
Loans and Receivables (L&R)	9(a)	2,723,125	2,723,125	102,759	102,759
Available-for-sale Financial Assets (AFS)	9(b)	5,844,899	5,844,899	-	-
Total Financial Instruments		8,568,024	8,568,024	102,759	102,759

(a) Loans and Receivables (L&R)

	Note	2015 Rs.'000	2014 Rs.'000
Staff Loans		234,386	-
Debentures - Unquoted	9.a.i	240,000	-
Term Deposits	9.a.ii	2,248,739	102,759
Total Loans and Receivables at Amortised Cost		2,723,125	102,759

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

	Note	2015 Rs.'000	2014 Rs.'000
Treasury Bond & Bills		4,330,277	-
Unquoted Share Investment	9.b.i	624,266	-
Quoted Debentures	9.b.ii	171,110	-
Quoted Share Investment	9.b.iii	369,800	-
Unit Trust Investments	9.b.iv	349,446	-
Total Available-For-Sale Financial Assets at Fair Value		5,844,899	-

(c) Legal title of the Assets transferred

As at 31 December 2015, the legal title of all the assets transferred from Ceylinco Insurance PLC (CIPLC) was transferred to the Company (CGIL) except for the below stated quoted securities and unquoted securities of which the legal title is yet to be transferred to the Company.

	2015 Rs.'000
Quoted Shares	252,643
Quoted Debentures	171,110
Unquoted Debentures	10,000

The delay in the above transfer was due to pending approval from IBSL and Securities and Exchange Commission of Sri Lanka. However, on 1st February 2016, subsequent to the statement of financial position date, the approval from IBSL was received.

Loans and Receivables (L&R)

9.a.i Debenture - Unquoted

	2015 Rs.'000	2014 Rs.'000
Seylan Merchant Bank Ltd.	10,000	-
LB Finance PLC	230,000	-
	240,000	-

9.a.ii Term Deposits

	2015 Rs.'000	2014 Rs.'000
Licensed Commercial Banks	1,838,161	102,759
Registered Finance Companies	410,578	-
	2,248,739	102,759

Details on pledged deposits are provided in note number 39

Available-For-Sale Financial Assets (AFS)

9.b.i Unquoted Share Investment

	2015 Rs.'000	2014 Rs.'000
Ultratech Cement Lanka (Pvt) Ltd	624,266	-
	624,266	-

Notes to the Financial Statements ►

9. Financial Instruments and Fair Values of Financial Instruments (Contd.)

9.b.ii Quoted Debentures

	2015 Rs.'000	2014 Rs.'000
Sampath Bank	11,110	-
Alliance Finance Co.PLC	10,000	-
Seylan Bank PLC	100,000	-
People's Leasing & Finance PLC	50,000	-
Total	171,110	-

9.b.iii Quoted Share Investment

	2015 Rs.'000	2014 Rs.'000
Hotels and Travels		
Taj Lanka Hotels PLC	329	-
Eden Hotel Lanka PLC	350	-
Aitken Spence Hotels Holdings PLC	279	-
Renuka City Hotel PLC	679	-
Total	1,637	-
Banks, Finance and Insurance		
Amana Takaful PLC	489	-
Nation Lanka Finance PLC	202	-
Pan Asia Banking Corporation PLC	270	-
The Finance Company PLC	24,750	-
Citizen Development Business Finance PLC	185,364	-
LOLC Finance PLC	486	-
Total	211,560	-
Health Care		
Nawaloka Hospitals PLC	578	-
Total	578	-
Beverage Foods and Tobacco		
Renuka Agri Foods PLC	513	-
Total	513	-

	2015 Rs.'000	2014 Rs.'000
Plantations		
Elpitiya Plantations PLC	461	-
Malwatte Valley Plantations PLC	340	-
Madulsima Plantations PLC	383	-
Agalawatte Plantations PLC	170	-
Balangoda Plantations PLC	176	-
Kotagala Plantations PLC	178	-
Total	1,708	-
Telecommunication		
Sri Lanka Telecom PLC	470	-
Total	470	-
Chemical and Pharmarceiutical		
J.L.Morison Sons and Jones (Ceylon) PLC	108	-
Total	108	-
Land and Property		
Equity Two PLC	588	-
Total	588	-
Manufacturing		
Blue Diamond Jewellery Worldwide PLC	342	-
Richard Peiris & Company PLC	264	-
Royal Ceramics Lanka PLC	1,476	-
Access Engineering PLC	139	-
Lankem Ceylon PLC	135	-
Haycarb PLC	40	-
Lanka Ceramic PLC	465	-
Hayleys Fabric PLC	675	-
Dipped Product PLC	460	-
Total	3,996	-
Diversified Holdings		
Vallibel One PLC	325	-
Browns Investments PLC	30,000	-
Renuka Holdings PLC	721	-
Hayleys PLC	309	-
Lankem Developments PLC	324	-
MDT Walkers PLC	1,498	-
Lanka Century Investment PLC	114,261	-
Expo Lanka Holdings PLC	615	-
FLC Holdings PLC	325	-
Total	148,377	-
Investment and Trust		
Ceylon Guardian Investment Trust PLC	265	-
Total	265	-
Grand Total	369,800	-

Notes to the Financial Statements ►

9. Financial Instruments and Fair Values of Financial Instruments (Contd.)

9.b.iv. Unit Trust Investments

	2015 Rs.'000	2014 Rs.'000
ASTRUE Gilt-Edged Fund	214,905	-
ASTRUE Money Market Fund	10,316	-
Guardian Acuity Fixed Income Fund	84,857	-
INVESTRUST Money Market Fund	39,368	-
	349,446	-

(d) Carrying Values of Financial Instruments

	Loans and Receivables Rs.'000	Available- For-Sale Rs.'000	Total Rs.'000
At 1st January 2015	102,759	-	102,759
Transferred From CIPLC	2,336,157	4,825,584	7,161,741
Purchases	798,441	47,907,908	48,706,349
Maturities	(514,232)	(46,980,126)	(47,494,358)
Fair value gains recorded in other comprehensive income	-	91,533	91,533
At 31 December 2015	2,723,125	5,844,899	8,568,024

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

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

Assets for which fair value approximates carrying value

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

Fixed rate financial instruments

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

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

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

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

(e) 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:

	Notes	2015				2014			
		Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Available-For-Sale Financial Assets:									
Equity Securities	9 (b)	369,800	-	624,266	994,066	-	-	-	-
Debt Securities	9 (b)	4,501,387	349,446	-	4,850,833	-	-	-	-
Total Financial Assets		4,871,187	349,446	624,266	5,844,899	-	-	-	-
Non Financial Assets									
Land and Buildings	7.1	-	-	1,337,922	1,337,922	-	-	-	-
Investment Properties	8.1	-	-	359,600	359,600	-	-	-	-
Total Non Financial Assets		-	-	1,697,522	1,697,522	-	-	-	-
Total Financial and Non Financial Assets		4,871,187	349,446	2,321,788	7,542,421	-	-	-	-

(f) 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:

	Notes	At 1 January 2015	Transferred from CIPLC	Total gains/ (loss) recorded in other comprehensive income	Additions/ Disposals	At 31 December 2015
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets						
Available-For-Sale Financial Assets:						
Equity Securities	9 b	-	653,680	(29,414)	-	624,266
Total Level 3 Financial Assets			653,680	(29,414)		624,266
Non Financial Assets						
Land and Buildings	7.1	-	1,335,123	-	2,799	1,337,922
Investment Properties	8.1	-	536,957	-	(177,357)	359,600
Total Level 3 Non-Financial Assets		-	1,872,080	-	(174,558)	1,697,522
Total Level 3 Financial and Non-Financial Assets		-	2,525,760	(29,414)	(174,558)	2,321,788

Notes to the Financial Statements ►

9. Financial Instruments and Fair Values of Financial Instruments (Contd.)

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

	Carrying Amount 31/12/2015 Rs.'000	Effect of Possible Alternate Assumptions Rs.'000	Carrying Amount 31/12/2014 Rs.'000	Effect of Possible Alternate Assumptions Rs.'000
Equity Securities	624,266	62,427	-	-
	624,266	62,427	-	-

(h) Financial Instruments not under the fair value measurement hierarchy

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

Assets

Cash and Cash Equivalents
Repo
Reinsurance Receivables
Premium Receivables

Liabilities

Reinsurance Creditors
Other Liabilities (Excluding Government Levies and Accruals)

10. Gratuity Benefit Asset

The amounts recognised in the income statement are as follows:

	2015 Rs.'000	2014 Rs.'000
Current Service Cost	36,958	-
Interest Cost on Benefit Obligation	85,246	-
Expected return on Plan Assets	(137,535)	-
	(15,331)	-
Net Actuarial gain/ (loss) recognised in the Other Comprehensive Income	24,908	-

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

	Note	2015 Rs.'000	2014 Rs.'000
Present value of the Defined Benefit Obligation	10.2	1,329,408	-
Fair value of Plan Assets	10.3	(2,053,252)	-
		(723,844)	-

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

	2015 Rs.'000	2014 Rs.'000
At 1 January 2015	-	-
Transferred from CIPLC	1,265,672	-
Current Service Cost	36,958	-
Interest Cost	85,246	-
Benefits Paid	(35,123)	-
Actuarial (gains) / losses	(23,345)	-
At 31 December 2015	1,329,408	-

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

10.3 Gratuity Benefit Asset

The movement in the plan assets is as follows:

	2015 Rs.'000	2014 Rs.'000
At 1 January 2015	-	-
Transferred from CIPLC	(1,914,154)	-
Expected return on Plan Assets	(137,535)	-
Actuarial Gains	(1,563)	-
Benefit Paid	-	-
At 31 December 2015	(2,053,252)	-

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

	2015 Rs.'000	2014 Rs.'000
Treasury Bonds/Bills	29,331	-
Investment in Shares	1,767,442	-
Corporate Debentures	18,498	-
Other Assets	237,981	-
Total Plan Assets	2,053,252	-

Gratuity funds' plan assets include investment in equity shares of Ceylinco Insurance PLC,(the parent entity of the Company) market value amounting to Rs. 1,767,442,000/- 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:

	2015	2014
Future salary increases	8.50%	-
Discount rate	10.00%	-
Expected rate of return on plan assets	10.00%	-
Retirement age	55 Years	-

Notes to the Financial Statements ►

10. Gratuity Benefit Asset (Contd.)

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

	Amount charges to Profit or Loss			
	Transfer from Ceylinco Insurance PLC	Service Cost	Net interest	Sub total included in profit or loss
	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(1,265,671)	(36,958)	(85,246)	(122,204)
Fair value of Plan Assets	1,914,154	-	-	-
Benefit Assets/ (Liability)	648,483			(122,204)

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 2015 is shown below:

Sensitivity level	Discount Rate		Future Salary Increment Rate		Employee Turnover	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%	1%	1%
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Impact on defined benefit obligation	(74,531)	86,433	86,859	(76,139)	9,494	(10,739)

Following payments are expected contributions to the defined benefit plan obligation on the future years.

	2015 Rs.'000	2014 Rs.'000
Within the next 12 Months	497,755	-
Between 2 and 5 Years	326,496	-
Between 5 and 10 Years	553,605	-

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

11. Pension Benefit Asset

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

2015 changes in the defined benefit obligation, fair value of plan assets and unrecognised past service costs :

	Transfer from Ceylinco Insurance PLC	Service Cost	Net Interest	Sub total Included in Profit/Loss	Benefit paid	Return on plan assets (excluding amounts in net interest expenses)
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Defined Benefit Obligation	(773,999)	(493)	(43,419)	(43,912)	13,103	-
Fair value of Plan Assets	1,772,954	-	-	-	(13,103)	89,490
Benefit Assets/ (Liability)	998,955	-	-	(43,912)	-	-

Remeasurement Gains/(Losses) in Other Comprehensive Income							
Benefit paid	Return on plan assets (Excluding amounts included in net interest expenses)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI	contribution by employers	31-Dec-15
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
35,123	-	-	-	23,345	23,345		(1,329,408)
-	137,535	-	-	1,563	1,563		2,053,252
35,123	137,535	-	-	24,908	24,908	-	723,844

Remeasurement gains/(losses) in other comprehensive income							
Past service costs recognised	Recognised in Income Statement Note	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI	contribution by employers	December
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
-	-	-	-	(9,402)	(9,402)	-	(814,210)
-	-	-	-	(185,353)	(185,353)	40,527	1,704,515
-	-	-	-	(194,755)	(194,755)	40,527	890,305

Notes to the Financial Statements ►

11. Pension Benefit Asset (Contd.)

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:

			2015	2014
Discount Rate			10%	-
Rate of Return on Plan Assets	Current		10%	-
	Previous		10%	-
Salary Escalation Rate	Scheme A		0%	-
	Scheme B, C & D		10%	-
Attrition Rate			1%	-
Retirement Age	Scheme A		60 Yrs	-
	Scheme B, C & D		55Yrs	-
Mortality Table			PA 90	-

A quantitative sensitivity analysis for significant assumption as at 31 December 2015 as shown below

Sensitivity level	Rs.000		Rs.000		Rs.000	
	Discount Rate		Future Salary increment rate		Life Expectancy	
	Increase	Decrease	Increase	Decrease	Increase by 1 year	Decrease by 1 year
	1%	1%	1%	1%		
Impact on define benefit obligation	(44,088)	49,659	1,225	(1,148)	14,242	(14,530)

Following are expected payments from the defined benefit pension obligation on the future years

	2015 Rs.'000	2014 Rs.'000
Within the next 12 Months	98,380	-
Between 2 and 5 Years	367,671	-
Between 5 and 10 Years	394,231	-

The average duration of defined benefit plan obligating at the end of the reporting period is 15 years (2014: 15 years)

12. Reinsurance Receivables

	2015 Rs.'000	2014 Rs.'000
Reinsurance receivable on paid claims	139,665	-
Reinsurance receivable on payable claims	2,030,092	-
Total Reinsurance Receivables	2,169,757	-

Reinsurance receivables on paid claims represent dues within 6 months.

The carrying amounts disclosed above in respect of the reinsurance of insurance contracts approximate fair value at the reporting date.

13. (a) Deferred Tax Asset

	Other Comprehensive Income		Income Statement		Statement of Financial Position	
	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000	2015 Rs.'000	2014 Rs.'000
Temporary Difference from Retirement Benefit Liability	6,537	-	11,310	-	245,618	-
Temporary Difference from Property Plant and Equipment	-	-	1,696	-	(143,278)	-
Available-for-sale Financial Assets (AFS)	(148)	-	-	-	(26)	-
Deferred Tax Expense/(Income)	6,389	-	13,006	-		
Deferred Tax Asset					102,314	-

(b) Total Deferred Tax Assets

	2015 Rs.'000	2014 Rs.'000
At 1 January 2015	-	-
Transferred from Ceylinco Insurance PLC	82,919	-
Amounts recorded in the income statement	13,006	-
Amounts recorded in other comprehensive income	6,389	-
At 31 December 2015	102,314	-

(c) Notional Tax Credit for Withholding Tax on Government Securities

	2015 Rs.'000	2014 Rs.'000
At 1 January 2015	-	-
Tax Credit for the year	18,937	-
Set off against Tax Liability	(18,937)	-
At 31 December 2015	-	-

14. Insurance Receivables

	2015 Rs.'000	2014 Rs.'000
Premium Receivables	2,917,976	-
Less : Allowance for impairment	(40,457)	-
Total Insurance Receivables	2,877,519	-

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

	Below 60 days	Above 60 days	Total
2015	2,443,258	434,261	2,877,519
2014	-	-	-

Notes to the Financial Statements ►

15. Accrued Income

	Note	2015 Rs.'000	2014 Rs.'000
Loans & Receivables (L&R)	15.1.a	161,124	669
Available-for-sale Financial Assets (AFS)	15.1.b	85,195	-
		246,319	669

15.1.a Loans & Receivables (L&R)

	2015 Rs.'000	2014 Rs.'000
Fixed Deposits	149,968	-
Unquoted Debentures	11,156	-
	161,124	-

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

	2015 Rs.'000	2014 Rs.'000
Treasury Bills and Bonds	61,491	-
Quoted Debentures	23,704	-
	85,195	-

16. Other Assets

	2015 Rs.'000	2014 Rs.'000
Inventories	26,961	-
Allowance for impairment	(4,118)	-
	22,843	-
Advances, Deposits & Prepayments	176,977	200
Gold	2,491	-
Deferred staff benefits	54,946	-
Other Receivables	114,978	307
	372,235	507

17. Cash and Cash Equivalents

	2015 Rs.'000	2014 Rs.'000
Cash in hand and at Bank	191,621	200
Total Cash and Cash Equivalents	191,621	200

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

18 (a) Stated Capital

	2015 Rs.'000	2014 Rs.'000
Issued & Fully paid		
Ordinary Shares -Voting	500,200	100,200
	500,200	100,200

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 (b) Movement of Stated Capital

	2015 Rs.'000	2014 Rs.'000
At 1 January 2015	100,200	-
Issued during the year	400,000	100,200
At 31 December 2015	500,200	100,200

Movement of No.of shares	2015	2014
At 1 January 2015	501,000	-
Issued during the year	2,000,000	501,000
At 31 December 2015	2,501,000	501,000

18 (c) Special Reserves

	2015 Rs.'000	2014 Rs.'000
Special Reserves *	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. For more details please refer Note 40.

19. Insurance Contract Liabilities

	Note	2015 Rs.'000	2014 Rs.'000
Non-Life Insurance Contracts	19.a	9,086,178	-
		9,086,178	-

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 2015 with the assistance of external actuaries and it has been concluded that liabilities recorded in financial statements are adequate.

Notes to the Financial Statements ►

19. Insurance Contract Liabilities (Contd.)

19.a. Non-Life Insurance Contract Liabilities

	Note	2015 Insurance Contract Liabilities Rs.'000	2014 Insurance Contract Liabilities Rs.'000
Provision for reported claims by policyholders		2,764,178	-
Provision for claims IBNR/IBNER		224,874	-
Outstanding claims provision	19.a.1	2,989,052	-
Provision for Unearned Premiums	19.a.2	6,097,126	-
Total Non Life Insurance Contract Liabilities		9,086,178	-
Non-life Technical Reserves		6,492,822	-

19.a.1 Outstanding Claims Provision

	2015			2014		
	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 2015	-	-	-	-	-	-
Transferred from CIPLC	3,003,594	2,084,946	918,648	-	-	-
Claims incurred in the current accident year	3,808,627	472,129	3,336,498	-	-	-
Other movements in claims incurred in prior accident years	182,716	166,001	16,715	-	-	-
Claims paid during the year	(4,005,885)	(553,319)	(3,452,566)	-	-	-
At 31 December 2015	2,989,052	2,169,757	819,295	-	-	-

Reinsurance receivable on paid claims are included under above Reinsurance receivables are amounting to Rs. 139,665,000/- in 2015.

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.2 Provision for Unearned Premiums

	2015 Insurance Contract Liabilities Rs.'000	2014 Insurance Contract Liabilities Rs.'000
At 1 January 2015	-	-
Transferred from CIPLC	6,124,400	-
Premiums written in the year	8,052,116	-
Premiums earned during the year	(8,079,390)	-
At 31 December 2015	6,097,126	-

20. Deferred Revenue

	2015 Rs.'000	2014 Rs.'000
SRCC/TC RI Commission	52,080	-
Foreign RI Commission	141,079	-
	193,159	-

21. Other Financial Liabilities

	2015 Rs.'000	2014 Rs.'000
Repo Borrowings	-	1,360
	-	1,360

22. Reinsurance Payable

	2015 Rs.'000	2014 Rs.'000
Domestic Reinsurer - National Insurance Trust Fund (NITF)	184,622	-
Domestic Reinsurers - Others	8,518	-
Foreign Reinsurers	579,560	-
	772,700	-

23. Trade and Other Payables

	2015 Rs.'000	2014 Rs.'000
Agency Commission Payable	479,070	-
Government Levies	243,327	-
Trade Creditors & Accrued Expenses	897,007	-
	1,619,404	-

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

All amounts are payable within one year.

24. Net Premiums

	Note	2015 Rs.'000	2014 Rs.'000
Gross premiums on insurance contracts	24.a	8,052,323	-
		8,052,323	-
Premiums ceded to reinsurers on insurance contracts	24.b	2,028,967	-
		2,028,967	-

Notes to the Financial Statements ►

24. Net Premiums (Contd.)

Gross Written Premium

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

24.a

	2015 Rs.'000	2014 Rs.'000
Fire	750,841	-
Motor	4,746,381	-
Marine	268,526	-
Miscellaneous	1,536,628	-
Engineering	674,513	-
Employers' Liability	75,434	-
	8,052,323	-

The Gross written premium of 2015 includes Rs.17,882,915 and US\$ 41,351 which are collected on behalf of co-insurance partners.

24.b Premium Ceded to Reinsurers

	2015 Rs.'000	2014 Rs.'000
Fire	647,245	-
Motor	168,749	-
Marine	111,492	-
Miscellaneous	509,092	-
Engineering	584,825	-
Employers' Liability	7,564	-
	2,028,967	-
National Insurance Trust Fund		
Compulsory Reinsurance Cessions	329,669	-
Strike, Riots, Civil Commotion	320,663	-
Foreign Reinsurers	1,355,030	-
Local coinsurance partners	23,605	-
	2,028,967	-

24.c Net Income

	2015 Rs.'000	2014 Rs.'000
Net Earned Premium	6,050,629	-
Other Revenue	913,449	-
	6,964,078	-

25. Fees and Commission Income

	2015 Rs.'000	2014 Rs.'000
Reinsurance Commission Income	281,043	-
	281,043	-

26. Investment Income

	Note	2015 Rs.'000	2014 Rs.'000
Available-for-Sale Financial Assets			-
Interest Income	26.a	198,116	-
Dividend Income	26.b	94,609	-
Loans and Receivables - Interest Income		118,808	3,735
Interest Income from Staff Loan		16,819	-
Other Operating Revenue		179,490	-
Total Investment Income		607,842	3,735

Available-for-sale financial assets

26.a Interest Income

	2015 Rs.'000	2014 Rs.'000
Debenture Interest	16,122	-
Repo Income	10,017	-
Tresury Bill Income	171,977	-
	198,116	-

26.b Dividend Income

	2015 Rs.'000	2014 Rs.'000
Dividend Income-Quoted Investment	87,152	-
Income from unit trusts	7,458	-
	94,609	-

27. Realised Gains

	2015 Rs.'000	2014 Rs.'000
Property, Plant and equipment		
Realised gains	17,027	-
Available-for-sale financial assets		
Realised gains		
Equity securities	165	-
Debt securities	7,372	-
Total realised gains for available-for-sale financial assets	7,537	-
Total realised gains	24,564	-

Notes to the Financial Statements ►

28. Net Benefits and Claims

	2015 Rs.'000	2014 Rs.'000
(a) Gross Benefits and Claims Paid		
Non-life insurance contracts	3,796,087	-
Total Gross Benefits and Claims Paid	3,796,087	-
(b) Claims Ceded to Reinsurers		
Non-life insurance contracts	(541,514)	-
Total Claims Ceded to Reinsurers	(541,514)	-
(c) Gross Change in Contract Liabilities		
Change in non-life insurance contract outstanding claims provision	193,979	-
Total Gross Change in Contract Liabilities	193,979	-
(d) Change in Contract Liabilities Ceded to Reinsurers		
Change in non-life insurance contract outstanding claims provision	(84,811)	-
Total Change in Contract Liabilities Ceded to Reinsurers	(84,811)	-
Net Benefits and claims	3,363,741	-
Net benefits and claims - Non Life Insurance	3,363,741	-
	3,363,741	-

	2015 Rs.'000	2014 Rs.'000
Non - Life Net claims incurred		-
Gross Claims Incurred	3,990,066	-
Reinsurance Recoveries	(626,325)	-
Total Net Claims incurred	3,363,741	-

	2015 Rs.'000	2014 Rs.'000
The analysis by major classes of business is as follows-non-life		-
Fire	52,022	-
Motor	2,443,397	-
Marine	34,505	-
Miscellaneous	740,238	-
Engineering	84,404	-
Employer's Liability	9,175	-
	3,363,741	-

29. Acquisition Costs

	2015 Rs.'000	2014 Rs.'000
Fees and Commission Expenses	715,628	-
Deferred Expenses	(35,153)	-
	680,475	-

30. Other Operating and Administrative Expenses

	Note	2015 Rs.'000	2014 Rs.'000
Amortisation of Intangible Assets	5	14,173	-
Depreciation on Property Plant and Equipment	7	103,679	-
Other Operating Expenses		578,543	1,159
Auditors' Remuneration - Fees		2,559	-
Employee Benefits Expense	30(a)	1,134,082	-
Selling Expenses		291,167	-
Legal Expenses		37,081	-
Donations		6,549	-
Total Other Operating and Administrative Expenses		2,167,833	1,159

30.(a). Employee Benefits Expense

	2015 Rs.'000	2014 Rs.'000
Wages and Salaries including Bonus & Incentives	945,355	-
Employees' Provident Fund	90,216	-
Employees' Trust Fund	22,590	-
Defined Gratuity Benefit & Pension Costs	(62,832)	-
Other Staff related Cost	138,753	-
Total Employee Benefits Expense	1,134,082	-

31. Finance Costs

	2015 Rs.'000	2014 Rs.'000
Other Finance Charges	44,869	1
Total Finance Cost	44,869	1

32. Income Tax Expense

The major components of income tax expense for the year ended 31 December 2015 is:

(a) Current Year Tax Charge

	Note	2015 Rs.'000	2014 Rs.'000
Current Tax			
Income tax		115,084	-
Over/under provision in respect of previous year		721	-
Total Current Tax		115,805	-
Deferred Tax			
Origination of temporary differences	13 (a)	(13,006)	-
Total Income Tax Expense		102,799	-

Notes to the Financial Statements ►

32. Income Tax Expense (Contd.)

(b) Tax recorded in other comprehensive income (see Note 33)

	Note	2015 Rs.'000	2014 Rs.'000
Deferred Tax		6,389	-
Total tax charge to Other Comprehensive Income		6,389	-

(c) Reconciliation of Tax Charge

Reconciliation of Effective Tax Rate

	Note	2015 Rs.'000	2014 Rs.'000
Profit for the period		604,361	-
Total income tax expense		102,799	-
Profit liable for income tax		707,160	-
Income tax using the Company's domestic tax rate (2015-28% 2014 -28%)		198,005	-
Tax exempt income		(76,948)	-
Net non-deductible/(deductible) expenses		(5,973)	-
Over / (Under) Provision of Previous Years		721	-
		115,805	-

(d) VAT Assessment on Reinsurance

The Department of Inland Revenue has issued VAT assessments for the taxable period in the years 2003 and 2004 mainly imposing VAT on Reinsurance recoveries and reinsurance discounts. Upon the determination of the Commissioner General of Inland Revenue, holding the position they are chargeable with VAT, Company appealed to the Tax appeals Commission. The Tax appeals commission has given its decision in favour of Inland Revenue. Hence, upon the receipt of the decision of the tax appeals commission, company appealed to the Honourable Court of appeal on the questions of Law. Now the matter is pending before the Honourable court of appeal for their opinion. The amount so assessed by Inland Revenue is Rs. 195.9 Million.

33. Basic/Diluted Earnings Per Share

Basic/Diluted Earnings per Share has been calculated by dividing profit after taxation attributable to ordinary shareholders of the parent by the weighted average Ordinary Shares in issue at the year end.

	2015	2014
Profit for the year (Rs.'000)	604,361	2,575
Weighted Average Number of Ordinary Shares ('000)	1,668	501
Basic/Diluted Earnings per Ordinary Share (Rs.)	362.40	5.14

There were no potential dilutive Ordinary Shares outstanding at any time during the year. Therefore, diluted earnings per share is same as basic earnings per share shown above.

34. Dividends Paid and Proposed

	2015 Rs.'000	2014 Rs.'000
Interim Dividend Paid	500	-
Final Proposed Dividend	250,100	-
	250,600	-

	2015	2014
No. of Shares in issue for the year	2,501,000	501,000
Dividend per share (Rs.)		
Paid & Proposed Final	100.20	-

The Board of Directors has proposed a Final dividend of Rs. 100 per share for the year ended 31st December, 2015 which is to be approved by the shareholders at the Annual General Meeting to be held on 31 March 2016. As stipulated by LKAS -10 - Events after the Balance Sheet Date, this proposed dividend is disclosed, but not recognized as a liability as at 31st December, 2015.

However, for the purpose of computing Dividend per Share the final dividend proposed has been taken into consideration.

35. Income Tax Effects Relating to Other Comprehensive Income

	2015 Tax			2014 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	91,533	(148)	91,385	-	-	-
Actuarial gain on defined benefit plans	(169,848)	6,537	(163,311)	-	-	-
Total	(78,315)	6,389	(71,926)	-	-	-

36. 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.

Notes to the Financial Statements ►

36. Risk Management Framework (Contd.)

(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 board of Sri Lanka. (IBSL). 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.

(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 board 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.

(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.

37. 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.

37.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.

Notes to the Financial Statements ►

37. Insurance And Financial Risk (Contd.)

37.b. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following processes/activities of the Company reduces the credit risk of financial instruments.

- Credit risk policy is based on the 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	2015 Rs.'000	2014 Rs.'000
Financial Instruments			-
			-
Loans and Receivables			
Debt Securities		2,488,739	102,759
Other		234,386	-
	9 (a)	2,723,125	102,759
Available-for-sale Financial Assets			
Equity Securities		994,066	-
Debt Securities		4,850,833	-
	9 (b)	5,844,899	-
Other Assets			
Reinsurance Receivables	12	2,169,757	-
Insurance Receivables	14	2,877,519	-
Cash and Cash Equivalents	17	191,621	200
		5,238,897	200
Total Credit Risk Exposure		13,806,921	102,959

Industry Analysis

31 December 2015	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	2,248,739	-	-	-	-	2,248,739
Unquoted Debentures	240,000	-	-	-	-	240,000
Staff and vehicle Loans	-	-	-	-	234,386	234,386
	2,488,739	-	-	-	234,386	2,723,125
Available-for-sale Financial Assets						
Equity Securities	356,411		4,484	632,201	970	994,066
Debt Securities	-	4,679,723	171,110	-	-	4,850,833
	356,411	4,679,723	175,594	632,201	970	5,844,899
Total Credit Risk Exposure	2,845,150	4,679,723	175,594	632,201	235,356	8,568,024
31 December 2014	Financial Services Rs.'000	Government Rs.'000	Services Rs.'000	Manufacturing and Power Rs.'000	Others Rs.'000	Total Rs.'000
Loans and Receivables						
Term Deposits	102,759	-	-	-	-	102,759
Total Credit Risk Exposure	102,759	-	-	-	-	102,759

Notes to the Financial Statements ►

37. Insurance And Financial Risk (Contd.)

The below table indicates the rating of investments as at 31st December 2014 & 2015.

31 December 2015													
AAA	AA+	AA	AA-	A+	A	A-	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
Financial Instruments													
Loans and Receivables	-	-	848,406	-	-	1,605,333	-	-	25,000	-	-	-	244,386 2,723,125
Available-for-sale Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity securities	-	470	572	-	578	-	-	135	-	666	-	991,645	994,066
Debt securities	-	4,330,277	50,000	-	111,110	-	-	10,000	-	-	-	349,446	4,850,833
Total	-	4,330,747	898,978	-	-	1,717,021	-	35,135	-	666	-	1,585,477	8,568,024

31 December 2014													
AAA	AA+	AA	AA-	A+	A	A-	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
Financial Instruments													
Loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	102,759
Total	-	-	-	-	-	-	-	-	-	-	-	-	102,759

37.c. Liquidity risk

The liquidity risks in the Company division 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.

37.d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and equity price risk and commodity prices (price risk).

The investment committee reviews the impact of market risks and corrective actions are suggested regularly.

(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.

37.e. Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Business risks such as changes in environment, technology and the industry are monitored through the strategic management and budgeting process. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

38. Contingencies and Commitments

(a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. However, there is a tax appeal relating on VAT on reinsurance recoveries. (Note 32 (d))

(b) Capital commitments and operating leases

The Company has committed to pay operating lease rentals on vehicles amounting to Rs.85,222,172/-.

39. Assets Pledged

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged Rs.'000	Included under
Fixed Deposits	Pledged to Seylan Bank PLC to obtain bank overdraft facilities.	61,200	Loans & Receivables

Notes to the Financial Statements ►

40. Segregation

In terms of Section 53 of the Regulation of Insurance Industry (Amendment) Act No. 3 of 2011, all composite insurance companies were required to segregate their Life and General Insurance businesses into two separate legal entities ("Segregation"). In consultation with the insurance industry, the Insurance Board of Sri Lanka ("IBSL") proposed the timeline for compliance as 1 January 2015 and issued a timetable with key milestones leading to the completion of the process by that date. Further, the IBSL had issued a set of Guidelines to Insurers in this regard.

As at 1 January 2015, Ceylinco Insurance PLC ("CIPLC"), the parent entity, complied with all the requirements, including obtaining Court approvals as required by the aforementioned Guidelines and the Regulation of Insurance Industry (Amendment) Act No. 3 of 2011. Additionally, on 22 April 2014, CIPLC incorporated Ceylinco Life Insurance Limited and Ceylinco General Insurance Limited as fully owned subsidiaries of CIPLC in order to carry out the Life and General insurance businesses, respectively. However, subsequently, a shareholder challenged the Judgment given by the District Court on the segregation and hence, the date of segregation was postponed.

Upon clearance of the above mentioned legal matters, the IBSL has approved 1 June 2015 to be the date of segregation and Ceylinco Insurance PLC transferred its Life and General insurance businesses to its newly formed subsidiary companies, Ceylinco Life Insurance Limited and Ceylinco General Insurance Limited, respectively, with effect from 1 June 2015.

Ceylinco General Insurance Limited was infused with a stated capital of Rs. 100 Million on 25th April 2014 and increased the stated capital to Rs. 500 Million on 1st of June 2015 respectively by issuing 2 Million new shares for a consideration of Rs. 400 Million. Accordingly, with effect from 1 June 2015, Ceylinco General Insurance Limited has become a General Insurance Company while Ceylinco Insurance PLC has become the ultimate parent of the entity.

The transfer of the General Insurance business to the Company was carried out by transferring the assets and liabilities of Ceylinco Insurance PLC pertaining to General Insurance business at its carrying value as at 31 May 2015, with effect from 1 June 2015.

Details of the assets and liabilities transferred from Ceylinco Insurance PLC as at 1 June 2015 are as follows:

Total Assets (Rs.000)	18,565,906
Total Liabilities (Rs.000)	11,188,775
Net Assets (Rs.000)	7,377,131

Ceylinco Insurance PLC would not be carrying on insurance business with effect from 1st June 2015.

40.1 Comparative Information of General Insurance Business

Therefore, financial information disclosed under "Company" includes insurance business information from date of segregation, i.e. 1st June 2015. We provide following disclosures of General Insurance segment incorporating comparative information for statement of Profit and Loss of the same for the fair and better presentation of Financial Statements.

40 (a). Statement of Comprehensive Income

	2015 Rs.'000	2014 Rs.'000
Net Income	12,129,435	10,880,491
Gross written premiums	13,557,833	12,164,864
Premiums ceded to reinsurers	(2,987,485)	(2,376,587)
Net Written Premiums	10,570,348	9,788,277
Net change in Reserve for unearned premium	(417,517)	(428,300)
Net Earned premium	10,152,831	9,359,977
Investment and Other Income *	1,990,706	1,520,514
Insurance Claims and Benefit (Net)	(5,690,518)	(5,259,911)
Acquisition cost	(1,151,513)	(1,068,349)
Total Benefits, Losses and expenses	(6,842,031)	(6,328,260)
Other operating and administrative expenses	(3,656,210)	(3,605,734)
Profit from Operations	1,645,296	946,497
Finance cost	(78,361)	(79,084)
Profit before tax	1,566,935	867,413
Income tax expense	(193,295)	(87,776)
Profit for the period	1,373,640	779,637

* Investment and Other Income of 2015 includes Rs. 476,780,000/- as realisation of Available For Sale Reserve in respect of segregation effected on 1st. of June, 2015. However, the realisation is not considered as realised in Group's perspective.

41. Related Party Disclosures

According to Sri Lanka Accounting Standard (LKAS) 24 Related Party Disclosure, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) of the Company and their immediate family members have been classified as Key Management Personnel of the Company. In addition, Chief Executive Officer and Head of Finance together with their immediate family members have also been classified as Key Management Personnel of the Company.

Immediate family member is defined as spouse or dependent. A dependent is defined as anyone who depends on the respective KMP for his/her financial needs. As 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.

Notes to the Financial Statements ►

41.1 Related Party Transactions

(i)

	Nature of Transaction	Amount of transactions	
		2015 Rs.	2014 Rs.
a. The aggregate value of transactions relating to key management personnel and entities which are related, were as follows	Aggregate amounts of premium received from the companies under normal terms of insurance contracts	23,106,261	Nil
	Aggregate amounts of claim paid to the companies under normal terms of insurance contracts	563,574	Nil

b. Transaction with related parties are listed below;

Name of the Company	Nature of Transaction	Amount of transactions	
		2015 Rs.	2014 Rs.
Citizen Development Business Finance PLC	Commission	21,683,721	-
	Premium Income	5,146,664	-
Ceylinco Investcorp (Pvt) Ltd	Premium Income	229,425	-
	Fund Management Fees	1,215,000	-
American Education Centre Ltd	Premium Income	392,225	-
	Claims paid	58,250	-
Ashyaki Holdings (Pvt) Ltd.	Premium Income	51,418	-
Asset Trust Management (Pvt) Ltd	Premium Income	107,100	-
CEG Education Holdings (Pvt) Ltd	Premium Income	150,000	-
Ceyhydro Developers (Pvt) Ltd	Premium Income	215,141	-
Ceypower Cascades (Pvt) Ltd	Claims paid	19,070	-
	Premium Income	1,450,887	-
Energy Generators (Pvt) Ltd.	Premium Income	4,478,174	-
Industrial Gases (Pvt) Ltd	Premium Income	1,596,150	-
	Claims paid	131,537	-
International College of Business & Technology Ltd	Premium Income	4,397,149	-
	Claims paid	149,203	-
Net Assist International Pvt) Ltd	Premium Income	47,045	-
Ultratech Cement Lanka (Pvt) Ltd.	Premium Income	4,773,483	-
	Claims paid	205,515	-
Wealth Lanka Management (Pvt) Ltd	Premium Income	71,400	-
Ceylinco Life Insurance Limited	Premium Income	8,711,711	-
	Premium Paid	13,967,376	-
	Rent Expenses	11,928,404	-
	Other Payable	40,340,279	-

(ii) Key Management Personnel Compensation

		2015 Rs.'000
Key Managerial Persons include members of Board of Directors and Chief Executive Officer and Head of Finance.	Short-term employee benefits received from the Company (Salaries, Bonus, Medical expenses etc.)	141,487
	Other Long term/post employment/Statutory benefits (EPF, ETF, Gratuity & Pension)	65,393

41.2 (a) Balance outstanding as at 31 December 2015 in respect of premium receivables from related entities

Name of the company	2015 Amount (Rs.)	2014 Amount (Rs.)
Ultratech Cement Lanka (Pvt) Ltd.	1,548,669	-
Ceylinco Investcorp (Pvt) Ltd.	99,175	-
Energy Generators (Pvt) Ltd.	13,343	-
Industrial Gases (Pvt) Ltd.	1,288,819	-

The related party transactions disclosed above are made at terms equivalent to those that prevail in arm's length transactions.

Notice of Meeting ►

Notice is hereby given that the Second Annual General Meeting of the Shareholders of the Company will be held on Thursday, 31st. March, 2016 at 11.00 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 :

- To read the Notice convening the Meeting.
- Chairman's Address.
- To receive, consider and adopt the Report of the Directors and the Financial Statements for the year ended 31st. December, 2015 and the Report of the Auditors thereon.
- To declare a Dividend for the year ended 31st. December, 2015.
- To re-elect Mr. Bodahandi Sarada Mohanjith De Silva, who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
- To re-elect Mr. Rex Abeyratne Gunathilake, who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
- To re-elect Mr. Ekanayake Mudiyansele Mangala Boyagoda, who retires by rotation at the Annual General Meeting in terms of Article 34(i), as a Director.
- To re-elect Mr. Gopalamudram Srinivasa Raghavan Sundararajan as a Director, who retires at the Annual General Meeting, being a Director appointed in July, 2015. The approval of the Insurance Board of Sri Lanka was received on 6th. October, 2015 to appoint Mr. Gopalamudram Srinivasa Raghavan Sundararajan as a Director.

- To authorise the Directors to determine payments for charitable purposes for the year 2016.
- To re-appoint Auditors and authorise the Board of Directors to determine their remuneration.
- To transact any other business of which due notice shall be given.

By Order of the Board

J.N. Jasenthuliyana

(Mrs.) Thushara N. Jasenthuliyana

Company Secretary / Senior Assistant General Manager

04th. March, 2016

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 11.00 a.m. on 29th. March, 2016.

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

Designed & produced by



Digital Plates & Printing by Gunaratne Offset Ltd

Photography by Taprobane Street

Cover Image Courtesy: Martin Good / Shutterstock.com

