

One Goal. One Team.

SRI LANKA INSURANCE CORPORATION LTD.
ANNUAL REPORT 2019



One Goal. One Team.

The secret to our success is actually not a secret. Your company has been laying the foundation for greatness since inception and our generous asset base, and exceptional ratings have given us the stability as well as the flexibility to deliver ultimate value to our stakeholders. This mission, fortified and carried out by our professional and like-minded team has been the engine that has accelerated our growth as well as our plans for the future. A group effort that unites us in delivering our best to Sri Lanka.

At SLIC; we are focused on one goal, as one team, to continue our strategy to be the strongest and the premier insurance provider in the nation.

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One Goal. One Vision.

The Sri Lanka Insurance Corporation continues its practice of Integrated Annual Reporting for the second consecutive year in 2019, to disclose the strategies, governance and business performance during the year, and to also discuss prospects for future value creation.

REPORT BOUNDARY AND COMPLIANCE

This Annual Report for Sri Lanka Insurance Corporation covers the 12-month period from 1 January 2019 to 31 December 2019. The overall boundary of this Annual Report comprises Sri Lanka Insurance Corporation and its subsidiaries, identified as “SLIC” or “Company” individually and “Group” collectively.

Respective entities are identified where applicable. SLIC’s business comprises two segments: General Insurance and Life Insurance. The two segments are treated and identified separately or as part of the overall business where appropriate and identified as such.

The information contained herein is in compliance with all applicable laws, regulations, and standards. In preparing this Report, we have drawn on concepts, principles, and guidance given in the following where applicable:

- Global Reporting Initiative (GRI) Sustainability
- Reporting Guidelines GRI Standards
- International Integrated Reporting Framework (IIRC)

PRECAUTIONARY PRINCIPLE

SLIC applies a stringent precautionary principle with regards to social and environmental sustainability. We recognise the impact that our operations can have on the society and environment we operate in, and take all necessary actions and precautions to address and minimise such risks.

QUERIES

We welcome your comments and questions about this Report
B A Ruwani Dharmawardana,
Company Secretary/DGM – Compliance
Sri Lanka Insurance Corporation Ltd.
“Rakshana Mandiraya”,
No. 21, Vauxhall Street, Colombo 02.
Phone: +94 11 235 7741

ABOUT SRI LANKA INSURANCE CORPORATION

As Sri Lanka's national insurance services provider and the country's pioneer in insurance, Sri Lanka Insurance Corporation (SLIC) is backed by decades of industry expertise and the most experienced insurance sector technical knowledge base in the country.

The long history of SLIC in driving the development and advancement of the insurance industry in Sri Lanka has recorded many landmark achievements, such as the largest claim ever paid of Rs. 39.5 Bn, and the largest bonus ever declared to its policyholders of Rs. 8.2 Bn. SLIC's total assets are worth Rs. 212 Bn. and in the Sri Lankan insurance sector, accounts for the largest Shareholders' Fund of Rs. 62 Bn. and the highest Life Fund of Rs. 117 Bn.

SLIC continues to be the trusted national insurer of the people of Sri Lanka as it strives to enhance its service reach and service quality to serve the people of Sri Lanka better each year.

Our Vision

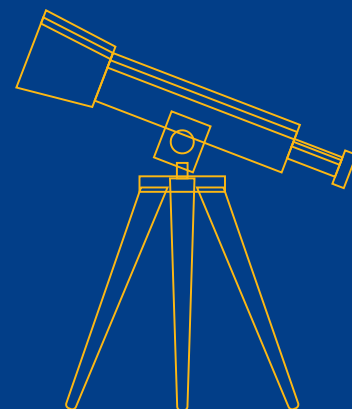
What do we aspire to be? Our Vision

- To be the Nation's first choice for Risk Protection and Life Investment Optimisation

Our Mission

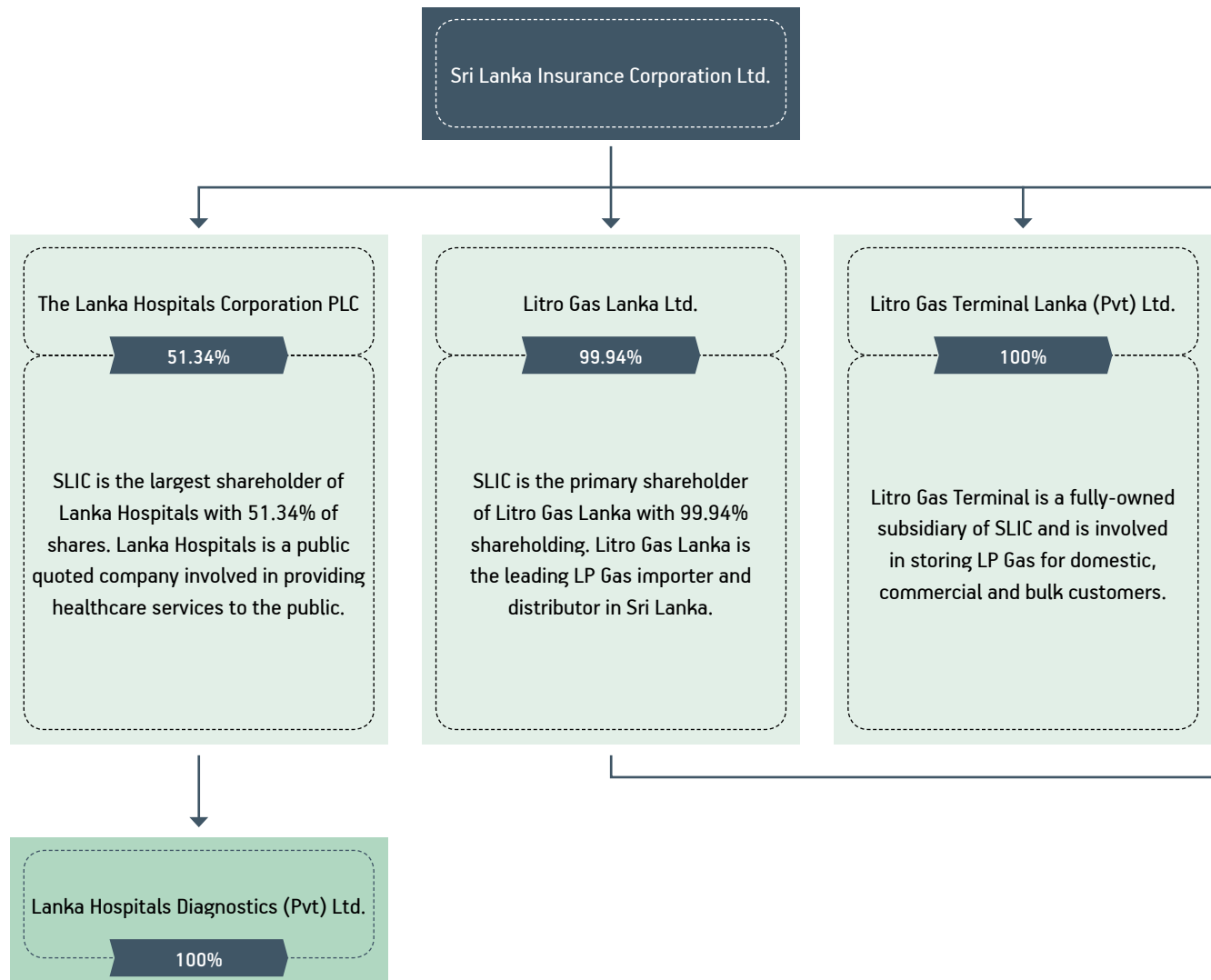
Why are we in business? Our Mission

- We provide risk protection and life investment optimisation, that will deliver value to our customers
- Through a team of committed professionals, whose contribution we recognise and value
- Leading to superior shareholder value, whilst being a responsible corporate citizen

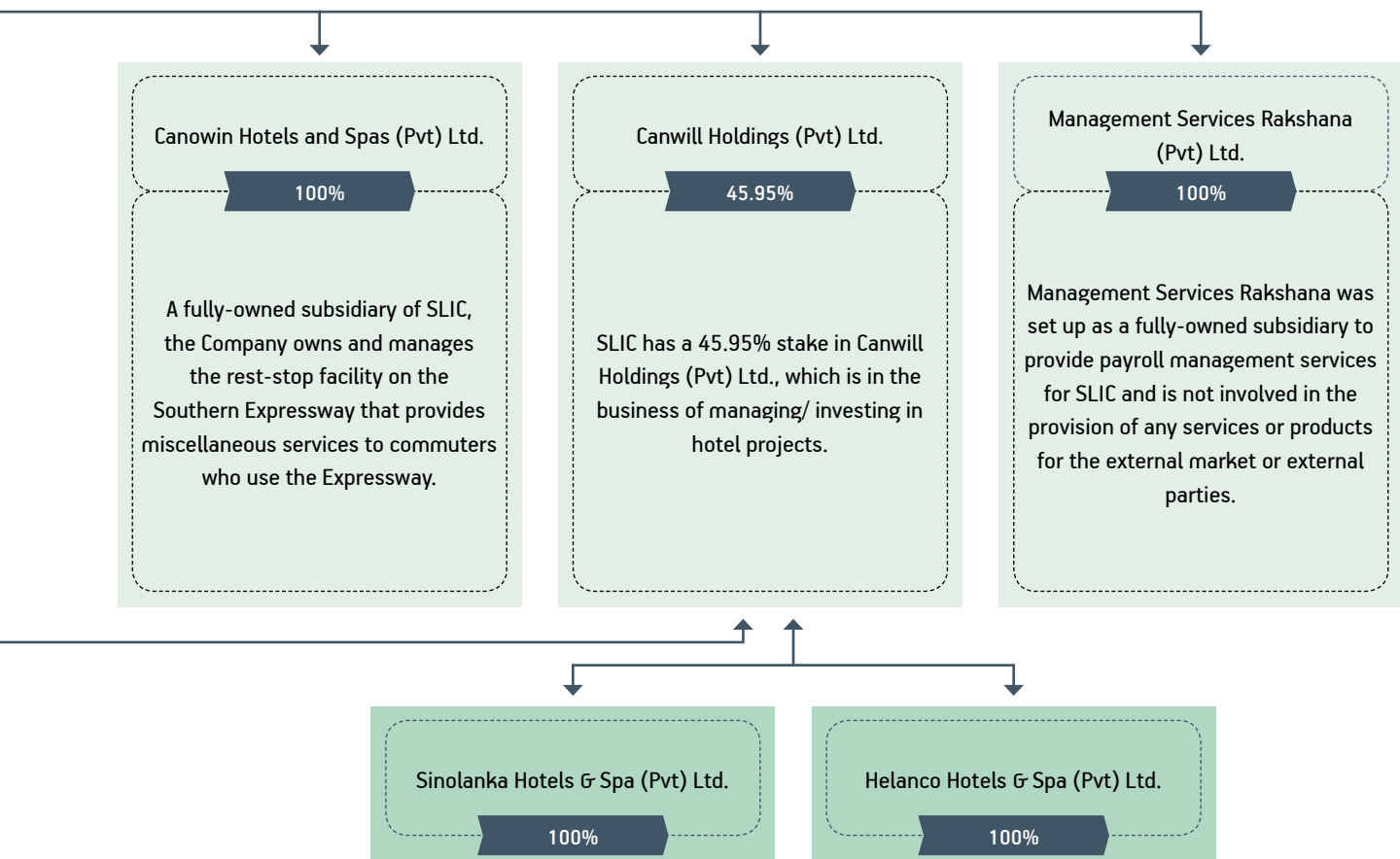


As at the end of December 2019, the Government of Sri Lanka was the majority stakeholder of SLIC, holding 99.97% of shares of the Company vested with the Secretary to the Treasury, on behalf of the Government of Sri Lanka.

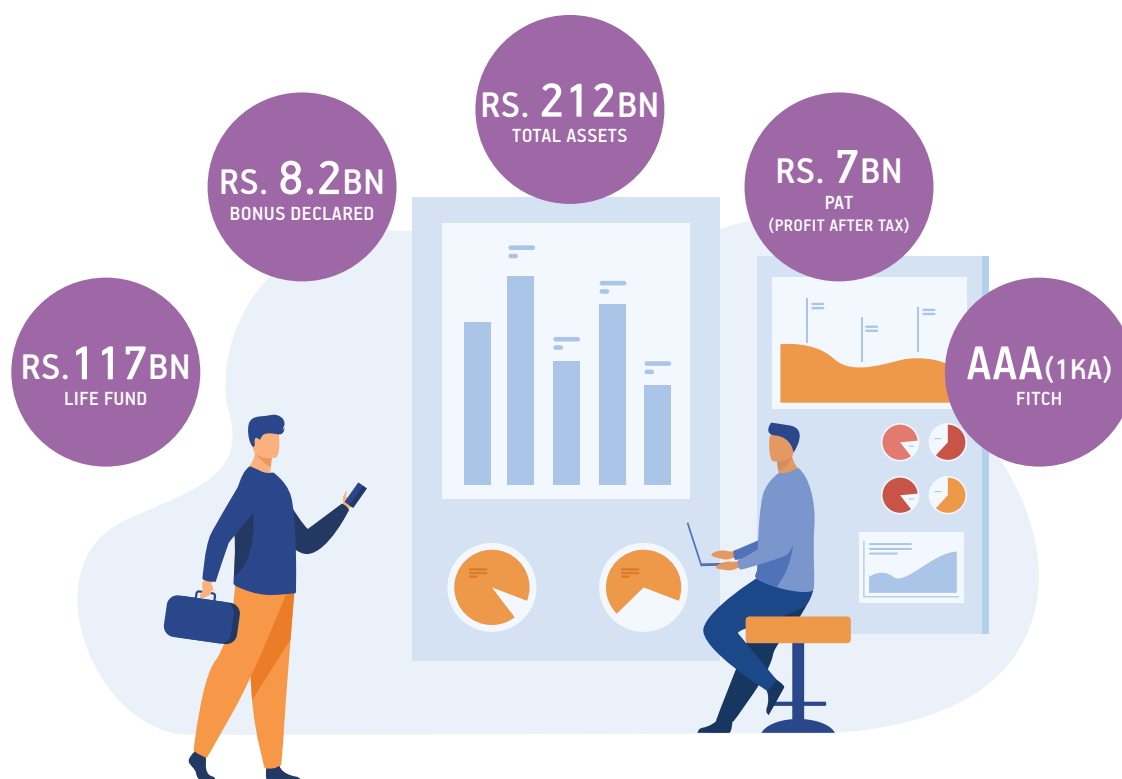
THE SLIC GROUP STRUCTURE



The SLIC Group encompasses three fully-owned subsidiaries and three partially-owned subsidiaries. The fully-owned subsidiaries of the Group are Litro Gas Terminal Lanka (Pvt) Ltd., Canowin Hotels and Spas (Pvt) Ltd., and Management Services Rakshana (Pvt) Ltd. The partially-owned subsidiaries are Litro Gas Lanka Ltd. (99.94% ownership), The Lanka Hospitals Corporation PLC (51.34% ownership), and Canwill Holdings (Pvt) Ltd. (45.95% shareholding).



	2019 Rs. Mn.	2018 Rs. Mn.
Results for the Year		
Total Revenue	48,609	44,380
Gross Written Premium	33,794	31,738
Net Earned Premiums	29,772	28,004
Investment and Other Income	18,837	16,375
Profit Before Tax (PBT)	8,205	7,150
Profit After Tax (PAT)	7,029	5,245
Benefits/Claims, Operating, Admin & Other Expenses	28,816	29,147
General Insurance		
General Insurance Fund	16,648	17,806
Net Claim Ratio	61	66
Expense Ratio	35	30
Life Insurance		
Life Insurance Fund	116,767	105,459
Expense Ratio	46	51
Face Value Bonus	8,244	7,697
Total Assets	211,700	198,658
FITCH Rating	AAA(lka)	AA+(lka)



SLIC SERVES OVER 1.9 MN POLICYHOLDERS AND GROWING

THREE YEAR STRATEGY PLAN WILL HELP TO POSITION SLIC FOR FUTURE SUCCESS

MOST VALUABLE GENERAL INSURANCE BRAND BY BRAND FINANCE 2019

AWARDED FOR BUSINESS EXCELLENCE AT NATIONAL BUSINESS EXCELLENCE AWARDS

AWARDED COMMENDATION CERTIFICATE FOR YEAR AT NATIONAL QUALITY AWARDS

SLIC CUSTOMER MOBILE APP

REDESIGNED SLIC WEB PORTAL PUTS SLIC'S SERVICES AT CUSTOMERS' FINGERTIPS

FULLY AUTOMATED SALES FORCE OPERATION THROUGH BCONNECT AND FIRE APP

RS. 3.9 MN. INVESTED IN STAFF TRAINING AND DEVELOPMENT

Welcome To MOBILE APP

SLIC Sri Lanka Insurance Like a father - Like a mother

Username

Password

LOGIN



I assumed duties as the Chairman of the Sri Lanka Insurance Corporation (SLIC), on December 26 2019. Within weeks of my appointment, the country faced a hitherto unprecedented threat in the form of the Coronavirus pandemic. At the time of penning this message in April 2020, a majority of Sri Lanka is under curfew, as the nation defends itself against the Coronavirus. As a sociologist, I believe the insurance sector, and in particular SLIC, as the national insurer, has a vital role to play in this situation.

There has been relentless pressure on the country's health system in guarding against the advance of the Coronavirus. Collapse of this system would mean a national scale disaster. Responding to this national challenge, SLIC introduced a Rs. 1.5 Mn life policy specifically for frontline health & security personnel. This is in addition to quarantine assistance and medical support for existing policyholders. The new insurance covers almost 600,000

personnel, including health ministry employees, police, security forces, health administration staff and postal workers. The policy provides vital psychological support for health security services providers, and will contribute towards sustaining the country's health defences.

However, the battle against Covid-19 is far from over. The country as a whole will face new economic challenges with return to normalcy. Therefore, I call on the entire insurance sector to join hands with us, to establish backup social support systems and sustainable recovery mechanisms, through insurance. I do not consider the private insurance companies as competitors. Rather, they are part of the wider solution, to ensure Sri Lanka's future stability. SLIC will be most happy to work with private insurance companies in building long term, sustainable health and economic risk management systems for the country, as we recover from this health crisis.

Rs. 1.5 Mn

Life policy specifically for frontline health & security personnel

INSURANCE FOR ALL - SLIC'S FUTURE DIRECTION

SLIC, as the national insurer, has a vital role in managing Sri Lanka's social security risks. In the past, Sri Lanka's traditional, extended family culture, was a resilient social safety network. This family-based system is now becoming increasingly unreliable, as extended family networks break up. Younger generations, even with both spouses working, can no longer to support older generations and extended families. This social security gap, which is growing wider every year, has to be bridged by the country's insurance sector. However, at present, insurance remains predominantly the privilege of a minority. Therefore, as the national insurer, I believe SLIC must pioneer a new social welfare system - through insurance products. My vision for SLIC's future is to fulfil the motto of "Insurance for All."

The first step in achieving "Insurance for All," is to gradually develop practical and accessible insurance solutions for all socio-economic groups. The focus will be on high risk segments such as farmers, fishermen, senior citizens, the disabled, and other economically vulnerable groups.

The second part of this vision relates to devising sustainable revenue models, to facilitate broad-based insurance coverage for the country. I hope to do this through new investments and strategic public-private partnerships. My dream is for SLIC to be the number 1 insurer in Sri Lanka, while making significant contributions to the economy and society. This requires a new investment model, that not only opens up new revenues, but also supports social and economic progress. Aligning with the Government manifesto of "Samurdhimath Deshaya," we have identified a number of new investment areas. These are; sustainable energy, modern technologies for agriculture,

housing and the knowledge industry. Sri Lanka's largest foreign exchange cost is imported fossil fuels. Supporting the expansion of renewable energy will benefit not only the economy but also the environment and health of the people. Food security is essential for any nation, as we have already witnessed during the Coronavirus threat. Therefore, I believe investments into these strategic sectors will generate long term returns for the entire country, as well as SLIC.

The third aspect of my plan for SLIC relates to human resources. Dissatisfied, demotivated employees cannot accept change and drive progress. Therefore, I have designated Wednesday as the day of employees, when any employee, from the highest rank to the lowest, can meet me and discuss their problems. My objective is to build a truly motivated, performance oriented team, that will work towards one objective, as we prepare to face a challenging future.

In conclusion, I would like to thank His Excellency, President Gotabaya Rajapaksa and all other relevant authorities, for selecting me as the Chairman of SLIC and for putting in place an excellent Board of Directors to guide SLIC. I would also like to thank the entire staff of SLIC, from the CEO to the lowest rank, including the unions, for their service to the country and Company. I look forward to working together to strengthen both SLIC and our country.

Sincerely



Jagath Wellawatta

Chairman

08th June 2020

“The first step in achieving “Insurance for All,” is to gradually develop practical and accessible insurance solutions for all socio-economic groups. The focus will be on high risk segments such as farmers, fishermen, senior citizens, the disabled, and other economically vulnerable groups.”



The financial year 2019 heralded a new growth cycle for SLIC as we embarked on the execution of our three-year strategic plan. The latest strategic plan is built on the far-reaching concepts of leveraging capabilities for growth maximisation, investment optimisation, process re-engineering and technology optimisation, performance management and smart spending. I am pleased to report that within the first year of deployment of our strategic blueprint, encouraging changes are already emerging in many areas and we have already achieved positive outcomes. We have strengthened the motor insurance claim settlement by embracing technology and providing convenience to customers, intermediaries and staff by way of process redefining and optimising technology. Further, we have introduced a performance management culture that we successfully implemented.

OPERATIONAL PERFORMANCE

At the macroeconomic level, the year was a challenging one for the insurance industry, given the gloomy backdrop of low business growth, shrinking interest rates, GDP growth at the slowest pace within the last 10 years, political instability and further contributing to the predicament was the terror attacks in April. Despite this unfavourable business environment, SLIC recorded growth across both Life and General insurance businesses, and posted a profit before tax of Rs. 8.2 Bn, which is an increase of 14.7% over 2018, after the actuarial valuations, as per the regulatory requirements. Profit after tax increased by 34% over the previous year, to Rs. 7Bn.

SLIC recorded a 12.2% growth in Life Insurance and a 2.4. % growth in General Insurance, whilst the industry reported a growth of 11 % in Life Insurance and 5 % growth in General Insurance.

Rs. 8.2 Bn

Profit before tax

SLIC's life segment achieved a total revenue of Rs. 28.8 Bn for the year and the non-life segment achieved a total revenue of Rs. 19.8Bn. Total investment income grew at a more modest 35%, to Rs. 17.6 Bn, within the context of the challenging conditions that prevailed in the investment markets in 2019. SLIC's total investment portfolio grew by a robust 7.5% over the year, to Rs. 185 Bn as at 31st December 2019, while total assets increased by 6.6% to Rs. 212 Bn.

As SLIC's core business is to extend the protection of life insurance to as many people as possible in Sri Lanka, it is important to note the growth and size of the SLIC's Life Fund, which demonstrates SLIC's ability to manage policyholder funds, in keeping with the objective of meeting policyholder protection. SLIC's Life Fund stands at Rs. 117 Bn as at 31st December 2019 with a growth of 11% over the previous year. SLIC was able to declare yet another mammoth bonus declaration to policyholders, which is unmatched to date, by any other industry player. SLIC Life declared a total bonus worth Rs. 8.2 Bn for the year under review, which is a 7% growth over the previous year.

During the year we witnessed one of the greatest achievements at SLIC thus far when Fitch rating endorsed SLIC as the trusted insurer of the nation with national Insurer Financial Strength (IFS) rating to 'AAA (lka)' from 'AA+ (lka)' with a Stable Outlook. The upgraded rating reflects the favourable business profile complimented by the strategic roadmap, strong financial performance and capitalisation of the company maintained over time within a challenging business environment.

Accordingly, SLIC is the only insurer in the Sri Lankan Insurance industry to secure this highest achievement in terms of financial stability. This is a reflection of SLIC's superior ability to meet the long-term insurance obligations to its policyholders. In addition, we also witnessed three prestigious awards reaffirming our valued partnership, trust and love, as the Most Loved Insurance Brand in Sri Lanka, Most valuable General Insurance Brand in Sri Lanka and the overall 3rd best consumer brand in Sri Lanka.

NEW PRODUCTS

The Company's product management strategy has been aligned to the two key strategic business categories of Life and Non-Life. The management and development of both Life and General products are initiated by assigned Product Development Committees. During the year 2019, the Life category launched Divisavi, which was strategically focused towards the market segment which cannot bridge its protection gap, due to existing financial commitments.

As the star product in the General Insurance product portfolio, motor insurance was emphasised in 2019. The SLIC motor insurance product has been further augmented, based on process improvements in service deliverables, customer convenience and speed. Travel insurance too was re-launched and re-branded as "SLIC Travel Protect", and the product has been revamped with attractive product features, pricing and customer convenience.

“I am pleased to report that within the first year of deployment of our strategic blueprint, encouraging changes are already emerging in many areas and we have already achieved positive outcomes.”

MARKETING STRATEGY

SLIC's marketing strategy has been aligned with both the Company's top line and bottom line KPIs. All marketing activities have been aligned to key strategic approaches as product market strategy, competitive strategy, customer retention strategy and brand positioning strategy.

Another area of focus during the year, was on personal selling and distribution approaches, where a customer pull strategy was encouraged, while pushing sales force/distribution, to achieve their set KPIs.

Ground level activations, through events such as the Happiness Carnivals, were conducted to further strengthen interactions with customers and the general public.

The Motor Plus brand positioning campaign was launched in 2019 to redefine Motor Insurance in Sri Lanka and to reward the loyal customers of SLIC.

“The business environment may present many new challenges in the new financial year and also opportunities. Our objective is to prepare SLIC to face any challenge of the future, while also harnessing the emerging opportunities.”

Rs. 7 Bn

Profit after tax

GROWTH PLANS

The business environment may present many new challenges in the new financial year and also opportunities. Our objective is to prepare SLIC to face any challenges in the future, while harnessing the emerging opportunities. Therefore, going forward, we will continue to focus on practices such as operational improvements, investment optimisation, technology integration, a performance driven culture, process re-engineering and smart spending which has been already captured in our 3-year strategic road map, to strengthen efficiencies and customer convenience, while containing costs. As we push towards our corporate objectives, the SLIC team is geared to create value for SLIC and our stakeholders through improved business performance, having adopted the disciplined mind-set of “smart spending”, that will focus on expenses and underwriting.

Our team of talented officers who have been strategically placed across the company, are passionate about building a better tomorrow for our customers and providing attractive returns for our shareholders. Armed as we are, with the correct competencies, support systems, infrastructure, the strategic roadmap and the strength of SLIC's long tradition of service behind us, we are confident of conquering those challenges ahead of us.

APPRECIATIONS

Like every fresh year the year 2019 too started its journey with an ambitious corporate expectation and travelled its own unique path towards its fulfilment. With the unexpected twists and turns, surprises and excitement it was a year of transformation and success, reaffirming once again the strength and proven ability of SLIC to meet the organisational intent.

More than anything else when I look back on the journey during the year I am humbled by the number of incredible people who made it happen. All these achievements were possible due to our talented employees and the field sales personnel, and I must extend my gratitude to all of them, for keeping SLIC at heart and flying the SLIC flag high on its helm. As always, I fully appreciate the loyal patronage of our customers, as our success is dependent on them. I would also like to extend my gratitude to the Ministry of Finance and the Department of Public Enterprises for its assistance during the year. I extend my sincere gratitude to the Chairman and the Board of Directors for their support and guidance as we navigated a difficult year and look forward to their continued support in the new financial year.

Sincerely



Chandana L Aluthgama
Chief Executive Officer
08th June 2020

STRATEGIC REPORT

16 – Operating Environment

18 – Strategy

20 – Business Model

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One Goal. One Mind.

ECONOMY

According to the World Economic Outlook (WEO) of the IMF, released in April 2020, global economic growth in 2019 was lower at 2.9 %, compared to 3.6% in 2018, reflecting the impact of heightened trade tensions among major economies, geopolitical tensions and dampened domestic demand in key emerging market economies. The situation continued to deteriorate in 2020 with the Covid-19 pandemic raging through the world, leading to the worst downturn since the Great Depression of the 1930s. Therefore, several advanced economies such as the United States, the United Kingdom, the Eurozone, and Japan are predicated to experience economic contractions during 2020. Other key trading partners of Sri Lanka, including China and India, are also projected to experience a notable slowdown.

Across the globe, the World Trade Organization (WTO) forecasts that global merchandise trade can decline by as much as 32% in 2020. While the poor economic performance of key trading partners will directly impact Sri Lanka's export earnings due to weakened demand, the imposition of various measures domestically and abroad to dampen the spread of the virus and the short term economic impact of the outbreak can cause supply chain disruptions, thereby impacting the country's current and future export capacity.

INSURANCE INDUSTRY

Sri Lanka's insurance sector comprised 28 insurance companies by end-2019, out of which 13 were long-term insurance companies, 12 were general insurance companies and 3 companies were involved in both long-term and general insurance business. The Insurance Regulatory Commission of Sri Lanka (IRCSL) issued one new licence to a general insurance company in 2019. There were 9 insurance companies registered in the CSE in 2019. In addition, there were 66 Insurance Brokering Companies in 2019, which either engaged exclusively in general insurance business or both general and long-term insurance business.

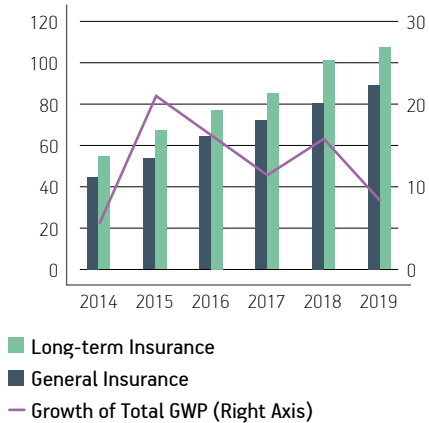
Total assets of the insurance sector grew by 11.6 % during 2019 and reached Rs. 691.4 Bn by end-2019. The long-term insurance subsector enhanced its asset base by 13.4 % from Rs. 429.7 Bn at end-2018 to Rs. 487.2 Bn at end-2019. Meanwhile, the general insurance subsector increased its asset base by only 7.4 % to reach Rs. 204.2 Bn by end-2019.

The gross written premium of the insurance sector grew by 8.4% and reached Rs. 196.8 Bn at end-2019 from Rs. 181.5 Bn at end-2018. The general insurance subsector remained the main contributor with a share of 54.9 % at end 2019.

Profitability of the insurance sector dropped by 21.7% during 2019 with profits of the long-term insurance subsector declining by 25.9% and the general insurance subsector reporting a decline of 12.9% during the year. Meanwhile, the underwriting profits of the sector also declined by 11.1% during 2019.

The insurance sector reported an increase in its claims by 10.3% to reach Rs. 97.8 Bn by end-2019. The general insurance subsector claims increased by 12.6%, while claims of the long-term insurance subsector increased by 7.1% in 2019.

Gross Written Premium of the Insurance Sector (Rs. Bn)



The regulatory framework of the insurance sector meanwhile, was strengthened with a circular issued to long-term insurance companies by the IRCSL, to address the matter of issuing stand-alone health insurance policies. The Direction "Supply of Policy Documents to Life Assured/Beneficiary" was amended as certain life assureds/beneficiaries had not been given a copy of the policy document in the instances where the life assured was not a policyholder. Further, a direction was issued by the IRCSL to insurance brokers on compliance with the minimum net capital requirement.

The situation continued to deteriorate in 2020 with the Covid-19 pandemic raging through the world, leading to the worst downturn since the Great Depression of the 1930s. Therefore, several advanced economies such as the United States, the United Kingdom, the Eurozone, and Japan are predicated to experience economic contractions during 2020. Other key trading partners of Sri Lanka, including China and India, are also projected to experience a notable slowdown.

Although SLIC operates as a composite insurer, Life and General Insurance have separate strategic focuses for sales and distribution management. The approach to the branch network focuses on increasing geographical penetration of retail businesses for both categories of businesses to serve retail customers. Additionally, separate distribution departments and channels have been established for both lines of business to serve other market segments and requirements.

LIFE AND GENERAL INSURANCE BUSINESS OVERVIEW

SLIC's National Sales and Marketing Plan for 2019 was revamped to increase manpower and individual productivity within the sales force to enhance growth of the Life and General business of the Company.

The Life Insurance business recorded a growth of 12 % year on year in 2019 to achieve a GWP of Rs. 14.8 Bn. The sales management strategy was revised for 2019 with a view to further increase the number of life policies and average case size of a policy, which has contributed towards the growth in the Life Insurance business in 2019.

General Insurance performance in 2019

The General Insurance business recorded a growth of 2.4 % to Rs. 18.9 Bn., in GWP.

Improving customer convenience and accessibility, to enhance the competitiveness of SLIC's General Insurance products, was an area of focus during the year. Greater customer satisfaction contributes towards customer loyalty and retention. Therefore, SLIC has implemented many improvements to its processes and systems to facilitate this outcome.

- To improve customer satisfaction with regards to the provision of services, SLIC has made it possible for clients to renew their motor insurance policies online and to make payments via credit cards. This has significantly increased customer convenience when renewing insurance policies. Further, many convenient methods to pay insurance premiums, are also now available to SLIC customers.
- SLIC has also achieved significant improvements in the speed of settling motor claims. The documentation required for motor claims below Rs 75,000, has been substantially reduced due to the system of inspecting the vehicle by an SLIC technical officer immediately after the accident, at the accident site itself. On receipt of the required limited documentation, claims are settled within 3 hours of receipt. If required by the customer, the claim payment can also be credited to his/her bank account.
- Reinsurance support from financially strong companies. 'A rated,' reinsurers are of the utmost importance. Therefore, efforts have been made from time to time, to develop new business relationships with A rated reinsurers, as well as strengthening existing ones.

Life Insurance performance in 2019

The SLIC Life business issued 65,392 policies during 2019, a majority of which were endowment policies. This includes 6,544 mortgage protection policies. It was noted that the newly introduced "Wealth Plus" plan is becoming more popular among policyholders.

The development of the new web-based training system for the Life Insurance business, was a key priority for the year 2019. The system was developed internally by the life insurance operations staff and the ICT Department. This system facilitates training in multiple locations, all over the country, simultaneously, using the web. The system has been very effective and has helped to reduce training costs drastically.

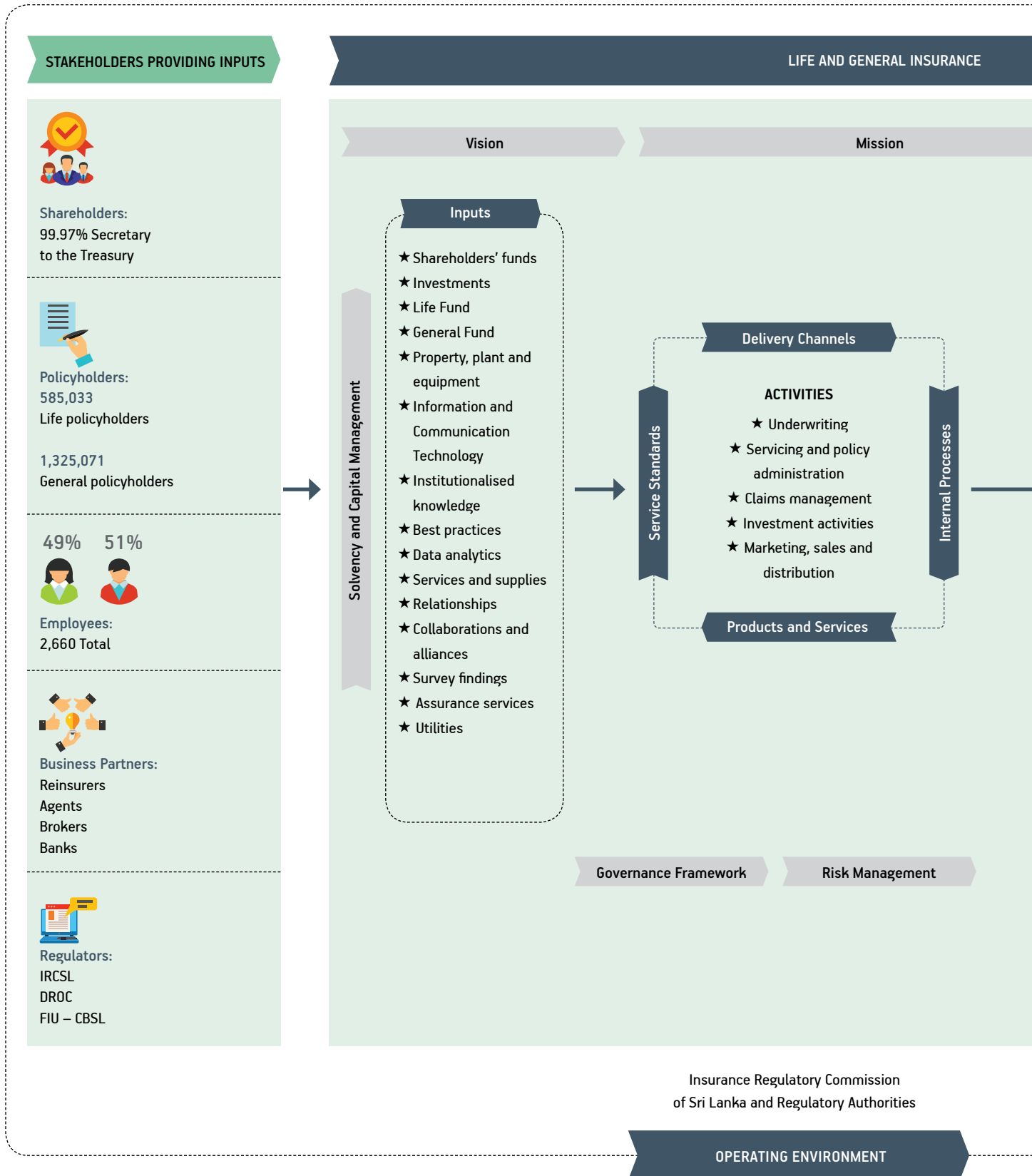
PERFORMANCE OF STRATEGIC FOCUSES IN 2019

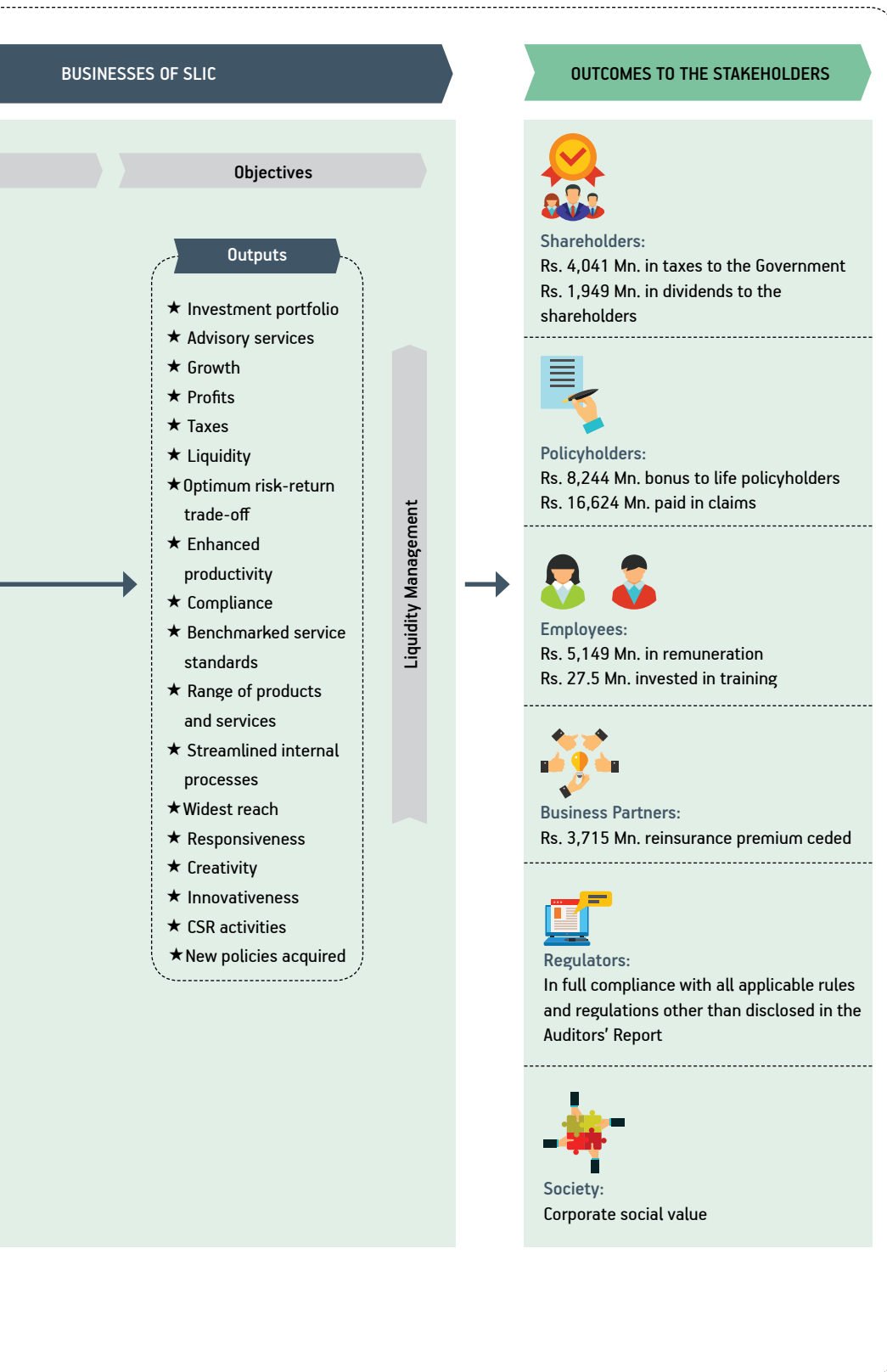
New product development

We introduced a product called "Divisavi" during the year 2019 targeting the low income market. This product provides a Term Assurance cover for an affordable premium. Health benefits and a whole life cover could be obtained in this product by paying an additional premium.

- Introduced a new travel policy named as SLIC Travel Protect. This policy provides a wide range of covers such as personal liability, flight hi-jack cover and home safety in addition to the standard covers for a very reasonable premium. Further, the policy covers individuals up to 80 years of age without medical certificates. Having such an insurance would give peace of mind to travelers who purchase same.
- Introduced a policy to cover solar panels against fire, lightning and several other specified perils. This policy was designed considering the increase in demand for solar panels that has been seen in recent times.

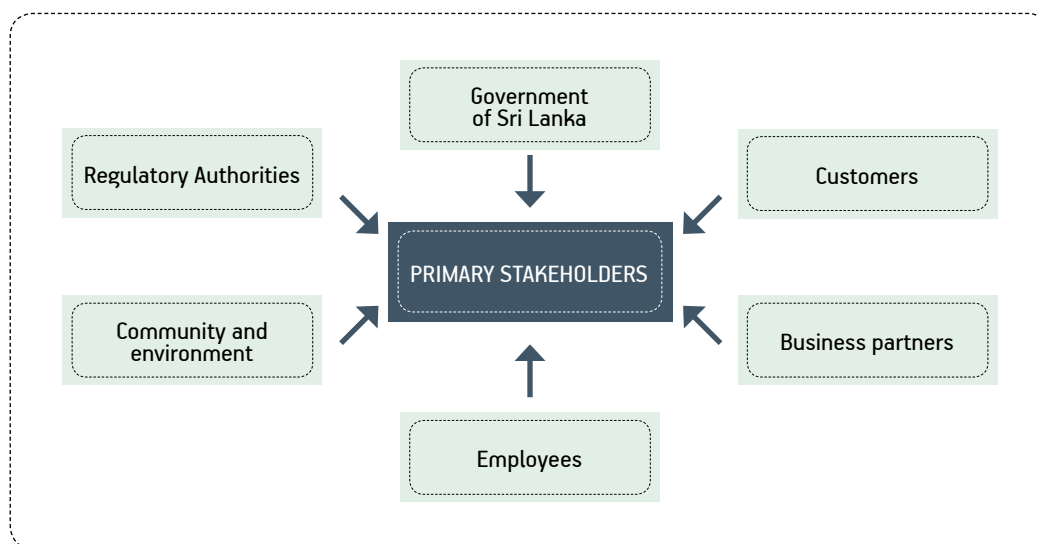
- Sales Force Activations – Sales force rejuvenated plays the major role in insurance business penetration. Structured sales promotional campaigning & leads monitoring mechanism was introduced at branch level and is paying off. This is in addition to the National Sales Campaigns and above the line activities that are continued to keep the market awareness and activation of sales force.
 - Bancassurance – Concentrating on channel development activities, main project with the BOC took wings in 2019 with 58 branches being allocated with Bancassurance Officers to cover around 350 BoC branches to promote Life Insurance. This project is keep adding to non-traditional penetration activities thus improving the business.
 - Alternate Distribution Business – Focusing further on channel development, Group life sales unit showed a remarkable growth of 23% in 2019. In fact, there is huge potential in this area with government and corporate sector entities especially for loan ,retirement planning and other related schemes.
 - Sales Training and Development – Life : Sales force, especially in life insurance industry requires a high level of skill and motivation with in-depth knowledge of products, benefits and technicalities. Well structured training and development modules have been designed and rolled out with a difference this year under skill development, technical competency development, product knowledge development etc. This contains an array of courses catering to all levels across the sales hierarchy from the agent to the senior level sales managers.
 - Expansions – Strengthening the branch network especially focusing potential & penetration deliberated with the addition of 6 new branches (Ingiriya, Kottawa, Rambukkana, Rideegama, Polgahawela, Maho)during 2019, whilst rolling out activities to harness is taking shape. These new branches are expected to add a good contribution to the business growth.
- GI: General insurance training for internal and external sales forces is too, a crucial factor. So, in last year, as GI sales training department have done a marketing research to restructured our existing training series (GIT) and introduced a new training series namely KPS (Knowledge paper) in order to compete with competitive environment. All these trainings were done by our internal trainers who are professionally qualified in the industry.





The business model diagram gives an overview of the flow of activities within SLIC and how they are influenced not only by the environment we operate in, but also by our vision and mission. Just as we operate within the laws and regulations; our mission, vision, and values define the objectives we intend to achieve and how we formulate our strategy to achieve those objectives. Similarly, these external and internal influences impact every activity within SLIC that goes into achieving our objectives. In turn, our objectives too are shaped by our value creation activities and the cycle continues, ensuring that SLIC moulds itself and adapts to the operating environment on an ongoing basis.

SLIC has a diverse range of stakeholders that it engages with in the course of business activities, and through its products and services. SLIC believes in transparent and professional interactions with all stakeholder groups to maintain corporate credibility and business sustainability over the long term.



IDENTIFICATION AND ENGAGEMENT

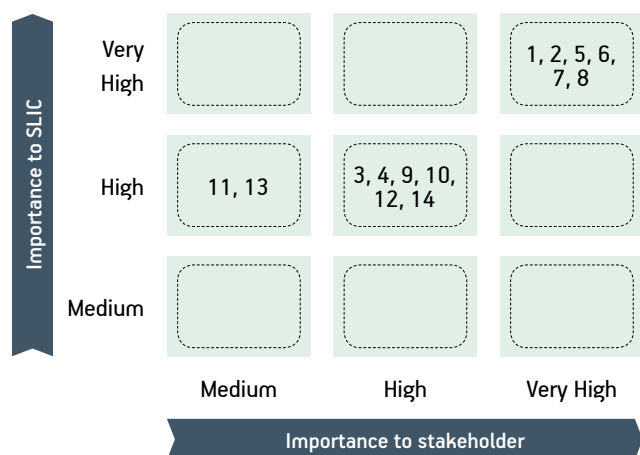
The different stakeholder groups that SLIC interact with have differing interests and priorities which can sometimes conflict with one another. Therefore, it is essential that we identify and prioritise our stakeholders and their concerns to meet short-term needs and long-term expectations.

Material issues relevant to the stakeholder	Engagement	Frequency of Engagement
Government of Sri Lanka Investment, business development, returns, innovation and industry growth, compliances	Annual report	Annually
	Press releases	Need-based
	Meetings and discussions with Board and Senior Management	Need-based
Customers Customer relationship, retention, relevant products, product information, policy bonuses, policy claims	Call Centre	Regular
	Customer Satisfaction Survey	Need-based
	One-to-one interactions	Regular
	Website, Social Media	Regular
	Customer feedback	Regular
Business partners Growth potential, timely payments	Meetings	Need-based
	Communication via email, phone, etc.	Need-based

Material issues relevant to the stakeholder	Engagement	Frequency of Engagement
Employees Employee welfare, satisfaction, retention, training and development, recognition and rewards, career progression, job security	Meetings	Regular
	Communication via email, phone, etc.	Need-based
	Succession planning	Need-based
	Training and development activities	Need-based
	Award ceremonies	Annually
	Involvement in community projects	Need-based
	Grievance handling	Bi-annually
	Information sharing via Intranet, B-Connect app	Regular
	Objectives/KPI settings	Annually
	Performance evaluation	Bi-annually
Community and environment Community investment, CSR initiatives	Community projects	Regular
	Press releases	Need-based
	Website, Social Media	Regular
	Events	Need-based
	CSR projects	Regular
	Sustainability initiatives	Regular
Need-based Compliance with laws and regulations, good corporate governance, stability of industry, ethical conduct	Meetings with regulatory authorities	Need-based
	Annual Report	Annually
	Industry forums	Need-based
	Statutory returns and status reports	Quarterly, annually
	Press releases	Need-based
	Trainings and workshops	Need-based

SLIC's business model focuses on aspects that are important to both the Company and to our stakeholders. These aspects have been identified through effective engagement with our stakeholders. The importance of these aspects is determined through analysis of the relevance and significance to all parties involved based on the probability of occurrence and the magnitude of the impact. This Annual Report will discuss these aspects in further details in the Management Discussion and Analysis section and is summarised in the following table.

No.	Number Topic	Importance to SLIC	Importance to stakeholder
1	Economic performance	Very high	Very high
2	Market presence	Very high	Very high
3	Anti-corruption	High	High
4	Anti-competitive behaviour	High	High
5	Employment	Very high	Very high
6	Occupational health and safety	High	High
7	Training and diversity	Very high	Very high
8	Diversity and equal opportunity	Very high	Very high
9	Non-discriminations	High	High
10	Freedom of association and collective bargaining	High	High
11	Local communities	High	Medium
12	Customer wealth and safety	High	High
13	Marketing and labelling	High	Medium
14	Socio-economic compliance	High	High



MANAGEMENT DISCUSSION AND ANALYSIS

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36 – Institutional Capital

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One Team. One Strategy.

MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL CAPITAL

The Financial Capital pool of the Company is set to yield an attractive Return on Capital. Sustainable growth in the Financial Capital pool is one of the most crucial elements to ensure the achievement of the ultimate goals of the Company which contributes in enhancing the business and preserving stakeholder contributions in an ethical and prudent manner.

OVERVIEW

From the Inception, SLIC has been able to safeguard the interest of our key shareholder and the policyholders by prudently managing the Financial Capital pool of the Company to yield an attractive Return on Capital. Sustainable growth in the Financial Capital pool is one of the most crucial elements to ensure the achievement of ultimate goals of the Company contributing to enhance the business and preserving stakeholders' contributions in ethical and prudent manner.

FINANCIAL RESULTS

SLIC marked another year of success, achieving a commendable financial performance reporting an Operating Profit After Tax worth of Rs. 7,028Mn for the year under review positing a lucrative YoY growth of 34%. Investment income from Financial Investments, being one of our principal sources of income, grew at 35% YoY to end at Rs.17,672Mn (2018- Rs. 13,059Mn) whilst the Total Assets of the company reached Rs. 211,700Mn. Gross Written Premium of the Company continued its upward trend increasing YoY by Rs.. 2,056Mn to reach at Rs. 33,794Mn. Over the past 05 years the Company has achieved a Cumulative Average Growth Rate (CAGR) of 8.35% in Combined GWP. SLIC contribution to the Government of Sri Lanka in the form of taxes amounts to Rs. 4,041Mn for the year 2019.

STABILITY OF LIFE AND GENERAL INSURANCE BUSINESS

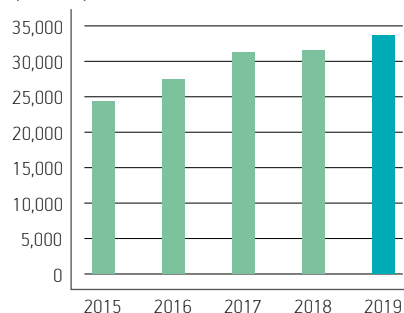
As per section 26 (1) of the RII Act, insurers are required to maintain sound Solvency/Risk Based Capital Adequacy Ratios for both Life and General Insurance business.

SLIC has been able to maintain the required Risk Based Capital Adequacy Ratio well above the required levels for the several consecutive years. Accordingly, Risk Based Capital Adequacy Ratio for the Life insurance business recorded 436% in 2019 compared to 437% in 2018. Risk Based Capital Adequacy Ratio for General insurance business was 212% in 2019 compared to 200% in 2018.

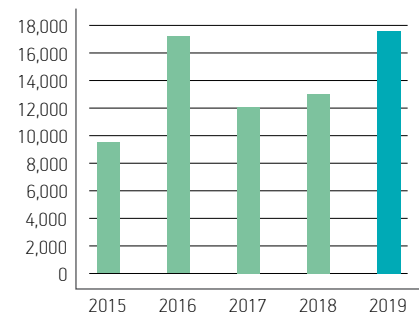
COMBINED BUSINESS PERFORMANCE

Reported Combined Gross Written Premium Rs. 33,794Mn (2018-Rs. 31,738Mn) represent a YoY growth of 6.48% with a 05 year CAGR of 8.35%. Investment Income from Financial Investments picked up by 35% YoY in 2019 recoding a value of Rs. 17,671Mn (2018- Rs. 13,058Mn) on the back of the both Investment portfolio and Investment yields. Total Assets of the Company has grown by 6.6% YoY marking Rs. 211,700Mn (2018-Rs.198,658Mn) in the year under review. Profit Before Tax has increased by 14.7% YoY to end at Rs. 8,205Mn (2018-Rs.7,150Mn). Profit After Taxation posted a YoY growth of 34% recoding a strong bottom line of Rs. 7,028 (2018- Rs. 5,244). Financial year 2019, SLIC has maintained a Return On Equity (ROE) of 11% compared to the previous year 8.5%.

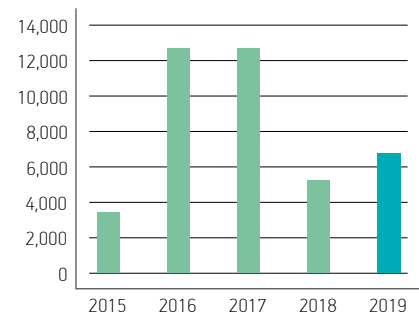
Combined Gross Written Premium (GWP) (Rs. Mn.)



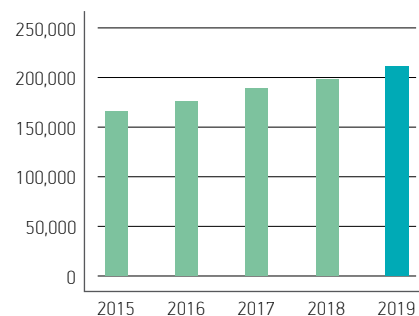
Investment Income (Rs. Mn.)



Profit After Tax (PAT) (Rs. Mn.)



Total Assets (Rs. Mn.)

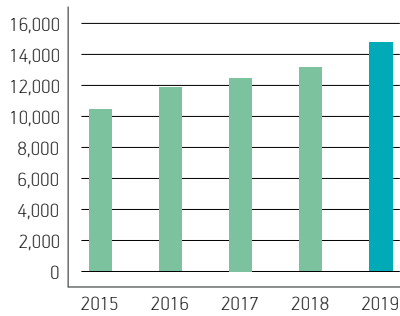


LIFE INSURANCE BUSINESS

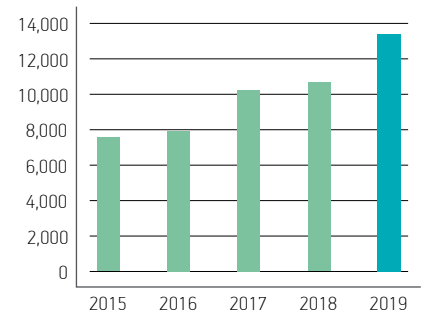
Despite subdued economic growth and intense rivalry, Gross Written Premium (GWP) of the Life Insurance Business recorded a value of Rs. 14,820Mn (2018- Rs. 13,205Mn) is a YoY growth of 12.2% with a 05 year CAGR of 9.07%. Investment Income from Financial Investments of the Life Insurance Business has increased by 25.58% in 2109 recording Rs. 13,442Mn compared to previous year (2018- Rs. 10,704Mn) with a 15.33% 05 year CAGR. Life Fund has grown by Rs.11,308Mn to end at Rs. 116,767Mn (2018-Rs.105,460Mn) depicting a YoY growth of 10.72% in year 2019. Profit After Tax recorded a value of Rs. 14,031(2018- Rs. 9,842) posting a YoY growth of 42.5%.

The “Good News” has been announced once again, marking another milestone in history of SLIC, by declaring Insurance industry biggest ever Bonus issue amounting to Rs. 8,244Mn for the Life Participating Policyholders in year 2019 surpassing its own record previous year Rs. 7,697Mn.

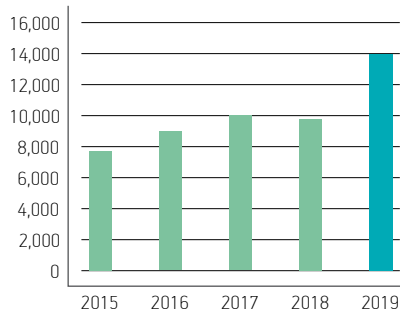
Gross Written Premium (GWP) (Rs. Mn.)



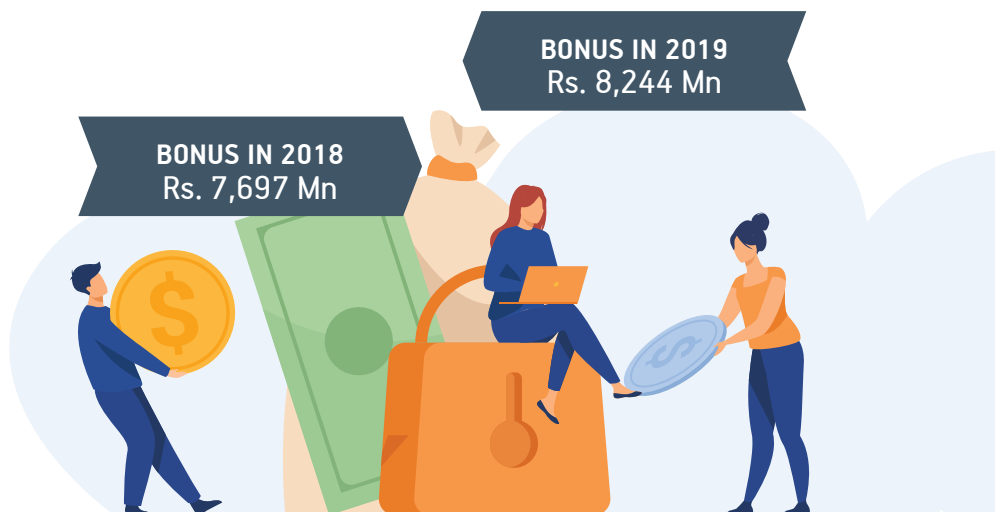
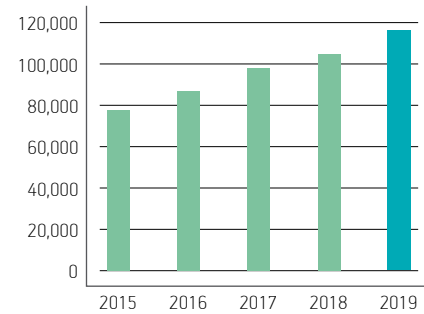
Investment Income (Rs. Mn.)



Profit After Tax (PAT) (Rs. Mn.)



Total Assets (Rs. Mn.)

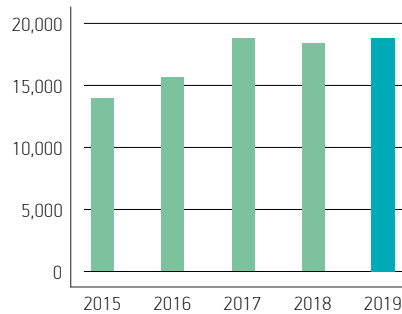


GENERAL INSURANCE BUSINESS

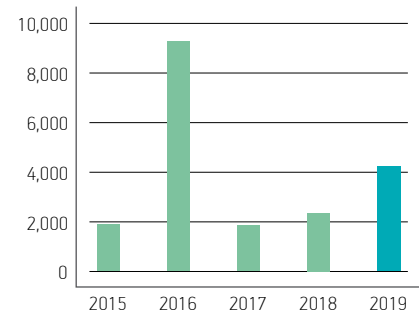
The predominant contributor to the Gross Written Premium of the General Insurance Business is the Motor Insurance category, being the market leader in Motor Insurance for several consecutive years; SLIC achieved a 05 year CAGR of 9.37% recording a value of Rs. 12,907Mn in 2019.

The weakened operating environment has compounded the existing threats to the business growth and earnings pressure of the General Insurance although the Company's adequate capital buffers should help it withstand the near-term risks. General Insurance Business growth was hindered due to several obstacles such as various Tax reforms, heavy depreciation of the currency and economic troughs occurred during the year 2019 resulting a moderate YoY GWP growth of 2.39% to end at a value of Rs. 18,974Mn (2018- Rs. 18,532) in 2019. Over the period of last 5 years GWP of the General Insurance Business has grown from Rs. 14,049 Mn. to Rs.18,974Mn with a CAGR of 7.8%. General Insurance Business recorded an Investment income from Financial Investments of Rs. 4,228 Mn for the year 2019 (2018- Rs. 2,354) whilst Profit After Tax increased by Rs. 1,100 YoY to reach at Rs. 4,657 Mn in 2019.

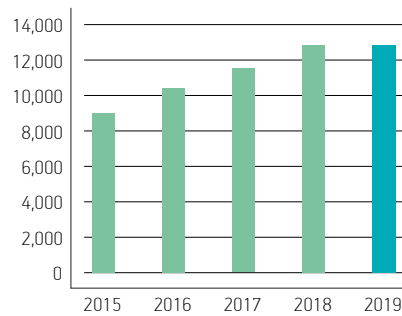
Gross Written Premium (GWP) (Rs. Mn.)



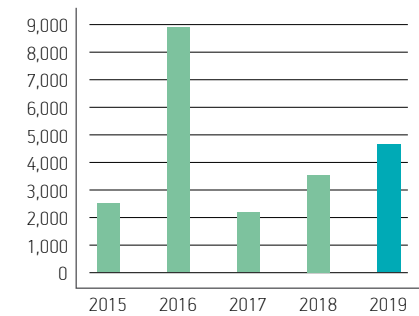
Investment Income (Rs. Mn.)



Motor Insurance (GWP) (Rs. Mn.)



Profit After Tax (PAT) (Rs. Mn.)



MARKET LEADER IN
MOTOR INSURANCE

MOTOR GWP 2019
Rs. 12.9 Bn



SUBSIDIARY REVIEW**The Lanka Hospitals Corporation PLC**

The Group's revenue grew by 7% to Rs. 7.55 Bn during the year, supported by a 7% and 8% expansion in hospital and laboratory revenue, respectively. The Company's revenue growth was supported by a change in the patient mix, while performance of the laboratory arm was driven by its increasing geographical presence coupled with customer acquisition from the corporate sector. The Group's administrative and other operating expenses increased by 11% and 10% respectively in 2019, reflecting an increase in staff costs and measures taken to strengthen security in the aftermath of the April attacks.

At Operating Profit level, the Group recorded a growth of 2% to Rs. 652.72 Mn. However, at pre-tax level profitability demonstrated a decline in comparison to 2018 due to the significant reduction in finance income. Accordingly, pre-tax profits declined by 25% to Rs. 841.28 Mn, while profit for the year also fell by 33% to Rs. 580.64 Mn. Total assets increased by 5% to Rs. 9.43 Bn, mainly due to increased investments in working capital, a stronger liquidity position and the recognition of leased land and building as an asset in line with the adoption of SLFRS 16-Leases. Capital expenditure for the year amounted to Rs. 300.86 Mn, primarily representing investments in medical equipment and capacity expansion. Property plant and equipment accounted for 46% of total

assets, while fixed deposits (classified as other financial assets), contributed 26% (or Rs.2.48 Bn) to the asset composition. Investment in inventories and trade and other receivables increased by a respective 12% and 26% during the year. The liquidity position continues to be healthy with cash and cash equivalents and investments in fixed deposits collectively accounting for 32% of total assets.

Key developments in 2019*Hospital Operations*

- Construction of a new international patient care wing with 17 premium rooms
- Launch of 2 new modular theatres.
- Ongoing innovations, including the introduction of key-hole shoulder surgeries and pre-implantation genetic testing
- Establishment of one-stop-shop for urinary care
- Achieved major milestones in minimally invasive spinal surgery, bariatric surgery and IVF deliveries
- Commenced trading and training operations

Diagnostics

- Opened 2 new mini laboratories and 9 company owned collection centres
- Maintained the prestigious CAP Accreditation
- Strengthened mobile collection service
- Maintenance of digital health records

Pharmacy Operations

- Addition of 4 new outlets during the year
- Strengthening e-pharmacy services
- Introduction of several value added features through the pharmacy network

Given the prevalent conditions, the Group's immediate priority will be maintaining its liquidity position, curtailing non-essential expenses, and minimizing losses. Over the medium to long-term however, the Group's strategic priorities remain unchanged and are centered on the key objectives of quality and compassionate care, sustainable value for shareholders, better value healthcare, excellence in tertiary care and leading in innovative technology.

Litro Gas Lanka Ltd

Litro Gas Lanka Limited acts as the national Liquefied Petroleum Gas (LPG) supplier of Sri Lanka. The Company's principal business activities are importing, processing, distributing and selling Liquefied Petroleum Gas (LPG), and providing other related value-added services. Litro provides LPG to Sri Lankan consumers through the bulk segment catering to local industrial requirements, the commercial segment, catering to armed forces, hotels, restaurants, and fast-food operators, and the domestic segment, catering to the LPG needs of most Sri Lankan households. The company introduced 471,088 new cylinders to the market in year 2018 and 333,854 new cylinders in year 2019.

Although dividends were not declared for 2018, the Company declared a total dividend amounting to Rs. 1.16 bn in 2019. The Company has contributed a considerable amount to the Government in the form of taxes. It was Rs. 2,869 Mn and Rs. 2,759 Mn respectively, in the year 2018 and 2019. The profit before tax has increased from Rs. 456 Mn to Rs 4,952 Mn during the year 2019. Both profitability and the revenue of the Company are mostly dependent on the LPG volume and LPG retail prices in the domestic segment.

The awards and accolades received by the Company in 2019 include the SLIM NASCO Award – 5 winners, the CA Annual Report Compliance Award 2019, the Merit Award (state sector), National Business Excellence Awards 2019, organized by the National Chamber of Commerce in Sri Lanka, the Great Place to Work Conference – Winner for “We love our work place video contest” in 2019, three awards in 2019 at the prestigious Sri Lanka’s Best Employer Brand Awards, an award conferred by the Employer Branding Institute, World HRD Congress G Stars of the Industry Group, with CHRO Asia as a strategic partner.

Litro Gas Terminal Lanka (Pvt) Ltd

The Company has recorded a gross income of Rs. 2,064 Mn in 2019 compared to Rs. 2,037 Mn in 2018, which is a slight growth of 1%. This was a result of the increased demand for LPG in the domestic segment, driven by Litro Gas Lanka Limited, resulting in increased requirements for storage.

The Profit Before Tax of the Company for the year 2019 was Rs. 2,017 Mn, against Rs. 2,026 Mn in year 2018. The Company declared and paid a dividend of Rs. 581 Mn for 2019 while it was Rs. 1 Bn for the year 2018.

The storage facility in Hambantota was utilized to cater to the demand, when there was product shortage and deliver to a few bulk customers. This was done by transporting the product by road using the vehicle fleet of Litro Gas Lanka Ltd. As Litro Gas Lanka Ltd is planning to construct a filling plant to service customers in the South East, the Hambantota storage facility will directly feed this filling plant. This will reduce the cost of filling cylinders and the Company will be able to pass the benefit to consumers. This will indirectly support growth in the area. The land lease is only for 10 years and an extension of the lease is currently being negotiated. When the extension is granted, the construction will commence. The civil and construction of filling plant tenders have been approved by the cabinet.

Canowin Hotels and Spas (Pvt) Ltd

Canowin Hotels and Spas (Pvt) Ltd., (Canowin), in which SLIC has 100% ownership, is involved in managing the highway service area, “Canowin Arcade”, which is located on either side of the 44 km milepost in Welipanna, on the Southern Expressway. The premises consist of restrooms, restaurants,

supermarkets, Bank ATM machines, clothing stores, first aid, and vehicle parking facilities.

In terms of financial performance, Canowin reported total assets of Rs. 1.1 Bn., revenue of Rs. 108 Mn., net profits of Rs. 41.7Mn, and ROE of 4% in 2019. Some of the initiatives taken in 2019 include the installation of solar powered car charging points, to facilitate electronic cars, installation of solar panels to obtain its power requirement without using the main grid, and initiation of the valet parking system to ease the traffic congestion on busy days.

Canwill Holdings (Pvt) Ltd

The exception has been the Grand Hyatt project implemented through Canwill Holdings (Pvt) Ltd., and its subsidiary, Sinolanka Hotels & Spa (Pvt) Ltd. (SHSH), which is still not in operation, with construction in progress. Sinolanka Hotels & Spa (Pvt) Ltd., proposed to develop the Grand Hyatt Colombo Hotel as an iconic 47-storey, 458-room five-star hotel and 100 serviced apartments at No. 116, Galle Road, Colombo 3. The SHSL started its construction activities in 2012 and has completed over 50% of construction to date. The total project cost has been estimated at approximately Rs. 45.3 Bn. The Company is optimistic that the strategic direction and way forward arrangement for the project will be officially communicated in a timely manner by the Government of Sri Lanka.

Financial performance of subsidiaries

Company Name	Revenue Rs. '000	Profit /(Loss) for the year Rs. '000
The Lanka Hospitals Corporation Plc	7,548,711	580,636
Litro Gas Terminal Lanka (Private) Limited	2,064,442	1,445,488
Litro Gas Lanka Limited	43,028,044	3,526,018
Canowin Hotels And Spas (Pvt) Ltd	108,413	41,751
Canwill Holdings (Private) Limited	-	(5,108,138)

INVESTMENT REVIEW

Investment Strategy

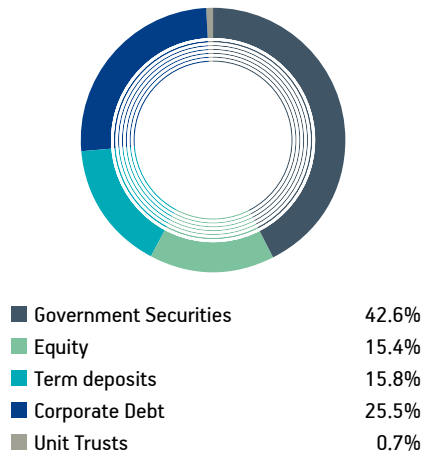
SLICs investment strategy for 2019 entailed making use of market volatilities to maximise investment returns through sustainable growth. Minimising unsystematic risk through diversification was also of paramount interest. These were all done with the sole objective of ensuring investments were safe and generating adequate returns in order to remain competitive and boost the bottom line of the institution within the regulatory framework. Investments were made after carrying out a thorough due diligence, whilst adhering to best practices in the industry, exercising due caution and prudence.

The Investment Committee (IC) appointed by the Board of Directors, drives investment decisions at SLIC. IC responsibilities include, management of SLIC’s investment portfolio, reviewing & monitoring the strategic asset allocation, effective matching of asset & liabilities and capitalising on tactical investment opportunities. The Committee adheres to the Asset Manager’s Code of the CFA Institute. The IC comprises professionals with diverse skills and expertise. It ensures investments are made in the best interest of all stakeholders.

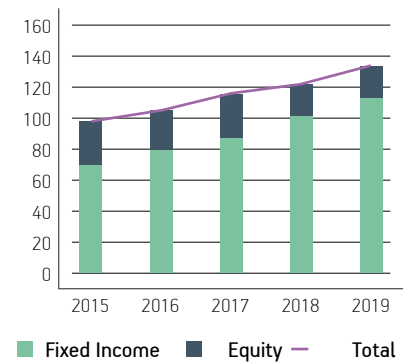
ASSET ALLOCATION

Life Fund:

Composition of the Fund as at 31 December 2019

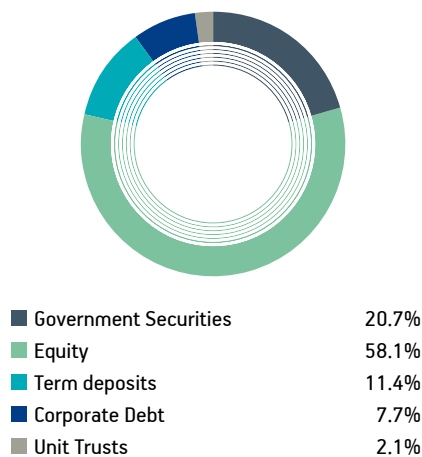


Growth of Investable Assets (Rs. Bn)

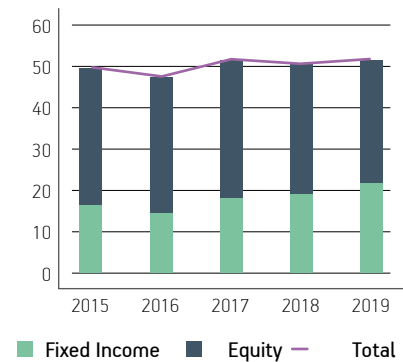


General Fund:

Composition of the Fund as at 31 December 2019



Growth of Investable Assets (Rs. Bn)



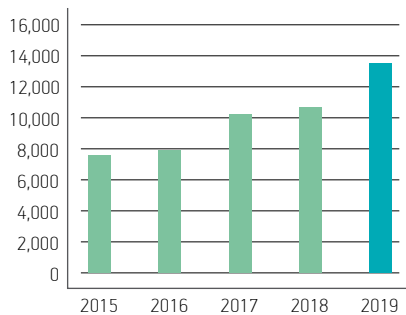
INVESTMENT PERFORMANCE

SLIC achieved healthy returns during 2019 for both Life and General funds through proactive investment management mechanisms. This is a commendable performance in an environment where markets were seen jittery amidst many uncertainties.

The Company recorded a total investment income of Rs. 17.6 bn during the year.

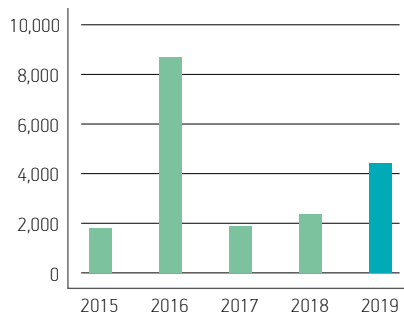
Life Fund

INVESTMENT INCOME (Rs. Mn)



General Fund

INVESTMENT INCOME (Rs. Mn)



ASSET – LIABILITY MATCHING

Life Fund:

The Life Fund consists of long term liabilities which ideally need to be matched with long term assets for a perfect hedge. Deploying funds in suitable long-term instruments, given the lack of breadth and depth in these areas, remains a challenge. Hence the Asset and Liability matching is done across the industry with exposures to relatively large maturity mismatches.

SLIC was able to make use of opportunities that arose in both debt and equity markets during the year, through thorough analysis and prompt action. Going forward, the same proactive approach will be adopted to make use of anticipated market rallies. We expect our endeavours to yield positive results for the Company in the years to come.

General Fund:

The shorter tenor maturity profiles of the General Fund were matched with short term investments which are available in abundance in the market.

SLIC achieved healthy returns during 2019 for both Life and General funds through proactive investment management mechanisms.

SLIC was able to make use of opportunities that arose in both debt and equity markets during the year, through thorough analysis and prompt action. Going forward, the same proactive approach will be adopted to make use of anticipated market rallies.

Summary of Investments

(Rs. '000)	2019	2018	2017	2016	2015
At Cost					
Listed Subsidiaries	2,764,196	2,925,567	2,925,567	2,925,567	2,925,567
Unlisted Subsidiaries	18,160,337	18,160,337	18,160,337	18,160,337	18,160,337
At Net Asset Value					
Associates	148,509	143,646	143,646	138,448	128,090
Available-For-Sale					
Listed Shares	23,765,732	27,221,446	32,460,737	30,914,016	31,894,168
Unlisted Shares	24,411	35,495	48,891	47,972	20,754
Unit Trusts	2,029,106	4,822,078	4,593,369	964,320	1,043,587
Listed Debentures	32,360,621	23,867,197	21,017,947	19,566,029	15,228,277
Treasury Bills	-	-	-	-	-
Treasury Bonds	1,776,535	2,534,387	4,659,451	4,062,844	5,119,315
Fair-Value-Through-Profit-or-Loss					
Listed Shares	5,647,092	3,628,205	4,050,081	5,320,606	6,756,655
Held-To-Maturity					
Treasury Bills	-	-	-	-	488,795
Treasury Bonds	53,113,519	54,622,918	55,020,955	49,313,553	38,475,744
Loans & Receivables					
Unlisted Debentures	5,623,014	500,534	500,534	500,534	541,717
Term Deposits	27,064,616	22,113,279	14,708,677	12,336,280	17,309,842
Development Bonds	10,749,452	10,456,279	7,539,703	7,158,558	6,815,995
Commercial Papers	-	256,462	-	-	-
Trust Certificates	-	-	-	-	-
Reverse Repos	2,062,637	1,009,160	1,771,895	1,035,996	2,629,107
Total	185,289,778	172,296,990	167,601,790	152,445,060	147,537,950

MANAGEMENT DISCUSSION AND ANALYSIS



INSTITUTIONAL CAPITAL

This chapter describes SLIC's institutional capital, which represents a set of unique intangible attributes. They contribute towards not only differentiating SLIC from all other insurance service providers in the country, but also represents a core aspect of the Company's strengths and competitive advantage. SLIC's institutional capital comprise the Company's brand, culture, corporate values, ethics, integrity, organisational knowledge, and systems and processes. As such, these aspects enable SLIC to establish its leading position.

BRAND IMAGE

The SLIC brand is one of the oldest and most enduring brands in the country with over 57 years of public trust behind it. Recognising the need for a strong yet simpler visual identity that resonates with today's youth, SLIC launched its new corporate identity in late 2018. The new corporate identity retains the bee and honeycomb motif of the previous logo, which represents the strength and unity of the community.

The stylised "SLIC" of the new logo brings a sleek, modern, and dynamic new look to the corporate identity. The turquoise colour represents protection from harm and prosperity. The new visual identity ties together the strengths and core values of the SLIC brand in a way that is visually appealing to a new generation of Sri Lankans who will place their trust in SLIC as generations before them have done

ISO CERTIFICATION

SLIC obtained the ISO 9001:2008 certificate in 2009 which was renewed every 3 years. SLIC has transmitted to the latest version of ISO 9001:2015 Certificate in November 2017. The present certificate expires in 2020. SLIC Head Office and all of its branches are implemented with the ISO 9001:2015 requirements. In 2019 December the second Surveillance Audit after recertification was successfully completed. The scope of the certification is life and non life underwriting, claims

settlement and support services of the head office and its branches. All the departments/branches have its own objectives cascading from the corporate objective. The company policy is clearly reflected in the Quality Policy, which is being displayed in each department and all of its branches to communicate to the staff. Senior Management ensures that its staff executes their work within the framework of the Quality Policy.

The customer is treated as the king according to the concept of the company. All the care is given to the customer through the ISO system implemented at SLIC Head Office and all of its branches. Customer complaints are recorded and effective action is taken. Customer Satisfaction Survey is carried out to analyze the satisfaction of the customer.

All the procedures, guidelines and forms are available in the company intranet. Whole of the SLIC staff are knowledgeable about its procedures, guidelines and forms through the intranet. SLIC staff hopes to exceed customer satisfaction of the service rendered to the customer through the effective implementation of the ISO 9001:2015 system.

AWARDS AND ACCOLADES

Sri Lanka Insurance, the first and the only insurer endorsed for performance excellence at the National Quality Awards

Sri Lanka Insurance receives commendation certificate under the Large Scale Service category for the performance excellence at the National Quality Awards 2019.

The Sri Lanka National Quality Award is an annual Award organized and implemented by the Sri Lanka Standards Institution (SLSI) to recognize Sri Lankan Organizations that excel in quality management and quality achievement. Sri Lanka Insurance is the first and the only insurer to receive the honour of being endorsed for performance excellence and awarded with a Commendation Certificate in the insurance industry of Sri Lanka.

The award emphasize the fact that Sri Lanka Insurance is striving to uphold the service standards maintained over the past 5 decades and is on a mission to enhance the level of service experience provided to the customers being in the forefront of the insurance industry of Sri Lanka .

Sri Lanka Insurance receives Fitch Rating upgrade to AAA (lka) for Strong Financial Stability

Endorsing Sri Lanka Insurance as the trusted insurer of the nation Fitch upgrades Sri Lanka Insurance's national Insurer Financial Strength (IFS) rating to 'AAA (lka)' from 'AA+ (lka)' with a Stable Outlook. The upgraded rating reflects the favourable business profile, strong financial performance and capitalization of the company maintained over time within a challenging business environment. AAA (lka) rating is the highest score in the national rating scale.

Sri Lanka Insurance's impeccable business profile comprised with leading business franchise, well-diversified participation in business lines across life and non-life insurance sectors, stable business focus on established product lines and its favourable domestic operating scale making Sri Lanka Insurance the only Insurer with the robust financial rating. This is a reflection of Sri Lanka Insurance's superior ability to meet the long term insurance obligations to its policyholders.

Sri Lanka Insurance awarded the most valuable General Insurance Brand by Brand Finance 2019

Sri Lanka Insurance General Insurance category is a well-recognized and trusted brand. In recognition of its achievements, Sri Lanka Insurance General Insurance category has been awarded the prestigious BrandFinance® Most Valuable General Insurance Brand in 2019 in their 16th edition of the annual publication released by Brand Finance.

The Brand Finance award has been made possible as the business has been built on strong systems and processes which has also enabled Sri Lanka Insurance General Insurance category to innovate by bringing new products into the market and thereby staying close to its customers. Convenience has been a critical factor that the brand has been able to bring to them.

Sri Lanka Insurance was awarded at the National Business Excellence Awards 2019

Sri Lanka Insurance was recognized and awarded for business excellence at the 16th edition of the National Business Excellence Awards organized by the National Chamber of Commerce.

The annual initiative National Business Excellence Awards was launched with the aim to recognize and reward those organizations that have excelled in all-round performance. The contenders for the National Business Excellence Awards were evaluated on the basis of a three-stage process of Desk Reviews, Interviews and Judge's Final Review.

The evaluations were comprised with 7 Excellence criteria namely Leadership, Corporate Governance, Capacity Building, Performance Management, Global and Local Market Reach, Corporate Social Responsibility & Environmental Sustainability, and Business and Financial Results.

Sri Lanka Insurance -The most Loved Insurance Brand declared by Brands Annual 2019

Sri Lanka Insurance was declared as the Most Loved Insurance Brand by LMD Brands Annual winning the trust and love over generations.

Further Sri Lanka Insurance has been ranked among the top 3 'Most Loved Brands' in the country competing with giant multinational retail brands in the country.

Sri Lanka Insurance achieving the Most Loved Insurance Brand in the country bears testament to the trust Sri Lankan people placed upon Sri Lanka Insurance, best life insurance products in the market which provides high returns, claim paying ability spans over 5 decades which settles Rs.1.5 billion worth life and general insurance claims every month, customer centric innovative insurance solutions, convenience driven processes and dynamic service support.

INFORMATION SECURITY

The digitization was the key focus on the 2019 ICT Roadmap. We have managed to successfully deploy the salesforce automation through "Bconnect" mobile app. This platform connects and enables the SLIC salesforce on efficient interaction between customer and sales process. Also we have launched "FIRE" mobile app platform to enabled efficient Sales Management process covering island wide business operations . The addition of Bconnect and FIRE apps have enabled fully automated salesforce operation for SLIC. Connecting these platforms we have successfully deployed business analytics and management dashboards for efficient management visibility and decision making.

For the SLIC customer, we have launched the "SLIC" Customer mobile app as an industry first. This platforms enables SLIC customer to connect with business partners, road side assistance, payment options other than the insurance services. As the roadmap this platform will be expanding into bringing new value additions like digital health services, online deliveries like pharmaceutical services..etc for customer.

2019 was a year we made focused improvements on convenient payment options for our customers. We have enabled payment options via leading super markets, Digital banking, Easy pay platforms for customer to make their interactions with convenience. Also we have been working with business partners like banks to provide 24*7*365 day services through ATMs and Kiosks facilities.

We have re launched our corporate web site www.srilankainsurance.com with the latest technology and convenience for customers to interact with us efficiently. Soon we are planning to deploy new technologies like Chat bots, Robotics (RPA) and AI based technology solutions to improve the customer convenience and productivity.

MANAGEMENT DISCUSSION AND ANALYSIS

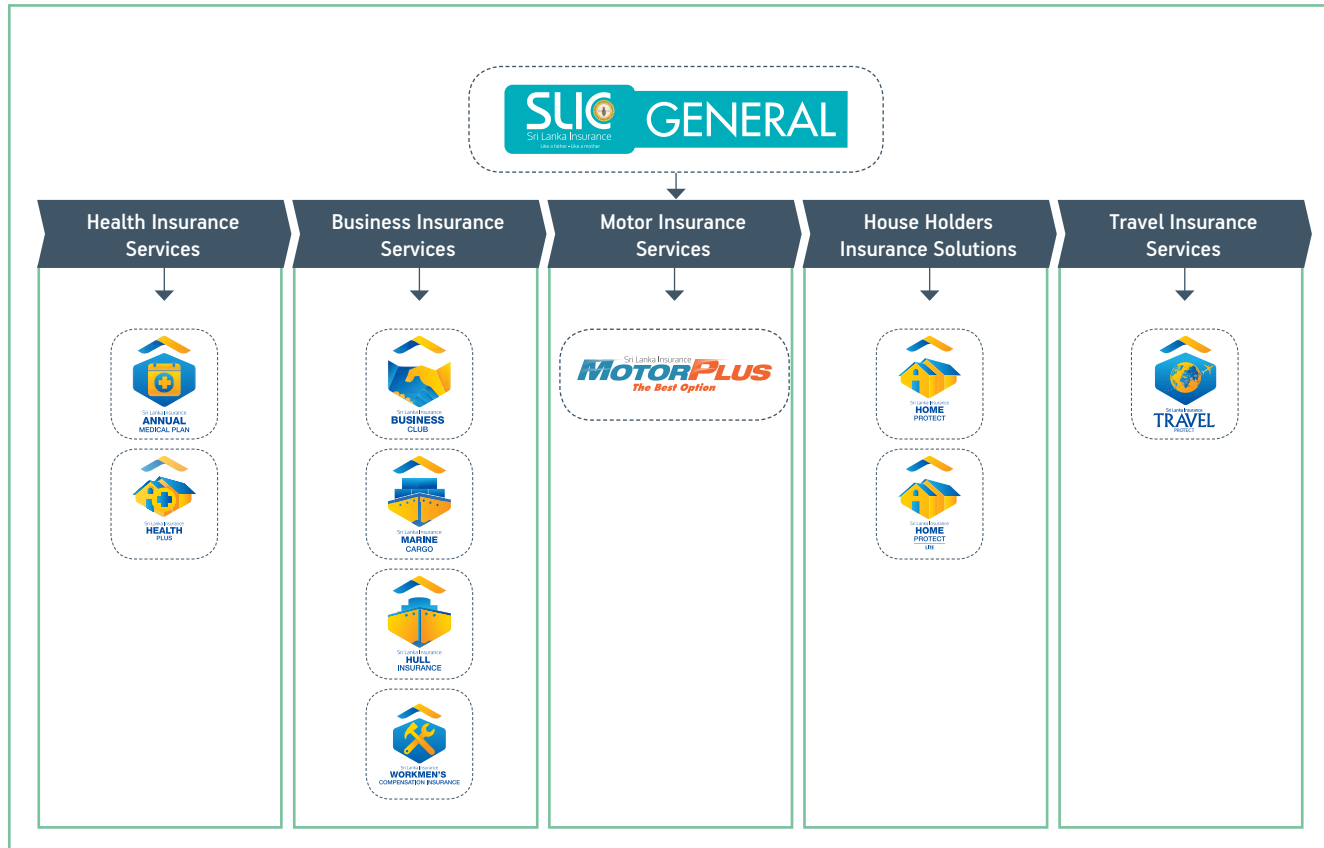


CUSTOMER CAPITAL

SLIC is always mindful of creating value for customers by offering high value products and making sure the correct mechanisms are in place for customer convenience and satisfaction. SLIC's ISO 9001:2015 certification offers customers the assurance that they are receiving world-class customer care and industry best practices. As the leading insurance provider in the country, we have built a strong and loyal customer base and we strive to expand our customer base by offering the highest standard of products and services.

PRODUCT PORTFOLIO

General insurance product portfolio



Home Protect Insurance:

This is a comprehensive policy offered to home owners to cover their property, including the building against fire and allied perils and burglary. Policy would also cover the personal liability of the home owner as well as a payment to the dependants in the event of his/her accidental death.

Home Protect Lite:

This too is a comprehensive policy, which is offered to home owners who have obtained a loan from a Financial Institution. The unique advantage of this policy is that the insured can obtain the policy for the full loan amount irrespective of the value of the property and no under-

insurance will be applied and as such the claim will not be reduced for not insuring for the exact property value.

Kahawanu

Money Insurance Policy

This policy covers loss of money whilst in transit and at the business premises of an Insured due to hold up, burglary and housebreaking. Extensions such as infidelity of employees, riots, terrorism and personal accident cover are available.

Srama Surakuma

Workmen Compensation Insurance Cover

This policy covers the employers liability for death or injury of workmen arising

in the course of their employment. Benefit is payable according to Workmen Compensation Ordinance of 1934 and subsequent amendments thereto.

Motor Plus

Comprehensive Motor Insurance

This policy covers the motor vehicle against accidental damage, theft, fire and various other causes. There are several extensions which can be granted under this policy for driver, passengers, goods including riot, strike and terrorism.

Surgical & Hospital expenses

This policy offers tailor made health insurance schemes to cover hospitalization due to sickness, accident or surgeries.

Marine Cargo

The marine cargo policy provides cover for transportation of various types of cargo by sea / air / road across globe inclusive of interim storage.

Traders Combined Insurance Policy:

This particular product is popular among small to medium scale traders, where a comprehensive and a holistic solution is provided to them under one policy; viz., fire and allied perils, plate glass, money, electronic equipment and deterioration of stocks insurance. Policy is further expanded to cover workmen's compensation insurance as well as personal accident including funeral expenses to the owner as options to choose from.

Tea Factory Comprehensive Policy:

This is also a comprehensive policy offered to tea factory owners to cover their property as well as liabilities. Whilst the policy covers fire and allied perils, plate glass, electronic equipment, money and goods in transit it also covers workmen's compensation and Personal accident insurance. In addition, the policy is extended to cover damage to motors due to power fluctuations which is the most common cause for tea factory claims.

Fishing Boats Insurance:

SLIC is providing an insurance cover for the fishing community to cover their boats and nets and equipment against total loss due to natural perils as well as accidental damages. The policy also extended to cover the crew for accidental deaths.

SLIC Travel Protect:

This is an insurance policy bought by travellers to cover their trips overseas. The policy includes health benefits, accident benefits, personal property cover and travel inconvenience cover. Further, there are some interesting additional benefits, such as personal liability, flight hijack cover, home safety cover etc. The policy covers individuals up to 80 years of age without medical certificates.

Other Policies

- Burglary
- Bankers Indemnity
- Professional Indemnity
- Public Liability
- Products Liability
- Contractors All Risk
- Erection All Risk
- Contractors Plant and Machinery
- Electronic Equipment
- Annual Medical Plan
- Rubber Factory
- Aircraft Insurance
- Personal Accident

New initiatives for 2020

Development of web solution for travel insurance and selling of travel insurance policies via travel agents - The former will enable prospective travelers to obtain travel insurance from the comfort of their homes or from hand held electronic devices and make payment by credit card. The latter will enable travelers who purchase their airline tickets from travel agents to obtain their travel insurance policies at the same time from the travel agent

Revamping of the health insurance product for individuals (ie. Annual medical plan) – It is planned to review and make some improvements to the current product considering the ever increasing demand for health insurance.

New policies issued in 2019

Introduced a new travel policy named as SLIC Travel Protect. This policy provides a wide range of covers such as personal liability, flight hi-jack cover and home safety in addition to the standard covers for a very reasonable premium. Further, the policy covers individuals up to 80 years of age without medical certificates. Having such an insurance would give peace of mind to travelers who purchase same.

We have introduced a policy to cover solar panels against fire, lightning and several other specified perils. This policy was designed considering the increase in demand for solar panels that has been seen in recent times.

Key priorities for 2019 and its performance

An improvement in Customer satisfaction from point of view of service – clients have been given to facility to renew their motor insurance policies online and make payment via credit card. Further many convenient methods for payment of premium are available to customers.

Significant improvements in speed of settling motor claims - The documentation required for motor claims below Rs 75,000 has been substantially reduced when the vehicle is inspected by one of our technical officers immediately after the accident at the accident site itself. On receipt of the required limited documentation, claims are settled within 3 hours of receipt. If so required by the customer, the claim payment could be credited to his/her bank account.

Reinsurance support from financially strong companies – The importance of having A rated reinsurers in of utmost importance and efforts have been made from time to time to develop new business relationships with A rated reinsurers as well as strengthen existing ones.

Product development process

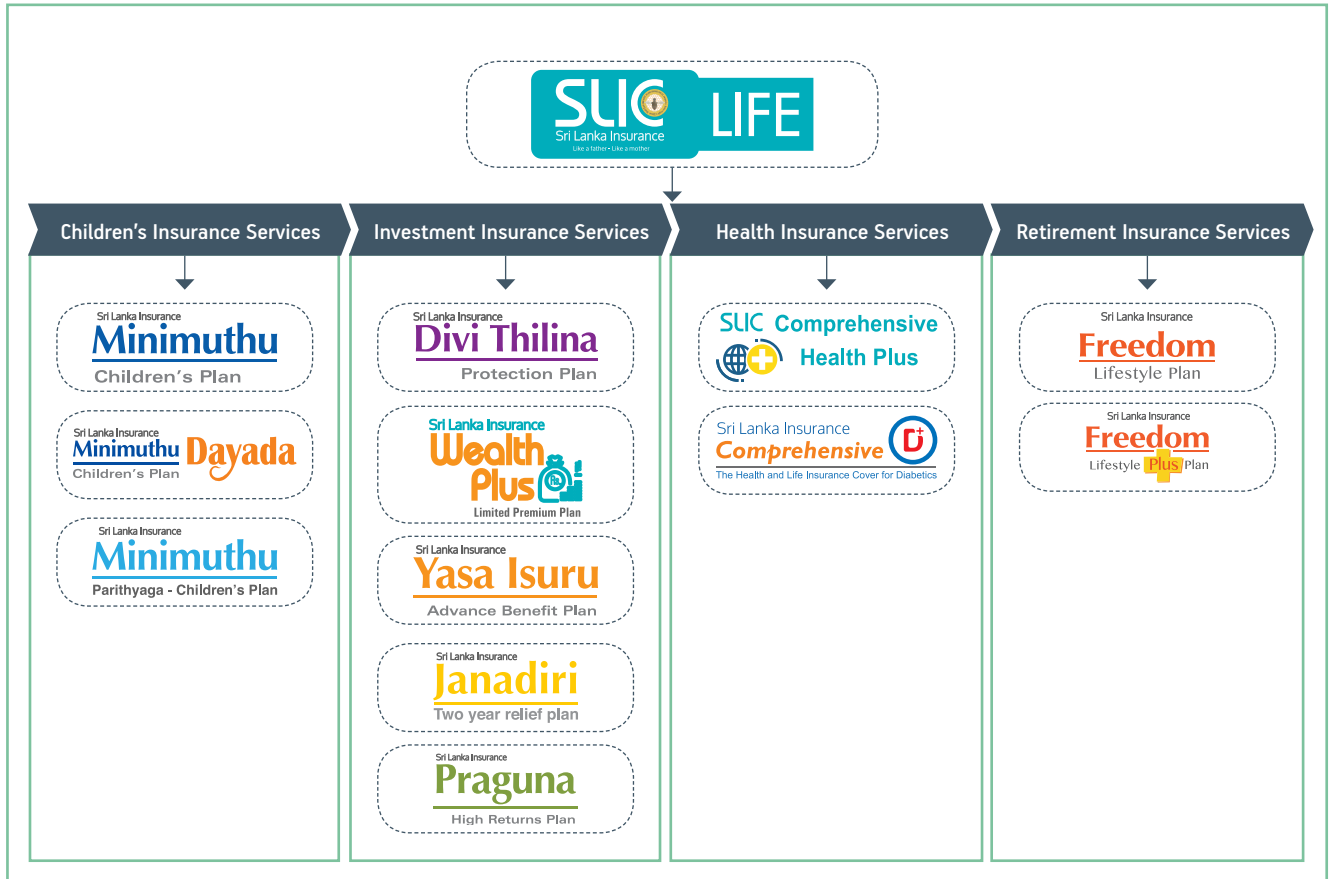
A product development committee headed by CEO, consisting key persons from sales, marketing, operations and actuarial meet regularly to review current performance of products and decide on revisions / enhancements to existing products based on customer requirements. Newly

launched competitor products and their success in the market is also discussed. Further new product ideas are discussed and steps for implementation are decided at this meeting.

Reinsurance partners

For the 6th consecutive year Swiss Re, a global giant in terms of reinsurance has continued as leader of most of our reinsurance treaties. Swiss Re being one of the top ten global reinsurers continuously share their technical know how with our staff. GIC, who is the largest Indian reinsurer and owned by the Government of India is also in are treaties. In addition to these, our treaties our backed by a number of A rated reinsurers including several Lloyds syndicates. This year, we also signed a reinsurance agreement with Ergo - Germany which is a company that specializes in Travel Insurance. Ergo is A rated and is a fully owned subsidiary of Munich Re.

LIFE INSURANCE PRODUCTS



Protection Plans

Divi Thilina

Divi Thilina is an endowment assurance with considerable benefits. This plan provides considerable life insurance cover for an affordable premium, whilst rewarding the policyholder with a higher maturity value.

In this product premiums are payable for an agreed number of years. The Basic Sum Assured will be payable along with the accumulated bonuses at the end of the agreed term or at death, which ever occur earlier.

Yasa Isuru

Yasa Isuru is a life insurance plan with periodic payments which provides the Basic Sum Assured in three stages during the term of the policy.

Premiums are payable for an agreed term (10, 15 or 20 years). Irrespective of the stage of payments already made, the full Basic Sum Assured along with the accumulated bonuses, will be paid in case of death of the policyholder during the term of the policy.

Praguna

This is a life insurance plan of which the Basic Sum assured of the policy is increased by 5% (on simple rate basis), every year although the premium payable remains unchanged. At the maturity of the policy, the increased Sum Assured along with the accumulated bonuses shall be paid.

In the event of the death of the life assured during the term of the policy, twice the increased Sum assured shall be paid.

Divisavi

This product provides a term assurance cover for an affordable premium. Health benefits and a whole life cover could be obtained together with this product, by paying an additional premium

SLIC Wealth Plus

SLIC Wealth Plus plan provides cover for those who wish to pay premium in a short term (5 years) but expect to enjoy the benefits over a longer term.

In this plan the Basic Sum Assured of the policy is increased by 5% (on simple rate basis) each year during the term of the policy.

At the maturity of the policy, the increased Sum Assured along with the accumulated bonuses are paid. In the event of death of the life assured during the policy period, 125% of the increased Sum Assured is paid.

Retirement Plans

Freedom Life Style Plus

This plan of assurance provides a steady guaranteed monthly income for a selected term.

This monthly annuity will increase by 5% every year on compounded basis. Life Assured can select terms of 5,10,15 or 20 years as annuity receiving period. The bonuses will be paid as an annuity along with the monthly annuity

If the life assured's death occurs during the premium paying term, the premiums paid (or the Surrender value, if higher) will be refunded and the policy will be terminated. If the life assured's death occurs during the annuity paying period, the annuity payments are made during the remaining annuity payment period.

Child Insurance Plans

Minimuthu

This plan guarantees a fund for the child at the maturity and gives protection for both parents. Even after an untimely demise of a parent, the fund will be available for the child. This plan provides a life cover for both parents thus making it a joint life plan. The fund for the child will be given in four (4) instalments as follows.

- At maturity : 35% of the Sum Assured and accumulated bonuses
- 1st year after maturity : 35% of Sum Assured
- 2nd year after maturity : 35% of Sum Assured
- 3rd year after maturity ; 35% of Sum Assured

If one parent dies during the maturity benefit receiving period, the balance payments will be doubled.

Minimuthu Parithyaga

This plan guarantees a fund for the child at maturity and gives protection for the child and for one of the parents. Once the policy continues for a period of 5 years & the child completes 15 years of age, the child will also enjoy the life cover.

At the end of the policy term the guaranteed sum assured and the accumulated bonuses will be paid to the child, provided the life assured is then alive.

If the life assured's (parent's) death occurs during the policy term, 15% of the Sum Assured per year, will be paid to the beneficiary up to the date of policy maturity. These payments are made in addition to the Basic Sum Assured.

Minimuthu Dayada

This plan guarantees a fund for the child at maturity and gives protection for the child and the parents. At maturity of the policy, 125% of the Sum Assured will be paid in five instalments provided both the child and the parent are alive. Even after an untimely demise of a policyholder, the fund will be available to the child.

Mortgage Protection Plan

Mortgage Protection Assurance (DTA)

The Mortgage Protection Assurance policy provides an insurance cover for loan borrowers who obtain loans from banks/ financial institutions.

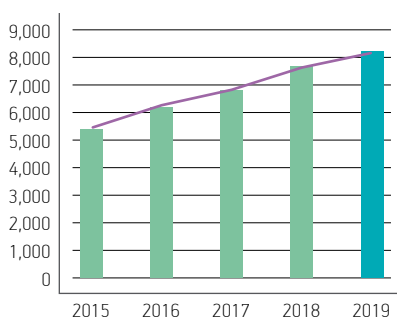
This plan has been designed to protect a mortgage executed in connection with a housing loan or any other loan against the risk of death or total & permanent disability of the borrower during the term of the policy.

LIFE BONUS

SLIC declares largest Life Insurance bonus of Rs. 8.2 Bn.

Breaking all landmarks in the local insurance industry SLIC declared a life bonus of Rs. 8.2 Bn., for the year 2019, surpassing its own record of Rs. 7.7 Bn., declared the year before. SLIC has declared over Rs. 55 Bn., in total as Life Insurance bonuses since 2010. This is ample evidence of the Company's commitment to providing the highest returns while protecting its policyholders reasonable expectation through wise investment management.

Bonus FV (Mn)



NEW INITIATIVES FOR 2020

In order to provide a better coverage, the company is planning to introduce an innovative health rider benefit during the year 2020. This will focus on major illnesses relating to the life assured.

NEW POLICIES ISSUED IN 2019.

We have issued 65,392 policies during this year, majority of which are endowment policies. This includes 6,544 Mortgage protection policies. We observe that the newly introduced "Wealth Plus" plan is becoming more popular among the policyholders.

KEY PRIORITIES FOR 2019 AND ITS PERFORMANCE

The development of the new web based training system was a key priority for the year 2019. The system was developed internally by our staff both in the Life Operations and ICT Department. This system enabled us to conduct training at multiple locations all over the country simultaneously using the web and this has been very effective and helped the company to reduce its training cost drastically.

PRODUCT DEVELOPMENT PROCESS

The company has formed a product development committee chaired by the Chief Executive Officer of the company consisting representatives from all the relevant departments. The product development ideas received from various stakeholders are discussed by the committee and the products are modified and developed depending on the need of the customers.

NEW PRODUCTS FOR 2019

We introduced a product called "Divisavi" during the year 2019 targeting the low income market. This product provides a Term Assurance cover for an affordable premium. Health benefits and a whole life cover could be obtained in this product by paying an additional premium

DELIVERING SUPERIOR CUSTOMER SERVICE

The SLIC customer mobile App was launched with the intention of delivering policy information to our policyholders whenever they require. This App provides the customer an easy access relating to the premiums paid on the policy and details of his or her insurance policies without having to visit or phone our offices. The Policyholder could request changes to the policy, obtain details regarding the benefits available, using this App.

BRANCH NETWORK

SLIC commenced the financial year 2019 with 133 branches and 18 Customer Service Centers (CSC), in 20 regions. In line with the management decision to increase the market penetration to provide better quality and convenient customer services, 06 new branches were opened in 05 existing regions, The new branches are located in Ingiriya, Kottawa, Rambukkana, Rideegama, Polgahawela and Maho. In addition, the Anuradhapura, Bandaragama, Colombo Fort/Pettah, Batticaloa & Akuressa branches were relocated with more amenities in order to provide better customer services. Moreover, the Bibile, Nuwara Eliya, & Matara branches were refurbished to provide an excellent service to customers in those areas. By year-end, SLIC's geographic penetration was increased from 145 to 151 locations islandwide, apart from the Head Office Sales Units. Further, it is planned to open another 08 branches and 06 CSCs during the year 2020.

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS PARTNER CAPITAL

SLIC's key business partners are reinsurers, brokers, advisors, and suppliers. This network of business partners are essential for effective and high quality product and service delivery. SLIC's engagements with business partners are guided by a framework of formal and transparent internal policies and procedures to ensure total compliance with laws and regulations and for the fair and ethical treatment of all business partners.

MEMBERSHIPS IN ASSOCIATIONS

- The Employers' Federation of Ceylon
- Insurance Association of Sri Lanka
- The Ceylon Chamber of Commerce

STRATEGIC PARTNERSHIPS

SLIC established formal strategic partnerships are a component of the Company's corporate strategy. This is a key element of SLIC's distribution strategy which has allowed SLIC to build alternate distribution channels beyond the traditional channels. SLIC structures its strategic partnerships in line with local and international insurance best practices and has established partnerships for the distribution of Bancassurance, Group Life, Finance Business Development, Broker Business, Public Sector and Corporate Services. To facilitate larger scale penetration in the lower middle market, SLIC has entered into a partnership with the national post office system. These strategic partnerships have opened up new revenue channels, in addition to the SLIC branch network which focuses on retail.

SLIC continues to be the key insurance partner to leading leasing companies to cater to their customers. This includes maintaining an SLIC service counter at their premises.

Further, SLIC also enjoys strong relationships with major Insurance Brokers, primarily to provide General Insurance services for both groups and individual customer requirements.

These partnerships are initiated and managed by the Corporate Business Units and SLIC is working continuously towards improving this channel with technology, manpower and innovative partnership structures, to ensure mutual profitability. Provision of support services for business partnerships is also given due priority by SLIC, in addition to the partnerships for direct business penetration. These partnerships refer to payment gateways to enhance customer accessibility to SLIC with top level banks and mobile companies. SLIC's Motor Plus loyalty reward system is a unique reward scheme that offers discounts on the Motor Plus Card at renowned retail stores, hotels, and lubricants. SLIC also has tied up with reputed regional garages to offer customers a hassle free economical repair experience.

Reinsurance partners

For the 6th consecutive year, Swiss Re, a global giant for reinsurance, has continued to be the leader of most SLIC reinsurance treaties. As one of the top 10 global reinsurers, Swiss Re continuously shares technical know-how with SLIC staff. GIC, who is the largest Indian reinsurer and owned by the government of India, is also a reinsurer for SLIC. In addition to these, our treaties are backed by a number of 'A rated' reinsurers, including several Lloyds syndicates. This year, SLIC also signed a reinsurance agreement with Ergo – Germany, which is a company that specialises in Travel Insurance. Ergo is A-rated and is a fully owned subsidiary of Munich Re.

Bancassurance

Concentrating on channel development activities, main project with the BOC took wings in 2019 with 58 branches being allocated with Bancassurance Officers to cover around 350 BoC branches to promote Life Insurance. This project is keep adding to non-traditional penetration activities thus improving the business.

MANAGEMENT DISCUSSION AND ANALYSIS



EMPLOYEE CAPITAL

SLIC's highly trained and experienced human resource base is the most valuable asset of the organisation, positioning the Company among the top tier insurance service providers in the country. Our employees are given opportunities for growth and development to enhance our service standards to reflect SLIC's position as the nation's insurer and a state-managed organisation. All employees are treated with respect and dignity with no discrimination, making SLIC a high quality employer with loyal employees that stay with the Company throughout their working career.

EMPLOYEE PROFILE:

Employees by Type of Contract

	2019	2018	2017	2016
Permanent Staff	2527	2511	2421	2308
Contract Staff	133	192	105	124
Total	2660	2703	2526	2432

Age Analysis

Age Group	Male	Female	%
18-24	58	89	5.53%
25-29	191	234	15.98%
30-34	212	212	15.94%
35-39	257	101	13.46%
40-44	192	76	10.08%
45-49	225	243	17.59%
50-54	166	228	14.81%
55 & Above	61	115	6.62%
Total	1362	1298	

Employment by Grade and Gender

Grade	Number			Composition %	
	Male	Female	Total	Male	Female
Senior Managerial	61	15	76	80%	20%
Managerial	119	43	162	73%	27%
Assistant Manager	106	66	172	62%	38%
Executive	242	460	702	34%	66%
Supra*	1	44	45	2%	98%
Clerical	444	622	1066	42%	58%
Technical	188	0	188	100%	0%
Supra (Skilled)**	4	0	4	100%	0%
Non-Clerical	114	16	130	88%	12%
Minor	83	32	115	72%	28%
Total	1,362	1,298	2,660	51%	49%

*Represents the employees who were promoted from clerical positions which is parallel to the executive grades.

**Represents employees who have reached the highest level in non-clerical grades which is parallel to clerical grades.

Employees by Region

Region	Number
Anuradhapura	19
Badulla	55
Central - 01	104
Central - 02	56
Colombo - 01	114
Colombo - 02	80
Colombo - 03	79
Eastern	43
Galle	71
Gampaha	69
Hambantota	44
Head Office	1297
Kalutara	83
Kurunegala	36
Matara	78
Monaragala	26
Negombo	101
North Central 01	52
North Central 02	41
Northern	43
Ratnapura	83
Wayamba 01	23
Wayamba 02	63
Total	2660

RECRUITMENT AND RETENTION**Recruitment**

A well structured recruitment process is vital for any organization to attract the correct talent and skills to achieve organizational objectives in a highly competitive business environment. SLIC attempts at all times to attract the best talent and skills to the company with the requisite qualifications, relevant knowledge and experience in the field, appropriate skills, and a positive attitude. A clearly defined and comprehensive recruitment policy is in place to ensure

recruitment is conducted according to proper procedures and to give priority to internal candidates. External recruitment is considered only in the event that no suitable candidate is found internally. A strict selection process has been deployed, which includes aptitude tests to determine the suitability of candidates.

As part of the selection process, candidates are subject to an interview process by an interview panel, which is constituted according to the vacancy and/or job requirements, and is always made up of well-qualified and experienced professionals on the subject area. SLIC Policy mandates that a representative from the HR Department is present at all interviews to ensure the transparency and impartiality of the recruitment process. Furthermore, a comprehensive and transparent written evaluation is carried out by all the panellists.

Employee Recruitment

Age Group	Male	Female	Total	%
18-24	33	18	51	41%
25-29	16	20	36	29%
30-34	3	8	11	9%
35-39	2	13	15	12%
40-44	1	4	5	4%
45-49	0	3	3	2%
50-54	0	2	2	2%
55 & Above	0	0	0	0%
Total	55	68	123	

RETENTION

Many benefits are provided to SLIC employees to retain talent, in order to serve our customers better, and to sustain the company's competitive edge and highly reputable brand image within the market. Therefore, talent is recognised by the company and encouraged, and also developed through various means, including continuous training. Employees skills are continually upgraded to fill in key positions and leadership roles efficiently and effectively, thus ensuring that the business does not experience any disruption. SLIC management has taken steps to identify critical positions within the organisation and the best performers in the business are included in the "SLIC Talent Pool". The objective of the Talent Pool is to establish a proper succession plan within the organisation that will ensure a pipeline of well-developed and groomed employees, ready to step in, to any vacancy in a critical position. Candidates in the SLIC Talent Pool are included in many development programmes to enable them to develop their soft skills and technical skills, and undergo a mentoring process to further enhance their leadership and management skills.

Staff retention rate

	2019	2018	2017	2016
Number of Staff	2660	2703	2526	2432
Staff Retention Rate %	94.2%	97.3%	95.4%	96.7%

Employee Turnover

Age Group	Male	Female	Total	%
18-24	29	31	60	38%
25-29	19	13	32	20%
30-34	6	4	10	6%
35-39	10	1	11	7%
40-44	7	1	8	5%
45-49	2		2	1%
50-54	1		1	1%
55 & Above	19	15	34	22%
Total	93	65	158	

Service Analysis

No. of Years working at SLIC	Male	Female	%
0-5	346	342	26%
6-10	360	241	23%
11-15	375	111	18%
16-20	9	21	1%
21 & Above	272	583	32%

Parental Leave

	Male	Female	Total
Number of employees entitled to parental leave in 2018	0	68	68
Number of employees entitled to parental leave in 2019	0	69	69
Number of employees that took parental leave in 2019	0	69	69
Number of employees that returned to work in 2019 after parental leave ended	0	69	69
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	0	69	69
Retention rate %	0	100%	100%

SLIC adheres stringently to all labour regulations and goes well beyond the statutory limits in ensuring the wellbeing of employees. Therefore, while honouring all maternity leave requests of women employees with no exceptions, the company also takes into consideration any paternity leave requests from male employees, subject to leave conditions. All female employees of SLIC are entitled to maternity leave, as per the Maternity Leave Ordinance. In addition to the provisions stated in the Maternity Ordinance, the management of SLIC, on request, grants a further two months leave to the concerned employees on no-pay basis. Requests for paternity leave are considered favourably with the view of providing the father an opportunity to spend dedicated time with the new born, subject to adjusting the leave entitlements.

TRAINING AND DEVELOPMENT

SLIC is a knowledge-based organisation, that exists upon the collective organisational knowledge derived from its islandwide human resource base. Therefore, SLIC considers training to be of vital importance to develop the competencies of employees. Training and development involves improving the effectiveness of organisations and in the most effective training and development programmes, the capabilities needed by employees are developed to support business growth. Training can also lead to increased confidence, a deeper connection to the mission, accountability and retention. Well-structured training and development modules have been designed and rolled out with continuous updates. Most of the needs identified from departments already exist in the current provisioning for trainings. SLIC has introduced special initiatives in addition to training programmes, to encourage staff to upgrade their knowledge and skills,

which would enable them to provide an exceptional service to our valued customers. The examination reimbursement scheme is one such initiative to provide financial assistance that would encourage employees to pursue further studies in their area of work. SLIC also reimburses membership fees in professional bodies irrespective of the service period of employees, encouraging them to stay up-to-date in their respective fields.

Investment in Training and Development Type 2019

Type	2019 (Rs.)	2018 (Rs.)	2017 (Rs.)
In-house Training	947,986	842,144	314,900
External Training	1,988,299	5,149,425	234,162
Conferences	749,754	1,476,997	1,161,962
Overseas Training	15,580,659	8,928,357	5,186,041
Insurance and Professional Education	3,900,245	3,976,954	673,120
Professional Memberships	1,670,787	3,912,257	1,189,264

Training Programmes	2019	2018	2017
Number of Programmes	3	8	4
Number of Hours	49	99.25	50

Induction Programmes	2019	2018	2017
Number of Programmes	3	8	4
Number of Hours	49	99.25	50

Reimbursement of Examination Expenses	2019 (Rs.)	2018 (Rs.)	2017 (Rs.)
Total Investment on Employees	3,926,293	2,962,147	3,812,627

Staff Benefits

As a firm believer in the maxim "happy employees deliver quality products and services," SLIC ensures that its employees work in an amicable and peaceful work environment and are provided with an array of benefits, with the objective of improving their quality of life. Some of the benefits SLIC offers to employees are listed below:

- Company medical insurance coverage for SLIC employees and their families.
- Three holiday bungalows equipped with modern facilities and well-trained caretakers in Nuwara-Eliya, Anuradhapura, and Kataragama that can be reserved by all employees.
- A Company bus is available to employees and their families, for travelling long distances.
- Seminars for school children sitting for the year 5 scholarship examination and children who successfully complete the examination are rewarded with valuable prizes.

- A highly sophisticated employee canteen with concessionary prices for a wide variety of food.
- Death benefit scheme for employees and their family members, ensuring that SLIC is with them "Like a father, like a mother," by providing financial and emotional support.

Other welfare facilities for employees include;

- Welfare Shop
- Annual get together
- Annual fairs
- Monthly confectionary fairs

PERFORMANCE APPRAISAL SYSTEM AT SLIC - STRIVING FOR EXCELLENCE

Striving to establish a performance based culture within the organization, SLIC has invested in a formal Performance Appraisal System (PAS) to evaluate the performance of employees. The process has been integrated to the HRIS, thereby further enhancing the digitization of HR management at SLIC, and is one of the most valuable forms of employee engagement within the company, enabling frank and open discussions among employees and supervisors. The PAS ensures fairness, transparency and credibility in all performance appraisals, thereby encouraging employees to perform better and making the process extremely credible and trustworthy among employees.

Under the appraisal process, it is mandatory that every employee carry out a self-evaluation and rating of their own performance on agreed KPI's. This will give them the opportunity to clearly understand how well they are performing their role and responsibilities.

In addition to evaluating the performance at the evaluation discussions which occur at least twice a year, each line manager and subordinate will also discuss the development plan of the subordinate. Further, any training needs, which will support the improvement of performance and career progress, will also be identified. Employee participation in the selected training and development programmes are monitored to evaluate their progress and to support employees to ensure they achieve the required levels of skills and competencies.

In the case of employees who are rated below 2 and need further improvement, are given an Individual Development Plan (IDP), which is developed by the HR Department in consultation with the respective supervisor.

The continuous appraisal system is aimed at achieving strategic objectives of the company, while supporting the development of employees. The competitive business environment, organisational and market dynamism, may lead to further improvements in the PAS.

WORK-LIFE BALANCE

A work-life balance is essential for employee motivation and productivity and SLIC strives to ensure that employees have a healthy work-life balance, in the belief that they can perform optimally in the workplace if they can strike a good balance between their professional and personal lives. Backed by this philosophy SLIC provides many recreational facilities for employees to allow them to relax and unwind, while also working towards their targets.

A range of facilities are available, such as a fully-equipped gym with qualified instructors who can assist employees to maintain their physical fitness.

Yoga classes for employees are being conducted on a weekly basis for physical and mental well-being. Employees also have access to the library with over 1,800 books covering fictions and educational topics in the fields of insurance, management, finance, marketing, and sales.

EMPLOYEE ENGAGEMENT

Productive and transparent employee engagement is essential for smooth operations and SLIC has put in place many structured and unstructured forms of engagement for employee communication and interaction. With a workforce of over 2,600 employees, the SLIC management has ensured that the Company engages with them in a transparent and fair manner and has communicated company policies and procedures to all employees. Another channel of engagement with employees is the quarterly newsletter, "Bee News" to disseminate company news to employees across the organization, thereby helping employees to align themselves with company strategies and goals. Being a highly unionised organisation, SLIC, always encourages the trade unions to work in harmony with the management adopting best practices in the corporate world. As such, SLIC launched a programme called "Work Place Cooperation" comprising a series of workshops, meetings, get-togethers etc... The leadership of all trade unions and cross functional management teams were invited for this programme, where the unions and management sat together, brainstormed and developed an agenda for workplace cooperation. Corrective action and preventive measures identified during the programme to enhance employee relations in the company, have been incorporated into the corporate strategy. Further, in order to strengthen open and transparent dialogue between unions and the management, quarterly meetings

between trade unions and management have been planned and conducted on an ongoing basis.

COLLECTIVE AGREEMENT

The negotiation process for the Collective Agreement 2019-2022 commenced in September 2019 as the existing Collective Agreement 2016 - 2019 was due to expire on 31.11.2019. Proposals of each union have been called and submitted, covering the aspects of rights and responsibilities of the employer, general terms and conditions of employment, variation of employment benefits, salary revisions, other allowances and annual bonus, work practices, trade union action, policies and procedures etc... The committee appointed for the negotiation process inclusive of a representative from the Line Ministry initiated the negotiations with Trade Unions and subsequently finalised the agreement having conducted the final discussion with the Chairman and senior management team of SLIC. The company concluded this exercise having successfully entered into two Collective Agreements covering both Executive and Non- Executive cadre for the period 2019-2022. The new agreements came into effect from 1 December 2019.

EQUAL EMPLOYMENT OPPORTUNITIES – NON-DISCRIMINATION

As a company policy, SLIC strives to create an environment where employees have equal opportunities from recruitment to retirement. SLIC is committed to providing a working environment in which all employees are treated with respect and dignity. Every effort is made to ensure that employees do not experience discrimination on any basis, including race, religion, gender, sex, age, marital status, and political allegiance. SLIC also believes in providing career opportunities to differently abled persons wherever possible.

REWARDS AND RECOGNITION

SLIC's Top Sales Achievers Hailed at the General Summit 2019

SLIC recognised the efforts of its top sales achievers at its General Summit 2019. One of the most prestigious events in the Company's annual events calendar, the Summit is organised annually to felicitate the outstanding sales performers of the General Insurance sector. At the 2019 General Summit, 250 top achievers received certificates and cash prizes, in recognition of their superior performance, covering respective business categories.

In addition to recognising the hard work of exceptional performers, the event provides a platform for the participants to enhance their knowledge and skills through extensive knowledge sharing sessions while affording an opportunity to have a break from work and have a good time with their peers.

The General Summit 2019 featured a range of activities, including knowledge sharing sessions by Dr. Prasanna Gunasena, a renowned consultant neurosurgeon and personal skill development lecturer Mr. Chaminda Kumarasiri, a popular corporate trainer, leadership coach and management consultant who shared invaluable insights with the participants.



Top Sales Achievers Recognised at the Star Awards 2019

SLIC Star Awards, one of the most glamorous and star-studded events in SLIC calendar, took place at the BMICH. At this event, the best of the best among the Company's sales force were recognised and rewarded for their outstanding performance. Over 600 of the best achievers representing all categories: Life, Motor and Non-Motor, were bestowed with certificates, plaques and awards. The Best Sales Personnel, Team Leaders and Insurance Advisors who recorded outstanding performances, were recognised under their respective business categories, while the best of the best within each category received awards and plaques in recognition of their efforts to achieve ambitious sales targets, while maintaining high standards set out by the Company.

During the event, members of the achievers' clubs, namely the Platinum Star Club and Platinum Club, were also felicitated, while the 63 member delegation selected for the International Million Dollar Round Table Conference to be held in Florida, were also awarded.



OCCUPATIONAL HEALTH AND SAFETY

SLIC is currently in the process of developing a Health and Safety Policy to strengthen and streamline health and safety practices within the Company. SLIC takes responsibility for ensuring the health and safety of its employees while on duty. Separate units such as Medical, Security, and Premises, exist with competent staff to ensure that health and safety standards are maintained in a professional manner. The Risk Management Department assesses risks associated with health and safety at regular intervals and takes preventive and corrective measures where necessary. The HR Department, with support from the other departments and relevant authorities, schedules and provides

the requisite training and awareness programmes for health and safety.

STRATEGIC PLANNING AND TALENT POOL MANAGEMENT (SP & TP)

The Strategic Planning and Talent Pool Management process is widely recognised as a best practice among progressive organisations. In keeping with the initiatives taken under the Strategic Plan of the Company, the Human Resources Department has taken necessary steps to implement this process. It is a critically important initiative towards ensuring organisational productivity and sustainability. This process also contributes towards building the right talent pool within the organisation, whilst enabling to identify the best fit, for all critical existing and potential job positions. Further, having considered the very high competitiveness in the insurance industry, implementation of SP & TP could be considered a timely requirement.

HR POLICIES AND PROCEDURES

Employee Code of Conduct

SLIC has in place a formal code of conduct for all its employees as the base guideline of professional employee conduct, which is applicable at all times. SLIC expects its employees to maintain high standards of integrity, ethics and professional conduct as they not only deal with peers, superiors and subordinates, but also represent the organisation and deal with existing clients, prospective clients, vendors and many state organisations etc... In this regard, the Employee Code of Conduct is the Company's written list of rules, norms, responsibilities, principles, values, standards, as well as matters of legal compliance, that govern the conduct of the employee or proper practices of an employee, whilst on duty. Employees are the ambassadors of the organisation to the outside world and their professional

conduct reflects the value system of the organisation. The Code of Conduct aims at creating and developing core values of employees, bringing world-class practices and establishing centres of excellence in the organisation. Further, it enables the organisation to attain the highest ethical standards with professionalism. Therefore, all the employees are required to be aware, understand and comply with this Code of Conduct. Employees are responsible for adhering to the code of conduct and ethics of the organisation. Failure to do so will result in appropriate disciplinary action being taken depending on the nature and severity of the violation.

In addition to the stipulations of the Code, all employees are expected to adhere to all clauses/conditions in the letter of appointment, without exception. However, as codes and manuals cannot provide definitive answers to all situations an employee may face, it is understood that good sense and judgment of the employee, is applicable at all times.

CHILD LABOUR, FORCED LABOUR AND COMPULSORY LABOUR

SLIC adheres to all the ILO guidelines during employment and does not entertain child labour, forced labour, or compulsory labour under any circumstances. Further, SLIC always maintains local and international standards to maximise the physical and psychological wellbeing of employees.

EMPLOYEE GRIEVANCE HANDLING PROCESS

As a large organisation manned by diverse employee groups, management of grievances is a key component of smooth business operations and overall employee morale. While focusing on adopting fair employment practices at all times, SLIC accommodates growing

diversity as an organisation consisting of employees from different age groups, nationalities, gender, ethnic, religious and other differences, by ensuring professional grievance management. SLIC follows a clear procedure on handling its employee grievances with the purpose of settling them as near as possible to its point of origin, avoiding disputes. or crisis situations, improving morale, satisfaction and commitment, ensuring harmonised employer-employee relationships through better understanding etc...

The Human Resources Department is responsible for the successful implementation of the Grievance Handling Policy. The grievance handling policy sets out herein applies to all categories of employees at SLIC and can be raised by an individual or group of people. The types of grievances that could be handled are clearly set out in the policy, which is divided into two categories, as official grievances and personal grievances, which could directly or indirectly affect the performance or behaviour of an employee. The policy covers the method of raising grievances, stages in grievance handling procedure, which includes a Grievance Handling Committee as the final stage, consisting of an External Independent HR Specialist. The policy has a defined time frame of grievance resolution in order to achieve the objectives of the policy as stipulated above.

MANAGEMENT DISCUSSION AND ANALYSIS



SOCIAL AND ENVIRONMENTAL CAPITAL

SLIC is fully cognisant of its obligations towards wider society and acts as a responsible corporate citizen at all times. As a component of its social responsibility SLIC conducts many social welfare and corporate social responsibility events annually. Since its inception in 1962, SLIC has strived to serve the country and its people through social and cultural initiatives that support the diverse communities of the country while strengthening its brand equity and profile.

SOCIAL CAMPAIGNS

Subapathum National Scholarship Scheme

Sri Lanka Insurance conducted the Subapathum National Scholarship Scheme for the 6th consecutive time in 2019. The awarding ceremony was held on 16th November 2019 at the Nelum Pokuna Mahinda Rajapaksa Theatre, where 300 financial scholarships were awarded for those who excelled in the Grade 5 Scholarship, G.C.E. O/L and G.C.E. A/L examinations in the year 2018.

The Grade 5 Scholarship and G.C.E. O/L qualifiers were selected from the application received by SLIC based on the district achievement and G.C.E.A/L applicants were selected based on the national level achievement.

Since 2014 SLIC has awarded over 1,200 scholarships, which are worth over Rs. 50 Mn, for the children of the nation, and in the year 2019 SLIC awarded average 13 million worth of scholarships.

The scholarship scheme was open to all the children of Sri Lanka, irrespective of whether or not he/she is a child of an SLIC life policyholder.



Walk of Warriors

Sri Lanka Insurance was the 'Official Insurance Partner' for the 'Walk of Warriors,' the walk organised by the Sri Lanka Army's Air Mobile Brigade in celebrating their 25th anniversary

and 10 years war victory. The walk commemorates the fallen war veterans who sacrificed their lives for the freedom of the country, by ending the 30 year war.

The walk began on 29th of May 2019 from Medawachchiya, and ended on 08th June 2019 at the Independence Square, Colombo. The 11 day long walk comprises a parade with the participation of more than 600 army officials along the route.



CORPORATE SOCIAL RESPONSIBILITY

SLIC staff donated medical equipment to Lady Ridgeway Hospital

SLIC staff members joined hands to donate essential medical equipment to the Lady Ridgeway Children's Hospital, commemorating World Children's Day.

Ward 3 of the hospital is a general paediatric ward which caters to approximately 80 inward patients daily with acute and chronic medical conditions. The ward consists of several sections, including an 'Emergency Care Unit' and a 'High Dependency Unit,' to provide care for critically ill patients.

Staff members of SLIC contributed medical equipment worth more than Rs.1,200,000 to the paediatric ward in 2019. This includes a High Flow Nasal Oxygen Machine, Multipara Monitors as bedside monitors, and Infusion Pumps.

The much-needed equipment was donated to the hospital on 1st of October 2019.

The management and staff of SLIC, the management and staff of Lady Ridgeway Hospital, inward patients and their parents, were present at the occasion.

Pasal Piriayatha Surakimu

Sri Lanka Insurance successfully concluded its CSR initiative 'Pasal Piriayatha Surakimu' school enhancement drive on 12th October 2019, at 100 under privileged schools located across the country.

Sri Lanka Insurance extended assistance to develop infrastructure, refurbish schools, including painting their buildings, desks, chairs and providing necessary assistance to the selected schools with the aim of nurturing future leaders to excel in education and to enhance their mental and physical well-being by maintaining a pleasant environment in their schools.

Sri Lanka Insurance initiated 'Pasal Piriayatha Surakimu' CSR programme in 2005 as an outreach Corporate Social Responsibility initiative, in line with the Company's multidimensional CSR policy. Over 5,000 schools have been developed under this project.



Assistance for Pilgrims

Sri Lanka Insurance once again provided special services for the benefit of pilgrims visiting Anuradhapura during the Poson season. This unique service that is offered by the Sri Lanka Insurance Corporation for the past 28 years, includes tracking down lost individuals and their belongings in and around the sacred city of Anuradhapura during the Poson season.

The main centre was located at 'Pethmaga' which functioned through five sub-centres at Mahamevuna Uyana, Sinha Kuluna, Mirisavetiya, Thuparama and Sanda Hiru Seya. The service was operated around the clock during this season, in association with the District Secretariat of Anuradhapura and the Police.

AWARENESS CAMPAIGNS

Awareness campaign on the importance of Life and General Insurance

An island wide awareness campaign on the importance of Life and General Insurance and how these could offer protection to the public was carried out by officers of Sri Lanka Insurance on April 1st and 6th. The awareness campaign was conducted throughout the island on a door-to-door basis as part of the efforts of the Company to propagate the importance of being protected by insurance in case of unforeseen situations which may arise.

A door to door campaign to propagate the importance of Insurance was carried out island wide on 5th and 6th April 2019. As the national insurer Sri Lanka Insurance has taken upon itself the task of taking the message of insurance to every corner of the country. SLIC strongly believes that a protected society leads to a protected nation.



Awareness Campaign on Motor Insurance Service Enhancements

An all island awareness campaign was carried out on 16th August 2019 to raise awareness among the general public about the innovative service features and latest technology upgrades to the flagship brand Sri Lanka Insurance Motor Plus.



PROMOTIONAL CAMPAIGNS

The Ceylon Motor Show

Sri Lanka Insurance Motor Plus, together with the Classic Car Club of Ceylon (CCCC) and the Ceylon Motor Traders Association (CMTA) presented the official motor show of the year, the 'Ceylon Motor Show 2019, from 15th to 17th March 2019 at the BMICH.

The 'Ceylon Motor Show' takes place every two years and it has been a tremendous success in the past years and this year the event saw a footfall over 30,000 car enthusiasts across the country.



Motorplus Rewards

Sri Lanka Insurance Motor Plus concluded the most anticipated extravagant draw of the year 'Motor Plus Rewards'.

Motor Plus Rewards was launched at the Ceylon Motor Show on 15th March 2019 to reward the existing Motor Plus policy holders and the vehicle owners who are willing to get on board with the best vehicle insurance policy in the market, Sri Lanka Insurance Motor Plus.

The draw was open for entries from 1st of March 2019 to 31st August 2019 generating tremendous enthusiasm among policyholders, making it one of the largest consumer promotions in the industry.

Keeping true to its promises, the exclusive draw awarded a Toyota CHR as the grand prize to the lucky winner Mr.K.M.R. Liyanage, from Bandarawela and the other winners were presented with 6 iPhone XRs and 120 cash prizes worth Rs.50,000..

Happiness Carnival

Sri Lanka Insurance concluded the Embilipitiya carnival in the 'Happiness Carnival' series for year 2019 creating opportunities for the community to experience exciting and fun filled activities free of charge.

The first carnival was held in Rambukkana followed by a series of carnivals at Gampaha, Wariyapola, Mahiyanganaya, Wellawaya and Embilipitiya.

The events were concluded with tremendous success attracting thousands of participants from the region with impressive business figures.

New Year Promotions

'Wasantha Sanakeliya' 2019, was held on April 2019 in Nuwara Eliya attracting thousands of entertainment seekers from every corner of the country.

Sri Lanka Insurance stepped forward to provide a personal accident cover worth Rs. 100,000 for visitors who participated in the Nuwara Eliya Wasantha Sanakeliya during the season, which includes accidental deaths, permanent total disablements and permanent partial disablements, that occurs during the festive season at Nuwara Eliya.

Sri Lanka Insurance promotional site also offered many fun filled activities including art competitions, singing competitions, VR game zones and lucky participants were selected to enjoy the scenic views of Nuwara Eliya in a helicopter ride.



Tie-up with Cargills

In a series of initiatives kicked off to provide convenience to customers, SLIC partnered with 'Cargills Cash' for an easy service experience. SLIC customers can now enjoy the convenience of paying insurance premiums through the extensive network of over 400 Cargills Food City outlets across the country.

SLIC partnered with FriMi

Sri Lanka Insurance partnered with FriMi to provide a hassle free, real-time, secure and convenient insurance premium payment system. FriMi, Sri Lanka's first-ever digital bank, is the first payment partner to come on board the SLIC mobile app.

The partnership allows any SLIC policyholder who owns a FriMi account, to make payments quickly, digitally and at their convenience, via the SLIC mobile applications available on the Google Play Store and Apple App Store.



SLIC partners with Genie and eZ cash

Sri Lanka Insurance partnered with the Genie app and eZ cash, to provide a convenient premium paying facility for customers. Genie, Sri Lanka's first and only PCI-DSS certified mobile payment app, and eZ Cash, the country's first and largest mobile money and payment service by Dialog Axiata PLC, provides real-time and secure insurance premium payments for SLIC policyholders.



Introducing payment gateways and easy payment schemes

SLIC is striving to bring insurance closer to customers by providing them diverse channels for ease of access and reach. Taking a leap forward, Sri Lanka Insurance has introduced new additions to the payments gateway, which facilitates insurance premium payments for policyholders. Bank of Ceylon has joined hands with SLIC to provide a payment gateway and easy payment schemes for customers, and Nation's Trust Bank – Amex, also partnered with SLIC to provide an online payment gateway for customers.

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One Goal. One Future.

BOARD OF DIRECTORS



1. MR JAGATH WELLAWATTA

Chairman

Mr. Jagath Wellawatta's corporate experience spans across a spectrum of diverse fields, encompassing high level decision making within the private sector, to policy making at national level. In his long history in the capacity of driving national policy, Mr Wellawatta served as the Chairman of the State Mortgage and Investment Bank (from May 2010 to January 2015) and was the former Chairman of the National Child Protection Authority (from April 2007 to May 2010). He also served as the Chairman of the Sri Lanka Bureau of Foreign Employment (from December 2005 to April 2007).

Supporting the formulation of national policies through his academic career as a practicing sociologist, Mr. Wellawatta serves as a Senior Lecturer at the Department of Sociology, University of Colombo. He has nearly 29 years of experience in the academic field. His academic excellence records a Bachelor of Arts (Hon.) in Development Sociology from the University of Colombo, a Master of Family Sociology from the University of Colombo and an MPhil in Political Sociology from the University of Sri Jayewardenepura. He is presently reading for his PhD in Political Sociology, at the University of Colombo (Affiliated with the Deaking University, Australia)

2. MR K A VIMALENTHIRARAJAH

Director

Mr. K. A. Vimalenthirarajah is an officer of the Sri Lanka Administrative Service, counting over 25 years of experience in the public service. He is presently working as the Director General, of the Department of Trade and Investment Policy. He is an Attorney at Law.

Mr. Vimalenthirarajah holds a Special Degree in Economics from the University of Jaffna, Master of Philosophy in Economics from the University of Peradeniya, Master of Business Administration from the University of Moratuwa and Bachelor of Laws from the Open University of Sri Lanka. He has also obtained a Postgraduate Diploma in Development Studies and Public Policy, Postgraduate Diploma in International Relations, a Diploma in Human Resource Management and Diploma in Information Technology.

Prior to his appointment as the Director General of the Department of Trade and Investment Policy of the General Treasury, he has held various positions in the public service including the positions of Director General of the Department of Fiscal Policy, Director General of the Department of Trade and Investment Policy, Senior Assistant Secretary in charge of Administrative Reforms, the Chief Information Officer of the Ministry of Public Administration and Home Affairs and Minister Counsellor of the Sri Lanka Embassy, Beijing, China.

Mr. Vimalenthirarajah is currently a member of the Board of Directors of the Peoples' Bank. He was a member of Board of Directors of the several State-Owned Enterprises, representing the General Treasury, including the Board of Directors of the Sri Lanka Tourism Promotion Bureau, the Board of Investment of Sri Lanka, the Ceylon Petroleum Corporation, the Bank of Ceylon and the Institute of Human Resource Advancement of the University of Colombo.

3. MR ANIL KOSWATTE

Director

Mr Anil Koswatte, a well-known sales and marketing professional is a leading entrepreneur and the founder of "Lakarcade," Asia's biggest novelty gift & souvenir chain, of which he is the CEO and Managing Director. He has held the position of Chairman/CEO and Board Member in a number of reputed Government institutions as well as private sector organisations, including the Sri Lanka Export Development Board (EDB) and the Gem & Jewellery Authority (NGJA). He also counts over 25 years of marketing and strategic experience at Nestle, the leading multinational food company in the world. Mr. Koswatte also served in the capacity of an advisor to the International Trade and Export Development Minister, Prof. G.L. Peiris. He is also one of the founding members of the Chamber of Young Lankan Entrepreneurs (COYLE). He also serves as the chairman of Litro Gas Lank Ltd and Litro Gas Terminal Lanka (Pvt) Ltd.

4. MR M PRASHANTHA ANIL KUMARA**Director**

Mr. Anil Meegahage was the Snr. Executive Vice President / CEO of EAP Holdings and a Director of EBC TV/Radio /EAP Films. He was the Former CEO of Swarnawahini and ETV.

He was the former Country head for Samsung Mobile in Sri Lanka. Previously, he was the Director Sales and International Business at Hemas Consumer Goods, for Sri Lankan and International Business and was responsible for an Rs. 9 bn turnovers. He directly managed the sales operations, distribution, customer marketing, international business and the sales management team. The 235 strong sales team and 108 distributors came under the sales management function. Previously he headed one of the largest sales teams in the country at Sri Lanka Insurance Corporation as the General Manager, overlooking the branch network, sales and marketing, and a 5,000 member sales team and 1,200 staff.

Mr. Anil has over 20 years of corporate experience at Unilever. Having joined Unilever in 1988, he held many leadership positions, such as Sales Executive, Sales Administration Manager, Area Sales Manager, and as Trade Category Manager looking after Home and Personal Care. He then moved on to Modern Trade, as the Trade Activation Manager. After working at Vietnam Unilever, he became the Channel Development and Trade Marketing Manager for Home and Personal Care categories and headed the pharmacy and cosmetic channel at Unilever. He is the chairman of Canwill Holdings (Pvt) Ltd.

In a professional capacity Mr Meegahage holds an MBA, a professional postgraduate Diploma in Marketing (DipM MCIM), from the Chartered Institute of Marketing, UK and is reading for his PhD at the Colombo University.

Mr Meegahage also has over 12 years of lecturing experience for CIM and ICOSA students.

5. MS J SUREKHA ALLES**Director**

Mrs. Surekha Alles counts more than 35 years in the field of insurance, where she has held very senior positions in the industry. Having commenced her insurance career at the National Insurance Corporation, she joined Union Assurance Limited during its inception as an Executive and rose to the level of Asst. General Manager (General Insurance) and was later heading the Strategic Management Unit as its Asst. General Manager.

She joined Allianz Insurance Lanka Limited as Head of General Insurance operations in 2005 and was appointed as its Chief Executive Officer in 2006 and CEO of Allianz Life Insurance Lanka Limited in 2008. Mrs. Alles was appointed to the Board of Allianz Insurance Lanka Limited and Allianz Life Insurance Lanka Limited in June 2010 and became its Managing Director in 2017.

Mrs. Surekha Alles is a Chartered Insurer and a Fellow of the Chartered Insurance Institute of London (FCII) and a Senior Associate of the Australian & New Zealand Institute of Insurance and Finance (Snr. Associate-ANZIIF). She has an MBA from University of Western Sydney.

She has been the recipient of several prestigious awards, which include, the 'Woman Super Achiever Award' in 2019, the 'Women Icon of the Year' in 2018, 'CEO of the Year' in 2017 and 'Career Role Model of the Year' in 2016.

6. MR S A NISHANTHA DAYANANDA**Director**

Mr. Nishanth Dayananda is a prominent lawyer with an illustrious 18 year career in the legal profession. He is a product of Maliyadeva College and the University of Colombo, Faculty of Law, where he obtained his LLB in 1999. Further, he obtained his Attorney-at-Law in 2001 from Sri Lanka Law College.

His academic prowess was evident at an early age as he secured a scholarship at the year 5 scholarship from the Mawathagama Central College to the Maliyadeva College in Kurunegala, where he reached his goal of university entrance.

His character is always epitomized by the concept of "balance in life" and core competency of leadership, which was evident in the school cadet platoon, where he represented his school in the Hermann Loos Challenge and led his platoon in various events. Further, he is a well-recognized volleyball player at national level. During his years at the Law Faculty, he led initiatives for the wellbeing of students and provided much needed direction for his members as a student council member. He continues to show leadership as a prominent lawyer and as a cricket all-rounder for his law society, and was the Vice President of the Bar Association of Mt. Lavinia during 2017-2018. He is the chairman of Canowin Hotels and Spas (Pvt) Ltd.

7. MS K D ROSEMARY OLGA

Director

Mrs. K.D.R. Olga is an officer of the Sri Lanka Accountants Service, counting over 30 years of experience in the field of Public Financial Management, including Accounting, Auditing, Procurement Management and Cash Management. Presently, she is working as the Director General of the Department of State Accounts at the General Treasury.

Mrs. Olga holds a Special Degree in Business Administration with First Class honors, from the University of Sri Jayawardenepura and a Master's Degree in Financial Economics from the University of Colombo. She is a Chartered Public Finance Accountant (CPFA) of the public sector wing of the Institute of Chartered Accountants of Sri Lanka. She has also completed the Licentiate level examination of the Institute of Chartered Accountants of Sri Lanka.

She started her public service in 1990 as an Accountant at the Department of Posts. She joined the General Treasury in 2002 as the Accountant of the National Budget Department. Since then, up to her present position as the Director General of the Department of State Accounts, she has held different positions of the various Treasury Departments, including Director- Internal Audit (Department of Customs), Additional Director General of Procurement Management (Department of Public Finance) and Director General of the Department of Treasury Operations.

Mrs. Olga was a member of the Board of Directors of several state-owned enterprises, representing the General Treasury, such as the Urban Development Authority, the Sri Lanka Land Reclamation & Development Corporation, the Ceylon Petroleum Storage Terminals Ltd., the Land Reform Commission and the State Mortgage and Investment Bank. Currently, in addition to acting as the Treasury Representative for the Sri Lanka Insurance Corporation Ltd, she is a Treasury Representative on the Board of the Sri Lanka Bureau of Foreign Employment.

8. MS B A RUWANI DHARMAWARDANA

Company Secretary

Ms Dharmawardana holds a Bachelor of Law degree (LLB) from the University of Colombo and is an Attorney-at-Law. In addition, she is an Associate Member of the Chartered Institute for Securities and Investments, UK. She also holds a Master of Business Administration degree from the Cardiff Metropolitan University, UK, a Postgraduate Diploma in Business Management of ICFAI University of India, a Diploma in Certified Management Accountancy from the Institute of Certified Management Accountants of Sri Lanka, and a Diploma in Human Resources Management from Wigan & Leigh College, UK. Further, she has completed the foundation exam of the Institute of

Chartered Accountants of Sri Lanka. She is an astute Corporate Law professional and the book titled, "Principles and Practice of Company Law in Sri Lanka" published in 2008 is the result of her dedication to Corporate Law. She is also a writer on contemporary business law related topics and on corporate governance.

She counts over 16 years of experience in both Government and Private sectors in the areas of company secretarial practice and compliance. She has been working at Sri Lanka Insurance Corporation since 2007.

She also functions as the DGM – Compliance.



1. MR CHANDANA L ALUTHGAMA

Chief Executive Officer
BCom (Sp), MBA, FCMI (UK)

2. MR SURESH PARANAVITANA

Chief Officer – Life Insurance
FCII, MBA, DipM, FCIM, MI Mgt, CMA
(Aus)

3. MS RUANTHI GOONERATNE

Chief Officer – General Insurance
FCII (UK), Chartered Insurer

4. MS MALANIE TENNAKOON

Chief Financial Officer
MBA, FCA (SL), CPA (Aus),
CIMA (UK)

5. MR RUKMAN WEERARATNE

Chief Officer – Business Development
ACIM

6. MR ALOKA JAYAWARDENA

Chief Information Officer
DCSD, HDCBS (NIBM), BSc (MIS),
PGDBFA (ICASL), MBA, PMP, SAP, CISM

1. MR CHANDANA L ALUTHGAMA

Chief Executive Officer

Mr. Aluthgama assumed duties as the Chief Executive Officer of the Sri Lanka Insurance Corporation in 2018. He counts over 28 years of experience across diverse facets within the Insurance industry. During his career, he has held many senior roles in organizations such as Eagle Insurance PLC and HNB Assurance PLC etc... Further, he has held many leadership positions outside his insurance career in both local and international associations. Mr. Aluthgama has conducted lectures as a visiting lecturer at the Postgraduate Unit of the University of Colombo - Management & Finance Faculty. He holds a Master's Degree in Business Administration from the University of Colombo, a Bachelor of Commerce Degree from the University of Kelaniya and he is a fellow of the Chartered Management Institute of UK (FCMI). He has presented research papers at local and international conferences on Insurance & Bancassurance and has undergone extensive training both locally and overseas including, at General Insurance AG, Vienna, Austria and NUS Business School, Singapore. Prior to taking up this appointment, Mr. Aluthgama functioned as the Chief Business Officer and the Principal Officer of HNB General Insurance Ltd. Mr. Aluthgama also serves as the Principal officer for the Sri Lanka Insurance Corporation Ltd.

2. MR SURESH PARANAVITANA

Chief Officer-Life Insurance

Mr. Suresh Paranavitana began his career in the insurance industry in the year 1986 and has worked in the life insurance field for most of this duration. He is a Fellow of the Chartered Insurance Institute, a Fellow of the Chartered Institute of Marketing, a Certified Management Accountant and has a Master of Business Administration.

3. MS RUANTHI GOONERATNE

Chief Officer-General Insurance

Ms. Ruanthi joined Sri Lanka Insurance in January 2017 as Chief Officer – General Insurance and holds that position to date. She counts over 30 years in the field of insurance. She commenced her career in insurance in 1989 at Union Assurance, where she worked for a period of 06 years. Thereafter, she joined Janashakthi Insurance, where she served for a period of 11 years. She was holding the position of Asst. General Manager – Corporate at Janashakthi Insurance prior to joining Union Assurance as the Asst. General Manager – General Insurance in 2007. In 2009, she was promoted to the position of General Manager – General Insurance at Union Assurance, which she held until 2016. She is a Fellow of the Chartered Insurance Institute, UK and is a Chartered Insurer.

4. MS MALANIE TENNAKOON

Chief Financial Officer

Ms. Tennakoon counts over 30 years of experience in Audit and Finance sectors. She assumed duties as the Chief Financial Officer of the Sri Lanka Insurance Corporation in 2017. She has held multiple senior management positions, which includes Head of Group Restructuring at EAP Holdings, Finance Controller at EAP Broadcasting Corporation and has held managerial positions at Sri Lanka Telecom, the Road Development Authority, and the Auditor General's Department. Ms. Tennakoon also has finance experience in multiple foreign corporations and government organizations (SunCorp Insurance, Government Shared Service Agency and Brisbane City Council) in Brisbane, Australia.

She is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, an Associate Member of the Institute of Chartered Management Accountants, UK and a Member of the Institute of Certified Practising Accounts of Australia. She holds a Master of Business Administration from the Postgraduate Institute of Management – Sri Jayawardenepura University, specializing in Employee Psychology.

5. MR RUKMAN WEERARATNE**Chief Officer – Business Development**

Mr. Rukman Weeraratne rejoined the Sri Lanka Insurance Corporation Ltd in July 2018 as the Chief Officer – Business Development. He has over 36 years of extensive experience in the corporate sector in Sri Lanka, as well as overseas. Having started his career with Aitken Spence Insurance (Pvt) Ltd in 1983, he has contributed his services to James Finlay Insurance, Mercantile Credit Insurance, CTC Eagle Insurance Co Ltd, Eagle Star Insurance (UK), Sri Lanka Insurance Corporation Ltd, Union Assurance PLC and Janashakthi Insurance Ltd. Apart from the insurance sector, he has exposure into the hospitality industry, where he functioned as Director Sales – Asst. Vice President Cinnamon City Hotels under the John Keells Holdings Group.

Mr. Weeraratne is an Associate Member of the Chartered Institute of Marketing (ACIM) and he has been awarded Asia's Best Marketer in 2016.

6. MR ALOKA JAYAWARDANE**Chief Information Officer**

Mr. Aloka Jayawardane is a professional Executive in the Information Technology, ERP & Project Management fields with around 21 years of experience in business domains like Telecommunications, Manufacturing, Sales & Distributions, Software, Capital Markets and Insurance. He obtained his BSc in Management Information Systems from the University College Dublin, Ireland and a Master of Business Administration from University of Southern Queensland, Australia. Further, he obtained a Diploma and a Higher Diploma in Computer studies from the National Institute of Business Management and a Post Graduate Diploma in Business and Financials from the Institute of Chartered Accountants of Sri Lanka. He is a PMP certified Project Manager from the Project Management Institute of USA and CISM Certified Information Security Manager from ISACA USA.

Further, he is a SAP certified Sales and Distribution Consultant. Currently he holds the position of Board Member Partner Developments in the Sri Lanka SAP User group. He is also a member of the PMI Colombo Chapter for Project Management and ISACA Sri Lanka for Information Security related matters. Currently he is reading for his Doctoral in Business Administration at the ASIA eUniversity of Malaysia.

DEPUTY GENERAL MANAGERS



01



02



03



04



05



06



07



08



09

1. MS THANUJA HINGULAGE

DGM – General Insurance
BSc (Hons), FCII (UK),
Chartered Insurer, ANZIIF
(Fellow)

2. MR NALIN SUBASINGHE

DGM – Actuarial and Risk
Management
MSc in Actuarial Management
(UK), BSc (Hons Mathematics
Special), Dip in Computer
Studies

3. MR DAYARATNE PERERA

DGM – Life (Technical)
BSc (Hons), FCII, Dip. in BA,
Chartered Insurer, MBA (USJ),
ANZIIF (Fellow) CIP

4. DR (MRS) SHERICA FERNANDO

DGM – Medical
MBBS (SL), MSc -Community
Medicine (SL), ACII (UK), MRCGP
(INT) (UK)

5. MR LALITH DE SILVA

DGM – Motor
PG in Finance and Bus
Administration, MBA

6. MR ROHITHA AMARAPALA

DGM – Human Resources
and Employee Relations
FCIPM (SL), FCMI (UK), MBA
(University of Western Sydney,
Australia)

7. MS NAMALEE SILVA

DGM – Marketing
MCIM (UK), Chartered Marketer,
Prof Dip in Marketing – CIM,
ACIB (UK)

8. MR CHAMINDA GUNASINGHE

DGM – Internal Audit
BB Mgt (Accountancy) Sp
(Hons), FCA, ACMA, MBA –
Finance

9. MR MALAKA BANDARA

DGM – Finance
BSc – Accountancy (Sp),
FCA, MBA (Colombo)

ASSISTANT GENERAL MANAGERS



1. MR HASANTHA PERERA

AGM – ICT Governance and Administration
MSc (IT), MSc. (Const PM), MBA, BSc (Eng), AIPMSL, AIESL, Dip in Credit Mgmt (IBSL)

2. MR CHAMINDA ATHAUDA

AGM – Life (Technical)
BSc (Hons), FCII, AIII, ANZIIF (Fellow), MBA (Colombo), Chartered Insurer

3. MR ROSHAN COLLAS

AGM – Bancassurance and Alternate Distribution
MBA, CMA (Aus), Dip in Marketing (SLIM), MSLIM, FCPM, MIM (SL)

4. MR MAHENDRA SILVA

AGM – Branch Administration and Employee Relations
Attorney-at-Law, LLB (SL), MBA in HRM (OUSL), PG. Dip in HRM, NDES, MIIE (SL), I ENG, AMCIPM (SL)

5. MR SUDATH NISHANTHA

AGM – Personal Line
MLRHRM, PG Dip in Labour Relations and HRM, BSc (B/Admin)(Sp), MIM (SL), AMTC (USA)

6. MR SARATH FERNANDO

AGM – Motor (Technical – Claims)
BSc Eng (Mechanical) Sp, AMIE (SL)

7. MR PRIYAWANSHA DESHAPRIYA

AGM – Procurement and Property Management
FCA, BCom (Sp), FCMA

8. MR JAGATH WELGAMA

AGM – Sales Support and Agency Administration
MBA, MABE (UK), MSLIM, GD in Mgt (Aus), PGD in Mkt Mgt (USJP), Ad Dip in Mkt Mgt (USJP), Dip in Mass Com (USJP), Dip in NIT, Licentiate – III

9. MR JEEVANTHA WELIHINDA

AGM – Engineering Services
BSc (Eng)

10. MR SATHIKA WICKREMESINGHE

AGM – Risk Management
BSc (Hons) – MMU (UK), MBA (Cardiff), MBCS

11. MS MADHUBHASHINI BAKMEDENIYA

AGM – Legal
Attorney-at-Law, MBA (PIM), NDHRM (IPM)

12. MS NADIRA GUNAWARDENA

AGM – Marine
BSc (Hons), MBS (Col), MBA (PIM/Uni of Canberra, Aus), FIII, Sp Dip in Marine (III), ACII (UK), Chartered Insurer

13. MR SHASHIKA RANASINGHE

AGM – Investments
CFA (USA), FRM (USA), BSc (Hons) Engineering, ACMA (UK), AIB (SL)

SENIOR MANAGERS



1. MR W D C VITHANAGE

Senior Manager – Head Office Channel

2. MR S P A RODRIGO

Senior Manager – Security

3. MR K G D G KANDEGAMA

Senior Manager – IT Data Centre

4. MS W S KULASINGHE

Senior Manager – Finance

5. MR M P N KUMARA

Senior Manager – Club Members
Sales Department

6. MR K S PUSHPAKUMARA

Senior Manager – Special
Projects (Life)

7. MR D P J S MAITHIRATNE

Senior Manager – Casualty

8. MR N G K BANDARA

Senior Regional Engineer

9. MR R M A K RAJAPAKSHA

Senior Regional Engineer

10. MR M D CHANDIRAM

Senior Manager – Corporate
Business Development

11. MR A G M M GAMAGE

Senior Category Manager – General

12. MR R N SENADHEERA

Senior Motor Engineer

13. MS M D ATTANAYAKE

Senior Manager – Legal (Life)

14. MR P A M P W GUNATHILAKE

Senior Manager – Network and
Communication

15. MR M J S DABARERA

Senior Manager – Bancassurance
(Life)

16. MS G K M S NANAYAKKARA

Senior Manager – Life



17. MR G W R C DE SILVA

Senior Manager – Life

18. MS S PATHIRANA

Senior Manager – Legal
(Title Insurance)

19. MS N D K M JAYATILAKA

Senior Manager – Legal (Litigation)

20. MS W D T DEP

Senior Manager – SHE & PA

21. MR J S JAYAWARDANA

Senior Manager – HR

22. MR P N A DHARMASENA

Senior Manager – Life

23. MS B H N K K PERERA

Senior Manager – Life

24. MR K A S RANATHUNGA

Senior Manager – Reinsurance

25. MR A U RAJAPAKSHA

Senior Manager – Financial
Operations

26. MR B C S PERERA

Senior Manager – Fire and
Engineering Claims

27. MR D N K NARANGAMANA

Senior Manager – Agency Recruitment

28. MR R C T DE LIVERA

Senior Risk Engineer

29. MR J M K C K L JAYASINGHE

Senior Manager – Motor Claims

30. MS K V N NOIS

Senior Manager – Motor Underwriting

31. MR A H S ABEYGUNAWARDENA

Senior Manager – Spacial Projects

REGIONAL SALES MANAGERS





1. MR P PUVENDRAN

Eastern

2. MR KELUM JAYASINGHE

Monaragala

3. MR DHAMMIKA BANDARA

Badulla

**4. MR ARUNA SHANTHA
SIRIMANNA**

Hambantota

5. MR T D P PERIS

Kalutara

6. MR SAMANTHA PEIRIS

Colombo 3

7. MR R HEWAPATHIRANAGE

Colombo 4

**8. MR SUDHARMAN
WAIDYARATNE**

Wayamba – 1

9. MR W M A U KULASENA

Ratnapura

10. MR N K S S KUMARA

Matara

11. MR A M H ADIKARI

Central – 1

**12. MR GAMINI
SARATHCHANDRA**

Central – 2

13. MR H J S MENDIS

Galle

14. MR NAMAL LIYANAGE

Gampaha

15. MR U G U R KUMARA

Colombo 1

16. MR DEEPAL NAWAGAMUWA

Colombo 2

17. MR SANATH FERNANADO

Negombo

18. MR P SATHIAN

Northern

19. MR MAHINDA DISSANAYAKA

Wayamba – 2

**20. MR BANDARA
WEERASURIYA**

North Central – 1

21. MR AJITH THILAKARATNE

North Central – 2

CHAIRMAN'S INTRODUCTION

As a State owned entity, Sri Lanka Insurance Corporation Ltd, is highly conscious of the need for long term, sustainable value creation for the benefit of all our stakeholders; namely, the Government of Sri Lanka, policyholders, employees, sales force, suppliers, reinsurance partners and the society at large. The Board sets the tone and shares values for the way in which the Company operates on four pillars of corporate governance; namely, responsibility, accountability, transparency and fairness. As per Direction #17, issued by the Insurance Regulatory Commission of Sri Lanka, we comply with the provisions of the Corporate Governance Code 2017 issued by the Institute of Chartered Accountants of Sri Lanka.

In a nutshell, our approach to corporate governance is as set out here: The reconstitution of the Board during the latter part of 2019 and early 2020 has broadened the diversity of the group. The Boards and Board Sub-Committees have a combination of skills, experience and knowledge. The Board avoids group-think mainly through diversity in terms of skills and experience. The Board meets regularly, almost monthly, and monitors the performance of the executive management. Non-Executive Directors provide constructive criticism and offer specialist advice.

We fully appreciate the importance of sound governance in the efficient running of the Company and the following reports set out how we do so.



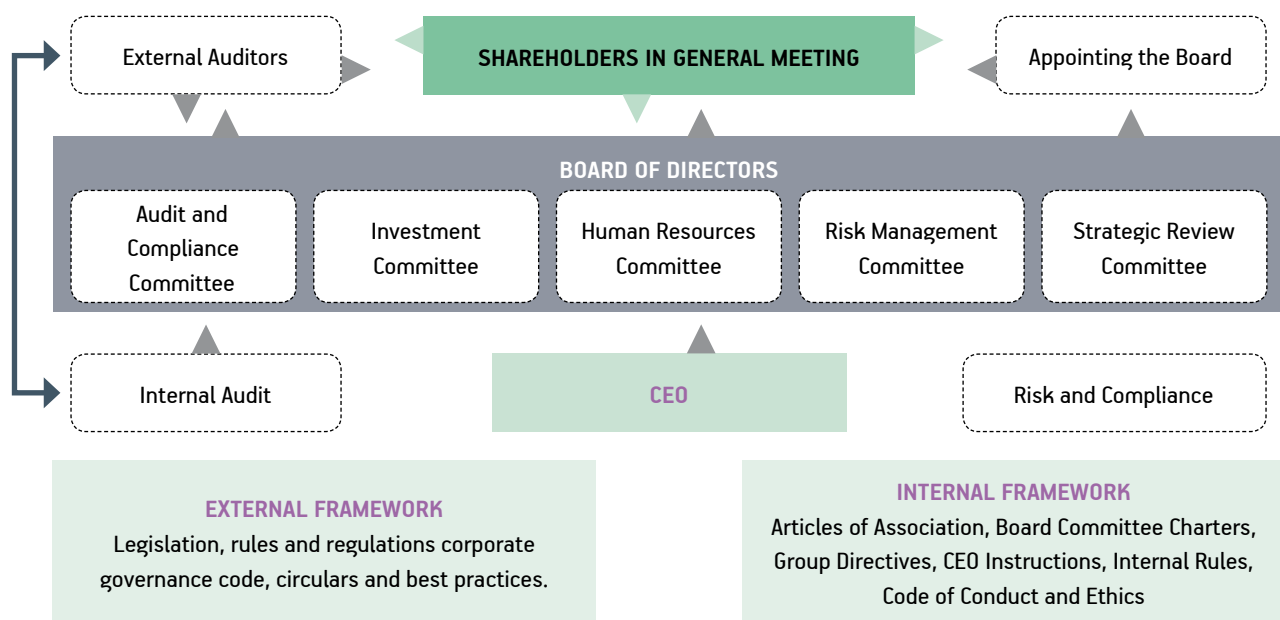
Jagath Wellawatta

Chairman

8th June 2020

FRAMEWORK

The Company through its Board of Directors and Board sub-committees maintain a governance framework in all areas of its operations including formalised policies, procedures, guidelines and relevant management reporting lines.



◀ Elected / appointed by ▶ Reporting to / informing

BOARD COMPOSITION AND RESPONSIBILITY OF THE BOARD

As of the reporting date, the Board consisted of seven Directors. Non-Executive Directors are renowned professionals in their individual fields. The Board is of the view that the composition of the Board provides the extensive relevant business experience required to oversee the effective operations of the Company, while individual Directors bring a diverse range of skills, knowledge & experience. Being a State Owned Enterprise (SOE), the Board of Directors acts as an intermediary between the State as the main shareholder, and the Company and its management. The Board is responsible for the overall stewardship and provides leadership both directly and indirectly through the Board sub-committees, to deliver long-term values to the stakeholders. The main role of the Board of Directors is oversight and planning. The Company's financial and commercial performances are regularly assessed by the Board. In addition, the Board reviews and assesses the adequacy of the management of all risks the Company may be exposed to.

THE COMPANY SECRETARY

The Company Secretary is responsible for ensuring the integrity of the governance framework. The obligations and responsibilities of the Company Secretary outlined in the Companies Act, and also in the Governance Code, require playing a foremost role in the good governance of the Company. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with.

BOARD AND COMMITTEE PROCEEDINGS

The establishment of Board committees has been instrumental in enhancing the

efficiency of the Board and adds value to the Board in the fields of strategy, audit, compliance investment, human resource, and risk management etc. To assist the Board's oversight, planning and decision making functions the Board has established four sub-committees: the Audit and Compliance Committee, the Risk Management Committee, the Investment Committee and the Human Resources Committee. The Committees are governed by Board approved charters, policies and procedures and report to the Board at periodic board meetings. In 2019, a new Board sub-committee, "STRAT Committee" was established to review the three year strategic plan.

Audit & Compliance Committee consists of only Non-Executive Directors. The Human Resources Committee (HRC) is chaired by a Non-Executive Director and consists of both Executive and Non-Executive Directors. However, in line with the principles of good governance, Executive Directors who are members of the HRSC shall not involve in deciding the remuneration of Executive Directors, which shall be decided in compliance with Public Enterprises Circulars and other State circulars as applicable.

The number of Board Meetings and Board Sub-Committees held during 2019 and details of attendance of each Director present at these meetings are given below:

Board Meetings – 2019

The Board meets sufficiently regularly to ensure that all its duties are discharged effectively. Due to unavoidable circumstances, if a Board member is unable to attend the Board meetings, the Director may discuss and share opinions on agenda items with the Chairman, Chief Executive Officer or the Company Secretary in advance of the meeting.

Eighteen Board meetings were held during 2019.

Name of the Director	No. of Meetings Attended
Mr. P. Algama (Appointed w.e.f. 20/01/2015 and ceased to be a Director w.e.f. 26/02/2019)	02
Mr. M. Saadi A. Wadood (Appointed w.e.f. 11/10/2017 and resigned w.e.f. 26/02/2019)	02
Dr. K.A.S. Keeragala (Appointed w.e.f. 27/11/2018 and ceased to be a Director w.e.f. 26/02/2019)	02
Mr. P.M.K. Hettiarachchi (Appointed w.e.f. 26/11/2018 and ceased to be a Director w.e.f. 26/02/2019)	02
Mr. K.K.S.A.Perera (Appointed w.e.f. 26/11/2018 and ceased to be a Director w.e.f. 26/02/2019)	02
Mr. J.M.U.P.Jayamaha (Appointed w.e.f. 26/11/2018 and ceased to be a Director w.e.f. 26/02/2019)	02
Mr. K.A. Vimalenthirarajah (Appointed w.e.f. 26/02/2019)	16
Mr. Dushyantha Basnayake (Appointed w.e.f. 26/02/2019 and resigned w.e.f. 02/12/2019)	13

Name of the Director	No. of Meetings Attended
Mr. W.A.P. Abeysinghe (Appointed w.e.f. 06/02/2019 and resigned w.e.f. 24/06/2019)	04
Mr. Athula Siri Ranagala (Appointed w.e.f. 26/02/2019 and resigned w.e.f. 04/12/2019)	14
Mr. Thusitha Halloluwa (Appointed w.e.f. 26/02/2019 and resigned w.e.f. 04/12/2019)	08
Dr. Trevor Mendis (Appointed w.e.f. 30/07/2019 and resigned w.e.f. 04/12/2019)	06
Mr. R.M. Ananda Ratnayake (Appointed w.e.f. 04/12/2019 and ceased to be a Director w.e.f. 26/12/2019)	01
Ms. K.V.C. Dilrukshi (Appointed w.e.f. 04/12/2019 and ceased to be a Director w.e.f. 02/01/2020)	01
Mr. Jagath Wellawatta (Appointed w.e.f. 26/12/2019)	01
Mr. Anil Meegahagedara (Appointed w.e.f. 26/12/2019)	01
Mr. Anil Koswatte (Appointed w.e.f. 26/12/2019)	01
Mr. Nishantha Dayananda (Appointed w.e.f. 26/12/2019)	01

The Board of Directors was reconstituted w.e.f 26/12/2019. More details are given in the "Corporate Information Chapter".

Audit and Compliance Committee Meetings (ACCM) – 2019

There were three ACCMs during the year 2019 and the Treasury Representative on Board, acted as the Chairman of the Committee.

Name of the Director	No. of Meetings Attended
Mr. P. Algama (Appointed w.e.f. 20/01/2015 and ceased to be a Director w.e.f. 26/02/2019)	0
Mr. K.K.S. Anton Perera (Appointed w.e.f. 26/11/2018 and ceased to be a Director w.e.f. 26/02/2019)	0
Mr. J.M.U.P. Jayamaha (Appointed w.e.f. 26/11/2018 and ceased to be a Director w.e.f. 26/02/2019)	0
Mr. K.A. Vimalenthirarajah (Appointed w.e.f. 26/02/2019)	02
Mr. Athula Siri Ranagala (Appointed w.e.f. 26/02/2019 and resigned w.e.f. 04/12/2019)	02
Mr. Ananda Ratnayake (Appointed w.e.f. 04/12/2019 and ceased to be a Director w.e.f. 26/12/2019)	01
Ms. K.V.C. Dilrukshi (Appointed w.e.f. 04/12/2019 and ceased to be a Director w.e.f. 02/01/2020)	01

Investment Committee Meetings - 2019

There were 23 Investment Committee meetings during 2019. The meetings were chaired by a Non-Executive Director.

Name of the Director	No. of Meetings Attended
Mr. J.M.U.P. Jayamaha (Ceased to be a Director w.e.f. 26/02/2019)	02
Dr. K.A.S. Keeragala (Ceased to be a Director w.e.f. 26/02/2019)	03
Mr. M. Saadi A. Wadood (Resigned w.e.f. 26/02/2019)	01
Mr. K.A. Vimalenthirarajah (Appointed w.e.f. 26/02/2019)	11
Mr. Priyantha Abeysinghe (Appointed w.e.f. 06/02/2019 and resigned w.e.f. 24/06/2019)	04
Mr. Dushyantha B. Basnayake (Appointed w.e.f. 26/02/2019 and resigned w.e.f. 02/12/2019)	18
Ms. K.V.C. Dirukshi (Appointed w.e.f. 04/12/2019 and ceased to be a Director w.e.f. 02/01/2020)	01

Risk Management Committee Meetings - 2019

There were 02 Risk Management Committee meetings during 2019. The Committee has a broad membership that represents different spectrums of risk via senior managers from finance, investments, actuarial, reinsurance, compliance, internal audit, human resources management and ICT departments.

Name of the Director	No. of Meetings Attended
Dr. K.A.S. Keeragala (Ceased to be a Director w.e.f. 26/02/2019)	01
Mr. P. Algama (Ceased to be a Director w.e.f. 26/02/2019)	01
Mr. Dushyanta B. Basnayake (Appointed w.e.f 26/02/2019 and resigned w.e.f 02/12/2019)	01

Human Resources Committee Meetings-2019

There were 07 Human Resources Committee meetings during 2019. The meetings were chaired by a Non-Executive Director.

Name of the Director	No. of Meetings Attended
Mr. Saadi A. Wadood (Resigned w.e.f. 26/02/2019)	01
Dr. K.A.S. Keeragala (Ceased to be a Director w.e.f. 26/02/2019)	01
Mr. Athula Siri Ranagala (Appointed w.e.f. 26/02/2019 and resigned w.e.f. 04/12/2019)	06
Mr. Thusitha Halloluwa (Appointed w.e.f. 26/02/2019 and resigned w.e.f. 04/12/2019)	01
Mr. Dushyantha Basnayake (Appointed w.e.f. 26/02/2019 and resigned w.e.f. 02/12/2019)	05

Strategic Review Meetings -2019

There were two Strategic Review meetings during 2019, chaired by the Non-Executive Director, Dr. Trevor Mendis.

Other Operational Committees

In addition to the above mentioned Board Sub-Committees, in order to assist the CEO, other operational committees include Reinsurance Committee, Audit Follow-up Committee, the Branch Management Outlook Committee, the Management Committee, the Legal Committee and the Sales & Marketing Review Committee, all of which play an essential role in the governance structure. Members are drawn from within the Company and in accordance with their relevant areas of expertise.

INFORMATION FLOW

The Directors are supplied with detailed papers in advance of all Board Meetings and sub-committee meetings to disseminate the required information enabling the Board to make an informed decision at the Board and sub-committee meetings. Members of the executive management team and other key employees attend and make representations as appropriate at meetings. The Directors are authorised to seek independent professional advice at the Company's expense in performance of their duties as Directors. In addition, all the Directors have access to the services of the Company Secretary, who is responsible for ensuring that Board procedures are observed and advising the Board on corporate governance matters.

FINANCIAL REPORTING

The Directors are responsible for preparing the consolidated financial statements in accordance with applicable laws and regulations.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Directors confirm that they have reviewed the effectiveness of the systems of risk management and internal controls which operated during the period covered by these financial statements and up-to-the-date of this report. The internal control framework of the Company encompasses the policies, procedures, processes, tasks and behaviours. The Company has an internal audit function, which has a reporting line to the Chairman of the Board and the Chairman of the Audit and Compliance (ACC) Committee. The ACC receives reports from this function at each committee meeting. In addition, the Company adopts a holistic view on Enterprise Risk Management (ERM) pertaining to four main risks; namely, strategic, financial, operational and hazard.

AUDIT AND COMPLIANCE COMMITTEE REPORT

The Audit and Compliance Committee (ACC) is essentially an oversight committee, which assists the Board in ensuring that the financial statements reflect a true and fair view of the state of affairs of the company, and assists in ensuring that the Company has a robust and effective processes relating to internal controls. The ACC is chaired by a Non-Executive Director and is comprised only of Non-Executive Directors. The Company Secretary of the Company acted as the Secretary of the meetings. Though both the compliance and audit functions report to the Audit and Compliance Committee, functional independence is assured with the separation of the two functions, operationally.

The Committee, assisted by the senior support staff, has an adequate blend of financial, audit and insurance expertise in order to carry out the ACC's duties effectively.

Terms of Reference

The terms of reference of the Audit and Compliance Committee of SLICL are clearly defined in the Charter of the Board's Audit and Compliance Committee, which is based on the guiding principles and best practices on audit committees, including the "Code of Best Practice on Corporate Governance," jointly issued by the Securities and Exchange Commission of Sri Lanka ("SEC") and The Institute of Chartered Accountants of Sri Lanka, 2017. The scope of the Charter encompasses enhanced oversight over the Company's system of disclosure, controls and system of internal controls regarding finance, accounting, procurement, legal compliance, and ethics that management and the Board have established and also oversight of the management of business risks etc... The committee is responsible to the Board of Directors and reports its activities regularly to the Board.

Meetings of the Committee

During the financial year ended December 31, 2019, three meetings of the Committee were held. The proceedings of the Committee meetings are recorded with adequate details and are reported regularly to the Board of Directors. Representatives from the Auditor General attend the meetings by invitation.

The attendance of the committee members at the meeting in 2019 is stated below:

Name of the Director	No. of Meetings Attended
Mr. P. Algama (ceased to be a Director w.e.f 26/02/2019)	0
Mr. K.K.S. Anton Perera (Appointed w.e.f 26/11/2018 and ceased to be a Director w.e.f 26/02/2019)	0
Mr. J.M.U.P. Jayamaha (Appointed w.e.f 26/11/2018 and ceased to be a Director 26/02/2019)	0
Mr. K.A. Vimalenthirarajah (Appointed w.e.f 26/02/2019)	02
Mr. Athula Siri Ranagala (Appointed w.e.f 26/02/2019 and resigned w.e.f 04/12/2019)	02
Mr. Ananda Ratnayake (Appointed w.e.f 04/12/2019 and ceased to be a Director w.e.f 26/12/2019)	01
Ms. K.V.C. Dilrukshi (Appointed w.e.f 04/12/2019 and ceased to be a Director w.e.f 02/01/2020)	01

Internal Audit

The company has its own Internal Audit Department. The Internal Audit Department is headed by a qualified Chartered Accountant. The internal audit programme was presented and approved by the ACC and the Committee regularly reviews and monitors the internal audit and inspection functions. The Committee ensures that the internal audit function is independent of the activities it audits, and exercises due professional care in discharging duties. The Committee has satisfied itself that the Department has the necessary authority to carry out its work and is sufficiently resourced. The Committee reviewed reports from the Head of Internal Audit at its periodic meetings, which enabled the Committee to monitor the progress of the internal audit plan and key findings.

External Audit

The Auditor General was appointed as the External Auditor in terms of article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. Messrs KPMG Partners was appointed by the Auditor General as a qualified auditor to assist the Auditor General in the annual audit of the financial statements of the Company for the year ended 31st December 2019, in terms of article 154 (4) of the Constitution of the Democratic Socialist Republic of Sri Lanka. Also, the Committee reviewed the management letter and management's response to the external auditor's findings and recommendations.

Information Flows to the Audit Committee

The ACC assures that it has received sufficient, reliable and timely information from the management and the external auditors to facilitate it to accomplish its responsibilities.

Valuation of Assets & Liabilities and Impairment

Considering the increased use of fair value accounting and its pervasive significance the Audit Committee assures that significant assumptions used in deriving fair values have been disclosed, scrutinised and even challenged where appropriate by the Audit Committee. The Committee is of the view that the process for impairment is adequate.

Adoption of IFRS

The Committee monitors the adoption progress of IFRSs and keeps the Board informed about the progress implementation at periodic Board meetings.

Independent External Advice

The Charter of the Audit Committee permits it to obtain independent external advice, where appropriate.

Accessibility of the Head of Internal Audit and the Head of Compliance to the meetings of the ACC

The Heads of Internal Audit and Compliance have direct access to the ACC, which in turn is directly accountable to the Board.

Non-Audit Services

Non-audit services amounting to Rs. 13,390 Mn were provided by the external auditors during the year under review.

Compliance Function

The corporate compliance function owns the compliance programme operations and supporting policies and procedures. The compliance programme of the Company is implemented by the Deputy General Manager-Compliance and the Senior Manager-Finance, with the assistance of the compliance coordinators

in each department. The reporting protocol between the Compliance Officer and the ACC addresses specific issues and risks which may come up during the year. The compliance responsibilities relating to operational areas are carried out by the heads of the operational departments designated as the responsible officers for ensuring compliance with specific obligations assigned to them. The anti-money laundering function is annually audited by the internal audit department. The compliance culture is infused across the organisation without increasing the burden of costs on the function itself. Focusing on key control processes, consistent with the increasing complexity of compliance function, the Company has adopted a 'stand-alone' model for compliance. This assures strong independence of the compliance function, while managing cost effectiveness by appointing compliance coordinators in each department to ensure effective business engagement. The compliance function was further strengthened during the year under review to ensure adoption of best practices pertaining to the major operational areas.

Code of Ethics, Whistleblowing and Fraud Management

The Company has in place a Board approved "Code of Ethics", 'Whistleblowing Policy' and a Board approved 'Fraud Management Policy', applicable to all employees. An employee, who observes any improper, or illegal activity, or unethical practices in the Company, may report the same to the Whistleblowing Officer of the Company who will take necessary action in line with the Whistleblowing Policy. Further, we are committed to preventing, identifying and addressing all acts of fraud against the Company through the implementation of the Fraud Management Policy.

Risk Management

There is a separate Board sub-Committee; namely, the 'Risk Management Committee', to which the Board has delegated the authority for monitoring the risk management function. The Head of Internal Audit is also a member of the Risk Management Committee and vice versa.

Conclusion

The Committee is satisfied that the Internal Audit Department and external auditors have been effective and independent throughout the year. In addition, the Committee is also satisfied with the appropriateness of application of the accounting policies and thus gives a reasonable assurance that the financial statements of the Company are reliable. Further, the Committee is satisfied that the Compliance Framework of the Company ensures that the Company complies with all applicable laws, rules and regulations, and corrective and preventive actions were taken with regard to any reported non-compliances, during the year under review.

The ACC approved this report on
08th June 2020.



K A Vimalenthirarajah
*Chairman - Audit and Compliance
Committee*
08th June 2020

The Board of Directors of the Company recognises that sound internal controls and risk management practices are an integral part of the Company's overall risk management framework. The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure, to achieve expected results and strategic objectives. In order to achieve this objective, the Board has established five main Board sub-committees and a well-defined organisational structure which clearly articulates the lines of accountability and delegated authority. The five Board sub-committees are; The Audit & Compliance Committee (ACC), the Risk Management Committee, the Human Resources Committee, the Investment Committee and the Strategic Review Committee. The main committees are governed by Board approved charters and function in compliance with the basic principles of good governance.

The Audit Committee plays a strategic role in assisting the Board to achieve its oversight responsibilities in areas such as an entity's financial reporting, internal control systems, risk management systems and the internal and external audit functions. The Board has delegated the risk management function to a separate Risk Committee which focuses on the company's most critical risks and risk management capabilities. Directors are satisfied that the risk management policies and procedures designed and implemented by the Company are consistent with the Company's strategy and risk appetite, while fostering an enterprise-wide culture that supports appropriate risk awareness.

The Internal Audit Department verifies compliance of operations with policies and procedures and the adequacy and effectiveness of the internal control systems, and highlights significant findings in respect of any non-compliance. Audits are carried out on all units and branches, the frequency of which are determined by the level of risk assessed to provide an independent and objective report on operational and management activities of these units and branches. The annual audit plan is reviewed and approved by the Audit Committee and the findings of the audits are submitted to the Audit Committee for review at their periodic meetings. A special subcommittee has been established to discuss the findings of the Branch audits.

Internal control over financial reporting is vital to the governance of the organisation. ACC's main responsibility pertaining to internal control is the internal control over financial reporting. In addition, whereas the management is responsible to establish and maintain an effective system of internal control, the ACC is responsible to oversee these controls and to review the effectiveness of the system as a whole. The performance of the system of internal control is assessed through ongoing monitoring activities, separate evaluations such as internal audit, and procedures for monitoring the appropriateness and effectiveness of the identified controls are embedded within the normal operations of the organisation.

The Head of ERM is a member of the Board Risk Management Committee and Investment Committee and is also

a member of several management committees; namely, the Audit Follow-Up Committee, the Product Development Committee, the Board of Survey for ICT and Board of Survey for Fire and Safety, as well as an invitee at meetings of the Board Audit and Compliance Committee & the National Sales Planning meeting. Accordingly, the head of ERM provides his independent opinion from a risk perspective, which enables the management and Board to make informed decisions considering the risk impact.

The Investment Middle Office monitors regular investment transactions to ensure conformity with regulatory limits and internal thresholds. Special management reports are submitted to the Investment Board Sub-Committee and other relevant authorities informing them of key risk indicators and severity, to closely manage risk exposures. The Middle Office also engages in observing market developments to foresee the possible impact on the Company and carry out stress testing to check the potential maximum range of volatility on the investment portfolio.



Jagath Wellawatta
Chairman



K A Vimalenthirarajah
Chairman-Audit and Compliance Committee

08th June 2020

OBJECTIVES OF THE INVESTMENT COMMITTEE

The Investment Committee (IC) strives to ensure investment decisions made are optimal and in line with expected returns and risk tolerances of the Sri Lanka Insurance Corporation Ltd. The above are achieved through an efficient decision making process, whilst endeavouring to adhere to best practices in the industry.

INVESTMENT STRATEGIES

Investment strategies adopted by the IC during 2019 entailed making use of market volatilities to lock into attractive returns within identified risk parameters. Sustainable growth of the fund and long term returns, as opposed to short term gains, continued to remain the focus of the IC. Full compliance with applicable regulatory requirements was also given due attention.

The IC remained cognisant of current and potential risks that may arise and exercised due caution in executing investment decisions. All investments were subject to thorough due diligence, prior to expediting. The balance of risk and reward was of paramount importance in the investment decision making process.

The diversity of the IC, which comprises experienced professionals and industry experts from various disciplines, brings in a wider scope in to the investment picture. Investments are looked at holistically, rather than purely from a return objective. As a result, cross selling opportunities and investment synergies were exploited to the maximum.

The Company's investment goals and objectives have been stated in terms of return expectations, requirements and risk tolerance. It includes the following:

- Establishing a clear understanding for all stakeholders of the investment goals and objectives of the portfolio.
- Describing the nature of current and potential risks and their relationships with return, liquidity and capital preservation.
- Establishing a basis for evaluating investment results.
- Establishing the relevant investment horizon for which assets will be managed.
- Setting asset allocation guidelines, both across and within asset classes in order to remove the degree of emotion and behavioural issues that can lead the investment strategies away from its long-term objectives.
- Establishing guidelines regarding the determination and approval of investment policy and strategy, selection of Fund Managers, permissible securities and diversification of assets.
- Defining the responsibilities of Fund Managers, Board of Directors and other parties responsible for the management of the Fund.

MONITORING AND CONTROL

Investment performance continued to be monitored on a continuous basis, ensuring targets were achieved in a timely manner, so that there were no strains on the rest of the business activities. Strict limits are in place with counterparts, asset classes and concentration, in line with both regulatory and internal tolerances, to address risks given the various uncertainties which are increasing exponentially. These activities ensure policyholder funds are invested in a safe and equitable manner, where the Committee as a whole takes accountability for returns generated for the fund.

Adoption of industry best practices ensure policyholder interests are never compromised.

YEAR UNDER REVIEW – SUMMARY OF INVESTMENT ACTIVITIES

Insurance Fund

The Long Term Insurance fund stood at Rs. 133.7 bn, achieving a growth of 9.8% during 2019. The General Insurance Fund stood at Rs. 51.7 bn.

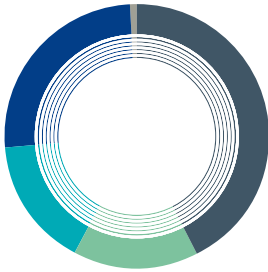
Safe and Stable

The IC ensures diversification amongst assets classes in order to minimise non – systematic risks. Investments are strictly restricted to entities with sound credit standings and are liquid.

The pie charts below illustrate allocation of investment assets of the Long Term Insurance Fund, the General Insurance Fund and the total portfolio as at 31st December 2019 (values are based on market values).

Long Term Insurance Fund

Composition of the Fund as at 31 December 2019



■ Government Securities	42.6%
■ Equity	15.4%
■ Term deposits	15.8%
■ Corporate Debt	25.5%
■ Unit Trusts	0.7%

General Insurance Fund

Composition of the Fund as at 31 December 2019



■ Government Securities	20.7%
■ Equity	58.1%
■ Term deposits	11.4%
■ Corporate Debt	7.7%
■ Unit Trusts	2.1%

INVESTMENT INCOME

Total investment income for the year stood at Rs. 13.4 Bn for Life Insurance and Rs. 4.2 Bn for General Insurance respectively. During the reporting period, investment income amounted 36.4% of the total company revenue. 46.5% of the total revenue for Life Insurance and 21.3% of the total revenue for General Insurance was generated from investments.

ALM CONSIDERATIONS AND PRODUCT DEVELOPMENT

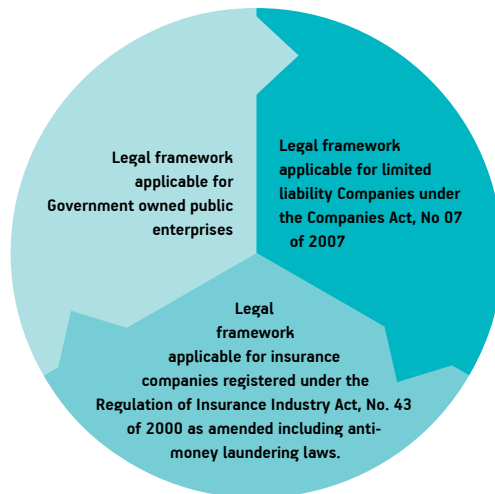
The IC continued to keenly focus on Asset and Liability Management during the year. Durations of assets and liabilities were monitored and managed with caution in order to maximize gains out of falling interest rates that was witnessed towards the end of the year.

Yasas, the single premium investment product, once again showed high demand throughout the year.

The Investment Committee was satisfied with the performance of investment funds during 2019 and will strive to enhance performance further during 2020.

K A Vimalenthirajah
Chairman-Investment Committee
08th June 2020

Compliance management is a vital part of comprehensive risk management in insurance companies, and also a basic work for conducting effective internal controls. SLIC being a Government owned entity is subject to panoply of laws, rules and regulations applicable for limited liability companies, insurance companies and State-owned companies. The following graph depicts the legal framework applicable to the company:



We are committed to complying with all the relevant legislation and therefore a formal compliance framework for identifying, monitoring, reporting on and ensuring compliance has been developed and practiced. The compliance mandate sets out for the establishment and operation of a corporate compliance function headed by the Chief Compliance Officer for this purpose. The Chief Compliance Officer reports to the 'Audit & Compliance Committee' and to the Board on a regular basis. The Board approved 'Compliance policy' of the Company sets out the guiding principles, key elements, and procedures designed to achieve the objective of the compliance function of the Company.

'Compliance Risk' is defined as the risk or damage to SLIC's integrity as a result of failure to comply with relevant laws, regulations, internal policies, procedures and principles as otherwise the failure to effectively manage compliance risk could expose SLIC to fines, civil and criminal penalties etc. The compliance risk assessment has been mainly focused on regulatory related matters though during the year under review initiatives were taken to expand the scope to assess the risk pertaining to non-compliance with the best practices as well, which includes ensuring that auditing of key compliance areas occur. The business principles of SLIC require all staff at every level to conduct themselves, not only in compliance with the laws and regulations but also acting with integrity being accountable. SLIC understands that good compliance risk management involves delivering the expectation of customers and the other stakeholders.

The Board of Directors of the company is responsible for setting the compliance risk appetite by balancing mandatory (regulations and industry codes etc.) and discretionary (business strategy and objectives and corporate policies etc.) risk. Effective compliance risk management is a collaborative process that pulls together and leverages all diverse control functions within the organization such as risk management, internal control, legal and human resources.

The company's Compliance Department has identified the divisions responsible to the applicable laws, rules and regulations and implements a collaborative process in meeting compliance requirements. As a proactive measure, the Compliance Department guides the management on anticipated regulations of the future, since a proactive business process management solution provides the Company with the tools necessary to address new regulations cost-effectively.

During the year under review several initiatives were taken to strengthen the compliance framework pertaining to different spheres including anti-money laundering, whistle-blowing and code of conduct & ethics. It is the policy of the Company to prohibit and actively pursue the prevention of money laundering and any activity that facilitates money laundering or the funding of terrorist activities. SLIC is committed to AML compliance in accordance with applicable laws and requires its management, staff, and appointed agents to adhere to these standards in preventing the use of its products and services for money laundering purposes. We have a Whistle-blowing policy and the Compliance Officer is the Whistle-blowing Officer and ensures that the policy is implemented within the Company. "Code of Business Conduct & Ethics' for Directors, Key Management Personnel and all other Employees" is designed to ensure that the organizational members are in line with the set out principles, rules, values, standards, as well as legal compliance when engage on business.

The Compliance Department also conducts department-wise training and educates the senior management by way of 'Compliance tips' through internal communication platforms. The company is working on enhancing its information technology infrastructure which will, in the future, facilitate the utilization of skilled compliance capital to focus on compliance management more efficiently.

In the area of compliance risk, four lines of the defense model are adopted: the actual risk owners identified as the risk partners of the respective departments act as the first line of defense; the Risk Management Committee and the Audit and Compliance Committee act as the second line of defense; internal audit acts as a third line of defense for the "money laundering" function; the regulator, i.e., the Insurance Regulatory Commission of Sri Lanka (IRCSL) and the External Auditors (Circular No. 29, dated, 23rd August 2010) act as the fourth line of defense. To ensure that the compliance risk agenda is not secondary to the audit agenda, the Compliance Department reports to both the Audit & Compliance Committee and the Risk Management Committee.

The likelihood of compliance risk has been minimized by ensuring that the following are in place: integrating monitoring of compliance and risk management; supporting open and transparent reporting; and building relationships with the stakeholders. In a bid to further strengthen the compliance framework in term of ethics and best practices, the compliance issues and incidents are escalated to the Board and Sub-Committees in order to order to take both corrective and preventive actions.

During the year under review, the company complied with all statutory requirements, rules and regulations as tabulated below, as otherwise mentioned in the "remarks" column, subject to the disclosures in the External Auditor's Report, Notes to the Financial Statements and the Corporate Governance Report.

SRI LANKA INSURANCE CORPORATION LTD

Regulatory and Statutory Compliance - Submission of Returns and Payments to Regulatory / Monitoring Authorities
Compliance Report for The Period From 01st January 2019 to 31st December 2019

Regulatory / Statutory Requirement	Frequency of Submission of Return / Payment	Due Date of Submission /Payment	Executed date	Compliance and Remarks
Regulatory / Statutory returns / payments fall due in the period				
INSURANCE REGULATORY COMMISSION OF SRI LANKA				
Quarterly Returns to IRCSL as stipulated under Sec 49 (b) of RII Act				
Revised Quarterly Returns to IRCSL as stipulated under Sec 49 (b) of RII Act with effect from 1 st April 2012 (49 Formats)				
Determination Formats	Quarterly within 45 days of end of quarter	4th QR (18)- 15th February	15.02.2019	Complied
		1st QR (19) -15th May	15.05.2019	Complied
		2nd QR (19) -15th August	15.08.2019	Complied
		3rd QR (19) -15th November	15.11.2019	Complied
Risk Based Capital (Formats) - General	Quarterly within 45 days of end of quarter	4th QR (18)- 15th February	15.02.2019	Complied
		1st QR (19) -15th May	15.05.2019	Complied
		2nd QR (19) -15th August	15.08.2019	Complied
		3rd QR (19) -15th November	15.11.2019	Complied
Risk Based Capital (Formats) - Life	Quarterly within 45 days of end of quarter	4th QR (18)- 15th February	15.02.2019	Complied
		1st QR (19) -15th May	15.05.2019	Complied
		2nd QR (19) -15th August	15.08.2019	Complied
		3rd QR (19) -15th November	15.11.2019	Complied
Balance Sheet and Profit Loss Account (Formats)	Quarterly within 45 days of end of quarter	4th QR (18)- 15th February	15.02.2019	Complied
		1st QR (19) -15th May	15.05.2019	Complied
		2nd QR (19) -15th August	15.08.2019	Complied
		3rd QR (19) -15th November	15.11.2019	Complied
Quarterly Certification by CEO & CFO & Principal Officer under the IRCSL circular 12 (Certification A)	Quarterly within 45 days end of the quarter	4th QR (18)- 15th February	15.02.2019	Complied
		1st QR (19) -15th May	15.05.2019	Complied
		2nd QR (19) -15th August	15.08.2019	Complied
		3rd QR (19) -15th November	15.11.2019	Complied

Regulatory / Statutory Requirement	Frequency of Submission of Return / Payment	Due Date of Submission /Payment	Executed date	Compliance and Remarks
Quarterly Certification by CEO & CFO & Principal Officer under the IRCSL circular 12 (Certification B)	Quarterly within 45 days end of the quarter	4th QR (18)- 15th February	15.02.2019	Complied
		1st QR (19) -15th May	15.05.2019	Complied
		2nd QR (19) -15th August	15.08.2019	Complied
		3rd QR (19) -15th November	15.11.2019	Complied
Reinsurance Information				
1) Reinsurance Treaty Cover Notes	Annually	before 15th March in subsequent year	15.03.2019	Complied
2) Reinsurance Risk Transfer Programme (year 2019)	Annually	on or before 31/01/2019	31.01.2019	Complied
3) Facultative Arrangement	Quarterly	4th QR (18) - 15th February	15.02.2019	Complied
		1st QR (19) -15th May	15.05.2019	Complied
		2nd QR (19) -15th August	15.08.2019	Complied
		3rd QR (19) -15th November	15.11.2019	Complied
Annual Filing under the Regulation of Insurance Industry Act No.43 of 2000				
Risk Based Capital (Formats) - General	Annually	2018 year end - 30th April 2019	09.05.2019	IRCSL extended the deadline to 31/05/2019
Risk Based Capital (Formats) - Life	Annually	2018 year end - 30th April 2019	09.05.2019	IRCSL extended the deadline to 31/05/2019
Determination Formats	Annually	2018 year end - 30th April 2019	09.05.2019	IRCSL extended the deadline to 31/05/2019
Balance Sheet and Profit Loss Account (Formats)	Annually	2018 year end - 30th April 2019	09.05.2019	IRCSL extended the deadline to 31/05/2019
Actuarial Report & Abstract	Annually	2018 year end - 30th April 2018	09.05.2019	IRCSL extended the deadline to 31/05/2019
Other Formats				
1 .Risk Assessment Report	Annually	2018 year end - 30th April 2019	29.04.2019	Complied
2. Statement of Responsibility of Directors	Annually	2018 year end - 30th April 2019	09.05.2019	IRCSL extended the deadline to 31/05/2019

Regulatory / Statutory Requirement	Frequency of Submission of Return / Payment	Due Date of Submission /Payment	Executed date	Compliance and Remarks
3. Long Term Insurance Business - Certification with regard to compliance with the provisions of the Act by the insurer	Annually	2018 year end - 30th April 2019	09.05.2019	IRCSL extended the deadline to 31/05/2019
4. General Insurance Business - Certification with regard to compliance with the provisions of the Act by the insurer	Annually	2018 year end - 30th April 2019	09.05.2019	IRCSL extended the deadline to 31/05/2019
5. Annual Report of the Company	Annually	2018 year end - 30th April 2019	21.06.2019	Due to the delay in the finalization of group audit
6. Auditors Report on factual findings on Circular 29 of IRCSL	Annually	2018 year end - 30th April 2019	09.05.2019	Same
7. Management Letter	Annually	2018 year end - 30th April 2019	31.05.2019	Submitted on 05/09/2020
8. Compliance Certification A - Long Term Insurance Business Compliance Certification A -General Insurance Business	Annually	2018 year end - 30th April 2019	09.05.2019	IRCSL extended the deadline to 31/05/2019
9. Compliance Certification B	Annually	2018 year end - 30th April 2019	09.05.2019	IRCSL extended the deadline to 31/05/2019

PAYMENTS

Cess Life 0.2%, General .0.4% of Net Premium	Quarterly	4th Qr (18) - 31st Jan	31.01.2019	Complied
		1st QR (19) -30th Apr	30.04.2019	Complied
		2nd QR (19)-31st July	31.07.2019	Complied
		3rd QR (19)-31st Oct	24.10.2020	Complied
Annual Fees	Annually	One month after the Audited Accounts or before 31st July of the the following month	14.06.2019 -Life	Complied
			24.06.2019 -General	

INLAND REVENUE DEPARTMENT

RETURNS

VAT returns	Quarterly	4th Qr (18) - 31stJan	31.01.2019	Complied
		1st Qr (19) - 30th April	30.04.2019	Complied
		2nd QR (19)-31st July	31.07.2019	Complied
		3rd QR (19)-31st October	31.10.2019	Complied

Regulatory / Statutory Requirement	Frequency of Submission of Return / Payment	Due Date of Submission /Payment	Executed date	Compliance and Remarks
Stamp Duty	Quarterly	4th Qr (18) - 15th Jan	14.01.2019	Complied
		1st Qr (19) - 15th April	11.04.2019	Complied
		2nd Qr (19) - 15th July	15.07.2019	Complied
		3rd Qr (19) - 15th October	15.10.2019	Complied
Nation Building Tax	Quarterly	4th Qr (18) - 20th Jan	18.01.2019	Complied
		1st Qr (19) - 20th April	18.04.2019	Complied
		2nd Qr (19) - 20th July	19.07.2019	Complied
		3rd Qr (19) - 20th October	18.10.2029	Complied
Economics Service Charge	Annually	2018 -20th April 2019	18.04.2019	Complied
PAYE Return	Annually	2018 -30 th April 2019	30.04.2019	Complied
Crop Insurance Levy	Quarterly	3rd Qr(18) -30th Jan	30.01.2019	Complied
		4th Qr(18) -30th April	30.04.2019	Complied
		1st Qr(19) -30th July	30.07.2019	Complied
		Final(19)-30th September	30.09.2019	Complied
		3nd Qr(19) -30th October	30.10.2019	Complied
PAYMENTS				
VAT	Monthly	30th of the same month & 15th of the following month	paid on due date	Complied
PAYE Tax	Monthly	15th of the following month	paid on due date	Complied
Economics Service Charge	Quarterly	3rd Qr (18) - 20th Jan	18.01.2019	Complied
		4th Qr (18) - 20th April	18.04.2019	Complied
		1st Qr (19) - 20th July	19.07.2019	Complied
		2nd Qr (19) - 20th October	18.10.2019	Complied
Income Tax	Quarterly	on or before 15th Feb	15.02.2019	Complied
		on or before 15th May	15.05.2019	Complied
		on or before 15th August	15.08.2019	Complied
		on or before 30th September	30.09.2019	Complied
		on or before 15th November	15.11.2019	Complied

Regulatory / Statutory Requirement	Frequency of Submission of Return / Payment	Due Date of Submission /Payment	Executed date	Compliance and Remarks
Stamp Duty	Quarterly	4th Qr (18) - 15th Jan	14.01.2019	Complied
		1st Qr (18) - 15th April	11.04.2019	Complied
		2nd Qr (19) - 15th July	15.04.2019	Complied
		3rd Qr (19) - 15th October	15.10.2019	Complied
Nation Building Tax	Monthly	20th of the following month	paid due date	Complied
Crop Insurance Levy	Quarterly	3rd Qr(18) -30th Jan	30.01.2019	Complied
		4th Qr(18) -30th April	30.04.2019	Complied
		1st Qr(19) -30th July	30.07.2019	Complied
		Final(19)-30th September	30.09.2019	Complied
		3nd Qr(19) -30th October	30.10.2019	Complied
Withholding Tax	Monthly	before 15th of following month	paid on due date	Complied
CENTRAL BANK OF SRI LANKA				
EPF Returns	Bi Annually	31st Jan & 31st July	31.01.2019	Complied
			31.07.2019	Complied
AML (Anti Money Laundering) Returns				
1. Cash Transaction Report	Monthly	15th day of the following month	Submitted on due date	Complied
2.Suspicious Transaction Reports	within two days	within two days	Nil	Complied
EPF Contribution	Monthly	one day before the last working day of the following month	executed on due dates	Complied
Employees Trust Fund Board				
ETF Returns	Bi Annually	31st Jan & 31st July	31.01.2019	Complied
			31.07.2019	Complied
ETF Contribution	Monthly	one day before the last working day of the following month	executed on due dates	Complied
Registrar of Motor Vehicles				
Payment - Luxury & Semi Luxury Tax	Monthly	15th of the following month	Paid on due dates	Complied

Regulatory / Statutory Requirement	Frequency of Submission of Return / Payment	Due Date of Submission /Payment	Executed date	Compliance and Remarks
Registrar of Companies				
Registration of Financial Statements	Annually	Within 20 working days after the Financial Statements of the company	25.06.2019	Complied
Ministry of Transport				
Payment - Road safety fund	Monthly	15th of the following month	paid on due dates	Complied
Municipal /Urban Council				
Payment - Rates & Tax	Annually	Before 31st Jan of the current year(for the rebate)	31.01.2019	Complied
National Insurance Trust Fund				
Payment - SRCC & Terrorism Fund	Monthly	Within 45 days from end of the month	Paid on due dates	Complied
Commissioner for Workmen's Compensation				
Renewal of License - Workmen's Compensation Insurance	Annually	Before 30th May	10.05.2019	Complied

Enterprise Risk Management (ERM) is responsible for identifying possible risks before they occur which enables SLIC to set up procedures in order to mitigate the risk or minimize its impact, or at the very least help cope with its impact. ERM function involves identifying, assessing, managing and monitoring SLIC's opportunities and threats with a forward and ongoing perspective and enable risk centered decision making. Our focus is to drive excellence in managing risk to ensure that SLIC optimizes the opportunities and minimizes threats of the future.

The risk management framework is built on the governance process that establishes clear responsibilities for taking, managing, monitoring, and reporting risks. Managing risk is the primary function of SLIC and risk should, therefore, be managed holistically beyond disciplinary frontiers so as to provide a common understanding across multidisciplinary personnel.

BOARD RISK MANAGEMENT COMMITTEE (BRMC)

The BRMC is a Board subcommittee that has the overall responsibility for the implementation of the Enterprise Risk Management framework with a focus on future performance, broader risks at strategic, managerial and operational level. Under the umbrella of governance, the BRMC looks in to:

- Ensuring that ERM Department regularly assesses its risks and updates its risk register and that the risk assessment is part of the decision-making process.
- Overseeing the risk management system to assess, control and monitor all risks and ensure effective functioning and efficiency of such a system.

- Reviewing information and reports to the Board on the SLIC's major risks and exposures and actions taken. Ensuring development, updating, enforcing and monitoring the implementation of the risk management policy on behalf of the Board.
- Developing the annual enterprise risk management strategy.
- Reviewing the risk management infrastructure and control systems to ensure that fulfillment of the risk management objectives and enforce the risk management policies.
- Ensuring that management has put in place a comprehensive risk management system.
- Reviewing policies, procedures, methodologies and tools to be adopted by the entity in identifying, evaluating, managing, reporting and communicating risks.
- Ensuring that risk assessment is carried out regularly throughout the entity, as a part of the enterprise risk management practice.
- Overseeing the Head of Risk Management's role and responsibilities and provide direction on them.
- Monitoring risks faced by the entity by receiving periodic reports from the Head of Risk on top and emerging risks and risk mitigation and treatments.

THREE LINES OF DEFENSE (LOD)

Risk governance relies on the Three Lines of Defense, where SLIC strongly advocates separation and clear identification of lines of businesses; namely, operational management by actual risk owners as the 1st Line of Defense, reports primarily to the management. The 2nd Line of Defense which includes financial controls, security, enterprise risk management, quality and compliance while internal audit acts as the 3rd Line of Defense.

ENTERPRISE RISK MANAGEMENT STRUCTURE

ERM Department is responsible to manage the process of identifying and addressing methodically the potential events that represent risks to the achievement of SLIC's strategic objectives or opportunities to gain competitive advantage. ERM Department is governed by the ERM policy which is a part of the risk management framework. Having a risk embedded culture in the enterprise DNA is challenging to any organization and ERM department has taken every possible effort to create risk embedded culture at SLIC from the inception.

LOOKING BACK 2019

Developed Risk Registers for all Departments

Risk identification and assessment are fundamental characteristics of an effective risk management system where the risk registers play a vital role. During 2019, ERM Department completed the development of all risk registers together with the process owners. This enabled all departments to priorities key risk areas to address and take proactive steps to mitigate or reduce the risk levels.

Develop Enterprise-wide Key Risk Indicators (KRI)

Enterprise wide KRIs help SLIC to monitor a spectrum of identified risks on an ongoing basis together with the management to make decisions on a risk-based perspective. In addition, it has enabled early detection of possible risks and provides opportunity to take preventive measures before the risk is materialized.

Business Continuity Management (BCM) Function for SLIC

BCM is defined as a holistic management process that identifies potential threats to an organization and the impacts to business operations those threats, if realized, might cause and which provides a framework for building organizational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities. BCM integrates the disciplines of Emergency Response, Crisis Management, Disaster Recovery (technology continuity) and Business Continuity (organizational/operational relocation) BCM framework of SLIC is governed by the Business Continuity Management Steering Committee (BCMSC) where the chairman of the committee is the Chief Executive Officer of SLIC. Business Impact Analysis (BIA) has been developed for the entire organization. BIA creates the foundation to understand the processes in SLIC operations. It also predicts the consequences of disruption of a business function and process and gathers information needed to develop recovery strategies.

Establishment of the Investment Middle Office for SLIC

Investment Middle Office was established to identify measure and manage all Investments specific financial risks on a day to day basis which includes both market risk and transactional risks emanating from the Investment Front Office which includes portfolio risk, counter-party risk management and mark to market analysis.

Organizational-wide Loss Data Collection

Loss Data Collection was introduced to obtain information for assessing SLIC exposures to various risks and the effectiveness of Internal controls. Organizational wide Loss Data Collection process was established initially to be collected on a quarterly basis and based on the severity to submit to the Risk Management Committee with the Root Cause Analysis.

Anti-Money Laundering & Terrorist Financing Risk Assessments

AML & TF risk assessment was carried out as per the guidelines issues by FIU and IRCSL to ascertain SLIC current exposure to AML & TF together with the risk review of steps taken to identify, assess and manage its money laundering and terrorist financing risks in relation to its customers, countries or geographical areas, products, services, transactions and delivery channels. Weekly AML and TF monitoring process which includes name screening with the sanction list is carried out independently by the Enterprise Risk Management Department for the Life Operations and submitted to the Compliance Function for further action.

OUTLOOK FOR 2020

Review Risk Registers for all Departments

The review process is scheduled to take place each year and includes identifying new and emerging risks, together with evaluating the likelihood and severity, identifying the risk center and risk owner, developing mitigation plans, reviewing those plans with process owners and monitoring the implementation of the mitigation plans.

Set Tolerance Limits for KRI's and Analyze limit breaches

KRI's were developed in 2019 and data for the established KRI's to be obtained in 2020. Thereafter trend / patterns and outliers to be identified with the acceptable limits set by the Risk Management Committee and thereafter monitor and take corrective measures for adverse deviation.

Continuation of the Business Continuity Planning (BCP) Process.

An important stage of the BCP is Testing & Plan Maintenance which involves validating existing capabilities to respond to disruptive events, including exercising the ability to relocate and recover operations to designated alternate operating facilities. As a prelude to the BCP Drill a BCP mock test for Life and General Insurance will be conducted to identify possible issues that could be occurred in the BCP Drill including System issues, Operational issues, document issues and potential communicational issues etc. Thereafter the BCP drills will be scheduled for Life and General Departments to simulate a disaster scenario to ensure undisrupted continuation of business operations in an actual event of disaster.

Investment Middle Office (IMO)

With the high importance of Investment related activities, IMO will develop New Control Policies, Risk Appetite & Tolerance statements for Investments where the Board of Directors is willing to undertake.

IMO will monitor SLIC compliance with the Investment Policy and ensures that the market risk limits are in line with the level of risk acceptable to the Board. The following tools will improve existing level of controls to monitor and limit market risk exposures of the organization. i.e. New

Limit Structures, Risk Scoring Models, Key Risk Indicators and Stress Testing Models.

Organizational-wide Loss Data Collection

Collecting loss data is an ongoing process and enables ERM department to capture details of all loss incidents in SLIC. Every quarter loss incident reports are submitted by the departmental risk coordinators and analyzed by the risk department to identify the root cause in order to provide insights into the causes of large losses and information on whether control failures are isolated or systemic.

Implementation Policies

Fraud Management Policy

Implementation of the Fraud Management Policy which captures measures to preclude, discourage and observe fraud by creating understanding of risks and controls; developing ethical culture with honesty; Identifying potential risks and fraud; Mitigating and control the opportunities of frauds by implementing policies, procedures, processes and controls and developing an appropriate oversight process.

Business Continuity Management (BCM) Policy

The primary objective of this policy is to enforce minimum BCM requirement of the company, as per the guidelines on BCP issued by IRCSL and policy covers all the departments and branches of the company. This policy will be published and implemented in 2020.

Outsource Policy

Outsource policy specifies controls to reduce the risks of disputes and breaches associated with third party agreements, rationalize the outsourcing and provide legal framework. This policy is applied to the entire organization including ICT,

Marketing, HR, Premises & Engineering and Procurement functions. During 2020 approval will be obtained for the said policy by the Risk Management Committee and Board of Directors for implementation.

AML and TF Risk assessment 2020

ERM has given recommendations for AML & TF risk assessments carried out in 2019 for the Life department. ERM to continue risk assessment process each year as per the regulatory guidelines and also assess the effectiveness of the controls in place during 2020 risk review. Weekly AML and TF monitoring process will also be continued throughout the year.

LIFE INSURANCE RISKS

There are many risks associated with life insurance, these include:

- "Mortality risk" - The risk that actual policyholder death experience on life insurance policies is higher than expected.
- "Longevity risk" -The risk that annuitants live longer than expected.
- "Morbidity risk" - The risk that actual policyholder health/accidental related claims are higher than expected.
- "Policyholder behavior risk" -The risk that policyholders' behavior in discontinuing and reducing contributions or withdrawing benefits prior to the maturity of the contract is worse than expected. Poor persistency rates may lead to fewer policies remaining on the books to defray future fixed expenses and reduce the future positive cash flows from the business written, potentially impacting its ability to recover deferred acquisition expenses.
- "Expense risk" -The risk that expenses incurred in acquiring and administering policies are higher than expected.

The Company has established procedures and processes to evaluate the above risks which if not properly controlled and managed, can impact its operations. The procedures are in place to cover all critical stages from product development to benefit administration.

In addition to that, all life financial streams are modeled and profit testing is produced by the Actuary thus mitigating product design and pricing risk. Also SLICL uses matching instruments to back certain liabilities (ALM), if available.

Under the Risk Based Capital (RBC) framework, SLICL has adopted "Gross Premium Valuation" mechanism (GPV). This is required for liability valuation purpose where liability is calculated in market consistent manner. This means that GPV is based on the explicit estimates for mortality, morbidity, expenses, lapses, etc. and risk free interest rate structure is used for discounting purpose. The liability is also carried an explicit margin for future expected level of bonus, which is called a Total Benefit Liability(TBL), hence the future bonus is protected under best estimate assumptions. SLICL is geared up to set best estimate assumptions for liability valuation based on the internal experience studies conducted periodically. This has enabled SLICL to manage policyholder liabilities in a consistent manner over the years.

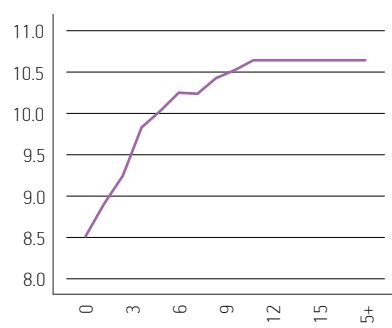
In addition, best estimated parameters considered for TBL calculation are further stressed called application of Risk Margin (RM) as per the guidelines given by IRCSL and TBL is computed with a margin for adverse deviation from its best estimates.

The use of RM increases the statistical confidence of policy liabilities and hence enhance the protection provided to policyholder benefits and should increase the policy liabilities. The RM used by SLICL is consistent with the factors defined in the RBC framework and represent a 75% confidence interval statistically with respect to the underlying probability distribution of the possible outcomes under liability computation.

As such, the main assumptions used in determining life insurance contract liability are below tabulated:

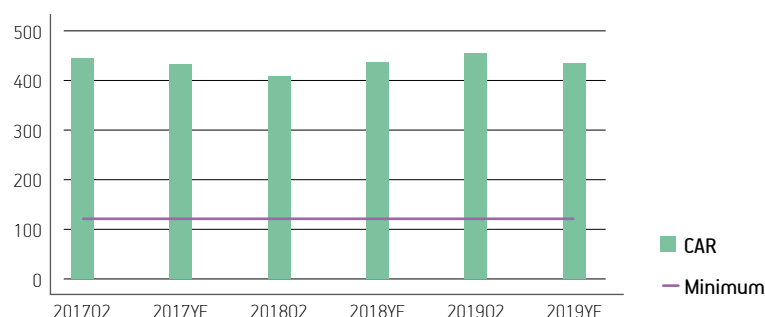
Assumption	Description
Mortality	- Factored A67/70 for non-annuity business to allow best estimate experience rate
	- Weighted average of a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants
Investment return	Risk Free Rate structure instructed by IRCSL as at 31.12.2019

Risk Free Rate (%)



SLICL maintained steady and strong solvency ratio over the year 2019 for its Life Insurance business and as at 31.12.2019 the Risk-based Capital Adequacy Ratio, CAR, stands at 436% and it was 437% as at 31.12.2018. This is well above the regulatory minimum requirement which is 120%.

Capital Adequacy Ratio (%)



Sensitivities Analysis for Life Insurance Risk

Assumption	Change in assumption	Impact on Best Estimated liability (Rs.)
Mortality	+10%	431Mn
	-10%	(432)Mn
Discount Rate	Up shock scenario under RBC	(11,550)Mn
	Down shock scenario under RBC	16,338Mn

Segregation of Policy liability based on product category

31st December 2019	Insurance Liabilities	Insurance Liabilities	Total Benefit Liabilities
Rs. '000	(with profits)	(without profits)	Liabilities
Whole Life	16,944	4,162	21,106
Endowment Assurance	51,326,497	2,262,014	53,588,511
Term Assurance	0	1,683,399	1,683,399
Annuity	9,819,087	1,902,857	11,721,944
Rider Benefits	2,086	2,362,961	2,365,048
Total	61,164,614	8,215,394	69,380,009

The following table shows the participating and non-participating fund position of the company.

	Participating	Non-Participating	Total
	Rs. '000	Rs. '000	Rs. '000
2019	108,500,670	8,266,226	116,766,896
Percentage	92.92%	7.08%	

GENERAL INSURANCE RISK

From 01.01.2016, as per the mandatory requirement by the Insurance Regulatory Commission of Sri Lanka, IRCSL, SLICL fully implemented the Risk Based Capital (RBC) solvency framework which is required under RBC regime.

Under this, the claim liability is defined as the combination of the central estimate of claim liability and the risk margin. Premium Liability is defined as the Central Estimate of the Unexpired Risk Reserve along with the risk margins.

Prudency in setting up reserves

There are two main components in General Actuarial reserves, namely the Premium Liability and the Claim Liability. SLICL set up Claim Liability (Outstanding claims reserve plus Incurred but not (enough) reported claims (IBN(E)R) at 75% confidence level and that includes the central estimate of claim liability (CECL), attached claim handling expenses for future settlements of the claims (CHE) and provision for adverse deviation in central estimate liability & CHE. Premium Liability also set up at 75% confidence level and that is calculated based on the central estimate Un-Expired Risk Reserve which is determined by taking the average of the central estimate Ultimate Loss Ratio for the last two to three accident years and provision for adverse deviation as to reflect the additional volatility as the exposure is yet to occur.

Claims Development Information

Table below presents changes in the historical non-life reserves, net of reinsurance. The top line of the table shows the estimated gross reserves for unpaid losses and loss adjustment expenses as of each balance sheet date, which represents the estimated amount

of future payments for losses incurred in that year and in prior years. The cumulative paid portion of the table presents the cumulative amounts paid through each subsequent year in respect of the reserves established at each year end. Similarly, the cumulative reported losses section details the sum of the cumulative paid amounts shown in the triangle above and the net outstanding position at the end of the financial year.

	2014	2015	2016	2017	2018	2019
Gross reserves for losses and loss adjustment expenses	7,709	7,894	8,664	8,549	8,776	7,311
Reinsurance recoverable	(1,004)	(976)	(1,434)	(1,451)	(1,590)	(1,061)
Net reserves for losses and loss adjustment expenses	6,705	6,917	7,230	7,098	7,186	6,250
Cumulative paid as of December 31:						
One year later	4,572	4,981	6,637	6,849	7,590	7,723
Two years later	5,907	6,989	8,392	9,004	9,632	
Three years later	6,055	7,099	8,539	9,185		
Four years later	6,098	7,160	8,722			
Five years later	6,152	7,223				
Six years later	6,204					
Cumulative Reported as of December 31:						
One year later	5,632	6,326	7,913	8,297	9,467	9,153
Two years later	6,204	7,291	8,531	9,184	9,907	
Three years later	6,352	7,376	8,717	9,414		
Four years later	6,362	7,398	8,883			
Five years later	6,352	7,417				
Six years later	6,349					

* Rs million

Sensitivities Analysis for General Insurance Risk

The following table shows the sensitivity of net income before tax and the sensitivity of net assets, as a result of adverse development in the reported claims outstanding by one percentage point. Such an increase could arise from either higher frequency of the occurrence of the insured events or from an increase in the severity of resulting claims or from a combination of frequency and severity. The sensitivities do not indicate a probability of such an event and do not consider any non-linear effects of reinsurance.

Here we assumed that the central estimate IBN(E)R is also affected by one percentage point along with the claims outstanding amount and the CHE is not affected. Based on the assumptions applied in the presentation of the sensitivity analysis in the table below, each additional percentage point increase in the reported claims outstanding would lead to a linear impact on net income before tax and net assets. In addition, the company monitors insurance risk by evaluating extreme scenarios, taking into account non-linear effects of reinsurance contracts.

	Change in assumptions	Reported Gross Claim Outstanding Rs.	Reported Net Claim Outstanding Rs.	Impact on Gross Liabilities Rs.	Impact on Net Liabilities Rs.	Impact on Profit Before Tax Rs.	Impact on Equity (After Tax) Rs.
31st December 2019	+1%	5,344Mn	4,397Mn	69Mn	58Mn	(58)Mn	(42)Mn

INVESTMENT RISK MANAGEMENT

Investment risk management focuses on making use of volatilities of asset prices to earn profits within the risk appetites of the organization. Defining the organisation's risk tolerance and monitoring downside risk is of critical importance to mitigate potential losses which may lead to the erosion of the investable funds and/or performance falling below appropriate benchmarks. 2019 was a challenging year for market participants as growth was hampered across the globe. The focus of SLIC has been to diversify assets in order to mitigate unsystematic risk. In addition to return, due attention was also given to aspects such as liquidity, credit, operational and reputation risks.

Risk management at SLIC strives to identify in advance, measure, manage, report and monitor risks that affect the achievement of investment objectives. This includes taking, avoiding, mitigating and adjusting the risk profile to maintain the appropriate balance among asset growth as well as income to meet the obligations of the Fund, based on prudent risk management principles and applicable IRCSL guidelines.

Market Risk

Interest Rate Risk

Interest rate risk is the risk of losses that may arise due to changes in interest rates and changes in the shape of the yield curve. Interest rate risk is managed by ensuring gaps between durations of assets and liabilities are within tolerable limits.

During 2019 CBSL adopted an accommodative monetary policy stance by cutting benchmark interest rates in May and August 2019 and by reducing Statutory Reserve Requirement of Commercial Banks in March 2019. Monetary Policy easing by the Federal Reserve led the majority of emerging market central banks also to adjust their monetary policy stances to become more accommodative during the year.

Careful monitoring and increasing duration of assets is crucial when interest rates are falling.

Exchange Rate Risk

The risk of exchange rate movements adversely affecting the bottom line of an organisation is called exchange rate risk. During 2019 the Sri Lankan rupee showed great resilience against the US Dollar and remained steady.

Equity Risk

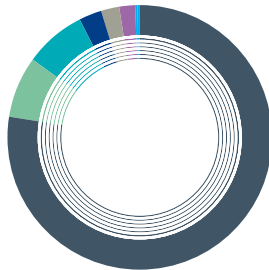
Equity Risk is the risk arising from volatility in the stock market prices.

SLIC Equity portfolio is exposed to systematic risk which is the uncertainty inherent to the entire market. The All Share Index rose 1.1% year on year whilst the more liquid S&P SL20 fell by 5.6%.

SLIC mitigates the unsystematic risk which is also known as the company specific risk by diversifying the Equity Portfolio into different sectors and companies.

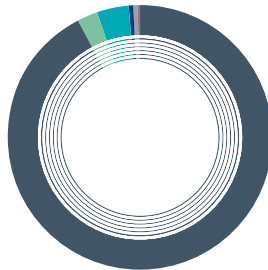
The stock market is expected to face near term pressures from the anticipated correction in US equities which rallied to all time high levels. But we expect earnings growth to recover, during 2020.

Sector Allocation - Listed Equity Life Fund as at 31.12.2019



Financials	77.77%
Consumer Discretionary	7.35%
Industrials	7.47%
Telecommunication Services	2.95%
Materials	2.16%
Consumer Staples	1.91%
Real Estate	0.39%

Sector Allocation - Listed Equity General Fund as at 31.12.2019



Financials	92.43%
Industrials	2.52%
Utilities	3.74%
Telecommunication Services	0.64%
Real Estate	0.59%
Consumer Discretionary	0.08%

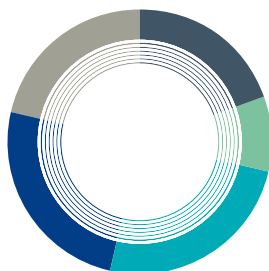
Liquidity Risk

The inability to liquidate at existing market levels and incurring losses during the process of liquidating an investment is termed liquidity risk. SLIC is cognizant of liquidity needs of funds and manages liquidity by investing the major portion of its funds in assets such as Treasury Bonds, which have deep markets and are relatively liquid. Furthermore, maturity gaps of assets and liabilities are managed within tolerable levels.

The Life Fund has a longer investment horizon and lower liquidity requirements. However, the General Fund has a shorter investment horizon and higher liquidity needs. Hence structuring maturity profiles to suit these liquidity needs is done on a continuous basis.

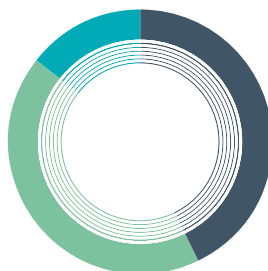
Internally developed limits on concentration in investments by single issuers and certain asset classes limits investments in illiquid instruments.

Maturity Profile Life Fund as at 31.12.2019



<1 year	19.67%
1-2 years	9.08%
2-5 years	24.88%
5-10 years	25.17%
>10 years	21.20%

Maturity Profile General Fund as at 31.12.2019



<1 year	42.81%
1-2 years	42.92%
2-5 years	14.27%

Credit Risk

The loss that may arise due to non-settlement of interest and/or capital is termed Credit Risk. This risk is mitigated by strictly adhering to minimum credit ratings and a thorough analysis. A comprehensive credit analysis is carried out internally prior to making any investment. Credit risks is monitored and managed at investment level, as well as at the portfolio level in order to ensure a well balanced portfolio, with a view of limiting exposure in terms of risk quality, industry, maturity and volume.

Concentration Risk

The risk of portfolios not being sufficiently fragmented and granular, over exposing the portfolio to certain segments of the market, where under-performance of that particular segment can have a significant negative impact on portfolio performance. Investments are diversified in order to minimize concentration risk.

Operational Risk

Operational risk entails the risk of incurring losses due to lapses in operating procedures, including human error and fraud. Segregation of duties, dual controls and regular audits are carried out to minimize operational risk.

ICT RISK MANAGEMENT

The ICT Department regularly carries out risk identification surveys of its ICT assets deployed in the service of business operations. Once a year the external auditors carry out an information systems audit which highlights risks in the ICT services deployed and these findings are published in the Management Letter. The risk identification survey looks at the hardware, software and liveware risks associated with the ICT operations. Once these risks are identified these are measured in degrees of importance and risk mitigation strategies are devised to mitigate them. The ICT risks are monitored regularly by means of vulnerability assessments carried out by internal (ICT System Security Team) and external parties (Information System Auditors). These vulnerability assessments result in reports which are then used to rectify shortcomings leading to a more secure ICT services deployment.

CYBER SECURITY RISK MANAGEMENT

The reports of the ICT security vulnerability assessment are used to inform the ICT System Security Team regarding vulnerabilities in the ICT services deployed in the business. In this regard the ICT System Security Team has identified many areas for improvement of cyber security defenses. The ICT Dept. is currently re-designing the network architecture using a layered approach to be in a better position to mitigate emerging cyber security threats. The firewalls have been upgraded and are providing higher levels of enablement in stopping cyber-attacks at the network perimeter. Upgrading the endpoint and server antivirus systems to be more behavior aware and to mitigate

zero-day types of malicious cyber-attacks. The ICT Dept. is also in the process of introducing a Security Incident and Event Management system using multiple sources of hardware logs, packets and flows to identify behavior based attacks before they do significant damage to data and ICT systems and to generate alerts for the cyber defense team to respond to these alerts. The ICT department is also in the process of setting up a Cyber Security Operations Center using Security Orchestration Automation and Response techniques to be in a position to respond more effectively to cyber security attacks.

FRAUD & MISCONDUCTS RISK MANAGEMENT

With the purpose of maintaining and enhancing the processes of SLIC, managing/mitigating risk of fraud and misconduct is key to setup a fraud free environment throughout the enterprise which is a significant initiative that can safeguard both market confidence and public trust. In 2019 SLIC introduced fraud management policy which established the framework for the detection and prevention of fraud, misappropriations, and other irregularities of SLIC. The corporate fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the company and its staff. It is the intent of SLIC to promote consistent organizational behavior by providing guidelines and assigning responsibilities for the development of controls and conduct of investigations and regular reviews.

The SLIC Internal Audit team consists of highly qualified and experienced staff with a robust understanding of risks and control.

The Internal Audit department operates according to the Annual Audit Plan which covers all high risk areas such as claim payments, commission and incentive payments and other management expenses. The focus is aimed at helping to prevent, detect, and respond to fraud and misconduct risks. The plan is implemented by working to design, implement, and evaluate ethics and compliance programs and related antifraud programs and controls. All findings on misconducts and frauds pertaining to branches are reviewed and respective actions are being taken at the Audit Follow up Committee Meeting. Further to mitigate internal control violations and human driven errors, omissions and frauds, during the year comprehensive system audit function relating to insurance and other systems was designed and implemented. All loss events have been reported on a quarterly basis to the Enterprise Risk Management Department.

SLIC Enterprise Risk Management Department's purpose is to mitigate the organizational wide risk by designing and implementing an overall risk management process, performing risk assessments, evaluations, and reporting to the Risk Management Committee. In line with the regulatory guidelines, regulatory enforcement has been increased and scrutiny has been enhanced to mitigate the risk of fraud and misconducts at SLIC. Both Internal Audit & Enterprise Risk Management Department report to Board Audit & compliance committee and Risk Management Committees.

All the other departments including Life and Non- Life develop appropriate oversight process while mitigating and controlling the opportunities of frauds

by implementing policies, procedures, processes and controls while Investigation Department conducts inquiries to discover who committed fraud/ misconducts and gather evidence to prosecute and convict accused.

HR RISK ANALYSIS

An organization's success is largely dependent on the quality and performance of its people, making HR a risk-prone function of any organization. With the increase in competition in the industry, SLIC must rethink their talent pipeline and transform their HR function to cope with these priorities and risks to maintain a sustainable growth.

It is therefore crucial now more than ever, for the organization to be aware of the risks they face in HR operations. HR risk comes in many shapes and sizes, and can also come from many directions, both internally and externally.

It is the recruitment, training and development, motivation, creating right behavior, positive attitudes, and retention of employees with sufficient skills that help to accomplish organizational goals.

HR component is critical to risk management because of the following reasons:

- Employees are the biggest sources of risk; it is the employees, their behavior and actions that cause risk
- Employees are also critical in managing risk. It is the employees and their actions that mitigate risk.

Therefore, it is essential that an organization's risk management plan includes a comprehensive analysis of its employee risks. There is no doubt that a positive HR environment reduces risk and increases an organization's ability to manage risks. These can be better managed by SLIC as well by planning and empowering the human component of the corporate capability and leadership and implementation of its well-planned HR strategy.

SLIC has identified several risk factors as follows.

1. Talent acquisition and management

Talent acquisition and management are perhaps the most critical aspects/ of HR. A proper resource planning may avoid overstaffing or understaffing. In order to navigate through these risks, SLIC has taken the steps mentioned below:

- Identifying the annual cadre requirement of the Organization
- Formulating a recruitment policy and filling vacant positions strictly adhering to policy guidelines
- Developing efficient processes for on boarding potential talent, their orientation and development to ensure new starters become rapidly productive.
- Implementing the succession planning process and developing successors for identified positions

2. Regulatory and compliance

HR professionals need to be aware of the country's labour regulations and ensure they are always compliant. HR Department has taken the following steps to mitigate the regulatory and compliance risk.

- Understand local and the relevant international labour laws to follow the basic principles correctly
- Regular audits on HR processes to ensure compliance

3. Pay and compensation

In order to increase the retention of employees as well as the productivity, SLIC has taken several vital steps throughout the year.

- Introducing and continuing the in-house vehicle loan facility for the staff
- Distributing the 2019 profit among employees in the form of a profit bonus
- Basic salaries of all permanent staff were increased by 20% w.e.f 01st December 2019

4. Training and development

Keeping the right employees in the organization requires more than pay. In order to increase the value of human capital at SLIC and to help the career progression of employees, SLIC has laid down several strategies as follows.

- Conducting annual training need analysis
- Formulating the training calendar and preparing the training budget to accommodate the training plan by prioritizing the training needs
- Provide opportunities for employees to grow through training and skills development programmes (local and overseas)
- Encourage a learning culture across the Organization. Conducting Outward Bound Trainings with the engagement of cross functional departments to ensure working towards a common goal collaboratively
- Identifying talent within and successors through a proper succession planning process in order to develop the next line of managers for SLIC

5. Performance management system

Staff appraisal system help managers to evaluate employee job performance and develop a fair system of pay increases, promotions and deployment. Appraisals in turn can help staff members to improve individual performance and assist the organization in devising or recognizing job functions to better fit the position or the employee.

SLIC is in the process of implementing its Performance Management System with a view to;

- Setting smart objectives/KPIs (qualitative and quantitative) to all departments/ employees in order to measure the level of performance with the objective of establishing a comprehensive development plan to minimize the risk of under performance
- Developing a performance based culture in SLIC in order to increase the productivity of employees
- Establishing a merit based performance management system through human resource information system in order to move with competitive business environment through automation

6. Ageing workforce

Age Analysis

Age Group	Male	Female	%
18-24	58	89	5.53%
25-29	191	234	15.98%
30-34	212	212	15.94%
35-39	257	101	13.46%
40-44	192	76	10.08%
45-49	225	243	17.59%
50-54	166	228	14.81%
55 & Above	61	115	6.62%
Total	1362	1298	

Considering the age analysis displayed above, it is visible that distribution of employees in terms of age and the ageing workforce is continuously rising at SLIC. This could be a risk factor to HR in the future since it is restricting new blood coming into the organization. As such, SLIC should continuously focus on maintaining a balance when filling vacant positions in the organization. On the other hand, SLIC will have to invest in developing its aging employees for supporting their talents, helping them to learn and increase their productivity.

FINANCIAL REPORTS

- 108 – Annual Report of the Board of Directors of the Company
- 112 – Statement of Directors' Responsibility
- 113 – Chief Financial Officer's Statement of Responsibility
- 114 – Certificate of Actuary of the Insurer
- 115 – Liability Adequacy Test
- 116 – Certificate of Incurred But Not (Enough) Reported Claims
- 117 – Independent Auditors' Report
- 120 – Statement of Financial Position
- 122 – Statement of Profit or Loss and Other Comprehensive Income
- 124 – Statement of Changes in Equity
- 130 – Statement of Cash Flows
- 132 – Segmental Review: Statement of Income
- 134 – Segmental Review: Statement of Financial Position
- 136 – Notes to the Financial Statements



One Goal. One Task.

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY

GENERAL

The Board of Directors of the Company has pleasure in presenting their Annual Report to the members together with the audited financial statements for the year ended 31st December 2019 of the Company and the Group and the Auditor's Report on those financial statements confirming the requirements of the Companies Act No. 07 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 as amended and Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995 and amendments made thereon and best practices of corporate governance.

As at 31st December 2019, 99.97% shares are vested with the Secretary to the Treasury on behalf of the Government of Sri Lanka.

Litro Gas Terminal Lanka (Pvt) Ltd, Canowin Hotels and Spas (Pvt) Ltd and Management Services Rakshana (Pvt) Ltd are fully owned subsidiaries of the Company. SLICL has 99.94% shareholding of Litro Gas Lanka Ltd and 51.34% shareholding of The Lanka Hospitals Corporation PLC. In addition, SLIC has 45.95% shareholding of Canwill Holding (Pvt) Ltd.

The registered office and the head office of the Company is at "Rakshana Mandiraya", No. 21, Vauxhall Street, Colombo 02.

This Report was approved by the Board of Directors on 08th June 2020

PRINCIPAL ACTIVITIES OF THE COMPANY & THE GROUP

The Company underwrites life and non-life insurance (general insurance) business in Sri Lanka. There were no major changes to the principal activities of the Company during the year under review.

The principal activity of Litro Gas Terminal Lanka (Pvt) Ltd is storage of Liquid Petroleum Gas (LPG) and Litro Gas Lanka Ltd provides the importation and distribution of LPG in domestic, commercial and bulk form. The Lanka Hospitals Corporation PLC provides health-care services. Management Services Rakshana (Pvt) Ltd provides the payroll management. Primary business of Canwill Holdings (Pvt) Ltd is to manage/invest in hotel projects. Canowin Hotels and Spas (Pvt) Ltd primarily owns and manages the outlets of Southern Expressway.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for preparation and presentation of financial statements of the Company and the Group to reflect true and fair view of its affairs. The Directors' responsibilities include designing, implementing, maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error, selecting and adopting accounting policies and making accounting estimates that are reasonable in the circumstances.

The Directors are of the view that the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, Significant Accounting Policies and notes thereto in the Annual Report have been prepared in conformity with the Sri Lanka Financial Reporting Standards & Lanka Accounting Standards, Regulation of Insurance Industry Act No. 43 of 2000 and Companies Act No. 07 of 2007.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The financial statements for the year ended 31.12.2019 are prepared based on the Sri Lanka Financial Reporting Standards and Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The financial statements of the Group and the Company signed by the Chief Financial Officer and the Directors are given on pages 120-260 in the Annual Report. These financial statements and notes give a true and fair view of the Company's financial position as at 31st December 2019 and of its performance for the year ended on that date.

AUDITOR'S REPORT

The Auditor General was appointed as the External Auditor in terms of article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. Messrs KPMG, a firm of Chartered Accountants, has been appointed by the Auditor General as the qualified auditor to assist the Auditor General in the annual audit of the financial statements of the company for the year ended 31.12.2019, in terms of article 154 (4) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

The Auditor's report on financial statements which form an integral part of the report of the Board of Directors is given on pages 117-119 in the Annual Report.

FEES ON AUDIT AND OTHER RELATED SERVICES

The amount paid as audit fees during the year under review and the amount paid as other related services are given below. The Directors are aware that the auditors do not have any relationship interest in the Company other than those disclosed in this paragraph.

	2019 Rs. '000	2018 Rs. '000
Statutory Audit Fees	6,391	4,338
Audit Related Services	1,380	1,385
Non-audit Related Services	13,390	821

ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are given in the annual report on pages 136-152.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board of Directors of the Company has implemented and oversees the risk management function of the Company. The policies and procedures on risk management are discussed under the risk management chapter on pages 97-106 in this report.

The company has implemented sound internal control policies and procedures and such policies and procedures are monitored by the Internal Audit Department of the Company. Audit and Compliance Committee oversees the internal control function of the Company.

The Board is satisfied with the effectiveness of the internal control and risk management function of the Company for the year under review.

GOING CONCERN

The Board of Directors is satisfied that the Company and the group have adequate resources to continue its operations in the foreseeable future by considering the financial position, performance, cash flows regulatory and statutory factors. Accordingly, going concern basis was adopted in preparing the financial statements.

TURN OVER / GROSS WRITTEN PREMIUM (GWP)

The total turnover of the Company recorded Rs. 48,609 Mn for the year under review and Rs. 44,380 Mn for the comparative figure (2018). The total GWP, Rs. 33,794 Mn comprised of life insurance Gross Written Premium of Rs. 14,820 Mn and non-life insurance Gross Written Premium of Rs. 18,974 Mn for the year 2019. The reported value for total Gross Written Premium in 2018 was Rs. 31,738 Mn out of which life insurance Gross Written Premium was Rs. 13,206 Mn and non-life insurance Gross Written Premium, Rs. 18,532 Mn for the last year. A detailed analysis of the total GWP achieved by the company is given in the financial statements.

FINANCIAL RESULTS AND APPROPRIATIONS

	2019 Rs. '000	2018 Rs. '000
Profit Before Taxation (PBT)	8,205,007	7,150,600
Income Tax Expenses	1,176,052	1,905,805
Profit After Taxation	7,028,955	5,244,795
Other Comprehensive Income	(155,611)	103,523
Adjustments	79,331	225
Transfers to Shareholders	-	300,000
Current year profit allocated to shareholder in the from of AFS	(253,692)	(163,808)
Unappropriated Profit Brought Forward	24,840,496	22,897,095
Profits Available for Appropriation	31,539,479	28,381,830
Appropriation		
Dividends Paid	1,720,720	1,853,206
Surplus attributable to Shareholders from Life Insurance	2,371,374	1,688,127
Un appropriated Profit Carried Forward	27,447,385	24,840,497

DIVIDENDS

The Board has declared the first interim dividend of Rs. 0.42 per share (totaling a sum of Rs. 251,892,144.00) for the financial year 2019. The Board has declared the Second Interim Dividend of Rs. 1.67 per share (totaling a sum of Rs. 1,001,571,144.00), for the year ended 31st December 2019. Further, the Board of Directors recommends a final dividend of Rs. 1.16 per share per share (totaling Rs. 695,702,112), payable in to holders of issued and paid-up ordinary shares of the Company as at the close of business on 30th June 2020.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for the said interim dividends and the final dividend declared. The solvency certificates were obtained from the Auditors.

The dividend of Rs. 3.25 per share amounting to Rs. 1,949,165,400 was declared for the year 2019. The dividend of Rs. 3.06 per share amounting to Rs. 1,835,214,192 was declared for the year 2018.

DONATION

During the year 2019 the company made Rs. 1.5 Mn as donations.

PROVISION FOR TAXATION

The tax position in the company is disclosed on page 202 in the financial statements.

RESERVES

The movement in reserves during the year is set out in the Statement of the Changes in Equity Statement on pages 124-129.

INSURANCE LIABILITIES & PROVISIONS

The Directors have taken all reasonable steps to ensure adequate provisioning for unearned premiums and claims outstanding including provisions for Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) in non-life insurance. The Directors have also consulted an independent Actuary in the process of valuing IBNR and IBNER reserves and his report is given in the Annual Report on pages 114-116.

Gratuity liability was also valued by an independent Actuary as required by the LKAS 19 Employee Benefits.

As at the date of this report, the Directors are not aware of any circumstances, which would render inadequate provisions made in the financial statements.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The directors and officers are covered by directors and officers Liability Insurance Policy.

INVESTMENTS

The amount of investments held by the company as at 31.12.2019 amounted to Rs 185,185 Mn (2018 - Rs. 172,296 Mn). A detailed breakup of the investments held is disclosed on pages 153-167 in the financial statements.

PROPERTY, PLANT AND EQUIPMENT

The details of Property, Plant and Equipment are given on pages 167-179 in the Annual Report.

MARKET VALUE OF FREEHOLD PROPERTIES

The Company uses the cost method as the accounting policy for recording Property, Plant and Equipment other than Land and Building. The Company's policy for revaluing the assets is once in every two years. Accordingly, the Land and Buildings were revalued in financial year 2018 by M/S FM Valuers. Such assets were valued on an open market value for existing use basis. The results of such revaluation were incorporated in the financial statements from its effective date which is 31.12.2018.

EVENTS OCCURRING AFTER THE REPORTING DATE

There have not been any material events that occurred subsequent to the reporting date which require adjustments to or disclosure in the financial statements, other than disclosed in Notes to the financial statements.

RELATED PARTY TRANSACTIONS

The Related Party transactions as per the Sri Lanka Accounting standards (LKAS) 24, Related Party Disclosures, which is adopted in the preparation of the financial statements are given on pages 224-231 in this annual Report.

DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

The Directors' interests in contracts are disclosed in the financial Statements. These interests have been duly disclosed at the meeting of Directors. Directors do not hold any shareholding of the Company.

DIRECTORS' REMUNERATIONS

The Directors' fees and emoluments paid during the year was Rs.5.4 Mn and the figure reported in the last year (2018) was Rs. 6.3 Mn.

STATED CAPITAL

The Stated Capital of the Company as at 31st December 2019 was Rs. 6,000 Mn, in Compliance with the Companies Act No. 07 of 2007. As at 31.12.2019, 99.97% shares were vested with the Secretary to the Treasury on behalf of the Government of Sri Lanka.

STATUTORY PAYMENTS

The Directors to the best of knowledge and belief are satisfied that all statutory payments in relation to the Government, the Insurance Regulatory Commission of Sri Lanka (IRCSL) and in relation to the employees have been made on time.

INTANGIBLE ASSETS

Intangible Assets as at 31.12.2019 have been recorded in the financial statements of the Company on page 186.

ENVIRONMENT

The Company operates with the relevant environmental laws and regulations and has not engaged in any harmful activities.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has complied with all applicable laws and regulations during the financial year as otherwise disclosed in the Independent Auditors' Report. The compliance department monitors the compliance functions of the company and reports to the Audit and Compliance Committee.

THE APPROVAL OF THE FINANCIAL STATEMENTS

The audited financial statements were approved by the Board of Directors on 08th June 2020.

The Board of Directors as at reporting date is as follows:

Mr. Jagath Wellawatta
Mr. K A Vimalenthirarajah
Mr. Anil Koswatta
Mr. Anil Meegahagedera
Mr. Nishantha Dayananda
Ms. J Surekha Alles
Ms. K.D.R. Olga

Mr. P Abeysinghe who was appointed w.e.f 06.02.2019 resigned w.e.f 24.06.2019. Mr. P Algama, Mr. Saadi A Wadood, Mr. Anton Perera, Mr. P Jayamaha, Mr. P Hettiarachchi and Dr. S Keeragala ceased to be effective w.e.f 26.02.2019.

Mr. K.A. Vimalenthirarajah was appointed to the board as the Chairman w.e.f. 26/02/2019. Further, Messrs. Athula Siri Ranagala, Thusitha Halloluwa, were appointed to the Board as Board Members and Mr. D.M. Dushyanta B. Basnayake was appointed to the Board as the Executive Director w.e.f. 26/02/2019 and he was appointed as the Managing Director to the Board of Sri Lanka Insurance Corporation Ltd w.e.f. 15/05/2019 and Dr. Trevor Mendis was appointed to the Board as Board Member w.e.f. 30/07/2019. Further, Messrs. Athula Siri Ranagala, Thusitha Halloluwa and Dr. Trevor Mendis resigned w.e.f. 04/12/2019 and Mr. Dushyanta Basnayake resigned w.e.f. 02/12/2019. Further, Mr. K.A. Vimalenthirarajah continues as a Director to the Board and Mr. R.M. Ananda Ratnayake and Ms. K.V.C. Dilrukshi were appointed to the Board as Board Members w.e.f. 04/12/2019 and Mr. R.M. Ananda Ratnayake ceased to be a Directors w.e.f. 26/12/2019. Ms. K.V.C Dilrukshi ceased to be a director w.e.f 02/01/2020. Mr. Jagath Wellawatta was appointed to the Board as the Chairman w.e.f. 26/12/2019 and Mr. Anil Koswatta,

Mr. Anil Meegahagedera and Mr. Nishantha Dayananda were appointed to the Board as Board members w.e.f. 26/12/2019 and Ms. J. Surekha Alles was appointed to the Board as a Board Member w.e.f. 02/01/2020. Further, Ms. K D Rosemary Olga, was appointed to the Board w.e.f. 29/01/2020 as a Board Member to the Board of Directors of SLIC.


ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 30th June 2020 at the Auditorium of the Company at its registered office at No.21, Vauxhall Street, Colombo 02.

ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by section 168 (1) (k) of the Companies Act, No. 07 of 2007, the Board of Directors does hereby acknowledge the contents of this report.

By Order of the Board



B A Ruwani Dharmawardana
Company Secretary

FOR BOARD OF DIRECTORS



Jagath Wellawatta
Chairman



K A Vimalenthirarajah
Director
08th June 2010

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors, in relation to the Financial Statements, is set out in the following statement. The responsibility of the auditors, in relation to the Financial Statements, is set out in the Report of the Auditors in the Annual Report.

Directors are of the view that the Financial Statements have been prepared under the Generally Accepted Accounting Principles and in conformity with the requirements of SLFRSs/LKASs, the Companies Act, No. 07 of 2007 and the Regulation of Insurance Industry Act, No. 43 of 2000.

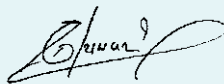
The Directors confirm that appropriate accounting policies have been consistently applied and supported by prudent judgments and estimates in the preparation of Financial Statements. Further, the Directors ensure that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements. In addition, the Directors have confirmed that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company.

In addition, the Directors have taken all reasonable steps to ensure adequate provisioning for Unearned Premium, Unexpired Risks, Outstanding Claims including Claims Incurred But Not Reported, Incurred But Not Enough Reported and Receivables.

The Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and all contributions and taxes payable on behalf of employees of the Company and all other known statutory dues, as at the Balance Sheet date, have been paid or provided for.

The Directors adopted a report from the actuary on which bonus payable to policyholders and the surplus available to shareholders in the Life Insurance business, were determined.

By Order of the Board,



B A Ruwani Dharmawardana
Company Secretary
08th June 2020

CHIEF FINANCIAL OFFICER'S STATEMENT OF RESPONSIBILITY

The Financial Statements of Sri Lanka Insurance Corporation Ltd. (the Company) and the Consolidated Financial Statements of the Company and Subsidiaries (the Group) as at 31st December 2019 were prepared and presented in compliance with the requirements of the following.

- i. Sri Lanka Financial Reporting Standards (SLFRS/LKASs) issued by the ICASL
- ii. The Companies Act No. 07 of 2007
- iii. Insurance Industry Act No. 43 of 2000.

The formats used in the preparation of the Financial Statements and disclosures made therein comply with the formats prescribed by the relevant regulators, which are also in compliance with the disclosure requirements of the Sri Lanka Accounting Standards.

We confirm that to the best of our knowledge, the Financial Statements, Significant Accounting Policies and other financial information included in this Annual Report, fairly represents, in all material respects, the financial condition, and results of the operations and the cash flow of the Company during the year under review. In addition, we confirm that the Company has adequate resources to continue its operations and has applied the going concern basis in preparing these Financial Statements.

The Board of Directors is responsible for ensuring that management fulfils its financial reporting responsibilities. As the

Chief Financial Officer, I am responsible for having established and maintaining adequate accounting policies, procedures and internal controls over financial reporting. Management has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. Management believes that the internal controls provide reasonable assurance that the financial records are reliable and form a proper basis for preparing the Financial Statements, and that the assets are properly accounted for and safeguarded. The SLIC internal Auditors also conduct periodic Reviews to ensure that the internal controls and procedures are consistently followed.

The Board of Directors has appointed an Audit and Compliance Committee, which is headed by an Independent Director. The Audit and Compliance Committee has reviewed internal audit function, audit follow up committee reports and Financial Statements. The Financial Statements have been audited, on behalf of the shareholders, by the Auditor General, in pursuance of provisions in Article 154 (1) of the constitution of the Democratic Socialist Republic of Sri Lanka. The Independent Auditor has full and free access to the Audit and Compliance Committee and may meet with or without the presence of the Management.

We confirm to the best of our knowledge that –

- i. The Company has complied with all applicable laws, rules and regulations and guidelines as otherwise expressed in the Notes to the Financial Statements.
- ii. There are no material non-compliances as otherwise expressed in the Notes to the Financial Statements and replace of the Auditor General.
- iii. All taxes, duties and all statutory payments by the Company and all contributions and taxes payable on behalf of and in respect of the employees of the Company as at the reporting date have been paid, or where relevant provided for.
- iv. Reserving and solvency guidelines have been complied with and total reserves are backed by matching admissible assets.
- v. The equity capital meets the set minimum capital requirements in accordance with the applicable regulations.



Malanie Tennakoon
Chief Financial Officer
08th June 2020

CERTIFICATE OF ACTUARY OF THE INSURER



Private and Confidential

29 May 2020
The Board of Directors
Sri Lanka Insurance Corporation Limited
No. 21, Vauxhall Street,
Colombo 02,
Sri Lanka

Actuarial Valuation of the Long Term Insurance Business as at 31 December 2019

In accordance with the engagement letter dated 26 April 2019, Willis Towers Watson India Private Limited ("Willis Towers Watson", "we", "our" or "us") has carried out an actuarial review of the valuation of long term insurance liabilities of Sri Lanka Insurance Corporation Limited's Long Term Insurance Business as at 31 December 2019.

We hereby certify that:

1. Reasonable steps have been taken by the Company to ensure that data used for the actuarial valuation of the liabilities of the Long Term Insurance Fund is complete and accurate.
2. Adequate and proper reserves have been provided as at 31 December 2019, for all liabilities in respect of the Long Term Insurance Fund, taking into account all current and contingent liabilities as at that date.
3. The total long term insurance provision maintained within the life fund on distribution basis is LKR 69,380 million. The value of assets held within the life fund is LKR 120,393 million on IRCSL basis and LKR 118,215 million on SLFRS basis. The gross surplus transferred to the shareholder fund from life fund is LKR 1,411 million during 2019. The gross surplus allocated for bonus declaration to policyholders during 2019 from participating fund is LKR 1,900 million. Subsequent to the shareholder transfers and post-tax, the life fund is LKR 118,945 million on IRCSL basis and LKR 116,767 million on SLFRS basis as at 31 December 2019.

Kunj Behari Maheshwari, FIA, FIAI
Director, Insurance Consulting and Technology, India
Willis Towers Watson India Private Limited
E-mail: kunj.maheshwari@willistowerswatson.com

Signature:

A handwritten signature in black ink, appearing to read 'Kunj Maheshwari', written over a horizontal line.

Place: India

Date: 29 May 2020

Willis Towers Watson India Private Limited
Registered Office:
2nd floor, Tower B, Unitech Business Park,
South City – 1, Sector 41,
Gurugram 122001
India

T +91 124 432 2800
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E TW.Fin.India@willistowerswatson.com
W willistowerswatson.com



Private and Confidential

22 April 2020
The Board of Directors
Sri Lanka Insurance Corporation Limited
No. 21, Vauxhall Street,
Colombo 02,
Sri Lanka

Liability Adequacy Test

1. The Sri Lanka Accounting Standard 'SLFRS 4, Insurance Contracts' prescribes that an insurer shall assess at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash-flows under its insurance contracts. Willis Towers Watson has undertaken a liability adequacy test for long term insurance provisions maintained within the life fund of Sri Lanka Insurance Corporation Limited as contemplated by SLFRS 4.
2. In carrying out the liability adequacy test, we have compared the provisions held as per the audited accounts with the actuarial liability. For this purpose, the value of the actuarial liability is computed following the principles laid out within the risk based capital framework as prescribed by the IRCSL (erstwhile IBSL) [the Solvency Margin (Risk Based Capital) Rules 2015], whereby liabilities are valued using a discounted cash-flow approach covering the full lifetime of all the cash in- and out-flows required to settle the obligations related to existing in-force insurance contracts.
3. The projections are based on in-force policies and riders as at 31 December 2019.
4. Based on the checks undertaken, I certify:
 - that the valuation of actuarial liability is based on internationally accepted actuarial methods and adheres to the requirements under SLFRS 4;
 - that the assumptions used for such valuation are reasonable estimates based on available experience studies and after allowing for suitable margins for adverse deviation; and
 - that the long term insurance provisions maintained within the life fund of Sri Lanka Insurance Corporation Limited as per the audited accounts of the Company for the year ended 31 December 2019 is in excess of the liabilities computed in the above mentioned manner.

Kunj Behari Maheshwari, FIA, FIAI
Director, Insurance Consulting & Technology, India
Willis Towers Watson

Signature:

A handwritten signature in black ink, appearing to read 'Kunj Behari Maheshwari', written over a horizontal line.

Place: India

Date: 22 April 2020

Willis Towers Watson India Private Limited
Registered Office:
2nd floor, Tower B, Unitech Business Park,
South City – 1, Sector 41,
Gurugram 122001
India

T +91 124 432 2800
F +91 124 432 2801
E TW.Fin.India@willistowerswatson.com
W willistowerswatson.com

CERTIFICATE OF INCURRED BUT NOT (ENOUGH) REPORTED CLAIMS



6 April 2020

To the shareholders of Sri Lanka Insurance Corporation Limited

SRI LANKA INSURANCE CORPORATION LIMITED 31 DECEMBER 2019 NET IBNR AND LAT CERTIFICATION

I hereby certify that the 75% confidence level IBNR provision of LKR 1,853,485,717 is adequate in relation to the Claim Liability of Sri Lanka Insurance Corporation Limited as at 31 December 2019, net of reinsurance (undiscounted). This IBNR provision, together with the Case Reserves held by the Company, is expected to be adequate at a 75th percentile to meet the future liabilities, including the claim handling expenses, in respect of the Company's incurred claims obligations as at 31 December 2019, in many but not all scenarios of future experience.

At the end of each reporting period, companies are required to carry out a Liability Adequacy Test (LAT) as laid out in SLFRS4. The LAT is performed to assess the adequacy of the carrying amount of the Unearned Premium Reserve (UPR). I hereby certify that the UPR provision of LKR 9,337,183 set by the Company, net of reinsurance, is adequate at a 50th percentile in relation to the unexpired risks of Sri Lanka Insurance Corporation Limited as at 31 December 2019, in many but not all scenarios of future experience. As such, there is no premium deficiency to be recognised by the Company.

The results have been determined in accordance with internationally accepted actuarial principles.

I have relied upon information and data provided by the management of the above Company and I have not independently verified the data supplied, beyond applying checks to satisfy myself as to the reasonableness of the data.

A handwritten signature in black ink, appearing to read 'S. Kumar', written over a horizontal line.

Sivaraman Kumar

Fellow of the Institute and Faculty of Actuaries (FIA)

For and on behalf of NMG Financial Services Consulting

Dated 6 April 2020



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல. } BAF/E/SLIC/FA/2019

ඔබේ අංකය
உமது இல. }

දිනය
திகதி } 08 June 2020

Chairman
Sri Lanka Insurance Corporation Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Insurance Corporation Limited and its subsidiaries for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. FINANCIAL STATEMENTS

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Insurance Corporation Limited ("Company") and the Consolidated Financial Statements of the Company and its Subsidiaries ("Group") for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction

with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

According to the judgment delivered by Supreme Court of Sri Lanka on 4th June 2009, the legal ownership of the majority of shares of the Company was vested with the Secretary to the Treasury to be held on behalf of the Government of Sri Lanka. Further, according to the said judgment, the Secretary to the Treasury was directed to cause profits of the Company during the period Distilleries Company of Sri Lanka PLC was the parent of the Company, be computed and the

profits attributable to the previous parent be settled. No adjustments have been made in the Financial Statements pending determination of the aforesaid attributable profits.

In the absence of confirmation of balances, I was unable to satisfy myself by alternative means concerning amount receivable from Distilleries Company of Sri Lanka PLC Group of Companies amounting to Rs.175.926 Mn as at reporting date. Accordingly, I am unable to verify the completeness, existence and accuracy of the amounts receivable and was unable to determine whether adjustment might be necessary to the financial statements for the year ended 31 December 2019.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.





Emphasis of Matter

Without qualifying my opinion, I draw attention to the note 6.2 to the financial statements which describe that during the year Management assessed the impairment of each subsidiary and identified an impairment of Rs. 100,641,789 in respect of investment in the Canwill Holdings (Pvt) Ltd. However the value of land and building of Sino Lanka (Pvt) Ltd, a fully owned subsidiary of Canwill Holdings (Pvt) Ltd was based on the valuation performed on 10 April 2019 and no assessment was obtained from the valuer for the fair value as of 31 December 2019.

Also I draw attention to note no 49 to the financial statements which describes that the Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Group is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Group.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required



to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the

Company as per the requirement of section 163 (1) (d) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

- The financial statements of the Company comply with the requirement of section 151 of the Companies Act, No. 07 of 2007.
- The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented had not included the recommendations made by me in the previous year which are repeated in this report under basis for qualified opinion, as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained which were limited to matters that are material, nothing has come to my attention;

- to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018;

- to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018
- to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018;
- to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

W.P.C. Wickramaratne
Auditor General

STATEMENT OF FINANCIAL POSITION

Sri Lanka Insurance Corporation Ltd.
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As at 31 December	Note	Group		Company	
		2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Assets					
Financial investments	5	164,732,428	152,831,539	162,150,029	150,057,778
Investment in subsidiaries	6	-	-	20,823,892	21,085,905
Investment in associates	7	148,509	143,646	148,509	143,646
Property, plant & equipment	8	52,346,702	52,381,973	11,073,931	11,165,910
Right of use assets	9	2,367,672	-	592,052	-
Leasehold property	10	-	408,769	-	168,484
Investment properties	11	2,571,466	2,505,679	1,719,966	1,719,966
Intangible assets	12	3,135,380	3,170,690	66,562	83,828
Loans to policyholders	13	1,803,439	1,639,851	1,803,439	1,639,851
Reinsurance receivable	14	1,679,053	2,363,714	1,679,053	2,363,714
Premium receivable	15	4,034,109	3,853,445	4,034,109	3,853,445
Deferred tax assets	16	324	80	-	-
Other assets	17	8,428,432	8,003,338	3,802,514	3,833,081
Deferred expenses	18	561,022	543,481	561,022	543,481
Cash and cash equivalents	19	22,969,711	15,942,826	3,244,666	1,999,188
Total Assets		264,778,247	243,789,031	211,699,744	198,658,277
Liabilities and Shareholders' Equity					
Equity					
Stated capital	20	6,000,000	6,000,000	6,000,000	6,000,000
Regulatory restricted reserves		98,237	98,237	98,237	98,237
Revaluation reserve	21	13,058,735	11,109,100	7,354,173	8,348,502
Available-for-sale reserve	22	9,472,362	12,267,185	9,472,362	12,267,185
Revenue reserves	23	53,711,450	50,613,506	39,348,225	34,369,961
Total Equity Attributable to Equity Holders of the Company		82,340,782	80,088,028	62,272,997	61,083,885
Non-controlling interest		8,767,718	8,226,474	-	-
Total Equity		91,108,503	88,314,502	62,272,997	61,083,885

As at 31 December	Note	Group		Company	
		2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Liabilities					
Insurance provision - Life	24	119,167,865	108,005,959	119,167,865	108,005,959
Insurance provision - Non-life	25	16,648,028	17,806,429	16,648,028	17,806,429
Reinsurance payable		1,327,660	854,200	1,327,660	854,200
Current tax liabilities	26	1,350,734	1,728,770	916,466	1,551,819
Deferred tax liabilities	16	7,871,499	6,408,584	3,344,700	2,627,711
Right of use liabilities	9	1,992,268	-	464,995	-
Retirement benefit obligations	27	2,344,273	1,777,986	1,819,815	1,398,244
Other liabilities	28	20,585,514	17,937,240	5,191,044	4,721,444
Financial liabilities	29	2,381,904	955,361	546,174	608,586
Total Liabilities		173,669,744	155,474,529	149,426,747	137,574,392
Total Liabilities and Equity		264,778,247	243,789,031	211,699,744	198,658,277

The accounting policies and notes on pages 136 to 260 form an integral part of these Financial Statements.

These financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



Malanie Tennakoon
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors;



Jagath Wellawatta
Chairman



K A Vimalenthirarajah
Director

08th June 2020
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Sri Lanka Insurance Corporation Ltd.
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For The Year Ended 31 December		Group		Company	
	Note	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Revenue	30	98,779,167	92,103,275	48,608,572	44,379,869
Gross Written Premium	31	33,631,572	31,588,215	33,794,348	31,737,894
Change in reserve for gross unearned premium		(400,274)	1,102,086	(400,274)	1,102,086
Gross Earned Premium		33,231,298	32,690,301	33,394,074	32,839,980
Premium ceded to reinsurers		(3,715,493)	(3,282,325)	(3,715,493)	(3,282,325)
Change in reserve for unearned reinsurance premium		93,481	(1,553,040)	93,481	(1,553,040)
Net Earned Premium		29,609,286	27,854,937	29,772,062	28,004,616
Revenue from other operations	31.1	50,685,169	46,057,427	-	-
Total Revenue		80,294,455	73,912,364	29,772,062	28,004,616
Other Income					
Investment income	32	16,954,587	14,372,021	17,671,505	13,058,640
Fees and commission income	33	89,310	53,662	89,311	53,662
Unrealized gains/losses	34	(394,722)	1,736,964	(56,456)	1,976,197
Other income	35	1,835,537	2,028,264	1,132,150	1,286,754
Total Other Income		18,484,712	18,190,911	18,836,510	16,375,253
Total Net Revenue		98,779,167	92,103,275	48,608,572	44,379,869
Benefits, Losses and Expenses					
Net benefits and claims	36	(16,623,697)	(17,754,649)	(16,623,697)	(17,754,649)
Underwriting and net acquisition costs (including reinsurance)	37	(2,986,186)	(2,497,873)	(2,986,186)	(2,497,873)
Change in contract liabilities - life fund		(11,659,844)	(8,154,201)	(11,659,844)	(8,154,201)
Other operating and administrative expenses	38	(20,026,730)	(14,584,079)	(9,133,838)	(8,822,546)
Cost of services of subsidiaries		(39,119,884)	(38,690,904)	-	-
Net Benefits, Losses and Expenses		(90,416,341)	(81,681,706)	(40,403,565)	(37,229,269)
Profit Before Tax		8,362,826	10,421,569	8,205,007	7,150,600
Income tax expense	39	(3,848,989)	(2,818,669)	(1,176,052)	(1,905,806)
Net Profit for the year		4,513,837	7,602,900	7,028,955	5,244,795

For The Year Ended 31 December		Group		Company	
	Note	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Gain/(loss) on revaluation of property, plant and equipment		4,052,095	2,291,973	-	2,269,573
Deferred tax effect on revaluation of property, plant and equipment	39.2	(914,998)	(1,585,343)	(914,998)	(1,585,343)
Actuarial gains/(losses) on retirement benefit obligations		(251,471)	122,742	(182,233)	121,234
Deferred tax effect on actuarial gains/(losses)	39.2	36,601	(18,106)	26,622	(17,711)
Items that are or may be reclassified subsequently to profit or loss					
Net change in fair value of available-for-sale financial assets		(3,437,318)	(5,401,953)	(3,437,318)	(5,401,953)
Deferred tax effect on fair value of available for sale reserve	39.2	36,311	2,839	36,311	2,839
Other comprehensive income for the year, net of tax		(478,780)	(4,587,847)	(4,471,617)	(4,611,360)
Total comprehensive income for the Year		4,035,057	3,015,053	2,557,338	633,434
Profit for the year attributable to:					
Equity holders of the company		5,077,984	7,250,432	7,028,955	5,244,795
Non-controlling interest		(564,147)	352,468	-	-
Net Profit for the year		4,513,837	7,602,900	7,028,955	5,244,796
Total comprehensive income attributable to:					
Equity holders of the company		3,532,948	2,652,925	2,557,338	633,434
Non-controlling interest		502,109	362,128	-	-
Total comprehensive income for the year		4,035,057	3,015,053	2,557,338	633,434
Basic / Diluted Earning per share (Rs.)	40	8.46	12.08	11.72	8.74
Dividend per share (Rs.)	41	3.25	3.06	3.25	3.06

The accounting policies and notes on pages 136 to 260 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

Sri Lanka Insurance Corporation Ltd.
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For The Year Ended 31 December 2019				
Group	Stated Capital	Revaluation Reserve	General Reserve	Available-For- Sale Reserve
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January 2018	6,000,000	10,442,923	643,442	16,227,399
Total Comprehensive Income for the year				
Profit for the year	-	-	-	-
Other comprehensive income	-	698,924	-	(5,399,114)
Total Comprehensive Income for the year	-	698,924	-	(5,399,114)
Transaction with Owners of the Company recorded directly in equity				
Transfer of revaluation reserve on disposal of property, plant and equipment	-	(7,356)	-	-
Transfer from Life shareholder fund to General shareholder fund	-	-	-	-
Surplus Attributable to Shareholders from Life Insurance	-	-	-	-
Depreciation transfer on surplus on revaluation of building	-	(25,391)	-	-
Adjustment of prior year depreciation charges	-	-	-	-
Current year profit transfer allocated to shareholders in the form of AFS	-	-	-	-
Dividend paid	-	-	-	-
Transferred AFS Reserves - Life Fund	-	-	-	1,438,900
Balance as at 31 December 2018	6,000,000	11,109,100	643,442	12,267,185

Unrestricted Reserve Rs. '000	Regulatory Restricted Reserves Rs. '000	Surplus from Life Insurance Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Equity Rs. '000
466,179	98,237	7,031,718	37,103,095	78,012,991	8,077,450	86,090,443
-	-	-	7,250,432	7,250,432	352,468	7,602,900
-	-	-	102,683	(4,597,506)	9,659	(4,587,847)
-	-	-	7,353,115	2,652,926	362,127	3,015,053
-	-	-	7,356	-	-	-
-	-	(300,000)	300,000	-	-	-
-	-	1,688,127	(1,688,127)	-	-	-
-	-	-	25,391	-	-	-
-	-	-	225	225	-	225
-	-	-	(163,808)	(163,808)	-	(163,808)
-	-	-	(1,853,206)	(1,853,206)	(213,103)	(2,066,309)
-	-	-	-	1,438,900	-	1,438,900
466,179	98,237	8,419,845	41,084,041	80,088,028	8,226,474	88,314,502

For The Year Ended 31 December 2019 Group	Stated Capital	Revaluation Reserve	General Reserve	Available-For- Sale Reserve
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January 2019	6,000,000	11,109,100	643,442	12,267,185
Total Comprehensive Income for the year				
Profit for the year	-	-	-	-
Other comprehensive income	-	2,063,877	-	(3,401,007)
Total Comprehensive Income for the year	-	2,063,877	-	(3,401,007)
Transaction with Owners of the Company recorded directly in equity				
Transfer of revaluation reserve on disposal of property, plant and equipment	-	(9,519)	-	-
Surplus attributable to Shareholders from Life Insurance	-	-	-	-
Current year profit transfer allocated to Shareholders in the form of AFS	-	-	-	-
Depreciation transfer on surplus on revaluation of building	-	(25,392)	-	-
Gain on Asset Disposal	-	(79,331)	-	-
Effect of change in percentage holding in subsidiaries	-	-	-	-
Dividend paid	-	-	-	-
Transferred AFS Reserves - Life Fund	-	-	-	606,185
Balance as at 31 December 2019	6,000,000	13,058,735	643,442	9,472,363

The accounting policies and notes on pages 136 to 260 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with related notes, which form an integral part of these Financial Statements.

Unrestricted Reserve Rs. '000	Regulatory Restricted Reserves Rs. '000	Surplus from Life Insurance Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Equity Rs. '000
466,179	98,237	8,419,845	41,084,041	80,088,028	8,226,474	88,314,502
-	-	-	5,077,985	5,077,985	(564,147)	4,513,837
-	-	-	(207,906)	(1,545,036)	1,066,256	(478,780)
-	-	-	4,870,078	3,532,949	502,109	4,035,057
-	-	-	9,519	-	-	-
-	-	2,371,374	(2,371,374)	-	-	-
-	-	-	(253,692)	(253,692)	-	(253,692)
-	-	-	25,392	-	-	-
-	-	-	79,331	-	-	-
-	-	-	88,034	88,034	216,850	304,884
-	-	-	(1,720,720)	(1,720,720)	(177,716)	(1,898,436)
-	-	-	-	606,185	-	606,185
466,179	98,237	10,791,219	41,810,610	82,340,785	8,767,718	91,108,503

For The Year Ended 31 December 2019				
Company	Stated Capital	Revaluation Reserve	General Reserve	Available- For-Sale Reserve
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January 2018	6,000,000	7,664,272	643,442	16,227,399
Total Comprehensive Income for the Year				
Profit for the year	-	-	-	-
Other comprehensive income	-	684,231	-	(5,399,115)
Total Comprehensive Income for the Year	-	684,231	-	(5,399,115)
Transaction with Owners of the Company recorded directly in equity				
Current year profit transfer allocated to shareholders in the form of AFS	-	-	-	-
Transfer from Life shareholder fund to General shareholder fund	-	-	-	-
Surplus attributable to shareholders from life insurance	-	-	-	-
Adjustment of prior year depreciation charges	-	-	-	-
Dividend paid	-	-	-	-
Transferred AFS Reserves - Life Fund	-	-	-	1,438,900
Balance as at 31 December 2018	6,000,000	8,348,503	643,442	12,267,184
Balance as at 01 January 2019	6,000,000	8,348,503	643,442	12,267,184
Total Comprehensive Income for the Year				
Profit for the year	-	-	-	-
Other comprehensive income	-	(914,998)	-	(3,401,007)
Total Comprehensive Income for the Year	-	(914,998)	-	(3,401,007)
Transaction with owners of the Company recorded directly in equity				
Gain on Asset Disposal	-	(79,331)	-	-
Surplus attributable to shareholders from life insurance	-	-	-	-
Current year profit transfer allocated to Shareholders in the form of AFS	-	-	-	-
Dividend paid	-	-	-	-
Transferred AFS Reserves - Life Fund	-	-	-	606,185
Balance as at 31 December 2019	6,000,000	7,354,173	643,442	9,472,362

The accounting policies and notes on pages 136 to 260 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Unrestricted Reserve Reserves Rs. '000	Regulatory Restricted Insurance Rs. '000	Surplus from Life Insurance Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
466,179	98,237	7,031,717	22,897,096	61,028,340
-	-	-	5,244,796	5,244,795
-	-	-	103,523	(4,611,360)
-	-	-	5,348,320	633,435
-	-	-	(163,808)	(163,808)
-	-	(300,000)	300,000	-
-	-	1,688,127	(1,688,127)	-
-	-	-	225	225
-	-	-	(1,853,206)	(1,853,206)
-	-	-	-	1,438,900
466,179	98,237	8,419,845	24,840,496	61,083,885
466,179	98,237	8,419,845	24,840,496	61,083,885
-	-	-	7,028,955	7,028,955
-	-	-	(155,611)	(4,471,616)
-	-	-	6,873,344	2,557,338
-	-	-	79,331	-
-	-	2,371,374	(2,371,374)	-
-	-	-	(253,692)	(253,692)
-	-	-	(1,720,720)	(1,720,720)
-	-	-	-	606,185
466,179	98,237	10,791,219	27,447,386	62,272,997

STATEMENT OF CASH FLOWS

Sri Lanka Insurance Corporation Ltd.
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For The Year Ended 31 December	Group		Company	
	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities				
Premium received from customers	33,687,578	31,119,784	33,687,578	31,299,689
Reinsurance premium paid	(2,830,526)	(4,603,961)	(2,830,526)	(4,603,961)
Insurance claims and benefits paid	(18,458,462)	(19,442,142)	(18,458,462)	(19,442,142)
Reinsurance receipts in respect of claims and benefits	1,080,769	185,636	1,080,769	185,636
Cash receipts from debtors	51,790,042	45,479,653	908,784	1,202,643
Cash paid to and on behalf of employees	(8,127,225)	(7,623,869)	(4,683,890)	(4,663,344)
Interest received	15,082,977	13,126,198	12,034,555	10,828,155
Dividend received	821,537	1,025,402	3,387,570	1,264,130
Other operating cash payments	(46,244,826)	(43,833,805)	(6,473,565)	(5,822,310)
Cash flows from operating activities	26,801,865	15,432,897	18,652,813	10,248,496
Retiring gratuity paid	(67,010)	(87,450)	(43,643)	(60,578)
Income tax paid	(3,214,472)	(1,426,245)	(1,356,625)	(542,707)
Net cash from operating activities	23,520,383	13,919,202	17,252,545	9,645,211
Cash flows from investing activities				
Acquisition of financial investments	(54,485,748)	(67,382,698)	(54,485,748)	(67,382,698)
Proceeds from financial investments	40,554,310	59,022,329	40,554,310	59,022,329
Proceeds from disposal of property, plant & equipment	112,440	1,058,998	-	4,949
Acquisition of property, plant & equipment	(1,407,520)	(4,358,766)	(334,083)	(243,209)
Acquisition of investment property	(46,062)	(3,104)	-	-
Premium paid on leasehold land	-	(18,547)	-	-
Interest on loans granted to policyholders	1,673,482	(1,513,152)	-	(1,513,152)
Settlement of loans by policyholders	(1,909,203)	1,764,340	-	1,764,340
Acquisition of intangible assets	(5,123)	(51,383)	-	(31,715)
Net cash used in investing activities	(15,513,425)	(11,481,982)	(14,265,521)	(8,379,155)
Cash flows from financing activities				
Dividend paid	(1,898,436)	(2,066,309)	(1,720,720)	(1,853,206)
Lease rental paid	(474,639)	-	-	-
Proceeds from borrowings	1,498,481	-	-	-
Net cash used in financing activities	(874,594)	(2,066,309)	(1,720,720)	(1,853,206)
Effect of exchange rate changes on cash and cash equivalents	41,587	15,163	41,587	15,163
Net increase/(decrease) in cash and cash equivalents	7,173,951	386,075	1,307,889	(571,987)
Cash and cash equivalents at the beginning of the year	14,987,469	14,601,394	1,390,603	1,962,589
Cash and cash equivalents at the end of the year	22,161,421	14,987,469	2,698,492	1,390,603

For The Year Ended 31 December	Group		Company		
	Note	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Cash and cash equivalents at the end of the year					
Cash at bank & in hand	18	8,559,748	1,733,162	1,182,029	990,029
Short term investments	18	14,409,963	14,209,668	2,062,637	1,009,160
Bank overdraft	28	(808,290)	(955,361)	(546,174)	(608,586)
		22,161,421	14,987,469	2,698,492	1,390,603

*The above reported overdraft amount of the company mainly includes unrepresented cheques and it is only a book balance.

Figures in brackets indicate deductions.

The accounting policies and notes on pages 136 to 260 form an integral part of these Financial Statements.

A RECONCILIATION OF OPERATING PROFIT WITH CASH FLOW FROM OPERATING ACTIVITIES

	Company	
	2019 Rs. '000	2018 Rs. '000
Profit from operations	5,101,400	4,396,994
Increase in Long Term Insurance Fund	14,877,118	10,907,807
Depreciation charge	437,762	311,330
Provision for impairment of property, plant & Equipment	-	90,513
Profit on sale of investments	(1,092,945)	(220,421)
Gratuity provision	465,214	113,463
Gain/(loss) on foreign exchange transaction	56,456	(1,976,197)
Fair value of investment property	-	(129,600)
Gain or loss from disposal of assets	-	(5,907)
(Increase)/decrease in debtors	(796,149)	(2,248,537)
Increase/(decrease) in unearned premium	398,231	481,179
Increase/(decrease) in claims provisions	(1,610,642)	(317,246)
Increase/(decrease) in creditors	816,365	(983,404)
Deferred tax charged to P&L	-	(171,476)
Net cash from operating activities	18,652,812	10,248,496

SEGMENTAL REVIEW: STATEMENT OF INCOME

Sri Lanka Insurance Corporation Ltd.
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For the Year ended 31 December	2019						
	Non Life Insurance	Life Insurance	Healthcare	Energy	Other	Eliminations	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross Written Premium	18,974,323	14,820,025	-	-	-	(162,776)	33,631,572
Change in Reserves for gross Unearned Premium	(400,274)	-	-	-	-	-	(400,274)
Gross Earned Premium	18,574,049	14,820,025	-	-	-	(162,776)	33,231,298
Premium Ceded to Reinsurers	(3,358,525)	(356,967)	-	-	-	-	(3,715,493)
Change in Reserve for Unearned Reinsurance Premium	93,481	-	-	-	-	-	93,481
Net Earned Premium	15,309,004	14,463,057	-	-	-	(162,776)	29,609,286
Revenue from other operations	-	-	7,548,711	45,092,487	108,413	(2,064,442)	50,685,169
Total Revenue	15,309,004	14,463,057	7,548,711	45,092,487	108,413	(2,227,218)	80,294,455
Benefits and Losses							
Insurance claims and benefits (net)	(9,290,432)	(7,333,265)	-	-	-	-	(16,623,697)
Underwriting and net acquisition costs	(967,782)	(2,018,406)	-	-	-	-	(2,986,186)
Change in contract liabilities - Life fund	-	(11,659,844)	-	-	-	-	(11,659,844)
Cost of services of subsidiaries	-	-	(4,329,019)	(36,830,284)	(25,024)	2,064,442	(39,119,884)
Total Benefits and Losses	(10,258,214)	(21,011,515)	(4,329,019)	(36,830,284)	(25,024)	2,064,442	(70,389,611)
Other Revenue							
Investment income	4,228,592	13,442,917	233,522	1,580,908	77,557	(2,608,907)	16,954,587
Fees and commission income	-	89,310	-	-	-	-	89,310
Unrealised gains/(losses)	(24,434)	(32,022)	(44,967)	(169,566)	(123,733)	-	(394,722)
Other income	278,892	925,694	68,019	813,198	629,667	(879,932)	1,835,537
Total Other Income	4,483,050	14,425,899	256,574	2,224,539	583,491	(3,488,838)	18,484,712
Expenses							
Other operating, investment related and administrative expenses	(4,546,109)	(4,660,164)	(2,634,990)	(3,542,736)	(5,685,439)	1,042,707	(20,026,730)
Profit before Taxation	4,987,731	3,217,277	841,276	6,944,007	(5,018,558)	(2,608,907)	8,362,825
Income tax expense	(330,151)	(845,900)	(260,640)	(1,972,500)	(47,829)	(391,969)	(3,848,989)
Net Profit after Taxation/Transfer to Shareholders' Fund	4,657,579	2,371,377	580,636	4,971,507	(5,066,387)	(3,000,875)	4,513,837

2018						
Non Life Insurance Rs. '000	Life Insurance Rs. '000	Healthcare Rs. '000	Energy Rs. '000	Other Rs. '000	Eliminations Rs. '000	Total Rs. '000
18,532,092	13,205,802	-	-	-	(149,679)	31,588,215
1,102,086	-	-	-	-	-	1,102,086
19,634,178	13,205,802	-	-	-	(149,679)	32,690,301
(2,989,790)	(292,534)	-	-	-	-	(3,282,325)
(1,553,040)	-	-	-	-	-	(1,553,040)
15,091,347	12,913,268	-	-	-	(149,679)	27,854,936
-	-	7,076,596	40,920,222	97,836	(2,037,227)	46,057,427
15,091,347	12,913,268	7,076,596	40,920,222	97,836	(2,186,906)	73,912,363
(10,028,386)	(7,726,263)	-	-	-	-	(17,754,649)
(661,317)	(1,836,556)	-	-	-	-	(2,497,873)
-	(8,154,201)	-	-	-	-	(8,154,201)
-	-	(3,965,859)	(36,728,369)	(33,903)	2,037,227	(38,690,904)
(10,689,703)	(17,717,019)	(3,965,859)	(36,728,369)	(33,903)	2,037,227	(67,097,626)
2,354,066	10,704,574	192,025	1,269,075	98,009	(245,728)	14,372,020
-	53,662	-	-	-	-	53,662
1,367,435	608,762	287,147	(528,214)	1,834	-	1,736,964
447,338	911,851	59,006	783,209	521,252	(694,392)	2,028,264
4,168,839	12,278,850	538,178	1,524,070	621,095	(940,120)	18,190,910
(4,173,489)	(4,721,492)	(2,526,805)	(3,233,484)	(772,880)	844,071	(14,584,079)
4,396,993	2,753,607	1,122,110	2,482,439	(87,852)	(245,728)	10,421,568
(840,326)	(1,065,480)	(252,052)	(641,259)	(6,089)	(13,463)	(2,818,668)
3,556,668	1,688,127	870,058	1,841,180	(93,941)	(259,191)	7,602,900

SEGMENTAL REVIEW: STATEMENT OF FINANCIAL POSITION

Sri Lanka Insurance Corporation Ltd.
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For the Year ended 31 December		2019					
	Non Life Insurance Rs. '000	Life Insurance Rs. '000	Healthcare Rs. '000	Energy Rs. '000	Other Rs. '000	Eliminations Rs. '000	Total Rs. '000
Assets							
Financial investments	31,033,992	131,116,035	2,482,400	100,000	-	-	164,732,428
Investment in subsidiaries	19,634,852	1,296,543	-	5,000,000	18,500,000	(44,431,395)	-
Investment in associates	148,509	-	-	-	-	-	148,509
Property, plant & equipment	10,985,571	88,364	4,375,000	14,683,834	22,213,932	-	52,346,702
Right of Use Asset	156,733	435,320	638,681	1,113,910	23,029	-	2,367,672
Investment properties	1,719,966	-	-	-	851,500	-	2,571,466
Leasehold property	-	-	-	-	-	-	-
Intangible assets	66,560	-	75,838	-	175	2,992,808	3,135,380
Loans to policyholders	-	1,803,439	-	-	-	-	1,803,439
Reinsurance receivable	1,398,724	280,330	-	-	-	-	1,679,053
Premium receivable	3,507,533	526,576	-	-	-	-	4,034,109
Deferred tax assets	-	-	-	-	324	-	324
Other assets	591,503	3,710,573	1,333,768	3,112,897	1,161,144	(1,481,377)	8,428,432
Deferred expenses	561,022	-	-	-	-	-	561,022
Cash and cash equivalents	1,620,339	1,624,328	521,702	18,206,846	987,996	8,501	22,969,711
Total Assets	71,425,304	140,881,508	9,427,389	42,217,487	43,738,100	(42,911,537)	264,778,247
Equity							
Stated capital	6,000,000	-	2,671,543	1,947,109	37,870,087	(42,488,739)	6,000,000
Regulatory restricted reserves from one off surplus	-	98,237	-	-	-	-	98,237
Capital reserve	7,296,794	57,378	982,213	3,356,005	4,063,395	(2,697,050)	13,058,735
Available-for-sale reserve	4,611,587	4,860,777	-	-	-	-	9,472,362
Revenue reserves	28,289,136	11,166,589	2,975,802	20,418,002	(4,129,060)	(5,009,024)	53,711,450
Non-controlling interest	-	-	-	-	-	8,767,718	8,767,718
Total Equity	46,197,517	16,182,981	6,629,558	25,721,116	37,804,422	(41,427,095)	91,108,503
Total Liabilities and Equity	71,425,304	140,881,508	9,427,389	42,217,487	43,738,100	(42,911,537)	264,778,247
Liabilities and Equity							
Liabilities							
Insurance provision - Life	-	119,167,865	-	-	-	-	119,167,865
Insurance provision - Non-life	16,648,028	-	-	-	-	-	16,648,028
Lease liabilities	-	464,996	377,312	1,149,961	-	-	1,992,268
Reinsurance payable	1,082,178	245,482	-	-	-	-	1,327,660
Current tax liabilities	284,668	631,798	56,909	367,495	9,864	-	1,350,734
Deferred tax liabilities	3,344,700	-	1,101,753	3,364,730	60,316	-	7,871,499
Retirement benefit obligations	949,469	870,346	245,320	156,412	122,726	-	2,344,273
Other liabilities	2,618,600	3,072,010	749,652	11,273,339	3,374,478	(502,559)	20,585,514
Financial liabilities	300,144	246,030	266,885	184,434	2,366,294	(981,883)	2,381,904
Total Liabilities	25,227,787	124,698,527	2,797,831	16,496,371	5,933,678	(1,484,442)	173,669,751

2018						
Non Life Insurance	Life Insurance	Healthcare	Energy	Other	Eliminations	Total
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
30,315,312	119,742,465	2,673,761	100,000	-	-	152,831,539
19,735,493	1,457,914	-	5,000,000	18,500,000	(44,693,408)	-
143,646	-	-	-	-	-	143,646
11,075,190	90,724	4,489,065	15,953,780	20,773,217	-	52,381,971
168,484	-	217,033	-	23,252	-	408,769
1,719,966	-	-	-	785,713	-	2,505,679
-	-	-	-	-	-	-
83,825	-	93,890	-	167	2,992,805	3,170,690
-	1,639,850	-	-	-	-	1,639,851
2,152,720	210,993	-	-	-	-	2,363,713
3,357,463	495,981	-	-	-	-	3,853,445
-	-	-	-	80	-	80
602,450	3,737,048	1,100,312	2,739,264	1,247,120	(1,422,855)	8,003,338
543,481	-	-	-	-	-	543,481
956,152	1,043,036	375,496	13,138,193	421,451	8,501	15,942,829
70,854,183	128,418,011	8,949,557	36,931,237	41,751,000	(43,114,957)	243,789,031
6,000,000	-	2,671,543	1,947,110	37,870,087	(42,488,740)	6,000,000
-	98,237	-	-	-	-	98,237
8,291,124	57,378	1,028,709	3,363,423	13,400	(1,644,934)	11,109,100
5,948,488	6,318,696	-	-	-	-	12,267,185
25,341,401	9,136,063	2,754,511	17,194,816	968,622	(4,781,909)	50,613,503
-	-	-	-	-	8,226,474	8,226,474
45,581,013	15,610,374	6,454,763	22,505,349	38,852,109	(40,689,109)	88,314,500
70,854,183	128,418,011	8,949,557	36,931,237	41,751,000	(43,114,957)	243,789,031
-	108,005,959	-	-	-	-	108,005,958
17,806,430	-	-	-	-	-	17,806,429
-	-	-	-	-	-	-
628,664	225,535	-	-	-	-	854,200
684,213	867,605	166,523	1,176	9,252	-	1,728,770
2,627,710	-	1,004,319	2,753,994	22,560	-	6,408,584
729,519	668,725	188,596	121,248	69,898	-	1,777,986
2,394,330	2,833,530	803,548	11,549,469	2,782,214	(2,425,849)	17,937,243
402,304	206,282	331,808	-	14,967	-	955,361
25,273,170	112,807,637	2,494,794	14,425,887	2,898,891	(2,425,849)	155,474,531

1. REPORTING ENTITY

1.1 Corporate Information

Sri Lanka Insurance Corporation Limited (the "Company/SLIC"), is a public limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Group/ Company is located in the District of Colombo and the principal place of business is located at 'Rakshana Mandiraya', No.21, Vauxhall Street, Colombo 02.

The consolidated financial statements of the Group as at and for the year ended 31st December 2019, comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. The financial statements of all companies within the Group are prepared for a common financial year which ends on 31st December 2019.

599,598,516 number of ordinary shares (99.97%) of the parent company are owned by Secretary to the Treasury and the rest is owned by employees and ex-employees of the Company.

1.2 Principal activities and nature of operations

1.2.1 Group/Company

The principal activity of the Company is to undertake and carry on all classes of insurance businesses.

1.2.2 Subsidiaries

Name of the Subsidiaries	Principal Activities
The Lanka Hospitals Corporation PLC	Providing healthcare and laboratory services
Litro Gas Lanka Limited	Importing, processing, storing, distributing and selling of Liquid Petroleum Gas (LPG) and provide other incidental services.
Litro Gas Terminal Lanka (Pvt) Limited	Providing bulk storage facilities for Liquid Petroleum Gas (LPG)
Canwin Hotels and Spas (Pvt) Limited	Providing office space on rent for commercial purpose and engage in hospitality trade.
Canwill Holdings (Pvt) Limited	Investment promotion related to leisure sector, controlling and monitoring subsidiaries as a holding company
Management Services Rakshana (Pvt) Limited	Providing payroll management services to Sri Lanka Insurance Corporation Limited

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards (LKASs/SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Companies Act No, 07 of 2007 and the Regulation of Insurance Industry Act No.43 of 2000.

The financial statements were authorized for issue by the Board of Directors on 8th June 2020.

2.2 Basis of Measurement

The financial statements of the Company and the Group have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis.

- Policyholders' liability have been measured at actuarially-determined values
- The liability for defined benefit obligation are actuarially valued and recognized as the present value of defined benefit obligation
- Land and buildings including investment properties are measured at fair value
- Financial assets held for trading are measured at fair value
- Financial assets designated at fair value through profit or loss are measured at fair value
- Available for sale financial assets are measured at fair value

The Group/Company presents its statement of financial position broadly in the order of liquidity.

2.3 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees which is the Group 's and Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.5 Use of Estimates and Judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the

application of group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about assumption and estimation uncertainty that have significant effect on the amounts recognized in the financial statements is included under the following notes:

Note 26 - Measurement of defined benefit obligations: key actuarial assumptions;

Note 5,8,13,14 & 16 - Provision for impairment of non-financial assets and financial assets: key assumptions

Note 24 - Actuarial valuation of life insurance; key actuarial assumptions

Note 25 - Measurement of life insurance provision for non-life including IBNR

Note 18 - Measurement of Deferred Acquisition Cost (DAC)

Note 05 - Fair value measurement of unquoted instruments and fair value through profit or loss financial investments

Note 11 - fair valuation of Investment Properties

Measurement of fair values

A number of the Group's/Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the

Chief Financial Officer. Significant valuation issues are reported to the Company's and respective subsidiary's Audit Committee.

When measuring the fair value of an asset or a liability, the Group/Company uses observable market data as far as possible. Fair values are categorized into different levels in a hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1** - quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2** - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Further information about assumptions made in measuring fair values is included in the respective notes to the financial statements.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.7 Comparative information

The comparative information have been reclassified where necessary to conform to the current year's presentation.

2.8 Going Concern

The Directors have made an assessment of the Group/Company's ability to continue as a going concern being satisfied that it has the resources to continue in business

for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group/Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

The additional information is disclosed in note 49 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and Company have consistently applied the following accounting policies to all periods presented in these financial statements.

3.1 Basis of consolidation

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

3.1.2 Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Parent Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.3 Subsidiaries

Subsidiaries are the entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are carried at cost less impairment in the Company's financial statements

3.1.4 Loss of control

When the Group/Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5 Investment in Associates

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed to exist when the Group/Company holds between 20% or more of the voting power of the investee, unless this can be clearly demonstrated that this is not the case.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes

transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Investment in associate is carried out at cost less impairment in the company's financial statements.

3.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group/Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit and loss.

3.3 Insurance contracts

Product classification

SLFRS 4 requires contracts written by insurers to be classified as either "insurance contracts" or "investment contracts" depending on the level of insurance risk transferred.

Insurance contracts are those contracts when the Group/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 Group/Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

All the products sold by the Group/Company are insurance contracts and therefore classified as insurance contracts under the SLFRS 4 – 'Insurance Contracts'. Thus, the Group/Company does not have any investment contracts within its product portfolio as at the reporting date.

3.3.1 Surplus Profit transfer from insurance contract liability to Shareholders'

The company assesses the shareholders' value by using reserves attributable to shareholders' at each reporting period. The difference between the opening and closing balance of the reserves is considered as the surplus profit attributable to shareholders' and deduct from the insurance contract liability as at reporting date. The surplus profit attributable to shareholders' comprises two form as follows;

- Surplus profit attributable to shareholders' from the Policyholders' Fund
- Profit earned from the shareholders' assets

Surplus profit attributable to shareholders' from the Policyholders' Fund

The surplus is derived from the actuarial valuation, on the recommendation of the Independent Consultant Actuary

Profit earned from the shareholders' assets

Profits earned from the shareholders' assets based on the recommendation of the in house actuarial department an approval of the Board of Directors.

3.4 Statement of profit or loss and other comprehensive income

3.4.1 Revenue Recognition

3.4.1.1 Gross Written Premiums (GWP)

(a) Life Insurance Gross Written Premium

Gross written premiums on life insurance contracts are recognized as revenue when payable by the policyholder (policies within the 30 day grace period are considered as due). Any premiums

received in advance is not recorded as revenue and recorded as a liability until the premium is due unless otherwise the relevant policy conditions require such premiums to be recognized as income. Benefits and expenses are provided against such revenue to recognize profits over the estimated life of the policies.

For single premium business revenue is recognized on the date on which the policy is effective.

(b) Non - Life Insurance Gross Written Premium

Gross written premium comprises the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognized on the date on which the policy commences. 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.

Rebates that form part of the premium rate, such as no- claim rebates, are deducted from the gross written premium.

Unearned Premium Reserve (UPR)

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. UPR represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Unearned premiums are calculated on 365 basis in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000. 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.

The proportion attributable to subsequent periods is deferred as a provision for unearned premiums which is included under liabilities.

3.4.1.2 Reinsurance Premiums

Gross reinsurance premiums on insurance contracts are recognized as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premiums are decided based on rates agreed with reinsurers.

(a) Non-Life Insurance Reinsurance Premium

Reinsurance premium written comprises of total premium payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts.

Unearned Reinsurance Premium Reserve

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts (using 365 basis in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000. 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).

(b) Life Insurance Reinsurance Premium

Reinsurance premium on life are recognized as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

3.4.1.3 Fees and Commission Income*(a) Reinsurance Commission Income*

Reinsurance commission income on outwards reinsurance contracts are recognized as revenue when receivable. Subsequent to initial recognition, reinsurance commission income on outwards reinsurance contracts are deferred and amortized on a straight line basis over the term of the expected premium payable.

(b) Other Fees Income

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees are recognized as revenue upon receipt or becoming due.

3.4.1.4 Investment income

Finance income comprises interest income on funds invested, dividend income, capital gains or losses and foreign currency gains or losses.

(a) Interest income

Interest income is recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest rate, the Group/Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset.

(b) Dividend Income

Dividend income is recognized when the right to receive income is established.

3.4.1.4 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

3.4.1.5 Hospital Revenue

The Group recognises revenue from hospital services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Consultancy fees collected on behalf of the in house and visiting consultants by the Group do not form part of revenue are excluded from the revenue.

3.4.1.6 Revenue from sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the group effects of variable consideration and the existence of significant financing components.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to

which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return. The rights of return gives rise to variable consideration.

(ii) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in SLFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability.

(iii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

3.4.1.7 Rental Income from Investment Property

The rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

3.4.1.8 Profit / loss on disposal of property, plant and equipment

Profit / loss on disposal of property, plant and equipment is recognized in the period in which the sale occurs and is classified under other income.

3.4.2 Benefits, Claims and Expenses

3.4.2.1 Gross Benefits and Claims

(a) Life insurance business

Claims by death and maturity are charged against revenue on notification of death or on expiry of the term. The interim payments and surrenders are accounted for only at the time of settlement.

Expenses on life insurance relates to the acquisition expenses and expenses for maintenance of life insurance business, investment related expenses not treated as a part of the capital cost of investment, etc. which are accounted on accrual basis.

(b) Non - Life insurance business

Non - Life insurance claims include all claims occurring during the year, whether reported or not together with claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims.

The provision in respect of Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) is actuarially valued to ensure a more realistic estimation of the future liability based on the past experience and trends. Actuarial valuations are performed on a quarterly basis.

Whilst the Directors consider that the provisions for claims are 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 that period.

The methods used to estimate claims and the estimates made are reviewed regularly.

3.4.2.2 Reinsurance claims

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

3.4.2.3 Net deferred acquisition expenses

Acquisition expenses, representing commissions, which vary with and are directly related to the production of business.

Acquisition expenses applicable to non-life insurance contracts 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.

3.4.2.4 Actuarial Valuation of Life Insurance Fund

The Directors agree to the long term insurance provision for the Company at the year-end on the recommendations of the Independent Consultant Actuary following his annual investigation of the Life Insurance business. The actuarial valuation takes into account all liabilities and is based on assumptions recommended by the Independent Consultant Actuary.

3.4.2.5 Other expenses

Other expenses are recognized on accrual basis. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment has been charged to the statement of profit or loss.

3.4.3 Employee benefits

(a) Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group 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.

(b) 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 defined contribution plans are recognized as an employment benefit expense in the statement of profit or loss in the periods during which services are rendered by employees.

Employee Provident Fund

The Company and employees of Sri Lanka Insurance Corporation Limited, Litro Gas Lanka Limited and Litro Terminal Lanka (Pvt) Ltd contribute 15% and 10% respectively on the salary of each employee to the approved provident fund.

Other Group entities and employees of the other group entities contribute 12% and 8% respectively on the salary of each employee to the approved provident fund.

Employees Trust Fund

The Group/Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

(c) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The calculation of defined benefit obligation is performed annually by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The actuarial valuation involves making assumptions about discount rate, salary increment rate and balance service period of employees. Due to the long-term nature of the plans such estimates are subject to significant uncertainty.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded.

Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. The Group recognizes any gains and losses on the settlement of a defined benefit plan when settlement occurs.

The re-measurement of the net defined benefit obligation, which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

3.4.4 Income tax expense

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in profit and loss except to the extent that it relates to items recognized directly in equity or in OCI.

3.4.4.1 Current tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the sections 67 of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto. As per this section the gains and profits of life insurance business on which tax is payable is aggregate of;

- Surplus distributed to shareholders from Life Insurance policyholders fund as certified by the actuary at the rate of 28%
- Investment Income of shareholder fund less any expenses incurred in the production of such income at a rate of 28%
- Surpluses distributed to Life Insurance policyholder who share the profits of a person engaged in the business of life insurance at a rate of 14% (Up to 3 years from 2018 and thereafter at 28%)

But for Non-life insurance business, all other sections are applicable and gain and profit of such business are taxed at 28%.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

3.4.4.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

3.4.4.3 Withholding Tax on Dividends

Withholding tax that arises from the distribution of dividends by the Group is recognized at the same time as the liability to pay the related dividend is recognized.

3.4.4.4 Economic Service Charge (ESC)

As per the provisions of the Economic Service Charge Act, No. 13 of 2006 and the amendments thereto, ESC is payable on the liable turnover at specified rates. ESC is deductible from the income tax liability. Any unclaimed receivable ESC amount can be carried forward and set off against the income tax payable as per the relevant provisions in the Act.

3.4.4.5 Crop insurance levy (CIL)

The Crop Insurance Levy was introduced under the provisions of the Section 14 of the Finance Act No. 12 of 2013, and came into effect from 1 April 2013. It is payable to the National Insurance Trust Fund and liable at 1% of the Profit after Tax.

3.5 Statement of Financial Position

3.5.1 Property, Plant and Equipment

3.5.1.1 Initial Recognition and Measurement

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment

losses. The cost of Property, Plant and Equipment is the cost of acquisition or construction together with any expenses incurred in bringing the assets to its working condition for its intended use.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following;

- the cost of materials and direct labour
- any other costs directly attributable to bringing the assets to a working condition for their intended use
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Any gain or loss on disposal is recognized in other operating income in profit or loss.

3.5.1.2 Subsequent expenditure and replacement

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.5.1.3 Revaluations

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated

impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date.

Valuation of the land & buildings are undertaken by professionally qualified valuers at a minimum of two years respectively and any gain or losses arising from change in fair value are included in the Other comprehensive income in the year which they arise.

An increase in the carrying amount as a result of revaluation, is recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss.

A decrease in the carrying amount as a result of revaluation, is recognized in profit and loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

3.5.1.4 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using straight line method over

their estimated useful lives, and is generally recognized in profit or loss. This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	- 20-40 years
• Furniture and Fittings	- 5-10 years
• Office and Other Equipment	- 5-10 years
• Electrical Generators and Air Condition Plant	- 10 years
• Motor Vehicles	- 4 years
• Fixtures and Fittings	- 6 2/3 years
• Plant and Machinery	- 20 years
• Computers and Computer Equipment	- 4 – 7 years
• LP Gas Storage Tanks, Pine Lines and fittings	- 25 years
• LP Gas Cylinders	- 10 years
• Other fixed assets	- 5-12 years

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

3.5.1.5 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when item is de recognized.

3.5.1.6 Capital work-in-progress

Capital work-in-progress is stated at cost. These are the expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalization.

3.5.2 Intangible Assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost can be measured reliably.

3.5.2.1 Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Impairment of Goodwill

Goodwill acquired in a business combination is tested annually for impairment and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognized in profit or

loss. Impairment loss on goodwill is not reversed.

3.5.2.2 Software

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The intangible assets with finite useful life are assessed for impairment whenever there is an indication that intangible assets may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit (CGU) level.

The Group has software acquired separately as other intangible assets as at reporting date.

Subsequent Expenditure

Subsequent expenditure on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization

Amortization is calculated to write off the cost of the intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in profit or loss. The estimated useful life of software is five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

De-recognition

An intangible asset is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss from the

derecognition of such intangible assets is included in profit or loss when the item is derecognized.

3.5.3 Investment Property

Investment property is a property held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost and subsequently at fair value on annual basis with any change therein recognized in profit or loss .

Investment properties are de- recognized when disposed or permanently withdrawn from use because no future economic benefits are expected. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Transfers are made to the investment properties when there is a change in use. When a group company occupies in a significant portion of an investment property of a subsidiary, such investment property is treated as property, plant and equipment in the consolidated financial statements and accounted for as per LKAS 16 –'Property, Plant and Equipment'.

3.5.4 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset or CGU 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 amortization, if no impairment loss had been recognized.

3.5.5 Inventories

Inventories include all consumable items which are stated at lower of cost and net realizable value.

3.5.6 Financial Instruments – LKAS 39

The Company classifies non derivative financial assets into following categories: available for sale financial assets, loans and receivables, held to maturity financial assets and financial assets at fair value through profit or loss.

The Company classifies non derivative financial liabilities into other financial liabilities category.

3.5.6.1 Non-derivative financial assets

The Company initially recognizes loans and receivables and debt securities issued on the date at which they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is measured initially at fair value plus, for an asset not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Subsequent measurement

(a) Available-for-sale financial assets (AFS)

Available-for-sale financial investments are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement at fair value, available-for-sale financial investments are subsequently measured at fair value and changes therein are recognized in other comprehensive income and accumulated in the available-for-sale reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

The Company evaluates 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.

Available for sale financial investments of the Company comprise equity and debt securities, which are neither classified as held for trading nor designated at fair value through profit or loss.

(b) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and

changes therein, including any interest or dividend income, are recognized in profit or loss.

The assets and liabilities are part of a Company's financial assets, financial liabilities, or both, which are managed, and their performance evaluated on a fair value basis, in accordance with the Group's investment strategy. Financial assets at fair value through profit or loss of the Company comprise listed equity investments.

(c) Held to maturity financial assets (HTM)

These are non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has both the intention and ability to hold until maturity. These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Held to maturity financial assets comprise treasury bills and treasury bonds investments made by the Company.

(d) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

Loans and receivables comprise investments in unquoted corporate debt, term deposits, asset backed securities, development bonds, commercial papers,

other loans and receivables, cash and cash equivalents.

• **Reinsurance Receivable**

Company cedes insurance risk in the normal course of business to recognized reinsurers through formal reinsurance arrangements.

Reinsurance assets include the balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance is recorded gross in the Statement of Financial Position unless a right to offset exists.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss, if any is recorded in profit and loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

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

- **Premium Receivable**

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration receivable. Collectability of premiums is reviewed on an ongoing basis.

According to the Premium Payment Warranty (PPW) directive issued by the Insurance Board of Sri Lanka (IBSL), Non-Life insurance policies are issued subject to PPW and are cancelled upon the expiry of 90 days if not settled.

The Company accounts for life insurance premiums on accrual basis. Accordingly, Life Insurance premiums due (only the premiums due in the 30 day grace period) are recognized at each reporting date and will be reversed if the premiums are not settled during the subsequent month, and thus the policies will be lapsed as per the Company policy.

- **Other Receivables and Dues from Related Parties**

Other receivables and dues from Related Parties are recognized at cost less allowances for bad and doubtful receivables.

- **Cash and cash equivalents**

Cash and cash equivalents comprise reverse repurchase agreements, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

3.5.6.2 Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are

originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to the initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

3.5.7 Impairment of Financial Assets (Non-Derivatives)

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is an objective evidence of impairment.

Objective evidence that financial assets are impaired includes;

- default or delinquency by a debtor;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.
- In the case of equity investments classified as available for sale, objective evidence would also include a "significant" or "prolonged" decline in

the fair value of the investment below its cost. The determination of what is "significant" or "prolonged" requires judgement .

3.5.7.1 Financial assets carried at Amortized Cost

The considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

3.5.7.2 Available for Sale Financial Assets (AFS)

Impairment losses on available for sale financial assets are recognized if there is significant and prolonged decline in share prices by reclassifying the losses accumulated in the available for sale reserve to profit or loss. The amount reclassified is the difference between acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

3.5.7 Financial Instruments – SLFRS 09

SLFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement. Additionally, the Group has adopted consequential amendments to SLFRS 07 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale.

Trade and other receivables, cash and cash equivalents and related party receivables which were earlier classified as loans and receivable under LKAS 39, are classified as amortised cost under SLFRS 9.

SLFRS 09 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities and the adoption of the standard has not had a significant effect on the Group's except the Company's accounting policies related to financial liabilities.

3.5.8 Deferred Expenses

Deferred Acquisition Costs (DAC)

The DAC is applicable only to Non - Life Insurance Contracts. No DAC is calculated for life insurance contracts as the acquisition costs are incurred in line with the revenues earned.

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred and amortized over the period in which the related revenues are earned. All other acquisition costs are recognized as an expense when incurred.

In line with the available regulatory guidelines from the Insurance Board of Sri Lanka (IBSL), the DAC is calculated based on the 365 basis.

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 amount, an impairment loss is recognized in the Statement of profit or loss.

DAC is derecognized when the related contracts are either settled or disposed of.

3.5.9 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.5.10 Liabilities and Provisions

3.5.10.1 Insurance contract liabilities

Insurance Provision – Life Insurance

Life insurance liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method as specified by the Insurance Regulatory Commission of Sri Lanka (IRCSL) ACT, No. 43 of 2000 based on the recommendation of the Independent Consultant Actuary. The liability is determined as the sum of the discounted value of the expected future benefits, less the discounted value of the expected future premiums that would be required to meet the future cash outflows based on the valuation assumptions used. Valuation assumptions are derived based on the best estimate experience with a prescribed risk margin to allow for adverse deviations. Non-participating Liabilities are discounted using the risk-free yields.

The value of participating policy liabilities is the higher of the value of the guaranteed benefits liability and the total benefits liability, derived at the participating insurance fund level. In calculating the guaranteed benefits liability, only the guaranteed benefits are considered, and the cash flows are discounted using the risk-free interest rate yield curve. Total benefits liability includes all the guaranteed and nonguaranteed benefits and discounts the cash flows using the fund-based yield of the participating insurance fund.

Furthermore, adjustments are performed to capture the likely liabilities that may arise due to currently lapsed contracts reviving in the future.

As required by the SLFRS 4- 'Insurance Contracts', the Company performed a Liability Adequacy Test (LAT) in respect

of Life Insurance contract liabilities with the assistance of an external actuary. In performing the liability adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used.

Insurance Provision – Non - Life Insurance

Non - Life Insurance contract liabilities include the outstanding claims provision including IBNR and IBNER, the provision for unearned premium and the provision for premium deficiency.

The valuation of Unearned Premium Reserve are measured in accordance with guidelines of the Regulation of Insurance Industry Act, No. 43 of 2000 (i.e. based on the 365 basis). 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).

The Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) claims reserve are actuarially computed.

No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

As required by the SLFRS 4 - 'Insurance Contracts', the Company performed a Liability Adequacy Test (LAT) in respect of Non - Life Insurance contract liabilities with the assistance of the external actuary.

3.5.10.2 Title Insurance Reserve

Title insurance reserve is maintained by the Company to pay potential claims arising from the title insurance policies. Title insurance policies are normally issued for a long period such as 5 years or more. Thus, no profit is recognized in the first year of the policy given the higher probability of claims occurring in that year. From the 2nd year onwards, profit is recognized by amortizing the premium received and will be distributed throughout the remaining period of the policy using the straight line method. Profit for the first year will only be recognized in the 2nd year and thereafter it is periodically recognized.

If the corresponding loan of the Title Insurance Policy issued is settled before the maturity, full premium of such policies remaining as at the date of settlement of such loan is recognized in profit or loss upon confirmation of the same by the respective Bank.

3.5.10.3 Provisions (except on insurance contracts)

A provision is recognized in the statement of financial position when the Group/ Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and can be measured reliably. Provisions except on insurance contracts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

3.5.11 Leases

Policy applicable after 1 January 2019

The Company has applied SLFRS 16 using the modified retrospective approach under which the cumulative effect of initial

recognition is not required in retained earnings as at 1st January 2019 (option B), without restating comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The Company applied SLFRS 16 to all contracts which falls within the scope of the SLFRS 16 exists as at 1st January 2019 except for short-term leases and leases of low-value assets.

As a lessee, the Company leases some branches and office premises. The Company previously classified these leases as operating leases under LKAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under SLFRS 16, the Company recognises right-of use assets and lease liabilities for leases of branches and office premises – i.e. these leases are on-balance sheet as a Right of use assets and Lease Liabilities.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1st January 2019. Right of Use assets are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

The Company has entered to the 99-year leases with the government of Sri Lanka and previously recognized under LKAS 17 as Lease hold Properties were reclassified as Right of Use Assets -Lease Hold.

The effect of adoption SLFRS 16 as at 1 January 2019 are given in the notes to the financial statements.

The Company has tested its Right of Use assets for impairment on the date of transition and has concluded that there is no indication of impairment. In particular, the Company, relied on its assessment of whether leases are onerous under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

	1st January 2019 Rs.
Opening ROUA asset transferred	168,484,391
Right of use asset recognized	374,410,243
Rent advance recognized in Right of use assets	9,300,000
Lease liability	374,410,243

Policy applicable before 1 January 2019

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date.

Assets held by the Group/Company under leases that transfer to the Group/Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.6 Commitments and contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by occurrence or non-occurrence of uncertain future events not wholly within the control of the Group/Company or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Group/Company are disclosed in the respective notes to the financial statements.

3.7 Segmental Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions regarding resources to be allocated to the segments and to assess its performance, and for which discrete finance information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Accordingly, segmental information of the Group reflects Non - Life Insurance, Life Insurance, Healthcare, Energy and other segments. Inter-segment transfers are based on fair market prices.

3.8 Earnings per share (EPS)

The Group presents basic and diluted earnings per share data for its ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares determined in accordance with LKAS 33. The diluted effect of shares are considered when calculating diluted earnings per share.

3.9 Proposed Dividends

Dividend proposed by the Board of Directors after the Reporting date is not recognised as a liability and is only disclosed as a Note to the Financial Statements. Provision for dividend is recognised only at the time the dividend proposed by the Board of Directors is approved by the shareholders at the Annual General Meeting.

3.10 Events occurring after the reporting date

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements.

3.11 Statement of Cash Flows

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7 'Statement of Cash flows'.

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

4. ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

4.1. Standards issued but not yet effective which may have an Impact

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after the 1st January 2019 or at a later date. Accordingly, these standards have not been applied in preparing these Financial Statements and are expected to have a significant impact on the Company's/Group's Financial Statements.

Temporary Exception from SLFRS 09

SLFRS 9 – "Financial instruments"

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

The company (SLIC) is predominantly based on the proposed amendments to SLFRS 4 'Insurance contracts', the entities whose predominant activity is issuing insurance contracts are permitted to defer the full application of SLFRS 9 until the earlier of 2021 or adopting the revised SLFRS 4, which is currently expected to commence in 2020. Consequent to the Global deferral of IFRS 17 - Insurance contract effective date from January 2021 to January 2022, the Company is expecting the temporary exemption to be deferred until 2021 January.

An insurer may apply the temporary exemption from SLFRS 9 if, and only if:

- a. It has not previously applied any version of SLFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss
- b. Its activities are predominantly connected with insurance, at its annual reporting date that immediately precedes 1 April 2016, or at a subsequent annual reporting date.

In accordance with the amendments to SLFRS 4 - Insurance Contract, An insurer's activities are predominantly connected with insurance if, and only if:

- a. the carrying amount of its liabilities arising from contracts within the scope of this SLFRS, which includes any deposit components or embedded derivatives unbundled from insurance contracts, is significant compared to the total carrying amount of all its liabilities; and
- b. the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is:

- I. greater than 90 per cent; or
- II. less than or equal to 90 per cent but greater than 80 per cent, and the insurer does not engage in a significant activity unconnected with insurance.

The temporary exemption from SLFRS 9 will be reassessed whether its activities are predominantly connected with insurance at a subsequent annual reporting date if, and only if, there was a change in the entity's activities, during the annual period that ended on that date.

The company will decide on appropriate classification of its investments under SLFRS 9 closer to the time of adopting the revised SLFRS 4 and so is not able to fully quantify the impact of adopting SLFRS 9 on its financial statements as at reporting date. It is anticipated however that may not significantly change the company's total equity.

SLFRS 15 – "Revenue from Contracts with Customers"

SLFRS 4 - Insurance Contracts are scoped out from this standard. Therefore, the Company may not have a significant impact to insurance transactions from the standard. However, there could be an impact to other revenue transaction with the implementation of this standard. The company is assessing potential impact on its financial statements resulting from application of this standard.

SLFRS 17 – Insurance Contracts

SLFRS 17 is effective for annual periods beginning on or after 01st January 2022. Early adoption is permitted along with the adoption of SLFRS 9 and SLFRS 15. SLFRS 17 supersedes SLFRS 4 Insurance contracts. The Company is intended to adopt the new standard on its mandatory effective date.

SLFRS 4 permitted insurers to continue to use the statutory basis of accounting for insurance assets and liabilities that existed in their jurisdiction prior to January 2005. SLFRS 17 replaces this with new measurement model for all insurance contracts.

SLFRS 17 requires liabilities for insurance contracts to be recognized as the present value of future cash flows, incorporating an explicit risk adjustment, which is updated at each reporting date to reflect current conditions, and a contractual service margin (CSM) that is equal and opposite to any day – one gain arising on initial recognition. Losses are recognized directly to the income statement. For the measurement purposes contracts are grouped together into contracts of similar risk profitability profile and issue year, with further divisions for contracts that are managed separately.

Profit for insurance contracts under SLFRS 17 is represented by the recognition of the service provided to policyholders in the period (release of CSM), realise from non-economic risk (realise of risk adjustment) and investment profit.

The CSM is released as profit over the coverage period of the insurance contract, reflecting the delivery of services to the policyholder. For certain contracts with participating features (where a substantial share of the fair value of the related investments and other underlying items is paid to policyholders) the CSM reflects the variable fee to shareholders. For these contracts, the CSM is adjusted to reflect the changes in economic experience and assumptions. For all other contracts the CSM is only adjusted for non-economic assumptions.

SLFRS 17 introduces a new measure of insurance revenue, based on the delivery of service to policyholders and excluding any premiums related to the investment elements of policies, which will be significantly different from existing premium revenue measures, currently reported in the income statement. In order to transition to SLFRS 17, the amount of deferred profit, being the CSM at transition date, need to be determined.

SLFRS 17 requires, the CSM to be calculated as if the standards had applied retrospectively. If this is not practical, an entity is required to choose either a simplified retrospective approach or determine the CSM by reference to the fair value of the liabilities at transition date. The approach for determining the CSM will have a significant impact on both shareholders' equity and on the amount of profit on in – force business in future reporting periods.

SLFRS 17 is expected to have a substantial change in the presentation of the financial statements and disclosures, as the requirements of the new standard are complex and requires a fundamental change to accounting for insurance contracts as well as the application of significant judgement and new estimation techniques. The effect of changes required to the Company's accounting policies as a result of implementing these standards are currently uncertain, but these changes can be expected to, among other things, alter the timing of profit recognition.

With the implementation of the SLFRS 17, the shadow accounting to insurance related assets and liabilities will not be applicable.

The Company has an implementation program underway to implement SLFRS 17. The program is responsible for setting accounting policies and developing application methodologies, establishing appropriate processes and controls, sourcing appropriate data and implementing actuarial and finance system changes.

Other changes and amendments to the Sri Lanka Financial reporting standards .

- Amendments to references to conceptual framework in Sri Lanka Financial Reporting Standards
- Interest rate benchmark reforms. (Amendments to SLFRS 9, LKAS 39, and SLFRS 7)
- Definition of material (Amendments to LKAS 1 and LKAS 8)
- Definition of a Business (Amendments to SLFRS 3)

5 FINANCIAL INVESTMENTS									
As at 31 December									
Group						Company			
		2019		2018		2019		2018	
Note	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Held to Maturity (HTM)									
Financial Assets	5.1	53,113,519	55,174,232	54,622,918	51,694,915	53,113,519	55,174,232	54,622,918	51,694,915
Loans & Receivables (L & R)	5.2	46,019,481	46,019,481	36,100,316	36,100,316	43,437,082	43,437,082	33,326,555	33,326,555
Available for Sale (AFS)									
Financial Assets	5.3	59,956,407	59,956,407	58,480,603	58,480,603	59,956,407	59,956,407	58,480,603	58,480,603
Fair Value Through Profit or Loss (FVTPL) Financial Asset									
(FVTPL) Financial Asset	5.4	5,643,021	5,643,021	3,627,702	3,627,702	5,643,021	5,643,021	3,627,702	3,627,702
Total Financial Investments		164,732,428	166,793,141	152,831,539	149,903,536	162,150,029	164,210,742	150,057,778	147,129,775
5.1 Held to Maturity (HTM) Financial Assets									
As at 31 December									
Group						Company			
		2019		2018		2019		2018	
Note	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Treasury Bonds	53,113,519	55,174,232	54,622,918	51,694,915	53,113,519	55,174,232	54,622,918	51,694,915	
	53,113,519	55,174,232	54,622,918	51,694,915	53,113,519	55,174,232	54,622,918	51,694,915	
5.2 Loans & Receivables (L & R)									
As at 31 December									
Group						Company			
		2019		2018		2019		2018	
Note	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Unlisted Debentures	5.2.1	5,623,014	5,623,014	500,534	500,534	5,623,014	5,623,014	500,534	500,534
Commercial Papers	5.2.2	-	-	256,462	256,462	-	-	256,462	256,462
Term Deposit		29,647,015	29,647,015	24,887,040	24,887,040	27,064,616	27,064,616	22,113,279	22,113,279
Development Bond		10,749,452	10,749,452	10,456,280	10,456,280	10,749,452	10,749,452	10,456,280	10,456,280
		46,019,481	46,019,481	36,100,316	36,100,316	43,437,082	43,437,082	33,326,555	33,326,555

5 FINANCIAL INVESTMENTS (CONTD.)**5.2 Loans & Receivables (L & R) (CONTD.)****5.2.1 Unlisted Debentures**

Company/Group	2019				2018			
	Maturity Date	Face Value	Carrying Value	Fair Value	Maturity Date	Face Value	Carrying Value	Fair Value
		Rs. '000	Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs. '000
National Savings Bank	29.12.2021	500,000	500,534	500,534	29.12.2021	500,000	500,534	500,534
National Savings Bank	10.09.2022	2,000,000	2,068,110	2,068,110				
People's Bank	08.11.2027	3,000,000	3,054,370	3,054,370				
		5,500,000	5,623,014	5,623,014		500,000	500,534	500,534

5.2.2 Commercial papers

Company/Group	2019				2018			
	Maturity Date	Face Value	Carrying Value	Fair Value	Maturity Date	Face Value	Carrying Value	Fair Value
		Rs. '000	Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs. '000
Hayleys PLC		-	-	-	22.04.2019	250,000	256,462	256,462
		-	-	-		250,000	256,462	256,462

5.3 Available for Sale (AFS)

As at 31 December	Note	Group				Company			
		2019		2018		2019		2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Shares	5.3.1	23,765,733	23,765,733	27,221,446	27,221,446	23,765,733	23,765,733	27,221,446	27,221,446
Unlisted Shares	5.3.2	24,411	24,411	35,495	35,495	24,411	24,411	35,495	35,495
Unit Trusts	5.3.3	2,029,106	2,029,106	4,822,078	4,822,078	2,029,106	2,029,106	4,822,078	4,822,078
Listed Debentures	5.3.4	32,360,622	32,360,622	23,867,197	23,867,197	32,360,622	32,360,622	23,867,197	23,867,197
Treasury Bond		1,776,535	1,776,535	2,534,387	2,534,387	1,776,535	1,776,535	2,534,387	2,534,387
		59,956,407	59,956,407	58,480,603	58,480,603	59,956,407	59,956,407	58,480,603	58,480,603

5 FINANCIAL INVESTMENTS (CONTD.)

5.3 Available for Sale (AFS) (CONTD.)

5.3.1 Listed Shares

As at 31 December		2019		2018		
Group / Company	No. of Shares	Carrying Value / Fair Value Rs. '000	Fair Value Rs. '000	No. of Shares	Carrying Value / Fair Value Rs. '000	Fair Value Rs. '000
Financials						
Banks						
Commercial Bank of Ceylon PLC	81,125,537	7,706,926	7,706,926	79,838,544	9,157,481	9,157,481
DFCC Bank	26,509,832	2,436,254	2,436,254	26,509,832	2,465,415	2,465,415
Seylan Bank PLC	37,721,674	1,999,249	1,999,249	27,615,598	2,131,924	2,131,924
Hatton National Bank PLC	50,170,190	8,729,613	8,729,613	49,433,581	10,578,786	10,578,786
National Development Bank PLC	25,973,825	2,597,383	2,597,383	24,629,153	2,635,320	2,635,320
Sector Total		23,469,425	23,469,425		26,968,926	26,968,926
Industrials						
Capital Goods						
Colombo Dock Yard PLC	3,592,998	222,766	222,766	3,592,998	199,411	199,411
Sector Total		222,766	222,766		199,411	199,411
Telecommunication Services						
Telecommunication Services						
Sri Lanka Telecom PLC	2,041,538	65,329	65,329	2,041,538	47,976	47,976
Sector Total		65,329	65,329		47,976	47,976
Consumer Discretionary						
Consumer Durables & Apparel						
Blue Diamonds Jewellery Worldwide PLC	10,265,852	8,213	8,213	10,265,852	5,133	5,133
Sector Total		8,213	8,213		5,133	5,133
Total Investment in Listed Shares		23,765,733	23,765,733		27,221,446	27,221,446

Impairment has been recognised on the investment in Colombo Dockyard PLC for the year ending 31.12.2019 amounting to Rs. 51,147,136/= Impairment has been recognised on the investment in Blue Diamonds Jewellery Worldwide PLC for the year end 31.12.2019 amounting to Rs. 56,224,376/= Impairment has not been recognised for the Financial year 2018.

5 FINANCIAL INVESTMENTS (CONTD.)**5.3 Available for Sale (AFS) (CONTD.)****5.3.2 Unlisted Stocks**

As at 31 December		2019		2018		
Group / Company	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000
Associated Newspapers of Ceylon Ltd	61,206	10,472	10,472	61,206	12,865	12,865
Texpro Industries Ltd	2,250,000	9,000	9,000	2,250,000	17,730	17,730
Capital Alliance Investments Ltd	118,478	4,939	4,939	118,478	4,900	4,900
Total Investment in Unlisted Shares		24,411	24,411		35,495	35,495

Impairment has been recognised on the investment in Tex pro Industries Ltd for the year ending 31.12.2019 amounting to Rs. 1,687,500/=. Impairment has been recognised on the investment in Capital Alliance Investments Ltd for the year ending 31.12.2019 amounting to Rs. 18,874,731/=. Impairment has not been recognised for the Financial year 2018

5.3.3 Unit Trust

As at 31 December		2019		2018		
Group / Company	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000
Ceybank Unit Trust	18,200,565	379,664	379,664	18,200,565	353,090	353,090
Ceylon Income Fund	8,019,464	154,526	154,526	20,066,000	334,382	334,382
Ceylon Treasury Income Fund	-	-	-	24,836,957	242,160	242,160
Capital Alliance Investment Grade Fund	-	-	-	113,998,456	1,794,279	1,794,279
Guardian Acuity Money Market Fund	-	-	-	35,448,446	605,995	605,995
JB Vantage Money Market Fund	-	-	-	28,061,446	610,233	610,233
Ceylon Dollar Bond Fund	7,800,287	1,494,916	1,494,916	5,035,223	881,939	881,939
	34,020,316	2,029,106	2,029,106	245,647,093	4,822,078	4,822,078

5 FINANCIAL INVESTMENTS (CONTD.)

5.3 Available for Sale (AFS) (CONTD.)

5.3.4 Listed Debentures Company

Listed Debentures Company	Maturity Date	Face Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Maturity Date	Face Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Financials								
Banks								
Bank of Ceylon	-	-	-	-	21.09.2019	500,000	503,668	503,668
Bank of Ceylon	24.10.2023	67,050	70,251	70,251	24.10.2023	67,050	73,957	73,957
Bank of Ceylon	06.10.2020	250,000	248,906	248,906	06.10.2020	250,000	248,370	248,370
Hatton National Bank PLC	-	-	-	-	14.12.2019	500,000	484,607	484,607
Hatton National Bank PLC	31.03.2021	478,459	422,336	422,336	31.03.2021	478,459	380,279	380,279
Hatton National Bank PLC	30.08.2023	126,888	118,298	118,298	30.08.2023	126,888	114,779	114,779
Hatton National Bank PLC	31.03.2024	1,362,794	866,056	866,056	31.03.2024	1,362,794	769,434	769,434
Hatton National Bank PLC	23.09.2026	5,000,000	5,175,342	5,175,342	-	-	-	-
Hatton National Bank PLC	28.03.2021	120,000	126,725	126,725	28.03.2021	120,000	121,703	121,703
Hatton National Bank PLC	01.11.2023	250,000	255,432	255,432	01.11.2023	250,000	255,432	255,432
Commercial Bank of Ceylon PLC	08.03.2026	1,000,000	1,035,137	1,035,137	08.03.2026	1,000,000	935,137	935,137
Commercial Bank of Ceylon PLC	27.10.2021	274,680	253,082	253,082	27.10.2021	274,680	287,856	287,856
Commercial Bank of Ceylon PLC	27.10.2026	185,110	195,923	195,923	27.10.2026	185,110	194,331	194,331
Commercial Bank of Ceylon PLC	23.07.2023	304,520	331,854	331,854	23.07.2023	304,520	320,739	320,739
Commercial Bank of Ceylon PLC	23.07.2028	304,520	328,571	328,571	23.07.2028	304,520	321,415	321,415
National Development Bank PLC	19.12.2023	750,000	867,150	867,150	19.12.2023	750,000	905,025	905,025
National Development Bank PLC	24.06.2020	444,000	442,624	442,624	24.06.2020	444,000	428,016	428,016
National Development Bank PLC	31.03.2024	1,500,000	1,658,227	1,658,227	-	-	-	-
Seylan Bank PLC	-	-	-	-	22.12.2019	500,000	489,110	489,110
Seylan Bank PLC	15.07.2021	66,650	70,686	70,686	15.07.2021	66,650	70,686	70,686
Seylan Bank PLC	15.07.2023	57,280	60,948	60,948	15.07.2023	57,280	55,220	55,220
Seylan Bank PLC	29.03.2023	500,000	515,596	515,596	29.03.2023	500,000	516,847	516,847
Seylan Bank PLC	29.03.2025	250,000	258,499	258,499	29.03.2025	250,000	258,499	258,499
Sampath Bank PLC	20.03.2023	500,000	525,237	525,237	20.03.2023	500,000	525,836	525,836
Sampath Bank PLC	-	-	-	-	14.12.2019	500,000	508,517	508,517
Sampath Bank PLC	28.02.2024	1,500,000	1,748,118	1,748,118	-	-	-	-
Sampath Bank PLC	18.11.2020	300,000	300,131	300,131	18.11.2020	300,000	303,580	303,580
Sampath Bank PLC	16.06.2021	500,000	535,804	535,804	16.06.2021	500,000	535,805	535,805
Sampath Bank PLC	21.12.2022	904,000	925,305	925,305	21.12.2022	904,000	923,587	923,587

5 FINANCIAL INVESTMENTS (CONTD.)**5.3 Available for Sale (AFS) (CONTD.)****5.3.4 Listed Debentures Company (CONTD.)**

Listed Debentures Company	Maturity Date	Face Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Maturity Date	Face Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Nations Trust Bank PLC	08.11.2021	955,180	973,056	973,056	08.11.2021	955,180	921,400	921,400
Nations Trust Bank PLC	20.04.2023	625,000	660,750	660,750	20.04.2023	625,000	640,813	640,813
Nations Trust Bank PLC	23.12.2024	1,000,000	1,003,156	1,003,156	-	-	-	-
Nations Trust Bank PLC	23.12.2026	645,000	647,052	647,052	-	-	-	-
DFCC Bank PLC	-	-	-	-	18.03.2019	500,000	539,713	539,713
DFCC Bank PLC	09.11.2023	500,000	508,257	508,257	09.11.2023	500,000	526,207	526,207
DFCC Bank PLC	29.03.2023	250,000	277,942	277,942	29.03.2023	250,000	274,117	274,117
DFCC Bank PLC	10.06.2020	250,000	261,699	261,699	10.06.2020	250,000	255,749	255,749
DFCC Bank PLC	29.03.2025	250,000	285,928	285,928	29.03.2025	250,000	274,752	274,752
DFCC Bank PLC	28.03.2026	1,000,000	1,105,103	1,105,103	-	-	-	-
DFCC Bank PLC	28.03.2029	1,000,000	1,106,249	1,106,249	-	-	-	-
The Housing Development Finance Corporation Bank of Sri Lanka	20.11.2025	150,000	152,065	152,065	20.11.2025	150,000	143,701	143,701
Diversified Financials								
Merchant Bank of Sri Lanka and Finance PLC								
	-	-	-	-	11.12.2019	113,520	122,193	122,193
Diversified Financials								
People's Leasing & Finance PLC	16.11.2021	400,000	406,352	406,352	16.11.2021	400,000	406,352	406,352
People's Leasing & Finance PLC	18.04.2023	750,000	851,983	851,983	18.04.2023	750,000	817,858	817,858
LB Finance PLC	11.12.2022	1,000,000	1,011,023	1,011,023	11.12.2022	1,000,000	907,623	907,623
Softlogic Finance PLC1	-	-	-	-	29.08.2019	12,600	12,918	12,918
Commercial Leasing & Finance PLC	21.07.2020	250,000	269,200	269,200	21.07.2020	250,000	271,525	271,525
Central Finance Company PLC	01.06.2020	225,000	224,528	224,528	01.06.2020	225,000	243,090	243,090
Commercial Credit & Finance PLC	10.12.2020	400,000	402,507	402,507	10.12.2020	400,000	400,187	400,187
Commercial Credit & Finance PLC	01.06.2020	43,345	43,521	43,521	01.06.2020	43,345	44,492	44,492
Siyapatha Finance PLC	-	-	-	-	20.09.2019	125,000	129,210	129,210
Siyapatha Finance PLC	04.10.2022	125,000	129,259	129,259	04.10.2022	125,000	128,560	128,560
Lanka Orix Leasing Company PLC	-	-	-	-	24.11.2019	110,000	102,595	102,595
Lanka Orix Leasing Company PLC	-	-	-	-	31.07.2019	500,000	533,036	533,036
Lanka Orix Leasing Company PLC	31.07.2022	500,000	546,825	546,825	31.07.2022	500,000	527,275	527,275
Lanka Orix Leasing Company PLC	27.09.2024	322,120	342,849	342,849	-	-	-	-
Vallibel Finance PLC	31.03.2020	140,200	142,813	142,813	31.03.2020	140,200	144,145	144,145
Sector Total		27,776,796	28,688,355	28,688,355		19,170,796	18,899,947	18,899,947

5 FINANCIAL INVESTMENTS (CONTD.)

5.3 Available for Sale (AFS) (CONTD.)

5.3.4 Listed Debentures Company (CONTD.)

Listed Debentures Company	Maturity Date	Face Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Maturity Date	Face Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Industrials								
Capital Goods								
Hayleys PLC	06.03.2020	200,000	204,253	204,253	06.03.2020	200,000	199,733	199,733
Hayleys PLC	-	-	-	-	31.05.2019	250,000	250,122	250,122
Hayleys PLC	31.07.2023	1,000,000	1,096,740	1,096,740	31.07.2023	1,000,000	1,052,740	1,052,740
Hemas Holdings PLC	-	-	-	-	29.04.2019	119,970	122,696	122,696
MTD Walkers PLC	-	-	-	-	02.10.2019	101,913	104,929	104,929
Sector Total		1,200,000	1,300,993	1,300,993		1,671,883	1,730,220	1,730,220
Health Care								
Health Care Equipment & Services								
Nawaloka Hospitals PLC	30.09.2021	150,000	156,175	156,175	30.09.2021	150,000	160,765	160,765
Sector Total		150,000	156,175	156,175		150,000	160,765	160,765
Telecommunication Services								
Sri Lanka Telecom PLC	19.04.2028	2,000,000	2,215,099	2,215,099	19.04.2028	2,000,000	2,051,699	2,051,699
Sector Total		2,000,000	2,215,099	2,215,099		2,000,000	2,051,699	2,051,699
Consumer Discretionary								
Consumer Durables & Apparel								
Abans PLC	-	-	-	-	20.12.2018	400,000	419,918	419,918
Singer Sri Lanka PLC	-	-	-	-	15.03.2019	200,000	206,094	206,094
Sector Total		-	-	-		600,000	626,012	626,012
Consumer Staples								
Beverages, Food & Tobacco								
The Lion Brewery Ceylon PLC	-	-	-	-	08.12.2019	400,000	398,555	398,555
Sector Total		-	-	-		400,000	398,555	398,555
Total Investment in Listed Debentures		31,126,796	32,360,622	32,360,622		23,992,679	23,867,197	23,867,197

1 Guaranteed by GuarantCo Ltd which is ultimately owned by multilateral G10 governments.

2 Guaranteed equally by HNB & Sampath.

3 Guaranteed by HNB.

4 Guaranteed by Sampath.

5 FINANCIAL INVESTMENTS (CONTD.)						
5.4.1 " Listed Shares (CONTD.)						
As at 31 December		2019			2018	
Group / Company	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000
Consumer Staples						
Food, Beverage & Tobacco						
The Lion Brewery Ceylon PLC	3,441	2,147	2,147	3,441	1,961	1,961
Nestle Lanka PLC	264,404	343,461	343,461	180,466	306,882	306,882
Food & Staples Retailing						
Cargills (Ceylon) PLC	114,286	22,057	22,057	114,286	22,972	22,972
Sector Total		546,313	546,313		396,815	396,815
Energy						
Energy						
Laugfs Gas PLC	7,800	137	137	7,800	147	147
	7,800	39	39	-	-	-
Sector Total	176	176	147	147		
Financials						
Diversified Financials						
People's Merchant Finance PLC	1,500	16	16	1,500	17	17
People's Leasing & Finance PLC	7,235,629	129,518	129,518	7,022,962	114,474	114,474
Sector Total		129,534	129,534		114,491	114,491
Banks						
Sampath Bank PLC	2,546,249	413,765	413,765	171,000	40,185	40,185
Commercial Bank PLC	3,726,273	353,996	353,996	-	-	-
Hatton National Bank PLC	99	17	17	-	-	-
Sector Total		767,778	767,778		40,185	40,185
Real Estate						
Overseas Reality PLC	4,649,218	75,318	75,318	4,649,218	76,712	76,712
RIL Property PLC	10,000,000	60,000	60,000	10,000,000	69,000	69,000
Sector Total		135,318	135,318		145,712	145,712

5 FINANCIAL INVESTMENTS (CONTD.)						
5.4.1 " Listed Shares (CONTD.)						
As at 31 December						
Group / Company	2019			2018		
	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000
Industrials						
Capital Goods						
John Keells Holdings PLC	4,164,113	695,407	695,407	319,395	50,784	50,784
Vallibel One PLC	1,121,800	19,631	19,631	1,121,800	19,070	19,070
Heyleys PLC	397,418	69,508	69,508	397,418	74,318	74,318
ACL Cabels PLC	946,413	51,200	51,200	675,647	24,999	24,999
Access Engineering PLC	2,473,990	53,933	53,933	1,070,000	15,087	15,087
Lanka Walltiles PLC	807,600	58,551	58,551	807,600	57,339	57,339
Hemas Holdings PLC	1,157,326	96,058	96,058	826,375	73,044	73,044
Brown & Company PLC	786,990	55,876	55,876	786,990	47,220	47,220
Lankem Ceylon PLC	306,169	7,808	7,808	306,169	7,379	7,379
Colombo Dockyard PLC	3,536,548	219,266	219,266	3,536,548	196,278	196,278
Expolanka Holdings PLC	9,499,000	48,444	48,444	9,499,000	37,996	37,996
Aitken Spence PLC	1,263,348	59,378	59,378	1,263,348	60,388	60,388
Royal Ceramics Lanka PLC	358,905	31,763	31,763	-	-	-
Lanak Tiles PLC	1,274,572	98,269	98,269	-	-	-
Sector Total		1,565,092	1,565,092		663,902	663,902
Utilities						
LVL Energy Fund Limited	50,000,000	380,000	380,000	50,000,000	425,000	425,000
Sector Total		380,000	380,000		425,000	425,000
Materials						
Tokyo Cement Company (Lanka) PLC	500,000	24,200	24,200	500,000	12,500	12,500
Lanka Aluminium Industries PLC	69,838	4,749	4,749	69,838	4,498	4,498
Chevron Lubricants Lanka PLC	3,400,000	255,000	255,000	3,400,000	246,500	246,500
Swisstek (Ceylon) PLC	628,044	32,659	32,659	368,132	15,093	15,093
Sector Total		316,608	316,608		278,591	278,591
Telecommunication Services						
Sri Lanka Telecom PLC	17,713,735	566,839	566,839	17,713,735	416,273	416,273
Dialog Axiata PLC	62	1	1	1,790,023	18,079	18,079
Sector Total		566,840	566,840		434,352	434,352
Total Investment in Listed Shares		5,643,021	5,643,021		3,627,702	3,627,702

5 FINANCIAL INVESTMENTS (CONTD.)

5.5 Movement of Carrying Values in Financial Investments

As at 31 December	Available For Sale Financial Assets	Fair Value Through Profit or Loss Financial Assets	Held To Maturity Financial Assets	Loans and Receivable	Total
Company	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 01 January 2019	58,480,606	3,627,702	54,622,917	33,326,553	150,057,778
Purchases	13,523,857	2,286,917	-	38,674,920	54,485,694
Maturities	(1,100,000)	-	(1,500,000)	(29,092,447)	(31,692,447)
Disposals	(8,728,156)	(778,352)	-	-	(9,506,508)
Fair Value Gain Recorded in Other Comprehensive income	(3,403,456)	-	-	-	(3,403,456)
Realized Capital Gains/(Losses)	771,805	-	-	-	771,805
Realized/Unrealized Capital Gains/(Losses)	-	506,755	-	-	506,755
Impairment of Assets during the year	(127,933)	-	-	-	(127,933)
Interest Amortisation	(16,488)	-	22,479	-	5,991
Foreign Currency Translation Adjustments	(8,356)	-	-	(89,854)	(98,210)
Interest Income	3,345,191	-	5,670,816	3,693,876	12,709,883
Interest/Coupon Receipts	(2,780,663)	-	(5,702,692)	(3,075,966)	(11,559,321)
As at 31 December 2019	59,956,407	5,643,021	53,113,519	43,437,082	162,150,029
As at 01 January 2018	62,780,395	4,050,081	55,020,955	22,748,913	144,600,343
Purchases	8,330,590	441,995	10,526,604	48,083,509	67,382,698
Maturities	(6,881,011)	(110,484)	(11,036,230)	(39,844,790)	(57,872,515)
Disposals	(1,445,227)	-	-	-	(1,445,227)
Fair Value Gain Recorded in Other Comprehensive income	(5,310,625)	-	-	-	(5,310,625)
Realized Capital Gains/(Losses)	801,264	-	-	-	801,264
Realized/Unrealized Capital Gains/(Losses)	-	(753,387)	-	-	(753,387)
Interest Amortisation	110,417	-	79,739	-	190,156
Foreign Currency Translation Adjustments	127,106	-	-	1,725,833	1,852,939
Interest Income	2,883,108	-	5,582,758	2,584,775	11,050,641
Interest/Coupon Receipts	(2,915,411)	(502)	(5,550,909)	(1,971,687)	(10,438,509)
As at 31 December 2018	58,480,606	3,627,702	54,622,917	33,326,553	150,057,778

5 FINANCIAL INVESTMENTS (CONTD.)					
5.5 Movement of Carrying Values in Financial Investments (CONTD.)					
As at 31 December	Available For Sale Financial Assets	Fair Value Through Profit or Loss Financial Assets	Held To Maturity Financial Assets	Loans and Receivable	Total
Group	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 01 January 2019	58,480,603	3,627,702	54,622,918	36,100,316	152,831,539
Purchases	13,523,857	2,286,917	-	38,674,920	54,485,694
Maturities	(1,100,000)	-	(1,500,000)	(29,283,810)	(31,883,810)
Disposals	(8,728,156)	(778,352)	-	-	(9,506,508)
Fair Value Gain Recorded in Other Comprehensive income	(3,403,456)	-	-	-	(3,403,456)
Realized Capital Gains/(Losses)	771,805	-	-	-	771,805
Realized/Unrealized Capital Gains/(Losses)	-	506,755	-	-	506,755
Interest Amortisation	(16,488)	-	22,479	-	5,991
Foreign Currency Translation Adjustments	(8,356)	-	-	(89,854)	(98,211)
Impairment of Assets during the year	(127,933)	(127,933)	-	-	(255,866)
Interest Income	3,345,191	-	5,670,816	3,693,876	12,709,883
Interest/Coupon Receipts	(2,780,663)	-	(5,702,692)	(3,075,966)	(11,559,321)
As at 31 December 2019	59,956,406	5,643,023	53,113,520	46,019,481	164,732,428
As at 01 January 2018	62,780,394	4,050,081	55,020,955	25,074,770	146,926,201
Purchases	8,330,590	441,995	10,526,604	48,531,414	67,830,603
Maturities	(6,881,011)	(110,484)	(11,036,230)	(39,844,790)	(57,872,515)
Disposals	(1,445,227)	-	-	-	(1,445,227)
Fair Value Gain Recorded in Other Comprehensive income	(5,310,625)	-	-	-	(5,310,625)
Realized Capital Gains/(Losses)	801,264	-	-	-	801,264
Realized/Unrealized Capital Gains/(Losses)	-	(753,387)	-	-	(753,387)
Interest Amortisation	110,417	-	79,739	-	190,156
Foreign Currency Translation Adjustments	127,106	-	-	1,725,833	1,852,939
Interest Income	2,883,108	-	5,582,758	2,584,775	11,050,641
Interest/Coupon Receipts	(2,915,411)	(502)	(5,550,909)	(1,971,687)	(10,438,510)
As at 31 December 2018	58,480,603	3,627,702	54,622,918	36,100,316	152,831,539

6 INVESTMENT IN SUBSIDIARIES									
					Company				
As at 31 December					2019	2018			
					Sub Note	Rs. '000	Rs. '000		
At Cost									
Listed Subsidiaries			6.1		2,764,196	2,925,567			
Unlisted Subsidiaries			6.2		18,059,696	18,160,338			
					20,823,892	21,085,905			
6.1 Listed Subsidiaries									
				2019		2018			
	No. of	Holding	Cost	Fair Value	No. of	Holding	Cost	Fair Value	
	Shares	%	Rs. '000	Rs. '000	Shares	%	Rs. '000	Rs. '000	
The Lanka Hospitals Corporation PLC	122,177,993	51.34%	2,764,196	4,674,881	122,177,993	54.6%	2,925,567	4,862,684	
			2,764,196	4,674,881			2,925,567	4,862,684	
6.2 Unlisted Subsidiaries									
	No. of	SLIC	Carrying	No. of	SLIC	Carrying			
	Shares	Holding	Value	Shares	Holding	Value			
		%	Rs. '000		%	Rs. '000			
Litro Gas Lanka Ltd	35,976,853	99.94%	3,510,063	35,976,853	99.94%	3,510,063			
Litro Gas Terminal Lanka (Pvt) Ltd	158,710,945	100.00%	5,280,188	158,710,945	100%	5,280,188			
Management Services Rakshana Ltd.	5	100.00%	-	5	100%	-			
Canwill Holdings (Pvt)Ltd.	850,000,000	45.95%	8,399,358	850,000,000	45.95%	8,500,000			
Canowin Hotels & Spas (Pvt) Ltd	87,008,686	100.00%	870,087	87,008,686	100%	870,087			
			18,059,696			18,160,338			

Sri Lanka Insurance Corporation Ltd has invested Rs. 8.5Bn in Canwill Holdings Limited and it is 45.95% of the stake holding of Canwill Holdings Limited. According to the Net Asset value of Canwill Holdings Limited as at 31st December 2019 derived by valuation done on 10th April 2019 by an independent valuer. Accordingly Rs. 100.6 Mn (2018 -Nil) is recognized on impairment against the SLIC investment of Canwill Holdings Limited in the company's financial statements.

6 INVESTMENT IN SUBSIDIARIES (CONTD.)**6.3 Group Holdings in Principal Subsidiaries**

The following disclosure excerpt highlights the group composition and the proportion of ownership interests held by NCI.

Company	Principal activities	Class of shares held	Proportion of shares held	Group Interest		Non Controlling Interest	
				2019	2018	2019	2018
The Lanka Hospitals Corporation PLC	Healthcare and Laboratory Services	Ordinary	51.34%	51.34%	54.61%	48.66%	45.39%
Lanka Hospital Diagnostics Limited	Healthcare and Laboratory Services	Ordinary	100.00%	51.34%	54.61%	48.66%	45.39%
Litro Gas Lanka Limited	Import, Process, Store, Distribute and sell Liquid Petroleum Gas (LPG) and provide other incidental services.	Ordinary	100.00%	99.94%	99.94%	0.06%	0.06%
Litro Gas Terminal Lanka (Pvt) Ltd	Provide bulk storage facilities for Liquid Petroleum Gas	Ordinary	100.00%	100.00%	100.00%	0.00%	0.00%
Canowin Hotels & Spa (Pvt) Ltd	Hoteliering	Ordinary	100.00%	100.00%	100.00%	0.00%	0.00%
Canwill Holdings (Pvt) Limited	Investment promotion in relation to leisure sector	Ordinary	72.97%	72.97%	72.97%	27.03%	27.03%
Sinolanka Hotels & Spa (Pvt) Limited	Hoteliering	Ordinary	100.00%	72.97%	72.97%	27.03%	27.03%
Helanco Hotels & Spa (Pvt) Limited	Hoteliering	Ordinary	100.00%	72.97%	72.97%	27.03%	27.03%
Management Services Rakshana (Pvt) Ltd	Management Services	Ordinary	100.00%	100.00%	100.00%	0.00%	0.00%

6.4 Non Controlling Interest

The Group has not identified any non controlling interest which is material to the Group on quantitative and qualitative basis.

Canwill Holdings (Private) Limited

	Holding Percentage	Company	
		2019 Rs.	2018 Rs.
Sinolanka Hotels & Spa (Pvt) Ltd	100%	18,000,000,000	18,000,000,000
Helanco Hotels & Spa (Pvt) Ltd	100%	500,000,000	500,000,000
Nilyan Hotels & Spa (Pvt) Ltd	100%	10	10
		18,500,000,010	18,500,000,010
Provision for impairment		(10)	(10)
		18,500,000,000	18,500,000,000

The Board of Directors of Nilyan Hotels & Spa (Pvt) Ltd have decided to strike off the name of the company from the register maintained at the Department of Registrar General of Companies since the company will not be proceeding with business activities. Accordingly, provision has been made as fall in value of the investment of Rs. 10/- under Nilyan Hotels & Spa (Pvt) Ltd.

7 INVESTMENT IN ASSOCIATES

	2019				2018			
	No. of Shares	SLIC Holding %	Cost Value Rs. '000	Fair Value Rs. '000	No. of Shares	Holding Holding %	Cost Value Rs. '000	Fair Value Value Rs. '000
Ceylon Asset Management Company Limited	1,250,000	21.37%	4,779	4,779	1,250,000	21.37%	3,350	3,350
Ceybank Asset Management Limited	759,998	26.57%	143,730	143,730	759,998	26.57%	140,296	140,296
			148,509	148,509			143,646	143,646

The above investments are measured at SLIC's share of Net Asset Value (NAV) of the investee (based on the financial statements) and change in values are recognised in OCI. The principal activities of the above companions are fund many garment and there is no material impact on the Group's profit after tax or EPS, or cash.

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Group

	2019 Rs. '000	2018 Rs. '000
Carrying Amount	35,881,772	33,420,253
Less: Impairment for Awisawella Land & Building	-	(90,513)
Work-in-Progress (Note 8.1.3)	16,464,930	19,052,233
	52,346,702	52,381,973

8 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land	Buildings on Freehold Land	Building on Leasehold Land	Equipment	Furniture & Fittings	Motor Vehicle
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost/Valuation						
Balance as at 01 January 2019	9,748,099	2,210,804	3,940,770	4,449,113	627,116	1,126,594
Additions during the Year	-	157,161	24,768	323,214	111,292	10,135
Revaluation	1,083,906	-	2,968,189	-	-	-
Accumulated Depreciation Transfers to Revaluation Reserve	-	-	(80,149)	-	-	-
Disposals	(87,638)	(3,195)	-	(15,918)	(3,239)	(12,465)
Transfers from Working Progress	-	-	5,327	(16,379)	2,911	-
Write-off of fully depreciated assets	-	-	-	-	-	-
Balance as at 31 December 2019	10,744,367	2,364,770	6,858,904	4,740,030	738,080	1,124,264
Accumulated Depreciation						
Balance as at 01 January 2019	7,541	68,083	202,601	2,209,995	294,245	482,509
Charge during the year	1,741	109,835	161,454	368,666	79,601	204,074
Accumulated Depreciation Transfers to Revaluation Reserve	-	-	(80,149)	-	-	-
Disposals	-	(479)	-	(9,862)	(2,671)	(10,676)
Transfers from Working Progress	-	-	-	-	-	-
Write-off of fully depreciated assets	-	-	-	-	-	-
Balance as at 31 December 2019	9,282	177,439	283,906	2,568,799	371,175	675,907
Net Book Value						
As at 31 December 2018	9,740,558	2,142,721	3,738,169	2,239,118	332,872	644,085
As at 31 December 2019	10,735,085	2,187,331	6,574,997	2,171,230	366,905	448,357

Electrical Generators & passenger lifts	Fixtures & Fittings	Air- condition Plant	Plant and Machinery	Storage tanks, pipe lines and pumping stations	LPG Cylinders	Others	Total 2019	Total 2018
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
52,756	1,307	104,245	1,445,852	5,451,389	14,323,242	260,175	43,741,464	41,261,192
4,555	4,620	7,573	133,188	32,135	391,694	36,471	1,236,806	2,684,771
-	-	-	-	-	-	-	4,052,095	2,143,221
-	-	-	(57,167)	(4,284)	-	-	(141,600)	(913,063)
(1,350)	(644)	(2,490)	-	-	(7,419)	(4,111)	(138,469)	(1,126,914)
-	-	-	-	7,470	(671)	(21,115)	-	(286,626)
-	-	-	-	-	-	-	-	(286,626)
55,961	5,283	109,328	1,521,873	5,479,240	14,707,517	300,006	48,749,625	43,741,465
1,549	678	1,875	380,174	1,611,444	4,873,999	186,518	10,321,211	9,255,574
10,268	1,016	16,732	70,329	221,989	1,438,027	39,672	2,723,404	2,377,051
-	-	-	(57,167)	(4,284)	-	-	(141,600)	(913,063)
(1,200)	(578)	(2,114)	-	-	(4,940)	(2,642)	(35,162)	(88,272)
-	-	-	-	-	-	-	(23,450)	-
-	-	-	-	-	-	-	-	(286,626)
10,617	1,116	16,493	393,336	1,829,149	6,307,086	223,548	12,867,853	10,321,214
51,207	629	102,370	1,065,678	3,839,945	9,449,243	73,657	-	33,420,253
45,344	4,167	92,835	1,128,537	3,650,091	8,400,431	76,458	35,881,772	-

8 PROPERTY, PLANT AND EQUIPMENT (CONTD.)**8.1 Group (CONTD.)****8.1.1 Lands****Freehold Lands***The Lanka Hospitals Corporation PLC - carried at revalued amount*

Location	Extent (perches)	Method of valuation	Property valuer	Effective date of valuation	Significant unobservable inputs	Carrying value as at 31.12.2019 Rs.	Revaluation surplus Rs.	Carrying value at cost Rs.
Hathbodiya, Kirula Road, Narahenpita, Colombo 05.	10.35	Open market value method	Mr. A A M Fathihu (FIV), Chartered Valuer	31st December 2018	Estimated price per perch	32,550,370	26,081,923	6,468,447
Hathbodiya, Kirula Road, Narahenpita, Colombo 05.	10.00	Open market value method	Mr. A A M Fathihu (FIV), Chartered Valuer	31st December 2018	Estimated price per perch	31,449,632	25,199,926	6,249,706
						64,000,002	51,281,849	12,718,153

SinoLanka Hotels & Spa (Pvt) Ltd

Sinolanka Hotels & Spa (Pvt) Ltd has purchased three blocks of land with buildings attached to land, with the intention of demolishing the buildings in 2014 to facilitate the expansion of ballroom, car parking facilities, re-organization of traffic circulation and compliance with the regulatory requirement. The total cost of the said properties purchased during 2013 was Rs 1,139,357,179.

The total cost is allocated between freehold land and Capital Work-in-Progress. The cost allocated to freehold land is determined on the basis of a valuation determined by the government valuation department which is Rs 7 Mn per perch. Thereby Rs. 716,734,184 is allocated as the cost of the freehold land purchased. The land extent of the three blocks of land are Assessment No 112 - 62.77 p, Assessment No 108 - 15p and Assessment No 134 - 20.10p. The total additions to the freehold land above includes the direct costs related to the acquisition. In addition to the above freehold land, the Company occupies approximately 22.56p of land, which is currently owned by Ceylinco Homes International (Lotus Tower) Ltd. Followings are the legal consequences connected therein;

Case No. DLM/43/18 was filed in the District Court of Colombo by Ceylinco Homes International Ltd against Sinolanka Hotels & Spa (Pvt) Ltd, requesting to issue a declaration from the Court that they are the lawful owner of property and to eject the present occupier from the property, to recover damages and issue a Permanent Injunction restraining Sinolanka Hotels & Spa (Pvt) Ltd from occupying and making carrying out further construction on the property. The case was subsequently rejected by the Learned District Court Judge of Colombo by her order dated 24th July 2018.

Subsequently, the lawyers of the plaintiff sought leave of the court to resurvey the disputed property and such resurveyed plan was submitted to the court by the licensed surveyor on 07th August 2019. The court postponed the proceedings of the case until the determination of the case No. CA (Writ) Application No. 219/18 in the court of appeal, which is the Writ matter filed by the Ceylinco Homes International Limited against Sinolanka Hotels & Spa (Private) Limited connected to the same property.

8 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 Group (CONTD.)

Case No. WP/HCCA/109/18/LA has filed in the High Court of the Western Province (Civil Appeal) by Ceylinco Homes International Ltd to initiate an appeal application against Sinolanka Hotels & Spa (Pvt) Ltd in order to set aside the aforesaid order of District Court dated 24th July 2018. Further proceedings of this case has been postponed by the Learned High Court Judge upon the application made by the petitioner until the court proceedings of the next date of aforesaid Writ matter.

CA (Writ) Application No. 219/18, the acquisition process of this land has initiated by the Line Ministry (Ministry of Public Enterprise Development), through an Extraordinary Gazette No. 2065/24, dated 04th April 2018 in order to obtain immediate possession of the land by the Ministry of Land and Parliamentary Reforms. However, CA (Writ) Application No. 219/18 has instituted in the Court of Appeal by the Ceylinco Homes International Ltd on 02nd July 2018 against Ministry of Lands, Acquiring Officer, Urban Development Authority and Sinolanka Hotels & Spa (Pvt) Ltd in the Court of appeal in order to issue Writ of Certiorari quashing the order made under provision (a) to Section 38 of the Land Acquisition Act by the Minister of Lands and Parliamentary Reforms. The case was on going as at reporting date.

Leasehold Land

Sinolanka Hotels & Spa (Pvt) Ltd

Sinolanka Hotels & Spa (Pvt) Ltd entered into an agreement dated 16th July 2012 with the Urban Development Authority (hereafter referred to as the "Lessor"), whereby Lessor allocated to the Company (hereafter referred to as the "Lessee") a block of land bearing assessment No. 116, Galle Road, Colombo 03 comprising in extent 0.6057 Hectares together with the partly constructed building thereon, for an annual nominal lease of Rs. 10,000/- for a period of 99 years for the purpose of constructing and operating a Luxury Hotel Complex. The agreement further provided that the settlement of nominal annual lease for the period of 99 years should be in one lump sum of Rs. 990,000/-.

Upon the termination of the lease by effluxion of time, the Lessor may grant to the Lessee or its successors a renewal of the lease for a further period of 99 years or for a period to be mutually agreed upon by the Lessor and Lessee.

In the event of termination or determination of the lease at the expiration of the said term as the case may be and on the Lessee yielding the demised premises with all buildings and with all furniture and fixtures and everything standing thereon to the Lessor, the Lessor shall purchase the building and everything standing thereon at the market value prevailing at the time of yielding.

In addition to the aforesaid lease agreement, the Government valuation department determined a value of Rs. 5.0 Bn to be paid by the company as full and final consideration to the Secretary to the Treasury in respect of the said property situated at 116, Galle Road, Colombo 03. The Valuation department further determined that the value attributable to the land in extent of 0.6057 hectares based on a 99 year lease for the purpose of constructing and operating a Luxury Hotel Complex amounted to Rs. 1.228 Bn. The balance value was included in capital work in progress. Of the above referred Rs. 5.0 Bn, Rs 4.8 Bn has been paid to date to the secretary to the treasury. During the year 2016, Rs. 200 Mn which was previously recognised as payable to the secretary to the treasury was written back to the capital work in progress based on a decision made by the board of directors.

Helanco Hotels & Spa (Pvt) Limited

Helanco Hotels & Spa (Pvt) Ltd entered into an agreement dated 1st September 2014 with the Urban Development Authority (hereafter referred to as the "Lessor"), whereby the Lessor allocated to the Company (hereafter referred to as the "Lessee") a block of land situated at Lewaya Road, Hambanthota, comprising in extent 3.812 Hectares, for a sum of Rs. 149,601,875/- for a period of 99 years, for the purpose of constructing and operating a Luxury Hotel Complex. The agreement further provided that the settlement of annual lease for the period of 99 years should be in one lump sum of Rs. 4,950,000/-.

8 PROPERTY, PLANT AND EQUIPMENT (CONTD.)**8.1.2 Buildings on Leasehold Land****SinoLanka Hotels & Spa (Pvt) Ltd**

The Company entered into an agreement dated 16th July 2012 with the Urban Development Authority (hereafter referred to as the "Lessor"), whereby Lessor allocated to the Company (hereafter referred to as the "Lessee") a block of land bearing assessment No. 116, Galle Road, Colombo 03 comprising in extent 0.6057 Hectares together with the partly constructed building thereon, for an annual nominal lease of Rs. 10,000/- for a term of period of 99 years for the purpose of constructing and operating a Luxury Hotel Complex. The agreement further provided that the settlement of nominal annual lease for the period of 99 years in one lump sum of Rs. 990,000/-.

Upon the termination of the lease by effluxion of time, the UDA may grant to SinoLanka Hotels & Spa (Pvt) Ltd or its successors a renewal of the lease for a further period of 99 years or for a period to be mutually agreed upon by the UDA and SinoLanka Hotels & Spa (Pvt) Ltd.

In the event of termination or determination of the lease at the expiration of the said term as the case may be and on the Company yielding the demised premises with all buildings and with all furniture and fixtures and everything standing thereon to UDA, the SinoLanka Hotels & Spa (Pvt) Ltd shall purchase the building and everything standing thereon at the market value prevailing at the time of yielding.

8.1.3 Capital Work-in-Progress

As at 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
At the beginning of the Year	19,167,137	17,592,604	-	-
Transferred to Opex to profit and loss account	14,977	(44,650)	-	-
Cost incurred during the Year	764,827	1,589,137	-	-
Amount capitalised during the Year	(616,375)	(84,858)	-	-
Revaluation of asset	(2,865,636)	-	-	-
At the end of the Year	16,464,930	19,052,233	-	-

Canwill Holdings (Pvt) Ltd

Capital Work in Progress consists of the partly completed property at No, 116, Galle Rd, Colombo 3, Grand Hyatt Colombo. During the financial year certain contractors have agreed for mutual termination/suspension until the proposed divestiture program of the project is completed. The construction material previously recognized as Inventory under LKAS 02, was reclassified as Construction Work in Progress. Accordingly, Rs. 114, 905, 390/- worth of inventory which was recognized as inventory during the financial year of 2018, was adjusted to Capital Work in Progress. In addition the staff salaries and other maintenance cost related to the project have been identified as administrative cost from June 2019 since the construction activities of the project are on hold.

8 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 GROUP (CONTD.)

8.1.4 Impairment of Property, Plant and Equipment

Helanco Hotels & Spa (Pvt) Limited

In accordance with Sri Lanka Accounting Standards (LKAS) 16 – Property, Plant and Equipment, the initial costs incurred in relation to the commencement of construction of Hyatt Hotel at Hambantota were capitalized. The Board of Directors of the Company had since resolved to discontinue the construction of the Hotel. As a consequence, the costs incurred so far on the project had been considered impaired as it would not be probable that the future economic benefits associated with these costs would flow to the entity. As such, a provision for impairment of Capital Works-in-Progress of Rs. 111,103,548/- had been recorded in the financial statements of 2015.

The hotel in Hambantota was to be constructed on a leased-hold land obtained from the Urban Development Authority for 99 years. The consideration paid to the Urban Development Authority with related taxes and other charges paid thereon for the use of the rights to the land were recognized as leasehold land and property in the financial statements for 2014. As the company had since resolved to discontinue with the hotel project the Board of Directors are evaluating options available to the company. The Directors are of the view that the un-amortized leasehold land value of Rs. 163,036,316/- as at 31 December 2019 could be recovered from the disposal of the property. Hence, no impairment provision had been considered necessary on the asset.

8.1.5 Fully Depreciated Assets

Sri Lanka Insurance Corporation Limited

In 2018, SLIC has carried out a Revaluation for entire asset portfolio, hence by end of 2019, there were no any fully depreciated assets. (2018 - Gross Carrying amount Rs.286.6 Mn)

The Lanka Hospitals Corporation PLC

Property plant and equipment as at 31st December 2019 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 1.56 Bn (2018- 1.46 Bn) that are still in use.

Litro Gas Lanka Limited

Property, plant and equipment as at 31st December 2019 includes fully depreciated assets having a gross carrying amount (Cost) of Rs. 375,569,999 (2018 - Rs. 359,703,814) that is still in use.

8.1.6 Asset Requalification

Litro Gas Lanka Limited

Certain types of assets: Storage tanks, Pipelines, Pumping stations, Instrumentation equipment, Tanks on Bowsers and Plant and machinery require periodically to be inspected, assessed and requalified to ensure that the said assets meet the required safety standards, to be used in the LPG industry. When such an asset is to be requalified for use, the cost and accumulated depreciation relating to the asset are derecognised. Subsequent to requalification, the previous written down value of the asset and the additional cost incurred to requalify the asset are capitalised, as it is expected that future economic benefits associated with the asset will flow to the entity.

Litro Gas Terminal Lanka (Private) Limited

Certain types of assets: Storage tanks, Pipelines, Pumping stations, Instrumentation equipment and Plant and machinery require periodically to be inspected, assessed and requalified to ensure that the said assets meet the required safety standards, to be used in the LPG industry. When such an asset is to be requalified for use, the cost and accumulated depreciation relating to the asset are derecognised. Subsequent to requalification, the previous written down value of the asset and the additional cost incurred to requalify the asset are capitalised, as it is expected that future economic benefits associated with the asset will flow to the entity.

8 PROPERTY, PLANT AND EQUIPMENT (CONTD.)**8.1 GROUP (CONTD.)****8.1.7 Revaluation gain/(impairment)****Litro Gas Lanka Limited**

The increase in an asset's carrying amount as a result of revaluation, has been recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Any decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. However, any excess revaluation decrease, if any, relating to an asset's carrying amount is recognised in profit or loss.

Revaluation of Property, Plant and Equipment.

Land, Building and site development under Property, plant and equipment have been revalued during the year and all other assets were revalued in previous years. The fair value of property, plant and equipment was determined by Sunil Fernando & Associates (Pvt) Ltd an external, independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued.

Asset category	Cost	Net book value under cost model
Land	36,652	36,652
Building & Site development	315,098	243,892
Motor Vehicles*	344,102	-
LPG storage tanks, pipe and fittings*	116,435	14,616
Plant & machinery*	299,709	93,788
Work shop equipment*	464	-
Other equipment*	34,166	2,704
Furniture, and fittings and Computers*	151,517	87
LPG cylinders*	4,135,870	7,651

** As at 31st December 2018, based on a valuation carried out by Mr. Sunil Fernando & Associates (Pvt) Ltd, it was determined that the fair value of the revalued assets did not materially differ from its carrying amount.

Litro Gas Terminal Lanka (Private) Limited

The increase in an asset's carrying amount as a result of revaluation, has been recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Any decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. However, any excess revaluation decrease, if any, relating to an asset's carrying amount is recognised in profit or loss.

8 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 GROUP (CONTD.)

8.1.7 Revaluation gain/(impairment) (CONTD.)

Revaluation of Property, Plant & Equipment.

Building and site development under Property, plant and equipment have been revalued during the year 2016 and all other assets were revalued in previous years. The fair value of property, plant and equipment was determined by Sunil Fernando & Associates (Pvt) Ltd an external, independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued.

Asset category	Cost	Net book value under cost model
Building and Site development	258,540	86,807
Plant & machinery*	247,656	46,986
Storage Tanks, Pipeline & Pumping Stations*	3,175,167	377,693
Motor Vehicles*	3,288	-
Instrumentation Equipment*	736,798	28,566
Office Equipment & Computers*	47,347	595

* As at 31st December 2018, based on a valuation carried out by Mr.Sunil Fernando & Associates it was determined that the fair value of the revalued assets did not materially differ from its carrying amount.

Sinolanka Hotels & Spa (Pvt) Ltd

In early 2019, the company carried out an asset revaluation for the Land and Construction Work in Progress (partly constructed building) during the year through an independent valuer, Prathap Chartered Valuation & Consultancy (Pvt) Ltd (a member of RICS). This was done in order to reflect the fair value of the assets in the financial statements of the company. Accordingly, the company has recognized the appreciation of Land value of Rs. 4,052,095,000/- in Other Comprehensive Income and impairment of the Capital Work in Progress (partly constructed building) in the profit or loss account amounting to Rs. 2,865,635,579/- . These values have been reflected respectively in the financial statements as at 31st December 2019.

8 PROPERTY, PLANT & EQUIPMENT (CONTD.)					
8.1 GROUP (CONTD.)					
8.1.8 Assets Revaluation					
Sri Lanka Insurance Corporation Ltd. - Company					
Location	Extent of the land	Land Rs. '000	Building Rs. '000	Total Carrying Value 31-12-2019	Total Carrying Value 31-12-2018
				Rs. '000	Rs. '000
Land situated at No. 288, Union Place, Colombo 2	A 01 R 00 P 20.35	2,705,250	-	2,705,250	2,705,250
Land & Building situated at No. 21, Vauxhall Street, Colombo 2	A 02 R 00 P 05.62	4,070,250	1,289,079	5,359,329	5,402,414
Land & Building situated at Thelawala, Katubedda, Moratuwa	A 02 R 00 P 13	224,775	27,278	252,053	253,489
Land & Building situated at Lake Road, 4th Lane, Anuradhapura	A 0 R 0 P 30	15,000	4,720	19,720	19,968
Land & Building situated at Main Street, 2nd Lane Anuradhapura	A 0 R 0 P 36.03	95,975	77,679	173,654	159,172
Land & Building situated at 571, Hospital Road, Jaffna	A 0 R 1 P 21.66	123,320	-	123,320	123,320
Land & Building situated at No. 25, Kande Veediya, Kandy	A 0 R 0 P 16.45	131,600	52,216	183,816	174,754
Land & Building situated at No. 20, Rajapaksha Broadway, Negombo	A 0 R 0 P 18.10	85,975	25,978	111,953	113,321
Land & Building situated at No. 7, Hakmana Road, Matara	A 0 R 1 P 04.17	176,680	20,030	196,710	197,764
Land & Building situated at No. 25, Waterfield Drive, Nuwara Eliya	A 0 R 02 P 23.01	152,250	8,560	160,810	161,260
Land & Building situated at No. 16/1, Dambulla Road, Kurunegala	-	-	64,980	64,980	68,400
Land & Building situated at No. 14A, Pulathisigama, Hingurakgoda	A 0 R 0 P 49.42	4,214	1,200	5,414	5,477
Land & Building situated at No. 46, Main Street, Trincomalee	A 0 R 01 P 37.65	104,828	965	105,793	105,914
Land situated at Bauddhaloka Mawatha, Gampaha	A 0 R 0 P 27.60	96,600	78,769	175,369	96,600
Land & Building situated at No. 14, River Side Road, Kalutara	A 0 R 0 P 61.9	40,235	-	40,235	40,235
Land & Building situated at No. 32, Negombo Road, Marawila	A 0 R 0 P 17.30	25,950	-	25,950	25,950

8 PROPERTY, PLANT & EQUIPMENT (CONTD.)

8.1 GROUP (CONTD.)

8.1.8 Assets Revaluation

Sri Lanka Insurance Corporation Ltd. - Company

Location	Extent of the land	Land Rs. '000	Building Rs. '000	Total Carrying Value 31-12-2019	Total Carrying Value 31-12-2018
				Rs. '000	Rs. '000
Land & Building situated at No. 195, Bowela Village, Heerassagala, Kandy	A O R 01 P 03	34,650	-	34,650	34,650
Land & Building situated at No. 97, New Road, Ambalangoda	A O R 01 P 02.41	127,230	57,259	184,489	187,503
Land & Building situated at No. 211/C, Colombo Road, Pilimatalawa	A O R 0 P 08	24,000	14,989	38,989	39,778
Land situated at No. 42, Kurunegala Road, Chilaw	A O R 0 P 15.63	35,168	-	35,168	35,168
Land & Building situated at No. 38, Miyugunagama, Mahiyanganaya.	A O R 0 P 09.96	5,978	528	6,506	6,534
Land & Building situated at Bogahahena, Dikwella Road, Beliatta	A O R 01 P 33.58	53,351	-	53,351	53,351
Land & Building situated at No. 68, Ragala Road, Rikillagaskada.	A O R 0 P 6.832	19,471	6,286	25,757	26,088
Land & Building situated at No. 69, Kothmale Road, Nawalapitiya.	A O R 0 P 05	15,000	12,261	27,261	27,906
Land situated at No. 157, Thangalla Road, Thawaluwila, Ambalantota.	A O R 0 P 22.73	9,092	-	9,092	9,092
Land & Building situated at No. 6, Wadugodapitiya Veediya, Kandy .	A O R 0 P 08.50	34,000	26,316	60,316	61,701
Land & Building situated at No. 389, Main Street, Kegalle	A O R 0 P 09.51	28,530	32,573	61,103	62,818
Land situated at Kachchery Junction, Kandy Road, Jaffna	A O R 0 P 38.24	7,648	-	7,648	7,648
Land & Building situated in Badulla,14, R.H Gunawardana Mawatha, Badulla.	A O R 0 P 22.06	38,604	-	38,604	38,605
Land & Building situated at No. 60/1, Park Road, Nuwara Eliya	-	-	19,401	19,401	20,422
Land & Building situated at No. 77, Ratnapura Road, Awissawella	A O R 0 P 30.75	-	-	-	90,833
		8,485,624	1,821,067	10,306,691	10,355,385

8 PROPERTY, PLANT & EQUIPMENT (CONTD.)**8.2 Company**

As at 31 December

2019	2018
Rs. '000	Rs. '000

Carrying Amount	11,073,931	11,256,423
Less: Impairment for Awiisawella Land & Building	-	(90,513)
	11,073,931	11,165,910

	Land Rs. '000	Buildings on Freehold Land Rs. '000	Building on Leasehold Land Rs. '000	Equipment Rs. '000	Furniture & Fittings Rs. '000	Motor Vehicle Rs. '000
Cost/Valuation						
Balance as at 01 January 2019	8,573,262	1,712,420	69,700	228,091	144,856	406,707
Additions During the Year	-	131,314	-	121,603	34,268	-
Revaluation	-	-	-	-	-	-
Accumulated Depreciation Transfers to Revaluation Reserve	-	-	-	490	-	-
Disposals	(87,638)	(3,355)	-	(10,750)	-	-
Write-off of fully depreciated assets	-	-	-	-	-	-
Balance as at 31 December 2019	8,485,624	1,840,379	69,700	338,944	179,124	
Accumulated Depreciation						
Balance as at 01 January 2019	-	319	-	40,233	8,776	16
Depreciation Charge for the Year	-	89,172	-	95,066	45,328	131,899
Disposals	-	(479)	-	(5,718)	-	-
Transfers to Revaluation Reserve	-	-	-	-	-	-
Write-off of fully depreciated assets	-	-	-	-	-	-
Balance as at 31 December 2019	-	89,012	-	129,581	54,104	131,915
As at 31 December 2018	8,573,262	1,712,101	69,700	187,858	136,080	406,691
As at 31 December 2019	8,485,624	1,751,367	69,700	209,363	125,020	274,792

During 2018, in addition to land, building and Motor vehicles, all other assets have been revalued by Messrs. CT Kulathunga Associates. During the year the Company has acquired property, plant & equipment amounting to Rs.311.14 Mn (2018 Rs.243.21 Mn) There were no assets pledged against the borrowings.

Electrical Generators & passenger lifts	Fixtures & Fittings	Air- condition Plant	Others	Total 2019	Total 2018
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
52,756	956	104,246	18,116	11,311,110	11,139,302
4,555	-	7,573	11,836	311,149	243,209
-	-	-	-	-	2,120,821
-	-	-	-	-	(913,063)
(1,350)	(644)	(2,490)	(4,019)	(110,246)	(992,533)
-	-	-	-	-	(286,626)
406,707	55,961	109,329	25,933	11,512,013	11,311,110
1,026	493	1,875	1,949	54,687	1,000,983
10,268	150	16,732	7,424	396,039	269,811
(1,200)	(578)	(2,114)	(2,555)	(12,644)	(16,418)
-	-	-	-	-	(913,063)
-	-	-	-	-	(286,626)
10,094	65	16,493	6,818	438,082	54,687
51,729	464	102,372	16,166	-	11,256,423
45,867	247	92,836	19,115	11,073,931	-

9 RIGHT OF USE ASSETS/LEASE LIABILITY

SLFRS 16 – “Leases”, requires lessee to recognise all leases to on their Statement of Financial Position as lease liabilities with the corresponding right-of-use assets w.e.f. 1 January 2019. Previously, these leases were classified as operating leases under LKAS 17 – “Leases”.

The Company has entered to the 99 year leases with the government of Sri Lanka and previously recognized under LKAS 17 as Lease hold Properties were reclassified as Right of Use Assets -Lease Hold with adoption of SLFRS 16 -Lease, with effect from 01st January 2019. Prior period amount has not been restated.

Lease payable as lessee

The company leases a number of branch and office premises. The leases generally run for a period of 1-10 years, with an option to renew the lease after that date.

9.1 Right of use assets

	Group	Company
	2019	2019
	Rs. '000	Rs. '000
Cost		
Balance as at 1 January	-	-
Adjustment on Initial Application of SLFRS 16	2,319,648	387,904
Additions	252,742	164,616
Right to Use Assets Lease Hold (Note 9.1.1)	156,732	156,732
Balance as at 31 December	2,729,122	709,252
Amortisation		
Balance as at 1 January	-	-
Charge for the year	361,448	117,200
Balance as at 31 December	361,448	117,200
Net balance as at 31 December	2,367,672	592,052

9 RIGHT OF USE ASSETS/LEASE LIABILITY (CONTD.)

9.1.1 Right of use Assets - Lease Hold

	Group	Company
	2019	2019
	Rs. '000	Rs. '000
Cost		
Balance as at 1 January	-	-
Reclassification of previously recognized under LKAS 17 as Lease hold Properties under SLFRS 16	173,373	173,373
Additions	-	-
Disposal	(14,600)	(14,600)
Balance as at 31st December	158,773	158,773
Amortization		
Balance as at 1 January	4,889	4,889
Amortization of Lease hold Land	1,523	1,523
Disposal	(4,372)	(4,372)
Balance as at 31st December	2,040	2,040
Carrying Amount		
As at 31st December	156,733	156,733

9.2 Lease Liability

The carrying amounts of lease liability recognised and its movements during the year:

	Group	Company
	2019	2019
	Rs. '000	Rs. '000
Balance as at 1 January	-	-
Adjustment on Application of SLFRS 16	1,954,928	387,904
Lease Liability Relating to New/Renewed Contracts during the year	429,613	334,077
Rent Expense recognized in Income Statements relating to SLFRS 16 Contract	(474,639)	(133,877)
Exchange gain	(518)	-
Balance as at 31st December	1,909,384	588,104
Adjustment on Interest In Suspense at Initial Application	122,796	122,796
Interest Recognized in Income Statements	(252,346)	(46,353)
Interest in Suspense Relating to the New Contracts recognized	46,665	46,665
Interest in suspense at the End of the Period	(82,884)	123,108
Balance as at 31 December	1,992,269	464,996

9 RIGHT OF USE ASSETS/LEASE LIABILITY (CONTD.)**9.3 The amounts recognised in the Statement of Comprehensive Income for the year ended 31st December 2019**

	Group	Company
For the year ended 31 December	2019	2019
	Rs. '000	Rs. '000
Amortisation expenses on right-of-use assets	187,455	117,200
Interest expenses on lease liabilities	84,118	46,353
Finance Income on the net investment in the lease	9,345	9,345
Net charge to P&L	280,918	172,898

9.4 Maturity Analysis

	Group	Company
For the year ended 31 December	2019	2019
	Rs. '000	Rs. '000
less than 3 months	77,342	394
3 month to 6 month	3,199	3,199
6 moth to 1 year	161,007	3,753
1 to 5 year	1,048,802	363,435
more than 5 year	701,919	94,214
	1,992,269	464,995

The Lanka Hospitals Corporation PLC, a subsidiary of SLIC had entered into a 99 year lease agreement with the Urban Development Authority in 1999. In terms of this agreement, a sum of Rs. 18,546,522/- per annum should be paid by the Company till 2025, and the final premium payment of Rs. 9,273,274/- should be paid in 2026. As at 31 December 2019 a sum of Rs. 122 Mn is payable by 2026. (31 December 2018 - Rs 140 Mn). Lease rent paid on each instalment is carried forward and amortized over the 99 year period in accordance with the said agreement.

Canowin Hotels & Spas (Pvt) Ltd had acquired two leasehold plots in Welipenna from the Road Development Authority, on 1st March 2014 for a period of 30 years. The properties are adjoining the main property situated at the entrance of the Southern Expressway in which the rest area and food arcade has been constructed. This property is currently being utilised by Litro Gas Lanka (Pvt) Ltd.

10 LEASEHOLD PROPERTY

	Group		Company	
	2019	2018	2019	2018
As at 31 December	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Leasehold Right to Land (Note 10.1)	-	168,484	-	168,484
Right-to-use of land on lease (Note 10.2)	-	240,285	-	-
Balance as at 31 December	-	408,769	-	168,484

10 LEASEHOLD PROPERTY (CONTD.)

10.1 Leasehold Right to Land

	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Cost				
Balance as at 01 January	173,373	28,015	173,373	28,015
Reclassification to SLFRS 16	(173,373)	-	(173,373)	-
Transfers to Revaluation Reserve	-	148,752	-	148,752
Accumulated Depreciation Transfers to Revaluation Reserve	-	(3,394)	-	(3,394)
Balance as at 31 December	-	173,373	-	173,373
Amortization				
Balance as at 01 January	4,889	8,014	4,889	8,014
Reclassification to SLFRS 16	(4,889)	-	(4,889)	-
Transfers to Revaluation Reserve	-	(3,394)	-	(3,394)
Amortization during the year	-	269	-	269
Balance as at 31 December	-	4,889	-	4,889
Net balance as at 31 December	-	168,484	-	168,484

10.2 Advance Lease Premium

	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
As at 31 December				
Advance Lease Premium				
Balance at the 01 January	-	205,750	-	-
Premium Paid during the Period	-	18,547	-	-
Amortized during the Period	-	(5,692)	-	-
Transferred to Investment Property	-	-	-	-
Transferred from Investment Property	-	21,680	-	-
Balance as at 31 December	-	240,285	-	-

Sri Lanka Insurance Corporation Ltd obtained leasehold rights to lands situated in Puttalam, Ratnapura, Paradise Island - Bentota, Nuwara- Eliya, Batticaloa for 99 years from Government of Sri Lanka. Based on the ruling 11 of Urgent Issues Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka, the lands are stated at revalued amounts. As a result of a revision to said ruling, the Company now carries such leasehold rights to land, at the values recorded in the statement of financial position as at the effective date of SLFRS 16 - "Leases.

11 INVESTMENT PROPERTY	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
As at 31 December				
Balance as at 01 January	2,505,679	1,422,700	1,719,966	619,200
Additions during the year	46,062	3,104	-	-
Transfer from Property, plant & Equipment	-	971,166	-	971,166
Transfer to right to use of land on lease	-	(21,680)	-	-
Fair Value Gains / (Loss)	19,725	130,389	-	129,600
Balance as at 31st December	2,571,466	2,505,679	1,719,966	1,719,966

Investment property held by Sri Lanka Insurance Corporation Limited is located at No.6, Sir Baron Jayathilake Mawatha, Colombo 1. Extent of land is A0 R0 P38.88 and extent of the building is 40,000 sq. ft. The fair value has been recognised amounting to Rs.129,Mn as at 31 December 2018.

During the last year SLIC reclassified the following two properties from Property, Plant & Equipment to Investment Property. Property located at No 267, Union Place, Colombo, extent of land is A0 R0 P37.62 and the extent of building is 49,646 sq. ft & the bare land located at Gorkadeniya Rd, Yatinuwara, Extent of A0 R0 P118.47. The fair value of above said properties as at 31 December 2018 is Rs. 971 Mn /-.

Investment property held by Canowin Hotels & Spas (Pvt) Ltd, represents the leasehold land located at the entrance of the Southern Expressway, Welipenna and buildings (rest area and food arcade) which have been constructed in the said property. The leasehold property in Welipenna has been leased from the Road Development Authority ("RDA") for a period of 99 years starting from 19th August 2011.

No significant changes in the fair values as at 31.12.2019 were noted based on in respect of Company's investment properties on the management assessment carried out compared to the last reporting date.

11.1 Measurement of Fair Values

11.1.1 Fair Value Hierarchy

The fair value of investment property was determined by an external, independent property valuer, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement of investment property has been categorized as a Level 3 based on the SLFRS 13 - Fair Value Measurement.

11.1.2 Valuation technique and significant unobservable inputs

Valuation Technique	Company Name	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment basis valuation which considered the present value of future cash flows has been used. This is based on the actual rental income currently earned together with the service charges receivable. Other income with a deduction to cover the operational expenses has also been considered.	Canowin Hotels & Spas (Pvt) Ltd	1. Future rental and other income	Estimated fair value would increase (decrease) if:
		2.Future operational expenses	1.future rental and related income changes 2.future operational expenses change
		3.Discount rates	3.Discount rate changes
Alhamra Property - Valuation			
Income Approach based valuation which considered SLIC the present value of net future cash flows has been used. This is based on observable rental income & the outgoing expenses. Under the income approach it also considered the out going expense to determine the net future cash flows.	SLIC	1. Future rental	Estimated fair value would increase (decrease) if:
		2.Future operational expenses	1.future rental and related income changes 2.future operational expenses change
		3.Discount rates	3.Discount rate changes
Litro Property - Valuation			
Income Approach based valuation which considered the present value of net future cash flows has been used. This is based on actual rental income currently earned & outgoing expenses. Under the income approach it also considered the out going expense to determine the net future cash flows.	SLIC	1. Future rental	Estimated fair value would increase (decrease) if:
		2.Future operational expenses	1.future rental and related of income changes 2.future operational expenses changes
		3.Discount rates	3.Discount rate changes
Yatinuwara Bare Land			
Market Approach based valuation is used for the SLIC Ytinuwara Bare Land. Value is determined by using the direct comparison approach ,whereby the subject property is compared to the recent comparable land sales values & the necessary adjustment is made to determine the fair value of the bare land.	SLIC	1) Value per perch of the land	Estimated fair value would increase (decrease) if:
		2) Interest Rates	1)Value per perch of Land 2) Interest Rate Fluctuations

12 INTANGIBLE ASSETS				
	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
As at 31 December				
Goodwill on Acquisition (Note 12.1)	2,992,805	2,992,805	-	-
Computer Software (Note 12.2)	142,575	177,885	66,562	83,828
	3,135,380	3,170,690	66,562	83,828
12.1 Goodwill on Acquisition				
	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
As at 31 December				
Cost				
Balance at 01 January	2,992,805	2,992,805	-	-
On Acquisition of Subsidiaries	-	-	-	-
Balance as at 31 December	2,992,805	2,992,805	-	-
The aggregated carrying amount of goodwill allocated to each unit is as follows:				
	2019 Rs. Mn	2018 Rs. Mn	2019 Rs. Mn	2018 Rs. Mn
The Lanka Hospitals Corporation PLC	1,577	1,577	-	-
Litro Gas Lanka Limited	842	842	-	-
Litro Gas Terminal Lanka (Pvt) Ltd	574	574	-	-
	2,993	2,993	-	-
12.2 Computer Software				
There has been no permanent impairment of intangible assets that requires a provision.				
	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
As at 31 December				
Cost				
Balance at 01 January	547,546	496,163	396,242	364,526
Additions	28,058	51,383	22,935	31,716
Balance as at 31 December	575,604	547,546	419,177	396,242
Amortization				
Balance as at 01 January	369,661	307,432	312,414	271,359
Amortization Charge	63,368	62,229	40,201	41,055
Balance as at 31 December	433,030	369,661	352,615	312,414
Net Balance as at 31 December	142,575	177,885	66,562	83,828

Canwill Holdings (Private) Limited

The intangible assets comprise of accounting system, payroll system and communication solutions acquired and used for the purpose of the companies of the group.

13 LOANS TO POLICYHOLDERS

As at 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Balance as at 01 January	1,639,851	1,522,185	1,639,851	1,522,185
Loans granted during the year	1,673,482	1,513,152	1,673,482	1,513,152
Interest Receivable on loans	399,309	368,854	399,309	368,854
Loans settled during the year (Against claims)	(1,909,203)	(1,764,340)	(1,909,203)	(1,764,340)
Balance as at 31 December	1,803,439	1,639,851	1,803,439	1,639,851

The surrender value of the loans granted to policyholders as at 31st December 2019 amounted to Rs. 2,850 Mn (2018 Rs.2,634Mn).

The Company grants policy loans during the year at the market rate.

If the total receivable of the loan including interest due and accrued exceeds the surrender value the policy terminates and becomes void. The Company has the first lien on all policies which are subject to policy loans and this mitigates the Company's credit exposure on policy loans.

The Board of Directors has assessed the potential impairment loss of loans where total receivable exceeds the surrender value and is charged/(reversed) in the financial statements as at the reporting date in respect of loans to Life policyholders.

The carrying value of the policyholders' loans approximates the fair value at the reporting date.

14 REINSURANCE RECEIVABLES

	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Reinsurance Receivables on Settled Claims	390,982	615,563	390,982	615,563
Reinsurance Receivables on outstanding Claims	1,341,064	1,800,974	1,341,064	1,800,974
Impairment on Reinsurance Receivables	(52,993)	(52,823)	(52,993)	(52,823)
	1,679,053	2,363,714	1,679,053	2,363,714

Impairment of Reinsurance Receivables

The Board of Directors has assessed the potential impairment loss on reinsurance receivables as at the reporting date and adequate provisions have been made in the financial statements.

The carrying value of reinsurance receivables approximates the fair value at the reporting date.

15 PREMIUM RECEIVABLE**15.1 Premium Receivable from Policyholders**

As at 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Premium receivable from Policyholders	2,506,298	3,014,079	2,506,298	3,014,079
Premium receivable from agent brokers and intermediaries	1,527,811	839,366	1,527,811	839,366
	4,034,109	3,853,445	4,034,109	3,853,445
Impairment on Premium Receivable				
As at the Beginning of the Year	(113,508)	(54,076)	(113,508)	(54,076)
Reversal / (Charge) made during the Year	(17,621)	(59,432)	(17,621)	(59,432)
As at the End of the Year	(131,129)	(113,508)	(131,129)	(113,508)
Sub Total of Premium Receivable from Policyholders	2,506,298	3,014,079	2,506,298	3,014,079

15.2 Premium Receivable from Agents, Brokers and Intermediaries

As at 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Premium Receivable from Agents and Brokers	1,592,397	877,202	1,592,397	877,202
	1,592,397	877,202	1,592,397	877,202
Impairment on Premium Receivable				
As at the Beginning of the Year	(37,836)	(18,026)	(37,836)	(18,026)
Reversal / (Charge) made during the Year	(26,750)	(19,810)	(26,750)	(19,810)
As at the End of the Year	(64,586)	(37,836)	(64,586)	(37,836)
Sub Total of Premium Receivable from Agents and Brokers	1,527,811	839,366	1,527,811	839,366
Total Premium Receivable	4,034,109	3,853,445	4,034,109	3,853,445

The Board of Directors has assessed the potential impairment loss on premium receivables as at the reporting date and adequate provisions have been made in the financial statements.

16 DEFERRED TAX ASSETS & LIABILITIES

16.1 Recognized Deferred Tax Assets and Liabilities

16.1.1 Movement in deferred tax balances

	Net Balance as at 01st January 2019	Recognized in profit or loss	Recognized in OCI	Net Balance as at 31st December 2019	Deferred Tax Asset	Deferred Tax Liability
Group -2019						
Property, Plant and Equipment	6,870,800	198,959	914,998	7,984,758	-	7,984,758
Intangible Assets	9,459	48	-	9,507	-	9,507
Investment Property	114,030	156,048	-	270,078	-	270,078
Employee Benefits	(265,889)	(50,784)	(36,601)	(353,273)	(353,273)	-
Carry forward tax losses	(292,799)	557,277	-	264,478	264,478	-
Available for sale financial assets	(2,905)	-	(36,311)	(39,215)	(39,215)	-
Provisions on inventory	(2,594)	(3,251)	-	(5,845)	(5,845)	-
Provisions on Trade Receivables	(21,601)	11,193	-	(10,409)	(10,409)	-
Right of use assets	-	(248,905)	-	(248,905)	-	(248,905)
	6,408,504	620,588	842,086	7,871,177	(144,264)	8,015,438
	Net Balance as at 01st January 2018	Recognized in profit or loss	Recognized in OCI	Net Balance as at 31st December 2018	Deferred Tax Asset	Deferred Tax Liability
Group -2018						
Property, Plant and Equipment	5,126,693	158,764	1,585,343	6,870,800	-	6,870,800
Intangible Assets	7,257	2,202	-	9,459	-	9,459
Investment Property	105,101	8,929	-	114,030	-	114,030
Employee Benefits	(427,339)	143,345	18,106	(265,889)	(265,889)	-
Carry forward tax losses	(90,851)	(201,948)	-	(292,799)	(292,799)	-
Available for sale financial assets	(66)	-	(2,839)	(2,905)	(2,905)	-
Provisions on inventory	(1,630)	(964)	-	(2,594)	(2,594)	-
Provisions on Trade Receivables	28,567	(50,169)	-	(21,601)	(21,601)	-
	4,747,732	60,159	1,600,610	6,408,501	(585,788)	6,994,289

16 DEFERRED TAX ASSETS & LIABILITIES (CONTD.)**16.1 Recognized Deferred Tax Assets and Liabilities (CONTD.)****16.1.1 Movement in deferred tax balances (CONTD.)**

	Net Balance as at 01st January 2019	Recognized in profit or loss	Recognized in OCI	Net Balance as at 31st December 2019	Deferred Tax Asset	Deferred Tax Liability
Company -2019						
Property, Plant and Equipment	2,826,232	(110,774)	914,998	3,630,456	-	3,630,456
Investment Property	29,895	-	-	29,895	-	29,895
Employee Benefits	(204,265)	(34,964)	(26,622)	(265,852)	(265,852)	-
Carry forward tax losses	-	-	-	-	-	-
Available for sale financial assets	(2,905)	-	(36,311)	(39,215)	(39,215)	-
Provisions on inventory	-	-	-	-	-	-
Provisions on Trade Receivables	(21,245)	10,662	-	(10,584)	(10,584)	-
	2,627,712	(135,076)	852,065	3,344,700	(315,651)	3,660,351

	Net Balance as at 01st January 2018	Recognized in profit or loss	Recognized in OCI	Net Balance as at 31st December 2018	Deferred Tax Asset	Deferred Tax Liability
Company -2018						
Property, Plant and Equipment	1,346,892	(106,004)	1,585,343	2,826,232	-	2,826,232
Investment Property	20,966	8,929	-	29,895	-	29,895
Employee Benefits	(376,701)	154,725	17,711	(204,265)	(204,265)	-
Carry forward tax losses	-	-	-	-	-	-
Available for sale financial assets	(66)	-	(2,839)	(2,905)	(2,905)	-
Provisions on inventory	-	-	-	-	-	-
Provisions on Trade Receivables	30,488	(51,734)	-	(21,245)	(21,245)	-
	1,021,579	5,916	1,600,212	2,627,712	(228,415)	2,856,127

The amounts shown in the statement of financial position represent the following:

Group	2019	2018
Deferred Tax Assets		
Canwill Holdings (Pvt) Limited	(324)	(80)
Total Deferred Tax Assets	(324)	(80)
Deferred Tax Liabilities		
Sri Lanka Insurance Corporation Limited- Non Life	3,344,700	2,627,711
The Lanka Hospitals Corporation PLC	1,101,753	1,004,319
Litro Gas Lanka Limited	2,353,014	1,654,859
Litro Gas Terminal Lanka (Pvt) Ltd	1,011,716	1,099,135
Canowin Hotels & Spa (Pvt) Ltd	60,316	22,560
Total Deferred Tax Liabilities	7,871,499	6,408,584
Net Deferred Tax Liabilities	7,871,176	6,408,504

16 DEFERRED TAX ASSETS & LIABILITIES (CONTD.)

16.1 Recognized Deferred Tax Assets and Liabilities (CONTD.)

16.1.1 Movement in deferred tax balances (CONTD.)

Non-life deferred tax assets & liabilities are originated due to temporary timing differences on the following asset and liability bases:

As at 31 December	2019		2018	
Non-Life	Temporary difference Rs. '000	Deferred tax Rs. '000	Temporary difference Rs. '000	Deferred tax Rs. '000
Deferred tax asset				
Retirement benefit obligation	(949,469)	(265,851)	(729,519)	(204,265)
AFS negative reserve - Treasury bonds	(140,056)	(39,216)	(10,374)	(2,905)
Provision for Doubtful Debtors	(37,799)	(10,584)	(75,876)	(21,245)
	(1,127,324)	(315,651)	(815,769)	(228,415)
Deferred tax liability				
Property plant & equipment and revaluation reserve	2,225,745	623,209	2,732,124	764,995
Investment property	106,767	29,895	106,767	29,895
Revaluation reserve - Land	10,740,168	3,007,247	7,361,561	2,061,237
	13,072,681	3,660,351	10,200,452	2,856,127
Net deferred tax (asset)/liability	11,945,357	3,344,700	9,384,683	2,627,711

16.2 Sinolanka Hotels and Spa (Pvt) Ltd

Deferred Tax has not been provided for temporary differences as the tax impact and reversals are expected to take place within the tax exemption period. There will be no tax implications that arise after the expiration of the tax exemption period for such assets.

Helanco Hotels and Spa (Pvt) Ltd

A deferred tax asset has not been recognised since the company does not have any asset entitled for income tax.

16.3 Canowin Hotels and Spas (Pvt) Ltd

Deferred Income taxes are calculated on all temporary differences under the liability method using the principal tax rate of 28%.

17 OTHER ASSETS					
	Note	Group		Company	
		2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Inventories	17.1	2,232,783	1,613,141	173,179	206,017
Other receivables		583,379	510,204	560,085	510,204
Impairment on Other Receivables		(116,347)	(117,183)	(110,442)	(117,183)
Other Receivable net of impairment		467,032	393,021	449,643	393,021
Amount due from Distilleries Company of Sri Lanka PLC		185,859	175,926	185,859	175,926
Other financial assets		108,160	715,751	-	-
Staff Loans	17.2	1,684,599	1,685,484	1,684,599	1,685,484
Prepaid Staff Cost		644,040	668,205	644,040	668,205
Other Loans		746,381	785,616	646,121	685,356
Advance on Fixed Assets		19,073	19,073	19,073	19,073
Trade and Other Receivables	17.3	2,304,274	1,838,287	-	-
Value added tax receivable		34,864	108,577	-	-
ESC Receivable		1,367	257	-	-
		8,428,432	8,003,338	3,802,514	3,833,081
17.1 Inventories					
		Group		Company	
		2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Insurance		173,179	206,017	173,179	206,017
Healthcare		412,872	369,185	-	-
Energy		1,646,732	1,037,939	-	-
		2,232,783	1,613,141	173,179	206,017
Litro Gas Lanka Limited					
Goods in Transit					
Goods in transit consist of the LPG stock shipment which was in transit as at the year end.					
17.2 Loans Due from Employees					
As at 31 December					
		Group		Company	
		2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
At the Beginning of the Year		1,685,484	1,326,513	1,685,484	1,326,513
Loans Granted during the Year		373,293	1,007,961	373,293	1,007,961
Recoveries during the Year		(440,507)	(509,649)	(440,507)	(509,649)
Fair Value Adjustment on Staff Loan		66,329	(139,341)	66,329	(139,341)
At the End of the Year		1,684,599	1,685,484	1,684,599	1,685,484
Staff loans which were granted at concession any rates, are valued at market rate and adjustment are made to the fair value in the Financial Statements.					

17 OTHER ASSETS (CONTD.)				
17.3 Trade and Other Receivables				
As at 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Trade Receivables				
Trade & Other Receivables	1,416,891	976,332	-	-
Provision for Doubtful Debt	(66,499)	(45,011)	-	-
Total Trade Receivables - Net	1,350,392	931,321	-	-
Deposit and Prepayments	281,812	359,772	-	-
Advances and Other Receivables	672,070	547,195	-	-
	2,304,273	1,838,289	-	-
18 DEFERRED EXPENSES - INSURANCE CONTRACT				
As at 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Net Deferred Acquisition Expenses				
Balance as at 01 January	654,306	600,588	654,306	600,588
Increase in Deferred Acquisition Expenses	7,750	53,718	7,750	53,718
Balance as at 31 December	662,056	654,306	662,056	654,306
Deferred Reinsurance Commission				
Balance as at 01 January	(110,825)	(366,251)	(110,825)	(366,251)
Increase/decrease in Deferred Acquisition Expenses	9,791	255,426	9,791	255,426
Balance as at 31 December	(101,034)	(110,825)	(101,034)	(110,825)
Net Deferred Acquisition Expenses	561,022	543,481	561,022	543,481
19 CASH AND CASH EQUIVALENTS				
As at 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Cash in Hand and at Bank	8,559,748	1,733,162	1,182,029	990,029
Short-Term Investments	14,409,963	14,209,668	2,062,637	1,009,160
Total Cash and Cash Equivalents	22,969,711	15,942,830	3,244,666	1,999,189
Bank Overdraft used for Cash Management Purposes	(808,290)	(955,361)	(546,174)	(608,586)
Cash and Cash Equivalents in the Statement of Cash Flow	22,161,421	14,987,469	2,698,492	1,390,603
19.1 The reported bank Overdraft balance as at the reporting date is used for the cash management purpose and there is no physical overdraft in the bank statement. The Company has a bank overdraft facility of Rs. 9.3 Mn.				

19.2 Litro Gas Lanka Limited**Fixed deposits, repo and savings accounts:**

Investments in fixed deposits and repo's with a maturity period of less than 3 months have been classified as cash and cash equivalents.

Litro Gas Terminal Lanka (Private) Limited**Fixed deposits, Treasury bills and savings accounts:**

Investments in fixed deposits and treasury bills with a maturity period of less than 3 months have been classified as cash and cash equivalents.

20 STATED CAPITAL

As at 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Issued and Fully Paid				
Ordinary Shares (599,743,200 shares)	6,000,000	6,000,000	6,000,000	6,000,000
	6,000,000	6,000,000	6,000,000	6,000,000

20.1 Right of Ordinary Shareholders

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

21 REVALUATION RESERVE

	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Revaluation Reserve	21.1 13,058,735	11,109,100	7,354,173	8,348,502
	13,058,735	11,109,100	7,354,173	8,348,502

21.1 Revaluation Reserve

	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Balance as at 01 January	11,109,100	10,442,923	8,348,502	7,664,272
Surplus on Revaluation of Land and Building	2,978,875	2,284,268	-	2,269,573
Depreciation transfer on surplus on revaluation of building	(25,392)	(25,392)	-	-
Deferred Tax on Revaluation (Surplus)/Deficit	(914,998)	(31,012)	(871,715)	(31,012)
Deferred Tax on Revaluation Surplus - Land	-	(1,554,331)	(43,283)	(1,554,331)
Transfer of revaluation reserve on disposal/Write off of property, plant and equipment	(88,850)	(7,356)	(79,331)	-
Balance as at 31 December	13,058,735	11,109,100	7,354,173	8,348,502

22 AVAILABLE FOR SALE RESERVE

	Group		Company	
	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January	12,267,185	16,227,399	12,267,185	16,227,399
Other Comprehensive Income For the Year	(3,437,318)	(5,401,953)	(3,437,318)	(5,401,953)
Deferred tax effect on fair value of available for sale reserve	36,311	2,839	36,311	2,839
Transferred AFS Reserves - Life Fund	606,185	1,438,900	606,185	1,438,900
Balance as at 31 December	9,472,362	12,267,185	9,472,362	12,267,185

Available for sale reserves comprise of the impact arising from the changes in market values of financial assets classified under Available For Sale (AFS). AFS Reserves belonging to Life Policyholders are shown under the Insurance Contract Liabilities-Life.

23 REVENUE RESERVE

	Group		Company	
	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 December				
General Reserve	643,442	643,442	643,442	643,442
Surplus from Life Insurance	23.1 10,791,219	8,419,844	10,791,219	8,419,844
Retained Earnings	23.2 41,810,610	41,084,041	27,447,385	24,840,496
Transferred to One off Surplus-Un restricted Reserve	23.3 466,179	466,179	466,179	466,179
	53,711,450	50,613,506	39,348,225	34,369,961

23.1 Surplus from Life Insurance

	Group		Company	
	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 December				
Balance as at 01 January	8,419,845	7,031,718	8,419,845	7,031,718
Surplus Attributable to Shareholders from Life Insurance	2,371,374	1,688,127	2,371,374	1,688,127
Transferred to Shareholders	-	(300,000)	-	(300,000)
Balance as at 31 December	10,791,219	8,419,845	10,791,219	8,419,845

23 REVENUE RESERVE (CONTD.)**23.2 Retained Earnings**

	Group		Company	
	2019	2018	2019	2018
As at 31 December	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January	41,084,041	37,103,095	24,840,496	22,897,095
Profit for the year	5,077,985	7,250,432	7,028,955	5,244,795
Other comprehensive income	(207,906)	102,683	(155,611)	103,523
Adjustments -Last year's Depreciation	-	225	-	225
Depreciation transfer of surplus on revaluation of building	25,392	25,391	-	-
Surplus Attributable to Shareholders from Life Insurance	(2,371,374)	(1,688,127)	(2,371,374)	(1,688,127)
Current year Profit allocated to Shareholders in the form of AFS	118,402	372,094	118,402	372,094
Reverse of Shareholder Asset Transfer	(372,094)	(535,902)	(372,094)	(535,902)
Dividend Declared and Paid	(1,720,720)	(1,853,206)	(1,720,720)	(1,853,206)
Transfer to General insurance shareholders	-	300,000	-	300,000
Realization of Revaluation Surplus on disposal	9,519	7,356	-	-
Loss on Asset Disposal	79,331	-	79,331	-
Effect of change in percentage holding in subsidiaries	88,034	-	-	-
Balance as at 31 December	41,810,610	41,084,041	27,447,385	24,840,497

23.3 Transferred to One off Surplus-Un restricted Reserve

	Group		Company	
	2019	2018	2019	2018
As at 31 December	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January	466,179	466,179	466,179	466,179
Transferred to One off Surplus-Un restricted Reserve	-	-	-	-
Balance as at 31 December	466,179	466,179	466,179	466,179

24 INSURANCE CONTRACT LIABILITIES - LIFE

	Group		Company	
	2019	2018	2019	2018
As at 31 December	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Life insurance fund as at 01 January	101,000,840	92,682,831	101,000,840	92,682,831
Total profit transfer to life fund	14,031,218	9,842,328	14,031,218	9,842,328
Current year Profit allocated to Shareholders in the form of AFS	(118,402)	(372,094)	(118,402)	(372,094)
Reverse of Shareholder Asset Transfer	372,094	535,902	372,094	535,902
Surplus distributed to Shareholders	(2,371,374)	(1,688,127)	(2,371,374)	(1,688,127)
Life Insurance Fund as at 31 December excluding one-off surplus	112,914,376	101,000,840	112,914,376	101,000,840

24 INSURANCE CONTRACT LIABILITIES - LIFE (CONTD.)

As at 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
AFS Reserves				
Balance as at 01 St Janauray	4,458,706	5,897,605	4,458,705	5,897,605
Net change in the AFS reserve	(606,185)	(1,438,900)	(606,185)	(1,438,900)
Balance ast at 31st December	3,852,521	4,458,706	3,852,520	4,458,705
Life Insurance Funds as at 31st December including AFS Reserves	116,766,897	105,459,546	116,766,897	105,459,545
Policyholders' Outstanding Claims	2,400,968	2,546,415	2,400,968	2,546,415
	119,167,865	108,005,959	119,167,865	108,005,959

Long duration contract liabilities included in the Life Insurance Fund, result primarily from traditional participating & non-participating life insurance products. The insurance provision has been established based upon the following:

- Investment return: Risk Free Rate structure proposed by IRCSL as at 31.12.2019
- Mortality: Factored A67/70 for non-annuity business to allow best estimate experience rate and weighted average of a (90)m and a (90)f with one year age setback to allow approximated 1% mortality improvement of annuitants

The amount of the policyholder's reversionary bonus to be paid is determined annually by the Company. The bonus includes life policyholders share of net income that is required to be allocated by the insurance contract or, by insurance regulations.

From 01.01.2016 onwards SLICL fully implemented the Risk Based Capital (RBC) solvency framework as such adopted the "Gross Premium Valuation" basis (GPV) which is required under RBC regime for liability valuation purpose. SLICL has adopted a more prudent valuation basis for its surplus computation with compared to minimum regulatory basis (RBC). SLICL followed the "Net Premium Valuation" basis (NPV) for the valuation of liabilities as at 31.12.2015. This change in valuation basis has resulted an one-off surplus in life insurance policy liabilities as at 01.01.2016.

IRC SL submitted the guideline to compute One-off surplus and transferring mechanism to Shareholder fund from Life-Non Participating Fund under the direction called "Identification and Treatment of One-Off Surplus: Direction # 16 - Section 964 of the Regulation of Insurance Industry Act No, 43 of 2000" dated 20.03.2018 where minimum One-off Surplus computation is recommended. Accordingly, SLICL has quantified the one-off surplus as at 01.01.2016, and it stands out that the amounts are Rs. 6,281 Mn and Rs. 98 Mn with in Participating Fund and Non-Participating Fund respectively. The One-off surplus pertaining to Participating Fund will remain in the Life Fund under "Surplus created due to change in valuation method from NPV to GPV (Participating)". As per the directions given by IRC SL, SLICL transferred the one-off surplus arising from Non-Participating Fund to Shareholder Fund and accounted in the statement of financial position as at 31.12.2017, under new line item called "Restricted Regulatory Reserve". The "Restricted Regulatory Reserve" is a part of Shareholder Equity, but distribution of the same to Shareholders as dividend is subject to meeting Governance requirements stipulated by the IRC SL and can only be released upon receiving approval from the IRC SL. SLICL maintains the same amounts in one-off surplus in Participating fund and Restricted Regulatory Reserve in Shareholders fund as at 31.12.2019. The One-off Surplus in the Shareholder Fund will remain invest in fixed deposit at DFCC Bank PLC (Fitch Ratings AA-(lka)) as per the direction of the IRC SL.

24 INSURANCE CONTRACT LIABILITIES - LIFE (CONTD.)

	Rs. Mn
Long Term Insurance Fund excluding one-off surplus	110,486
Surplus created due to change in valuation method from NPV to GPV	6,281
Long Term Insurance Fund as at 31.12.2019	116,767

	Rs. Mn
Restricted Regulatory Reserve (One-off surplus Non Participating Fund)	98

The valuation of the Insurance Provision - Life Insurance Business, as at 31.12.2019 was made by Kunj Behari Maheshwari, Fellow of the Institute and Faculty of Actuaries UK, of Willis Towers Watson, for and on behalf of Sri Lanka Insurance Corporation Limited. In accordance with the consultants actuary's report, the sum of provision, Rs. 1,900 Mn (In 2018 Rs. 1,514 Mn), is included as the liability in respect of policyholders' Bonus. In the opinion of the consultant actuary, the admissible assets of the life insurance fund as at 31st December 2019 is adequate to cover the liabilities of the fund and the solvency margin requirement prescribed under sec 26 of the regulation of Insurance Industry Act no. 43 of 2000. The life fund also carried forward surplus for future growth and safeguard against the adverse deviation of the assumptions set out in the valuation.

The Life Insurance Fund assets inclusive of Shareholders' Transfer as at 31.12.2019 is Rs. 119,138 Mn (2018 - Rs. 107,148 Mn). The Board of Directors decided to transfer Rs. 2,371 Mn (2018: Rs. 1,688 Mn) to the Shareholders' Fund in the statement of financial position in life insurance. Subsequent to this transfer, the life insurance fund stands Rs. 116,767 Mn (2018 - Rs. 105,460 Mn).

Liability Adequacy Test (LAT)

A Liability Adequacy Test ("LAT") for life insurance contract liability was carried out by Kunj Behari Maheshwari, Fellow of the Institute and Faculty of Actuaries UK, of Willis Towers Watson, as at 31st December 2019 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the company has compared the provisions held as per audited accounts with the actuarial liability. For this purpose, the value of the actuarial liability is computed following the principles laid out within Risk Based Capital framework as prescribed by the IRCSL, whereby liabilities are valued using a discounted cash-flow approach covering the full lifetime of all cash in- and out-flows required to settle the obligations related to existing in-force life insurance contracts. The projections are based on in-force policies and riders as at 31st December 2019.

According to the actuary's report, assets are sufficiently adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31st December 2019. No additional provision is required against the LAT as at 31st December 2019.

25 INSURANCE CONTRACT LIABILITIES - NON-LIFE

The Non - Life Insurance Reserves as shown in the Statement of Financial Position represent the following:

		Group		Company	
		2019	2018	2019	2018
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Reserves for Net Unearned Premium	25.1	8,722,618	8,502,685	8,722,618	8,502,685
Reserves for Title Insurance and Unexpired Risk Reserve	25.2	614,565	527,705	614,565	527,705
Reserves for Gross Outstanding Claims	25.3	7,310,845	8,776,040	7,310,845	8,776,040
		16,648,028	17,806,430	16,648,028	17,806,430

25.1 Reserve for Net Unearned Premium

		Group		Company	
		2019	2018	2019	2018
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Reserve for Unearned Premium					
Balance as at 01 January		9,607,064	10,699,927	9,607,064	10,699,927
Transfer during the Year		313,414	(1,092,863)	313,414	(1,092,863)
Balance as at 31 December		9,920,478	9,607,064	9,920,478	9,607,064
Reserve for Unearned Reinsurance Premium					
Balance as at 01 January		(1,104,379)	(2,657,419)	(1,104,379)	(2,657,419)
Transfer during the Year		(93,481)	1,553,040	(93,481)	1,553,040
Balance as at 31 December		(1,197,860)	(1,104,379)	(1,197,860)	(1,104,379)
Total Reserve for Net Unearned Premium		8,722,618	8,502,685	8,722,618	8,502,685

25.2 Reserve for Title Insurance and Unexpired Risk Reserve

		Group		Company	
		2019	2018	2019	2018
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Reserve for Title Insurance					
Balance as at 01 January		527,705	536,928	527,705	536,928
Transfer during the year		86,860	(9,223)	86,860	(9,223)
Balance as at 31 December		614,565	527,705	614,565	527,705
Total Reserve for Title Insurance and Unexpired Risk Reserve		614,565	527,705	614,565	527,705

25 INSURANCE CONTRACT LIABILITIES - NON-LIFE (CONTD.)**25.3 Reserves for Gross Outstanding Claims**

	Group		Company	
	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January	6,331,448	6,239,031	6,331,448	6,239,031
Claims Incurred during the year	9,870,521	11,137,581	9,870,521	11,137,581
Claims paid during the year	(10,857,693)	(11,045,164)	(10,857,693)	(11,045,164)
Balance as at 31 December	5,344,276	6,331,448	5,344,276	6,331,448
IBNR/IBNER balance as at 01 January	2,444,592	2,309,927	2,444,592	2,309,927
Increase/decrease in IBNR/IBNER	(478,023)	134,665	(478,023)	134,665
IBNR/IBNER balance as at 31 December	1,966,569	2,444,592	1,966,569	2,444,592
Total Reserves for Gross Outstanding Claims	7,310,845	8,776,040	7,310,845	8,776,040

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 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.

Reconciliation between Insurance Contract Liabilities Non - Life and Technical Reserves

	Group		Company	
	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 December				
Insurance Contract Liabilities Non - Life	16,648,028	17,806,429	16,648,028	17,806,429
Reserve for Net Deferred Acquisition Expenses	(561,023)	(543,481)	(561,023)	(543,481)
Reinsurance on Claims Reserves	(1,060,735)	(1,589,980)	(1,060,735)	(1,589,980)
Technical Reserves	15,026,270	15,672,968	15,026,270	15,672,968

25.4 Claims Development Information

Table below presents changes in the historical non-life reserves, net of reinsurance. The top line of the table shows the estimated gross reserves for unpaid losses and loss adjustment expenses as of each balance sheet date, which represents the estimated amount of future payments for losses incurred in that year and in prior years. The cumulative paid portion of the table presents the cumulative amounts paid through each subsequent year in respect of the reserves established at each year end. Similarly, the cumulative reported losses section details the sum of the cumulative paid amounts shown in the triangle above and the net outstanding position at the end of the financial year.

26 CURRENT TAX LIABILITIES				
	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
As at 31 December				
Balance as at 01 January	1,728,770	750,211	1,551,819	750,175
Income tax charge for the Year	2,836,435	2,758,510	1,311,128	1,899,889
Income tax settlements made during the Year	(2,933,994)	(1,458,360)	(1,946,481)	(1,098,246)
Tax recoverable	(280,478)	(321,590)	-	-
Balance as at 31 December	1,350,733	1,728,770	916,466	1,551,819
27 EMPLOYEE BENEFITS				
	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
As at 31 December				
Balance as at 01 January	1,777,986	1,677,864	1,398,244	1,345,359
Recognized in the statement of profit or loss				
Current Service Cost	169,453	86,787	115,192	45,239
Interest cost	212,374	111,281	167,789	77,212
Recognized in the statement of other comprehensive income				
Actuarial (Gain)/ Loss	251,470	(122,742)	182,233	(121,234)
	2,411,283	1,753,189	1,863,458	1,346,575
Benefit paid by the plan	(67,010)	(87,450)	(43,643)	(60,578)
Provision for Gratuity	-	112,246	-	112,246
Balance as at 31 December	2,344,273	1,777,986	1,819,815	1,398,244
27.1 Description of the valuation method used and the information about the valuer				
<p>LKAS 19 "Employee Benefits" require the use of actuarial techniques to make a reliable estimate of the amount of retirement benefits that the employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligations and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.</p>				
<p>The Gratuity Liability was actuarially valued under the Projected Unit Credit (PUC) method by M/S Actuarial & Management Consultants (Pvt) Ltd, 1st Floor, 434, R.A.De Mel Mawatha, Colombo 3. The actuarial valuation is performed annually.</p>				
Litro Gas Lanka Limited				
<p>The provision for retirement benefit obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd., as at 31st December 2019. The actuarial present value of the retirement benefits as at 31st December 2019 amounted to Rs. 114.779 Mn. The liability is not externally funded.</p>				

27 EMPLOYEE BENEFITS (CONTD.)

27.1 Description of the valuation method used and the information about the valuer (CONTD.)

Litro Gas Terminal Lanka (PVT) Limited

The provision for retirement benefit obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd., as at 31st December 2019. The actuarial present value of the retirement benefits as at 31st December 2019 amounted to Rs. 11.632 Mn. The liability is not externally funded.

Canwill Holdings (Private) Limited

The provision for retirement benefit obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd., as at 31st December 2019. The actuarial present value of the promised retirement benefits as at 31st December 2019 amounted to Rs. 4,598,916/- The liability is not externally funded.

27.2 Principal Actuarial Assumptions used

	2019	2018
Discount Rate	10% - 12 %	9% - 11 %
Salary Increment Rate	10% - 12 %	5% - 18%
Staff turnover Factor	3% - 14%	5% - 10%
Retirement age; Female	60 years	60 years
Retirement age; Male	60 years	60 years
Retirement age; Minor Staff	57 years	57 years

The Group's / Company's Gratuity Liability is not externally funded.

27.3 Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined obligation by the amounts shown below.

Group	2019		2018	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Discount rate 1%	1,761,476	2,216,652	1,371,800	1,755,917
Future salary growth 1%	2,219,793	1,754,870	1,682,293	1,376,068

Company	2019		2018	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Discount rate 1%	1,629,177	2,023,933	1,262,515	1,538,249
Future salary growth 1%	2,025,357	1,624,565	1,528,164	1,268,582

28 OTHER LIABILITIES	Group		Company	
	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 December				
Policyholder Advance Payments	457,243	435,430	457,243	435,430
Payables				
Agency Commission Payable	916,321	909,459	916,321	909,457
Economic Services Charge Tax	57,272	53,065	-	-
Others Including Accrued Expenses	7,566,704	5,880,440	3,817,479	3,376,557
Trade Payable	2,835,451	2,480,475	-	-
VAT Payable	841	769	-	-
Provision for assessment on VAT Liability	13,012	17,454	-	-
Other Payables	522,362	397,648	-	-
Advance Received	66,462	63,016	-	-
Customer Deposit Payable	8,149,551	7,699,236	-	-
Professional fees payable	295	248	-	-
Total Other Liabilities	20,585,514	17,937,240	5,191,043	4,721,444

29 FINANCIAL LIABILITIES

29 FINANCIAL LIABILITIES	Group		Company	
	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank Overdraft	808,290	955,361	546,174	608,586
USD Bridging Loan Facility - Peoples Bank	1,573,614	-	-	-
Total Financial Liabilities	2,381,904	955,361	546,174	608,586

The above overdraft of the company mainly includes unrepresented cheques and it is only a book balance.

Canwill Holdings (Pvt) Ltd

A short term loan facility of USD 12 Mn was approved to part finance the Construction of Grand Hyatt Colombo Project. However, this loan was approved subject to the Pending Divestiture and out of which USD 8.25 Mn has been disbursed via 2 tranches of the said facility. The interest rate applicable for this loan facility is 6 months LIBOR+5%. The tenure of the facility is one year from the first draw down. Therefore, it is due on 18th April 2020.

As a security for the said loan facility, a Demand Guarantee has been given by Sri Lanka Insurance Corporation for the full amount of the facility and a counter guarantee has been issued by the Government of Sri Lanka through the General Treasury.

30 REVENUE					
For the year ended 31 December		Group		Company	
		2019	2018	2019	2018
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross Written Premium	31	33,631,572	31,588,215	33,794,346	31,737,894
Net Change in Reserve for Unearned Premium	30.1	(400,274)	1,102,086	(400,274)	1,102,086
Gross Earned Premium		33,231,298	32,690,301	33,394,074	32,839,980
Premium Ceded to Reinsurers	30.2	(3,715,493)	(3,282,325)	(3,715,493)	(3,282,325)
Net Change in Reserve for Unearned Reinsurance Premium	30.3	93,481	(1,553,040)	93,481	(1,553,040)
Net Earned Premium	30.4	29,609,286	27,854,937	29,772,062	28,004,616
Income from Investments	32	16,954,587	14,372,021	17,671,505	13,058,640
Other Income		1,530,125	3,818,890	1,165,005	3,316,613
Hospital Revenue	31.1	6,127,447	5,763,023	-	-
Laboratory revenue	31.1	1,421,265	1,313,573	-	-
Room Rental and Services Charges	31.1	108,413	97,836	-	-
Revenue from Liquid Petroleum Gas (LPG) Activities	31.1	43,028,044	38,882,995	-	-
		98,779,167	92,103,275	48,608,572	44,379,869
The Lanka Hospitals Corporation Plc					
The Effect of applying SLFRS 15 on the groups revenue from contract with customers described in Note 2.9					
Litro Gas Terminal Lanka (Private) Limited					
Throughput fee:					
Revenue consists of throughput fee invoiced to Litro Gas Lanka Limited. US \$ 51 is charged per metric tonne at a fixed exchange rate of Rs. 148.00 per USD. During the year the Board signed a MOU with Litro Gas to rebate a discount of Rs.1.00 per 1 kg of local sales of C2, C5 & C12 products. Litro Gas Lanka Limited and Litro Gas Terminal Lanka (Private) Limited are controlled by the same ultimate parent.					
Canwill Holdings (Private) Limited					
The Company is the parent entity of Sinolanka Hotels & Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd, Sinolanka Hotels & Spa (Pvt) Ltd is in the process of constructing the Grand Hyatt Hotel in Colombo. The Directors of Helanco Hotels & Spa (Pvt) Ltd are evaluating the options available to the Company. These Companies are yet to commence commercial operations.					
30.1 Net Change in Reserve for Unearned Premium					
For the year ended 31 December		Group		Company	
		2019	2018	2019	2018
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non-Life Insurance					
Change in Reserve for Unearned Premium	25.1	(313,414)	1,092,863	(313,414)	1,092,863
Transfer to Title Insurance Reserve	25.2	(86,860)	9,223	(86,860)	9,223
		(400,274)	1,102,086	(400,274)	1,102,086

30 REVENUE (CONTD.)						
30.2 Premiums Ceded to Reinsurers						
For the year ended 31 December	Group		Company			
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000		
Life Insurance	356,967	292,534	356,967	292,534		
	356,967	292,534	356,967	292,534		
Non- Life Insurance						
Fire	1,459,721	1,473,237	1,459,721	1,473,237		
Motor	362,866	327,224	362,866	327,224		
Marine	353,132	367,225	353,132	367,225		
Miscellaneous	1,182,807	822,105	1,182,807	822,105		
	3,358,526	2,989,790	3,358,526	2,989,790		
Total Premium Ceded to Reinsurers	3,715,493	3,282,325	3,715,493	3,282,325		
30.3 Net Change in Reserve for Unearned Reinsurance Premium						
For the year ended 31 December	Group		Company			
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000		
Non-life Insurance						
Change in Reserve for Unearned Premium	25.1	93,481	(1,553,040)	93,481		
		93,481	(1,553,040)	(1,553,040)		
30.4 Net Earned Premiums						
Company	2019			2018		
	Non-Life Rs. '000	Life Rs. '000	Total Rs. '000	Non-Life Rs. '000	Life Rs. '000	Total Rs. '000
Gross Written Premium	18,974,323	14,820,025	33,794,348	18,532,092	13,205,802	31,737,894
Change in Reserve for Unearned Premium	(313,414)	-	(313,414)	1,092,863	-	1,092,863
Gross Earned Premium	18,660,909	14,820,025	33,480,934	19,624,955	13,205,802	32,830,757
Premiums Ceded to Reinsurers	(3,358,525)	(356,967)	(3,715,493)	(2,989,790)	(292,534)	(3,282,324)
Change in Reserve for						
Unearned Reinsurance Premium	93,481	-	93,481	(1,553,040)	-	(1,553,040)
Gross Reinsurance Premium	(3,265,044)	(356,967)	(3,622,012)	(4,542,830)	(292,534)	(4,835,364)
Transfer to Title Insurance Reserve	(86,860)	-	(86,860)	9,223	-	9,223
	3,351,904	(356,967)	(3,708,871)	(4,533,607)	(292,534)	(4,826,141)
Net Earned Premium	15,309,005	14,463,057	29,772,062	15,091,348	12,913,268	28,004,616

31 GROSS WRITTEN PREMIUM	Group		Company	
	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Life Insurance				
Group and Non Group	13,625,576	12,156,987	13,788,352	12,306,666
Group Term Life Assurance	1,031,673	899,136	1,031,673	899,136
Gross Written Premium - Life Insurance	14,657,249	13,056,123	14,820,025	13,205,802
Non- Life Insurance				
Fire & Engineering Risk	1,542,121	1,643,114	1,542,121	1,643,114
Motor	12,907,733	12,903,588	12,907,733	12,903,588
Marine	492,183	496,698	492,183	496,698
General Accident	4,032,286	3,488,691	4,032,286	3,488,691
Gross Written Premium - Non-Life Insurance	18,974,323	18,532,092	18,974,323	18,532,092
Total Gross Written Premium	33,631,572	31,588,214	33,794,348	31,737,893
31.1 Revenue from other operations				
	Group		Company	
	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Hospital Revenue	6,127,447	5,763,023	-	-
Laboratory revenue	1,421,265	1,313,573	-	-
Room Rental and Services Charges	108,413	97,836	-	-
Revenue from Liquid Petroleum Gas (LPG) Activities	43,028,044	38,882,995	-	-
Total Revenue from other operations	50,685,169	46,057,427		
32 INVESTMENT INCOME				
	Group		Company	
For the year ended 31 December	2019	2018	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest Income	32.1 15,082,977	13,126,198	13,190,990	11,574,089
Dividend Income	32.2 821,537	1,025,402	3,387,570	1,264,130
Capital gains/ (losses)	32.3 1,050,073	220,421	1,092,945	220,421
	16,954,587	14,372,021	17,671,505	13,058,640

32 INVESTMENT INCOME (CONTD.)				
32.1 Interest Income				
For the year ended 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Financial Investment at Held To Maturity (HTM)				
Treasury Bonds	5,704,602	5,809,966	5,704,602	5,809,966
Financial Investments at Loans & Receivables (LGR)				
Development Bonds	630,013	510,889	630,013	510,889
Unlisted Debentures	187,479	65,000	187,479	65,000
Term Deposits	3,820,463	2,818,986	2,867,415	2,002,625
Commercial Paper	9,693	6,462	9,693	6,462
Financial Investments at Available For Sale (AFS)				
Treasury Bonds	192,343	270,605	192,343	270,605
Listed Debentures	3,277,613	2,748,000	3,277,613	2,748,000
Cash & Cash Equivalents				
Reverse Repurchase Agreements	1,181,030	831,990	295,266	146,415
Unit trust	16,548	20,111	12,148	14,127
Call & Savings Accounts	42,311	37,773	-	-
Short Term deposits-Interest income	6,464	6,416	-	-
Other Fee based Income				
Commission on Investments	14,418	-	14,418	-
Total Interest Income	15,082,977	13,126,198	13,190,990	11,574,089

32 INVESTMENT INCOME (CONTD.)

32.2 Dividend Income

	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Financial Investments at Cost				
Listed Subsidiaries	-	-	206,676	230,897
Unlisted Subsidiaries	-	-	2,359,357	7,831
Financial Investments at NAV				
Associates	5,700	4,905	5,700	4,905
Financial Investments at Available For Sale (AFS)				
Listed Shares	661,081	870,459	661,081	870,459
Unlisted Shares	121	61	121	61
Financial Investments at Fair Value Through Profit or Loss (FVTPL)				
Listed Shares	154,635	149,977	154,635	149,977
Total Dividend Income	821,537	1,025,402	3,387,570	1,264,130

32.3 Capital Gains/(Losses)

	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Financial Investments at Available For Sale (AFS)				
Listed Shares	-	884,438	-	884,438
Unlisted Shares	-	3,098	-	3,098
Subsidiaries	-	-	143,514	-
Unit Trusts	762,313	-	762,313	-
Treasury Bonds	10,852	86,272	10,852	86,272
Financial Investments at Fair Value Through Profit or Loss (FVTPL)				
Listed Shares	506,755	(753,387)	506,755	(753,387)
Impairment				
Impairment Listed Debentures(AFS) NP	(101,913)	-	(101,913)	-
Impairment-Unlisted Stocks	(20,562)	-	(20,562)	-
Impairment-Listed Stocks	(107,372)	-	(107,372)	-
Impairment-Canwill Holdings	-	-	(100,642)	-
Total Capital Gains/(Losses)	1,050,073	220,421	1,092,945	220,421

33 FEES AND COMMISSION INCOME				
For the year ended 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Reinsurance Commission	89,310	53,662	89,310	53,662
	89,310	53,662	89,310	53,662
34 UNREALIZED GAINS/(LOSSES)				
	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Foreign Currency Gains/(losses)	(394,722)	1,736,964	(56,456)	1,976,197
	(394,722)	1,736,964	(56,456)	1,976,197
35 OTHER INCOME				
	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Rent Income	186,134	217,268	167,371	200,644
Interest on Policyholders and Other Loans	856,585	773,779	856,585	773,779
Sundry Income	61,776	151,921	108,194	182,731
Non refundable deposit income (note 35.1)	702,184	734,551	-	-
Net gain from change in fair value of investment property	19,725	130,389	-	129,600
Gain / (Loss) on disposal of property, plant and equipment	9,133	20,356	-	-
	1,835,537	2,028,264	1,132,150	1,286,754
35.1 Non refundable deposit income				
Litro Gas Lanka Limited				
LP Gas cylinders are issued to customers on payment of a cylinder deposit, which consists of two elements, part refundable and part non-refundable. The refundable deposit component is recognised as a liability while the non-refundable deposit component is recognised as income.				

36 NET BENEFIT AND CLAIMS	Group		Company	
	2019	2018	2019	2018
For the year ended 31 December	Rs. '000	Rs. '000	Rs. '000	Rs. '000
(a) Gross benefits and claims paid				
Non-Life Insurance				
Fire	(267,924)	(822,829)	(267,924)	(822,829)
Motor	(7,189,946)	(7,395,402)	(7,189,946)	(7,395,402)
Marine	(91,942)	(80,140)	(91,942)	(80,140)
Miscellaneous	(2,320,709)	(2,847,456)	(2,320,709)	(2,847,456)
Total	(9,870,521)	(11,145,827)	(9,870,521)	(11,145,827)
Life Insurance				
Death Claims	(738,200)	(776,802)	(738,200)	(776,802)
Policy Maturities	(5,595,172)	(4,896,816)	(5,595,172)	(4,896,816)
Surrenders	(567,858)	(521,132)	(567,858)	(521,132)
Disability, Ex-gratia, Annuities, Hospitalization & Mortgage Protection	(554,093)	(1,649,653)	(554,093)	(1,649,653)
Total	(7,455,323)	(7,844,403)	(7,455,323)	(7,844,403)
Total Gross Benefits and Claims Paid	(17,325,844)	(18,990,230)	(17,325,844)	(18,990,230)
(b) Claims Ceded to Reinsurers				
Claims Recovered from Reinsurers	753,369	1,231,537	753,369	1,231,537
Total Claims Ceded to Reinsurers	753,369	1,231,537	753,369	1,231,537
(c) Gross Change in Contract Liabilities				
Change in Non-Life Insurance Contract Outstanding Claims Provision	478,023	(134,666)	478,023	(134,666)
Total Gross Change in Contract Liabilities	478,023	(134,665)	478,023	(134,665)
(d) Change in Contract Liabilities Ceded to Reinsurers				
Change in Non-Life Insurance Contract Outstanding Claims Provision	(529,247)	138,710	(529,247)	138,710
Total Change in Contract Liabilities Ceded to Reinsurers	(529,246)	138,710	(529,246)	138,710
Total Net Benefits and Claims	(16,623,697)	(17,754,649)	(16,623,697)	(17,754,649)

37 UNDERWRITING AND NET ACQUISITION COSTS (INCLUDING REINSURANCE)				
For the year ended 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Acquisition Cost	3,316,136	3,112,060	3,316,136	3,112,060
Net Change in Reserve for Deferred Acquisition Cost (DAC)	(7,750)	(53,718)	(7,750)	(53,718)
	3,308,386	3,058,342	3,308,386	3,058,342
Reinsurance Commission Received	312,406	305,043	312,406	305,043
Net Change in Reserve for Unearned Commission (UCR)	9,791	255,426	9,791	255,426
	322,197	560,469	322,197	560,469
	2,986,186	2,497,873	2,986,186	2,497,871
38 OTHER OPERATING AND ADMINISTRATION EXPENSES				
For the year ended 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Auditor Remuneration				
Fees for the assigned Auditors	5,500	3,700	5,500	3,700
Other Services	1,380	1,385	1,380	1,385
Fees for Non Audit Services	13,390	821	13,390	821
Fees for Auditor General	4,970	5,193	891	638
Depreciation	2,723,404	2,377,051	396,040	269,811
Amortization of Intangible Assets	40,201	62,229	40,201	41,055
Amortization of Advanced Lease Premium	-	5,692	-	-
Amortization of Leasehold Land	1,523	269	1,523	269
Impairment loss of trade receivables	4,987	11,973	-	-
Impairment loss of inventories	-	(6,028)	-	-
Legal expenses	23,813	23,813	-	-
Staff Benefits	8,194,235	7,821,936	5,149,105	4,776,806
Marketing & Business Promotion Expenses	785,803	907,637	504,905	611,313
Litro Gas Terminal Lanka (Private) Limited				
Common Cost Sharing.				
In the year 2017 Board Signed a MOU with Litro Gas to Share the common cost incurred by each company to show fair view of it's financial performances. Administrative cost of 2018 and 2019 is including the common cost transferred from LGLL on MOU is Rs.56.64 Mn & Rs. 76.8 Mn respectively.				

39 INCOME TAX EXPENSE

39.1 Amounts recognized in profit or loss

For the year ended 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Current Tax Expenses				
Current Tax Year	3,215,698	2,746,621	1,640,244	1,899,889
Over/under Provision in Previous Year	(379,263)	(1,574)	(329,116)	-
10% Withholding tax on intercompany dividends	391,969	13,463	-	-
	3,228,404	2,758,510	1,311,128	1,899,889
Deferred Tax Expenses				
Origination/(Reversal) of Temporary Differences	620,585	60,159	(135,076)	5,916
Income Tax Expenses Reported in the Income Statement	3,848,989	2,818,669	1,176,052	1,905,805

39.2 Amounts recognized in OCI

	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Remeasurement of defined benefit liability	36,601	(18,106)	26,622	(17,711)
Revaluation of Property, Plant & Equipment	(914,998)	(1,585,343)	(914,998)	(1,585,343)
Fair value changes in available for sale financial assets	36,311	2,839	36,311	2,839
	(842,086)	(1,600,610)	(852,065)	(1,600,215)

39.3 Tax loss Analysis

	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Balance as at 01 January	88,110	67,205	-	-
Tax loss incurred during the year	404,398	71,558	-	-
Tax loss claimed during the year	(16,586)	(50,653)	-	-
Balance as at 31 December	475,922	88,110	-	-

The Company is liable to income tax of 28 % in terms of Inland Revenue Act No. 24 of 2017 and amendments thereto. The current year's tax charge consists of income tax charge on General Insurance and investment income in Life Insurance.

Litro Gas Terminal Lanka (Private) Limited

The Company's business profits were exempted from income tax for a period of 15 years according to the agreement entered into by the Company with the Board of Investment of Sri Lanka. The said exemption period commenced in 2000 and expired in 2015. As per the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto, profits arising from operating and maintenance of storage facilities in accordance with item number 31 of the 5th schedule of the Inland Revenue Act are taxed at a concessionary rate of 10% up to March 2018. Therefore Litro Gas Terminal Lanka (Private) Limited is liable to income tax at 10% up to March 2018 and thereafter 28% on business income and 28% on non-business income.

39 INCOME TAX EXPENSE (CONTD.)**Lanka Hospitals Corporation PLC**

With the implementation of the new Inland Revenue Act No.24 of 2017, effective from 1st April 2018, the corporate tax applicable to The Lanka Hospitals Corporation PLC is 28%.

In accordance with and subject to the power conferred on the Board of Investments of Sri Lanka, under section 17 of the BOI Law No 4 of 1978, the operating profits and income accruing to Lanka Hospitals Diagnostics (Pvt) Ltd is exempt from tax for a period of 6 years commencing from the year in which the enterprise commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever comes first. The Company commenced its commercial operations in July 2014 and the tax exemption period expires in 2020.

Deferred tax assets and liabilities have been measured at the tax rate that is expected to apply to the period when the asset is realised or liability is settled.

SinoLanka Hotels & Spa (Pvt) Ltd

Under the Strategic Development Projects Act No.14 of 2008, the provisions of the Inland Revenue Act relating to income tax shall not apply to the profits from the business of the Company for a period of 10 years. The tax exemption period will commence from the first year in which the company makes taxable profits or 3 years after commencement of commercial operations, whichever comes first.

On expiry of the tax exemption period, profits and income of the SinoLanka Hotels & Spa (Pvt) Ltd shall be charged at the rate of 6% or at 50% of the prevailing tax rate for the hotel industry, whichever is lower. These tax rates will be effective for a period of 15 years immediately succeeding the exemption period. After the expiration of the aforesaid period, profits and income of the SinoLanka Hotels & Spa shall be taxed in terms of provisions in the Inland Revenue Act in force at that time.

Canwill Holdings (Pvt) Ltd and Helanco Hotels and Spa (Pvt) Ltd

The income tax expense for Canwill Holdings (Pvt) Ltd and Helanco Hotels and Spa (Pvt) Ltd have been calculated on their adjusted profits at 28% in terms of the Inland Revenue Act No. 24 of 2017 and amendments thereto.

Litro Gas Lanka Ltd

As per the Inland Revenue Act No. 24 of 2017 and subsequent amendments there to, Litro Gas Lanka Limited is liable to income tax at 28% of the adjusted taxable profits for the year.

40 BASIC / DILUTED EARNING PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. There were no potential dilutive shares on standing at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

	Group		Company	
	2019	2018	2019	2018
Amounts Used as the Numerators				
Net Profit Attributable to Ordinary Shareholders (Rs. '000)	5,077,984	7,250,432	7,028,955	5,244,795
Number of Ordinary Shares Used as Denominators				
Weighted Average Number of Ordinary Shares in Issue (000')	599,743	599,743	599,743	599,743
Basic Earnings per share (Rs.)	8.46	12.08	11.72	8.74

41 DIVIDEND PAID AND PROPOSED

	Group		Company	
	2019	2018	2019	2018
Dividend Paid/Proposed (Rs. '000)	1,949,165	1,835,214	1,949,165	1,835,214
Weighted Average Number of Ordinary Shares in Issue (000')	599,743	599,743	599,743	599,743
Dividend per Share (Rs.)	3.25	3.06	3.25	3.06

42 FINANCIAL ASSETS AND LIABILITIES**42.1 Accounting Classifications and Fair Values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 December

2019

Group	Fair Value						Fair Value Rs. '000
	Note	Through Profit or Loss Rs. '000	Available For Sale Rs. '000	Held To Maturity Rs. '000	Loans & Receivables Rs. '000	Carrying Value Rs. '000	
Financial assets measured at fair value							
Listed Shares	5	5,643,021	23,765,733	-	-	29,408,754	29,408,754
Unlisted shares	5	-	24,411	-	-	24,411	24,411
Unit Trusts	5	-	2,029,106	-	-	2,029,106	2,029,106
Listed Debentures	5	-	32,360,622	-	-	32,360,622	32,360,622
Treasury Bonds	5	-	1,776,535	-	-	1,776,535	1,776,535
Financial assets not measured at fair value							
Treasury Bills & Bonds	5	-	-	53,113,519	-	53,113,519	55,174,232
Unlisted Debentures	5	-	-	-	5,623,014	5,623,014	5,623,014
Term Deposits	5	-	-	-	29,647,015	29,647,015	29,647,015
Development Bonds	5	-	-	-	10,749,452	10,749,452	10,749,452
Loans to Life Policyholders	13	-	-	-	1,803,439	1,803,439	1,803,439
Reinsurance Receivable	14	-	-	-	1,679,053	1,679,053	1,679,053
Premium Receivable	14	-	-	-	4,034,109	4,034,109	4,034,109
Other Receivables	17	-	-	-	5,532,535	5,532,535	2,966,222
Cash and Cash Equivalents	19	-	-	-	22,969,711	22,969,711	3,244,666
Total Financial Assets		5,643,021	59,956,407	53,113,519	82,038,328	200,751,275	180,520,630
Financial Liabilities not measured at fair value							
Reinsurance Payable		-	-	-	1,327,660	1,327,660	1,327,660
Trade Payable		-	-	-	2,835,451	2,835,451	2,835,451
Bank Overdraft		-	-	-	808,290	808,290	808,290
Total Financial Liabilities		-	-	-	4,971,401	4,971,401	4,971,401

42 FINANCIAL ASSETS AND LIABILITIES (CONTD.)

42.1 Accounting Classifications and Fair Values (CONTD.)

As at 31 December

2018

Group	Note	Fair Value					
		Through Profit or Loss Rs. '000	Available For Sale Rs. '000	Held To Maturity Rs. '000	Loans & Receivables Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Financial assets measured at fair value							
Listed Shares	5	3,627,702	27,221,446	-	-	30,849,148	30,849,148
Unlisted shares	5	-	35,495	-	-	35,495	35,495
Unit Trusts	5	-	4,822,078	-	-	4,822,078	4,822,078
Listed Debentures	5	-	23,867,197	-	-	23,867,197	23,867,197
Treasury Bonds	5	-	2,534,387	-	-	2,534,387	2,534,387
Financial assets not measured at fair value							
Treasury Bills & Bonds	5	-	-	54,622,918	-	54,622,918	51,694,915
Unlisted Debentures	5	-	-	-	500,534	500,534	500,534
Term Deposits	5	-	-	-	24,887,040	24,887,040	24,887,040
Development Bonds	5	-	-	-	10,456,280	10,456,280	10,456,280
Commercial Papers	-	-	-	-	256,462	256,462	256,462
Loans to Life Policyholders	13	-	-	-	1,639,851	1,639,851	1,639,851
Reinsurance Receivable	14	-	-	-	2,363,713	2,363,713	2,363,713
Premium Receivable	14	-	-	-	3,853,445	3,853,445	3,853,445
Other Receivables	17	-	-	-	2,939,786	2,939,786	2,939,786
Cash and Cash Equivalents	19	-	-	-	1,999,188	1,999,188	1,999,188
Total Financial Assets		3,627,702	58,480,603	54,622,918	48,896,299	165,627,522	162,699,519
Financial Liabilities not measured at fair value							
Reinsurance Payable		-	-	-	854,200	854,200	854,200
Trade Payable		-	-	-	2,480,477	2,480,477	2,480,477
Bank Overdraft		-	-	-	608,586	608,586	608,586
Total Financial Liabilities		-	-	-	3,943,263	3,943,263	3,943,263

42 FINANCIAL ASSETS AND LIABILITIES (CONTD.)**42.1 Accounting Classifications and Fair Values (CONTD.)**

As at 31 December

2019

Company	Fair Value						
	Note	Through	Available	Held To	Loans &	Carrying	Fair
		Profit or Loss	For Sale	Maturity	Receivables	Value	Value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets measured at fair value							
Listed Shares	5	5,643,021	23,765,733	-	-	29,408,754	29,408,754
Unlisted shares	5	-	24,411	-	-	24,411	24,411
Unit Trusts	5	-	2,029,106	-	-	2,029,106	2,029,106
Listed Debentures	5	-	32,360,622	-	-	32,360,622	32,360,622
Treasury Bonds	5	-	1,776,535	-	-	1,776,535	1,776,535
Financial assets not measured at fair value							
Treasury Bills & Bonds	5	-	-	53,113,519	-	53,113,519	55,174,232
Unlisted Debentures	5	-	-	-	5,623,014	5,623,014	5,623,014
Term Deposits	5	-	-	-	27,064,616	27,064,616	27,064,616
Development Bonds	5	-	-	-	10,749,452	10,749,452	10,749,452
Commercial Papers	13	-	-	-	256,462	256,462	-
Loans to Life Policyholders	13	-	-	-	1,803,439	1,803,439	1,803,439
Reinsurance Receivable	14	-	-	-	1,679,053	1,679,053	1,679,053
Premium Receivable	15	-	-	-	4,034,109	4,034,109	4,034,109
Other Receivables	17	-	-	-	2,966,222	2,966,222	2,966,222
Cash and Cash Equivalents	19	-	-	-	3,244,666	3,244,666	3,244,666
Total Financial Assets		5,643,021	59,956,407	53,113,519	57,421,033	176,133,980	177,938,231
Financial Liabilities not measured at fair value							
Reinsurance Payable		-	-	-	1,327,660	1,327,660	1,327,660
Trade Payable	28	-	-	-	2,835,451	2,835,451	2,835,451
Bank Overdraft	29	-	-	-	546,174	546,174	546,174
Total Financial Liabilities		-	-	-	4,709,285	4,709,285	4,709,285

42 FINANCIAL ASSETS AND LIABILITIES (CONTD.)

42.1 Accounting Classifications and Fair Values (CONTD.)

As at 31 December		2018					
Company		Fair Value					Fair
	Note	Through Profit or Loss Rs. '000	Available For Sale Rs. '000	Held To Maturity Rs. '000	Loans & Receivables Rs. '000	Carrying Value Rs. '000	Value Rs. '000
Financial assets measured at fair value							
Listed Shares	5	3,627,702	27,221,446	-	-	30,849,148	30,849,148
Unlisted shares	5	-	35,495	-	-	35,495	35,495
Unit Trusts	5	-	4,822,078	-	-	4,822,078	4,822,078
Listed Debentures	5	-	23,867,197	-	-	23,867,197	23,867,197
Treasury Bonds	5	-	2,534,387	-	-	2,534,387	2,534,387
Financial assets not measured at fair value							
Treasury Bills & Bonds	5	-	-	54,622,918	-	54,622,918	51,694,915
Unlisted Debentures	5	-	-	-	500,534	500,534	500,534
Term Deposits	5	-	-	-	22,113,279	22,113,279	22,113,279
Development Bonds	5	-	-	-	10,456,280	10,456,280	10,456,280
Commercial Papers		-	-	-	256,462	256,462	-
Loans to Life Policyholders		-	-	-	1,639,851	1,639,851	1,639,851
Reinsurance Receivable	14	-	-	-	2,363,713	2,363,713	2,363,713
Premium Receivable	15	-	-	-	3,853,445	3,853,445	3,853,445
Other Receivables	17	-	-	-	2,939,786	2,939,786	2,939,786
Cash and Cash Equivalents	19	-	-	-	1,999,188	1,999,188	1,999,188
Total Financial Assets		3,627,702	58,480,603	54,622,918	46,122,578	162,853,761	159,669,296
Financial liabilities not measured at fair value **							
Reinsurance Payable		-	-	-	854,200	854,200	854,200
Trade Payable	27	-	-	-	2,480,477	2,480,477	2,480,477
Bank Overdraft	29	-	-	-	608,586	608,586	608,586
Total Financial Liabilities		-	-	-	3,943,263	3,943,263	3,943,263

42.2 Fair value hierarchy for assets carried at fair value

The Group uses the fair value hierarchy in determining and disclosing the fair value of financial instruments. The following note shows an analysis of financial investments recorded at fair value by level of the fair value hierarchy.

Level	Fair Value Measurement Method							
Level 1	Quoted (unadjusted) prices in active markets for identical assets or liabilities							
Level 2	Techniques for which, all inputs that have a significant effect on the recorded fair value, are observable, either directly or indirectly							
Level 3	Techniques, which use inputs that have a significant effect on the recorded fair value, are not based on observable market data							
	Group				Company			
As at 31 December 2019	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 (AFS)								
Financial Assets								
Listed Shares	23,765,733	-	-	23,765,733	23,765,733	-	-	23,765,733
Unlisted Shares	-	-	24,411	24,411	-	-	24,411	24,411
Unit Trusts	2,029,106	-	-	2,029,106	2,029,106	-	-	2,029,106
Listed Debentures	22,209,070	10,151,552	-	32,360,622	22,209,070	10,151,552	-	32,360,622
Treasury Bonds	1,776,535	-	-	1,776,535	1,776,535	-	-	1,776,535
Total	49,780,444	10,151,552	24,411	59,956,407	49,780,444	10,151,552	24,411	59,956,407
Fair-Value-Through-Profit-or-Loss (FVTPL) Financial Assets								
Listed Shares	5,643,021	-	-	5,643,021	5,643,021	-	-	5,643,021
Total	5,643,021	-	-	5,643,021	5,643,021	-	-	5,643,021
Held-To-Maturity (HTM)								
Financial Assets								
Treasury Bills	-	-	-	-	-	-	-	-
Treasury Bonds	55,174,232	-	-	55,174,232	55,174,232	-	-	55,174,232
Total	55,174,232	-	-	55,174,232	55,174,232	-	-	55,174,232
Loans & Receivables								
(L & R) Financial Assets								
Unlisted Debentures	-	5,623,014	-	5,623,014	-	5,623,014	-	5,623,014
Commercial Papers	-	-	-	-	-	-	-	-
Term deposits	-	29,647,015	-	29,647,015	-	27,064,616	-	27,064,616
Development Bonds	-	10,749,452	-	10,749,452	-	10,749,452	-	10,749,452
Total	-	46,019,481	-	46,019,481	-	43,437,082	-	43,437,082
Total Financial Assets	110,597,697	56,171,033	24,411	166,793,141	110,597,697	53,588,634	24,411	164,210,742

42 FINANCIAL ASSETS AND LIABILITIES (CONTD.)

42.2 Fair value hierarchy for assets carried at fair value (CONTD.)

As at 31 December 2019	Group				Company			
	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 (AFS)								
Financial Assets								
Listed Shares	27,221,446	-	-	27,221,446	27,221,446	-	-	27,221,446
Unlisted Shares	-	-	35,495	35,495	-	-	35,495	35,495
Unit Trust	4,822,078	-	-	4,822,078	4,822,078	-	-	4,822,078
Listed Debentures	23,867,197	-	-	23,867,197	23,867,197	-	-	23,867,197
Treasury Bonds	2,534,387	-	-	2,534,387	2,534,387	-	-	2,534,387
Total	58,445,108	-	35,495	58,480,603	58,445,108	-	35,495	58,480,603
Fair-Value-Through-Profit-or-Loss (FVTPL) Financial Assets								
Listed Shares	3,627,702	-	-	3,627,702	3,627,702	-	-	3,627,702
Total	3,627,702	-	-	3,627,702	3,627,702	-	-	3,627,702
Held-To-Maturity (HTM)								
Financial Assets								
Treasury Bonds	51,694,915	-	-	51,694,915	51,694,915	-	-	51,694,915
Total	51,694,915	-	-	51,694,915	51,694,915	-	-	51,694,915
Loans & Receivables								
(L & R) Financial Assets								
Unlisted Debentures	-	500,534	-	500,534	-	500,534	-	500,534
Commercial Papers	-	256,462	-	256,462	-	256,462	-	256,462
Term deposits	-	24,887,040	-	24,887,040	-	22,113,279	-	22,113,279
Development Bonds	-	10,456,280	-	10,456,280	-	10,456,280	-	10,456,280
Total	-	36,100,316	-	36,100,316	-	33,326,555	-	33,326,555
Total Financial Assets	113,767,725	36,100,316	35,495	149,903,536	113,767,725	33,326,555	35,495	147,129,775

42 FINANCIAL ASSETS AND LIABILITIES (CONTD.)**42.3 Valuation Techniques used in determining fair values**

1. The fair values of Listed Stocks, Treasury Bills and Treasury Bonds are based on their market prices as they are traded in active markets.
2. The fair values of Unlisted Floating Rate Debentures and Development Bonds are estimated to be equal to their amortized cost.
3. The fair values of Fixed Deposits are estimated to be equal to their amortized cost as maturities do not exceed one year.
4. The fair values of Unlisted Fixed Rate Debentures are arrived at discounting the future cash flows at market yields of comparable newly issued Corporate Debt instruments carrying similar maturities and credit ratings.
5. The fair values of Listed Debentures, which are traded in active markets, are based on their market prices.
6. The fair values Listed Debentures, which are not traded in active markets, are arrived at discounting the future cash flows at market yields of comparable newly issued Corporate Debt instruments carrying similar maturities and credit ratings.
7. The fair values of Unit Trusts are based on their bid prices as quoted by the Unit Trust management companies.
8. The fair values of Unlisted Shares, where the company pays regular Dividends, are derived using the Discounted Cash Flow method. Otherwise, the fair value will be based on the Net Asset Value.

42.4 Reconciliation of movements in Level 3 financial instruments measured at fair value

	As at 31/12/2018 Rs. '000	Total Gains/ (Losses) in Income Statement Rs. '000	Total Gains/ (Losses) in OCI Rs. '000	Purchases Rs. '000	Sales Rs. '000	Transfers from Level 1 & 2 Rs. '000	As at 31/12/2019 Rs. '000	Total Gains/ (Losses) for the period included in profit or loss for assets held at 31/12/2017 Rs. '000
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Available-For-Sale

(AFS) Financial Assets

Unlisted Stocks	35,495	(20,441)	(11,084)	-	-	-	24,411	(31,524)
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	As at 31/12/2017 Rs. '000	Total Gains/ (Losses) in Income Statement Rs. '000	Total Gains/ (Losses) in OCI Rs. '000	Purchases Rs. '000	Sales Rs. '000	Transfers from Level 1 & 2 Rs. '000	As at 31/12/2018 Rs. '000	Total Gains/ (Losses) for the period included in profit or loss for assets held at 31/12/2016 Rs. '000
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Available-For-Sale

(AFS) Financial Assets

Unlisted Stocks	47,972	3,159	(12,477)	-	-	-	35,495	(9,318)
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42 All outstanding balances with Government related entities which are significant for the users of this annual report are listed below.

Outstanding Balances as at 31 December 2019

Nature of the Transaction/ Name of the Company/Entity	Bank of Ceylon Rs. '000	People's Bank Rs. '000	National Savings Bank Rs. '000	Regional Development Bank Rs. '000	People's Leasing & Finance PLC Rs. '000
Reverse Repos	68,225	-	1,498,952	-	-
Listed Debentures	319,157	-	-	-	1,258,335
Unlisted Debentures	-	3,054,370	2,568,644	-	-
Fixed Deposits	2,499,043	3,702,787	8,151,901	14,225	4,610,270
Unlisted Shares	-	-	-	-	-
Listed Shares	-	-	-	-	129,518
	2,886,425	6,757,157	12,219,497	14,225	5,998,123

Outstanding Balances as at 31 December 2018

Nature of the Transaction/ Name of the Company/Entity	Bank of Ceylon Rs. '000	People's Bank Rs. '000	National Savings Bank Rs. '000	Regional Development Bank Rs. '000	People's Leasing & Finance PLC Rs. '000
Reverse Repo	-	-	-	-	-
Listed Debentures	825,995	-	-	-	1,224,209
Unlisted Debentures	-	-	500,534	-	-
Fixed Deposits	3,661,231	2,855,714	3,764,369	88,535	2,833,722
Unlisted Shares	-	-	-	-	-
Listed Shares	-	-	-	-	-
	4,487,226	2,855,714	4,264,903	88,535	4,057,931

The direct holding of 99.97% of the voting rights of the SLIC is owned by Secretary to the Treasury and the rest is owned by the employees and ex-employees of the Company. Therefore, the Secretary to Treasury has controlling power over the financial and operating policies of the Company.

The Company has considered the Secretary to the Treasury and other entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka (Government related entities) as Related Parties according to LKAS 24 - "Related Party Disclosures".

In accordance with the LKAS 24 - "Related Party Disclosures", transactions in relation to insurance premiums and claims are not being disclosing due to the impracticability of capturing and disclosure of the same.

Merchant Bank of Sri Lanka PLC Rs. '000	People's Merchant Finance PLC Rs. '000	Sri Lanka Telecom PLC Rs. '000	HDFC Bank Rs. '000	State Associated Newspaperst of Ceylon Ltd Rs. '000	Mortgage & Investment Bank Rs. '000
-	-	-	-	-	-
-	-	2,215,099	152,065	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	10,472	-
-	16	632,168	-	-	-
-	16	2,847,267	152,065	10,472	-

Merchant Bank of Sri Lanka PLC Rs. '000	People's Merchant Finance PLC Rs. '000	Sri Lanka Telecom PLC Rs. '000	HDFC Bank Rs. '000	State Associated Newspapers of Ceylon Ltd Rs. '000	Mortgage & Investment Bank Rs. '000
-	-	-	-	-	-
122,193	-	2,051,699	143,701	-	-
-	-	-	-	-	-
-	-	-	-	-	450,000
-	-	-	-	12,865	-
-	-	464,249	-	-	-
122,193	-	2,515,948	143,701	12,865	450,000

43 RELATED PARTY DISCLOSURES**43.1 Transactions with Key Management Personnel**

According to Sri Lanka Accounting Standard 24 (LKAS) - "Related Party Disclosures", key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Chairman and the Board of Directors have been classified as key management personnel of the Group.

Following directors are also directors of the related entities.

Director	Directorship in other related entities
Mr.Jagath Wellawatta	Management Services Rakshana (Pvt) Ltd
Mr. K A Vimalenthirarajah	People's Bank and Management Service Rakshana (Pvt) Ltd
Mr. Anil Meegahagedera	Canwill Holdings (Pvt) Ltd, Sinolanka Hotels & Spa (Pvt) Ltd, Helanco Hotels and Spa (Pvt) Ltd.
Ms. J Surekha Alles	None
Mr.Anil Koswatta	Lakarcade, Litro Gas Lanka Ltd, Litro Gas Terminal Lanka (Pvt) Ltd
Mr.Nishantha Dayananda	Canowin Hotels and Spa (Pvt) Ltd
Ms. K.D.R. Olga	Sri Lanka Bureau of Foreign Employment

The Lanka Hospitals Corporation PLC

Key Management Personnel includes the members of the Board of Directors of the Company. The compensation of Key Management Personnel for the year ended 31st December 2019 amounted to Rs 16,289,000/- (2018 - Rs.15,628,000/-).

Helanco Hotels & Spa (Private) Limited

Helanco Hotels & Spa (Private) Limited has handed over the vehicle, Land Rover Defender KY-5208, to Mr. Sujeewa K.P. Jayamanne in lieu of the vehicle allowance provided to the Executive Director of the company, with effect from 30th November 2017.

Canowin Hotels & Spa (Private) Limited

Key Management Personnel includes the members of the Board of Directors of the Company. The compensation of Key Management Personnel for the year ended 31st December 2019 amounted to Rs 10,841,062/- (2018 - Rs.10,916,619/-).

43.1.1 Key Management Personnel compensation

Key management personnel compensation comprised of the following:

For the year ended 31 December	Group		Company	
	2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Salaries and Short Term Employee Benefits	71,270	44,520	5,450	6,367
Consultation Fee	8,414	9,032	-	-
Attendance Fees	1,050	2,125	-	-

Post employment benefits accrued are not included in the above as it cannot be identified separately due to the actuarial valuation.

43 RELATED PARTY DISCLOSURES (CONTD.)

43.2 Transactions with subsidiary Companies and sub subsidiary Companies and Associates

Name of the Company	Nature of Transactions	Transactions with SLIC		Transactions with Group Companies	
		2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Management Services Rakshana (Pvt) Ltd	Loan granted **	102,595	70,410	102,595	70,410
	Payment of Emoluments ***	583,542	488,961	583,542	488,961
The Lanka Hospitals Corporation PLC	Insurance Premium	28,408	34,731	28,408	34,731
	Amount paid	(28,408)	(34,731)	(28,408)	(34,731)
	Dividend received	206,674	230,897	206,674	230,897
	Services	132,635	134,706	132,635	134,706
	Amount received from services	(128,392)	-	(128,392)	-
	Vehicle hiring charges paid	(18,507)	(19,430)	(18,507)	(19,430)
	Vehicle hiring charges	17,540	17,689	17,540	17,689
	Sale of Shares	450,787	-	450,787	-
Litro Gas Lanka Ltd	Rent charged	91,320	113,154	91,320	113,154
	Insurance Premium	62,662	9,612	62,662	9,612
	Impairment	-	-	(7,390)	-
	Cash settlement	(159,713)	177,496	2,230,265	2,557,994
	Throughput fee	-	-	(2,406,192)	2,390,623
	Reimbursement of expenses	-	-	64,676	76,915
	Repayment for the services	-	-	(26,428)	112,235
	Dividend received	999,357	-	999,357	-
	Fuel & Rent	-	-	-	178
Utility	-	-	-	38	
Litro Gas Terminal Lanka (Pvt) Ltd	Insurance Premium	29,876	48,565	29,876	48,565
	Throughput fee	-	-	2,406,192	2,390,623
	Reimbursement of expenses	-	-	26,428	112,235
	Repayment for the services	-	-	(64,676)	(79,432)
	Payments	(28,872)	(46,210)	(2,418,850)	(2,376,390)
	Dividend payment	1,360,000	-	1,360,000	-

43 RELATED PARTY DISCLOSURES (CONTD.)

43.2 Transactions with subsidiary Companies and sub subsidiary Companies and Associates (CONTD.)

Name of the Company	Nature of Transactions	Transactions with SLIC		Transactions with Group Companies	
		2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Canwill Holdings (Pvt) Ltd	Insurance Premium	21,831	7,214	21,831	7,214
	Security charges	2,244	-	2,244	-
	Receipts	3,103	-	3,103	-
	Foreign Currency transactions	6	(138)	6	(138)
	Fund Transfer	-	2,036	-	12,036
	Staff salaries & allowances	1,484	526	1,709	133,917
	Consultancy Services	-	1,828	-	1,828
	Cash Settlement	22,814	6,391	22,814	53,591
	Reimbursement of expenses	-	-	-	353
	Dividend payable	7,310	-	7,310	-
Others Expenses	-	-	-	94,373	
Canowin Hotels & Spas (Pvt) Ltd	Dividends Received	-	7,831	-	7,831
	Insurance Premium	-	-	-	-
	Purchase of Goods / Services	-	-	(2,317)	-
	Sales of Goods/ Services	-	-	5,901	-
	Cash Receipts	-	-	(6,548)	-
	Cash settlement	-	-	2,317	(3,468)
	Settlements of due from related parties	-	-	500	-
Settlements of due to related parties	-	-	(3,660)	-	
Sinolanka Hotels & Spa (Pvt) Ltd	Insurance Premium	19,998	944	19,998	944
	Foreign Currency transactions	6	(138)	6	(138)
	Fund Transfer/Cash settlement	21,096	936	21,096	(41,869)
	Staff related cost	-	-	66,632	132,672
	Insurance service cost	-	-	1,494	(6,637)
	Other Expenses	-	-	1,301	94,381
	Expenses paid	-	-	2	3,194
	Short term loan	-	-	-	400,000
	Interest on short term loan	-	-	35,160	(33,915)
	Cash settlement	-	-	(28,000)	-
Security Charges	2,244	-	2,244	-	

43 RELATED PARTY DISCLOSURES (CONTD.)

43.2 Transactions with subsidiary Companies and sub subsidiary Companies and Associates (CONTD.)

Name of the Company	Nature of Transactions	Transactions with SLIC		Transactions with Group Companies	
		2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Helanco Hotels & Spas (Pvt) Ltd	Expenses paid	-	-	(703)	-
	Income tax paid	-	-	(5,892)	-
	Allocation of staff cost	-	-	556	-
	Interest receivable	-	-	35,160	-
Lanka Hospitals Diagnostics (Private) Limited	Reimbursement of expenses / rent income received	-	-	70,944	57,731
	Amounts Received	-	-	-	(151,463)
	Laboratory Services provided	(7,624)	-	(755,171)	(695,421)
	Amounts Paid	7,271	-	707,271	611,463
Ceybank Asset Management Ltd	Insurance Premium Received	2,772	2,178	2,772	2,178
	Claim paid	1,674	256	1,674	256
Ceylon Asset Management Company Ltd	Sale of Unit Trust	363,557	-	363,557	-
	Purchase of Unit Trust	522,580	567	522,580	567

43.3 Transactions with Other Related Companies

Name of the Company	Nature of Transactions	Transactions with SLIC		Transactions with Group Companies	
		2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Super Religare Laboratories Limited	Technical services provided to Lanka Hospital Diagnostics (Pvt) Ltd	-	-	(6,867)	(78,886)
	Amounts Paid	-	-	6,867	96,006
Peoples's Bank	Settlements	-	-	3,660	-
	Services	-	-	(4,098)	-
	Sales of Goods/ Services	-	-	1,998	-
Capital Alliance Investments Ltd	Redemption of Units	-	1,500	-	1,500

43 RELATED PARTY DISCLOSURES (CONTD.)**43.4 Amount due from subsidiaries**

	Balances with SLIC		Balances with Group Companies	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Amount due from related parties				
Management Services Rakshana (Pvt) Ltd**	-	-	-	-
The Lanka Hospitals Corporation PLC	-	-	-	-
Lanka Hospitals Diagnostics (Private) Limited	4,769	4,769	4,769	4,769
Litro Gas Lanka Ltd	4,802	10,532	26,516	24,286
Litro Gas Terminal Lanka Ltd	3,765	2,761	179,632	200,662
Canwill Holdings (Pvt) Ltd	-	-	299,753	251,460
Canowin Hotels & Spas (Pvt) Ltd	-	-	-	1,108
Sinolanka Hotels & Spa (Pvt) Ltd	2,074	922	2,136	988
Helanco Hotels & Spas (Pvt) Ltd	-	-	469,076	433,916
	15,410	18,984	981,883	917,189
Sri Lanka Investment Holdings	-	-	100,260	100,260
	-	-	100,260	100,260

43.5 Amount from related parties

	Balances with SLIC		Balances with Group Companies	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Amount due to subsidiaries				
The Lanka Hospitals Corporation PLC*	5,989	5,022	5,989	5,022
Litro Gas Lanka Ltd	-	-	13,747	198,488
Litro Gas Terminal Lanka Ltd	-	-	175,867	-
Canwill Holdings (Pvt) Ltd	360	2,093	300,625	15,847
Canowin Hotels & Spas (Pvt) Ltd *	-	-	961	60
Sinolanka Hotels & Spa (Pvt) Ltd *	-	-	68	684,016
Helanco Hotels & Spas (Pvt) Ltd	-	-	469,076	1,134
	6,349	7,115	966,333	904,567

43 RELATED PARTY DISCLOSURES (CONTD.)

43.5 Amount from related parties (CONTD.)

	Balances with SLIC		Balances with Group Companies	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Amount due from related parties				
Super Religre Laboratories Limited	-	-	1,591,598	-
	-	-	1,591,598	-

* Insurance claims paid during the year and claims outstanding as at the reporting date arising in the normal course of business have not been eliminated in consolidated financial statements due to differences arising from reinsurance components attributable to claims and the claims outstanding estimates which are assessed from the individual company's point of view and need not be the same as provision determined by the insurer.

** The amounts reflect staff loans granted during the year by SLIC to the seconded employees of Management Services Rakshana (Private) Limited and the outstanding balance of the same.

*** The gratuity charges invoiced by MSRL have not been eliminated due to timing differences in recording the same by SLIC and also due to differences arising from the treatment for VAT amounts in SLIC books not being considered in elimination.

44 INSURANCE AND FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from insurance business and from financial instruments:

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks as required by the SLFRS 4 and SLFRS 7 together with the quantitative disclosures relating to the same.

Risk Management Framework

The Group's Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.1 Insurance Risk

Insurance risk is the likelihood that an insured event will occur, requiring the insurer to pay a claim. This risk is transferred to the Company through the underwriting process. The principal risk the Company faces under insurance contracts 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 Group is to ensure that sufficient reserves are available to cover these liabilities.

44.1.1 Life Insurance Contracts

The following paragraph describes the concentration of life insurance based on the nature of the contract;

Concentration of Insurance Risk

Concentration risk is defined as the risk of exposure to increased losses associated with inadequately diversified portfolios of assets or obligations. Concentration risk for a life insurer may arise with respect to investments in a geographical area, economic sector, or individual issuers, or due to a concentration of business written within a geographical area, of a policy type, or of underlying risks covered.

1. From a market risk perspective, although the Company has invested significantly in the financial sector, our portfolio is diversified and contains huge margins.
2. From an insurance risk perspective, the main factors that would affect concentration risk include mortality risk, morbidity risk, longevity risk, policyholder behaviour risk (lapse, anti-selection) and expense risk. There is diversification across geographical regions, lines of business and even across the different insurance risk factors such that SLIC is not exposed to significant concentrations of insurance risk.

The risks associated with life insurance include:

- 'Mortality risk' is the risk that actual policyholder death experience on life insurance policies is higher than expected.
- 'Longevity risk' is the risk that annuitants live longer than expected.
- 'Morbidity risk' is the risk that policyholder health-related claims are higher than expected.
- Policyholder behaviour risk' is the risk that policyholders' behaviour in discontinuing and reducing contributions or withdrawing benefits prior to the maturity of the contract is worse than expected. Poor persistency rates may lead to fewer policies remaining on the books to defray future fixed expenses and reduce the future positive cash flows from the business written, potentially impacting its ability to recover deferred acquisition expenses.
- Expense risk' is the risk that expenses incurred in acquiring and administering policies are higher than expected.
- Market risk' is the risk associated with the Group's statement of financial positions where the value or cash flow depends on financial markets, which is analysed in the "Market Risk" section in the Risk Review.
- Credit risk' is the risk associated with a loss or potential loss from counterparties failing to fulfil their financial obligations, which is analysed in the "Credit Risk" section in the Risk Review.

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.1.1 Life Insurance Contracts (CONTD.)

The Group has established procedures and processes to evaluate the above risks which if not properly controlled and managed can impact its operations. The procedures are in place to cover all critical stages from product development to benefit administration. In addition to all, all life financial streams are modelled and profit testing is produced by the Actuary thus mitigating product design and pricing risk. Also the Group uses matching instruments to back liabilities (ALM), if available.

Under the Risk Based Capital (RBC) framework, SLICL has adopted "Gross Premium Valuation" mechanism (GPV). This is required for liability valuation purpose where liability is calculated in market consistent manner for the solvency requirements. SLICL has adopted a more prudent valuation basis for its surplus computation with compared to minimum regulatory basis (RBC).

Sensitivities analysis for life insurance risk

Provide assumptions used in determining life insurance contract liability

Assumption	Description
Mortality	- Factored A67/70 for non-annuity business to allow best estimate experience rate
	- Weighted average of a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants approximated 1% mortality improvement of annuitants
Investment return	Risk Free Rate structure proposed by IRC SL as at 31.12.2019

SLIC maintained steady and strong solvency ratio over the year 2019 for its Life Insurance business and as at 31.12.2019 the Risk-based Capital Adequacy Ratio, CAR, stands at 436% and it was 437% as at 31.12.2018. This is well above the regulatory minimum requirement which is 120%.

Assumption	Change in Assumption	Impact on Liability
Mortality	10%	431 Mn
	-10%	(432) Mn
Investment return	Up shock scenario under RBC	(11,550) Mn
	Down shock scenario under RBC	16,338 Mn

Life

In accordance with the RBC Rules, negative policy liability for long term insurance contracts are deemed acceptable and value of the liabilities with respect to individual contracts with negative policy liability have not been floored at zero. However for the purpose of distribution basis (i.e. for SLFRS purpose) liabilities, SLICL has adopted a more prudent approach and the negative liabilities have been floored to zero at policy level.

Non Life

In accordance with the RBC Rules, discounted policy liability can be hold however for the purpose of SLFRS reporting, SLICL has adopted a more prudent approach where un-discounted liabilities are hold where un-discounted liabilities are higher than the discounted liabilities. "

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.1 Insurance Risk (CONTD.)****44.1.1 Life Insurance Contracts (CONTD.)****Segregation of Policy Liability based on Product Category**

31 December	2019			2018		
	Insurance Liabilities (with profits) Rs. '000	Insurance Liabilities (without profits) Rs. '000	Total Gross Insurance Liabilities Rs. '000	Insurance Liabilities (with profits) Rs. '000	Insurance Liabilities (without profits) Rs. '000	Total Gross Insurance Liabilities Rs. '000
Whole Life	16,944	4,162	21,106	15,751	3,724	19,475
Endowment Assurance	51,326,497	2,262,014	53,588,511	39,545,633	1,451,437	40,997,070
Term Assurance	-	1,683,399	1,683,399	-	1,581,498	1,581,498
Annuity	9,819,087	1,902,857	11,721,944	7,110,235	1,688,574	8,798,809
Rider Benefits	2,086	2,362,961	2,365,048	2,225	2,050,518	2,052,743
Total	61,164,614	8,215,393	69,380,008	46,673,844	6,775,751	53,449,595

The following table shows the participating and non-participating fund position of the Company:

Participating Fund vs Non-Participating Fund	Participating Rs. '000	Non-Participating Rs. '000	Total Rs. '000
2019	108,500,670	8,266,226	116,766,896
Percentage	92.92%	7.08%	
2018	98,410,831	7,048,715	105,459,546
Percentage	93.32%	6.68%	

44.1.2 Non - Life Insurance Contracts**General Insurance Risk**

General insurance risk includes the reasonable possibility of significant loss due to uncertainty in the frequency of occurrence of insured events as well as in the severity of the resulting claims.

The following provides an overview of the Group's main lines of business:

- Motor includes automobile physical damage, loss of the insured vehicle and automobile third party liability insurance.
- Property includes fire risks (for example fire, explosion and business interruption), natural perils (for example earthquake, windstorm and flood), engineering lines (for example boiler explosion, machinery breakdown and construction) and marine (cargo and hull).
- Liability includes general/public and product liability, excess and umbrella liability, professional liability including medical malpractice, and errors and omissions liability.
- Special lines include directors and officers, credit and surety, crime and fidelity, accident and health, and crop.
- Worker injury includes workers compensation and employers liability.

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.1 Insurance Risk (CONTD.)

44.1.2 Non - Life Insurance Contracts (CONTD.)

The Group's underwriting strategy is to take advantage of the diversification of general insurance risks across industries and geographic regions in which the Group operates. The Group seeks to optimize shareholder value by achieving its mid-term return on equity goals. Doing so necessitates a prudent, stable underwriting philosophy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility. At the core of the Group's underwriting is a robust governance process.

In addition to the specific risks insured, each line of business could expose the Group to losses that could arise from natural and man-made catastrophes. The main concentrations of risks arising from such potential catastrophes are regularly reported to senior management.

The table below shows the Group's concentration of risk within the general insurance business by line of business based on direct written premiums before reinsurance and after reinsurance.

2019 Class	GWP Rs. '000	Reinsurance Rs. '000	NWP Rs. '000	%
Motor	12,907,733	362,866	12,544,867	80.33%
Fire	1,542,121	1,459,721	82,400	0.53%
Marine	492,183	353,132	139,051	0.89%
Other	4,032,286	1,182,806	2,849,486	18.25%
	18,974,323	3,358,525	15,615,798	100.00%

2018 Class	GWP Rs. '000	Reinsurance Rs. '000	NWP Rs. '000	%
Motor	12,903,588	327,224	12,576,365	80.92%
Fire	1,643,114	1,473,237	169,877	8.24%
Marine	496,698	367,225	129,472	0.83%
Other	3,488,692	822,104	2,666,588	10.01%
	18,532,092	2,989,790	15,542,302	100.00%

Reinsurance Risk

The Group purchases reinsurance as a part of its risk mitigation programme. It protects against significantly large claims or disasters, allowing the insurance Company to cover more individuals without fear of bankruptcy should a disaster occur, resulting in multiple policyholders filing claims all at one time.

Reinsurance ceded is placed on both proportional and non-proportional basis. Proportional reinsurance arrangement includes both Quota Share and Surplus Treaty and Facultative programmes which are taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional reinsurance programmes, which are primarily excess-of-loss reinsurance arrangements, are designed to mitigate the Group net exposure to large single and catastrophic losses. Retention limits on the excess-of-loss reinsurance programmes vary by product line.

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.1 Insurance Risk (CONTD.)****Reinsurance Risk (CONTD.)**

The following table shows the credit ratings of the reinsurance Companies with whom the Group has arrangements.

Name of the Company	Credit Rating	Financial strength Rating	Name of the Rating Agency
Atrium Underwriters Limited	a+	A	A.M. Best
AEGIS Managing Agency Ltd	a+	A	A.M. Best
AIG Asia Pacific Insurance Pte Ltd	a	A	A.M. Best
Allianz Global Corporate & Specialty SE	aa	A+	A.M. Best
Allied World Assurance Company (Europe)	a	A	A.M. Best
AM Trust syndicate	a+	A	A.M. Best
Antares Managing Agency Ltd	a+	A	A.M. Best
Apollo Syndicate Management Ltd	a+	A	A.M. Best
Arch Insurance (UK) Limited	aa-	A+	A.M. Best
Arch Underwriting at Lloyd's Ltd	a+	A	A.M. Best
Argenta Syndicate Management Ltd	a+	A	A.M. Best
Argo Managing Agency Ltd	a+	A	A.M. Best
Ark Syndicate Management Ltd	a+	A	A.M. Best
Ascot Underwriting Limited	a+	A	A.M. Best
Asia Capital Reinsurance Group Pte Ltd.	a-	A-	A.M. Best
Aspen Managing Agency Ltd	a+	A	A.M. Best
Aspen Singapore Pte Ltd	a	A	A.M. Best
Assicurazioni Generali S.p.A.	a+	A	A.M. Best
Atrium Underwriters Limited	a+	A	A.M. Best
Aviabel Axis Specialty Europe S.E	a	A	A.M. Best
AXA Corporate Solution Assurance	AA-	AA-	S & P
Axis Managing Agency Limited	a+	A	A.M. Best
Barbican Managing Agency Ltd	a+	A	A.M. Best
Beazley Furlonge Ltd	a+	A	A.M. Best
Berkley Insurance Company	aa-	A+	A.M. Best
Berkshire Hathaway Speciality Insurance	aaa	A++	A.M. Best
Brit Syndicates Limited	a+	A	A.M. Best
Canopus Managing Agents Ltd	a+	A	A.M. Best
Castal Underwriting Agencies Ltd	a+	A	A.M. Best
Cathedral Underwriting Limited	a+	A	A.M. Best
Catlin Singapore Pte Ltd	aa-	A+	A.M. Best
Catlin Underwriting Agencies Ltd	a+	A	A.M. Best
Chaucer Syndicates Ltd	a+	A	A.M. Best
China Pacific Property Insurance Co. Ltd	A1	A1	Moody's
China Reinsurance (group) Corporation	a	A	A.M. Best
China Taiping Insurance (UK) Co Ltd	a	A	A.M. Best
Chubb European Group SE	aa+	A++	A.M. Best

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.1 Insurance Risk (CONTD.)

Reinsurance Risk (CONTD.)

Name of the Company	Credit Rating	Financial strength Rating	Name of the Rating Agency
Chubb Underwriting Agencies Ltd	a+	A	A.M. Best
DUPI Underwriting Agencies B.V.	a+	A	A.M. Best
ERGO Versicherung AG	aa	A+	A.M. Best
Falcon Insurance Co (UK) Ltd	A-	A-	S & P
Gard Marine & Energy (Europe) AS	A+	A+	S & P
General Insurance Corporation- India	a-	A-	A.M. Best
Gothaer Allg. Vers. AG	A-	A-	S & P
Hamilton Underwriting Ltd	a+	A	A.M. Best
Hannover Rück SE	aa	A+	A.M. Best
Hardy (Underwriting Agencies) Ltd	a+	A	A.M. Best
HCC International Insurance Company Plc	AA-	AA-	S & P
HDI Global Specialty SE	a+	A	A.M. Best
Helvetia Assurance S.A.	A	A	S & P
Hiscox Syndiacte Limited	a+	A	A.M. Best
Huatai Propoerty & Casualty Insurance Co. Ltd	A	A	Fitch
India International Insurance Pte Ltd	A-	A-	S & P
International Insurance Company of Hannover SE	aa	A+	A.M. Best
IRB-Brasil Resseguros SA Rio de Janiro, Brazil	a-	A-	A.M. Best
Korean Reinsurance Company	a	A	A.M. Best
Kuwait Reinsurance Company	a-	A-	A.M. Best
Liberty International Underwriter Pte Ltd	A	A	S & P
Mapfre Re Comania Reaseguros	a+	A	A.M. Best
Markel International Insurance company Limited	a+	A	A.M. Best
Markel Syndicate Management Ltd	a+	A	A.M. Best
Mitsui Sumitomo Insurance	aa	A+	A.M. Best
MS Amlin Asia Pacific Pte Ltd	A	A	S & P
MS Amlin Underwriting Limited	a+	A	A.M. Best
MS First Capital Insurance Ltd	a	A	A.M. Best
Muenchener Rueckversicherungs Gesellschaft	A+	aa-	A.M. Best
Munich Re	aa	A+	A.M. Best
Munich Re Africa	A-	A-	S & P
Munich Re Syndicate Ltd	a+	A	A.M. Best
Navigators Underwriting Agency Ltd.	a+	A	A.M. Best
Neon Underwriting Ltd	a+	A	A.M. Best
Nexus Underwritting Limited	a+	A	A.M. Best
Norwegjan Hull Club	A	A	S & P
Ocean International Reinsurance Company	a-	A-	A.M. Best

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.1 Insurance Risk (CONTD.)****Reinsurance Risk (CONTD.)**

Name of the Company	Credit Rating	Financial strength Rating	Name of the Rating Agency
Oman Insurance Company (PSC)	a	A	A.M. Best
Partner Reinsurance Europe SE	a+	A	A.M. Best
Pembroke Managing Agency Ltd	a+	A	A.M. Best
PICC Property & Casualty company Ltd	A1	A1	Moody's
Ping An propoer & Casualty Insurance Company of China	A-	A-	S & P
Pioneer Underwriting Ltd	a+	A	A.M. Best
QBE Insurance (Europe) Ltd	A-	A+	S & P
Royal & sun Allianz Insurance Plc	A	A	S & P
Samsung Reinsurance Pte Ltd, S'pore	a	A	A.M. Best
Scor Reinsurance Asia Pacific Ltd	aa-	A+	A.M. Best
Shipowners P&I Club	A	A	S & P
Sirius International Insurance Corporation (publ), Stockholm,Sweden per Zurich Branch	a	A	A.M. Best
Starr International (Europe) Limited	a	A	A.M. Best
StarStone Underwriting Ltd	a+	A	A.M. Best
Steamship Mutual underwriting Association Ltd	A	A	S & P
Swiss Re Asia Pte Ltd	A+	aa	A.M. Best
Swiss Re Internaitonl SE	aa	A+	A.M. Best
Taiping Re	A	a	A.M. Best
Talbot Underwriting Limited	a+	A	A.M. Best
Tokio Marine & Nichido Fire In. company	aa+	A++	A.M. Best
Tokio Marine Kiln Syndicates Ltd	a+	A	A.M. Best
Travelers Syndicate Management Ltd	a+	A	A.M. Best
Triglav Re	A	A	S & P
Wuerttembergische Versicherung AG	A-	A-	S & P
XL INSURANCE COMPANY SE	aa-	A+	A.M. Best
Zurich American Insurance Company U.S.A.	aa-	A+	A.M. Best

Financial Risks

The investment activities of the Group are exposed to financial risks which include credit risks, liquidity risks and market risks. The Investment Committee is responsible for mitigating those risks and optimizing the investment returns.

Investment risk management is of paramount importance in current turbulent markets characterized by high volatility of asset returns, reduced diversification benefits due to high correlations, and wider dispersion in market sentiments and views.

The aim of investment risk management is to promptly identify, measure, manage, report and monitor risks that affect the achievement of investment objectives. This includes taking, avoiding, mitigating and adjusting the risk profile to maintain the appropriate balance among asset growth as well as income to meet the obligations of the Fund, based on prudent risk management principles within the context of applicable (IRCSL) insurance regulations.

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.2 Market Risk

Market risk is the risk of changes in market prices such as foreign exchange rates and interest rates, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group maintains the maximum exposure limit for the equity in managing the investment portfolio. Further, the Group has diversified the investment portfolio into different sectors to mitigate unsystematic risks.

Company	Rise of market		Fall of market	
	Impact on Profit Rs. '000	Impact on OCI Rs. '000	Impact on Profit Rs. '000	Impact on OCI Rs. '000
As at 31 December 2019				
Shock Level:				
5%	282,355	1,188,287	(282,355)	(1,188,287)
10%	564,709	2,376,573	(564,709)	(2,376,573)
	847,064	3,564,860	(847,064)	(3,564,860)
As at 31 December 2018				
Shock Level:				
5%	181,410	1,361,072	(181,410)	(1,361,072)
10%	362,821	2,722,145	(362,821)	(2,722,145)
	544,231	4,083,217	(544,231)	(4,083,217)

44.2.1 Interest Rate Risk

Interest rate risk is the risk of loss resulting from changes in interest rates, including the changes in the shape of the yield curve while credit spread risk describes the sensitivity of the values of assets and liabilities due to changes in the level or the volatility of credit spreads over the risk-free interest rate yield curve.

Interest rate risk is managed over each major maturity bucket with adherence to the aggregated positions with risk limits. The Investment Committee proactively managed the fixed income portfolio by strategically shifting from low-yielding investments to relatively high-yielding ones, mitigating the pressure on interest income while closely monitoring the duration of mismatches.

Further the Group has adopted the following policies to mitigate the interest rate risk:

1. A considerable portion of the investments is made in risk free investments of government securities with adherence to the rules and regulations issued by the IRCSL in maintaining risk free investments.
2. The major part of the investment portfolio is made in rated financial institutions or in rated instruments.
3. The Investment Committee makes the investment decisions and approval from the Board of Directors is sought wherever necessary.

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.2 Market Risk (CONTD.)****44.2.1 Interest Rate Risk (CONTD.)****Exposure to Interest Rate Risk**

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows.

31 December Company	2019 Rs. '000	2018 Rs. '000
Fixed Rate Instruments		
Held To Maturity (HTM)		
Treasury Bonds	53,113,519	54,622,918
Loans and Receivable (LGR)		
Unlisted Debentures	5,623,014	500,534
Fixed Deposits	27,064,616	22,113,279
Available For Sale (AFS)		
Listed Debentures	32,111,716	23,368,705
Treasury Bond	1,776,535	2,534,387
	119,689,401	103,139,823
Floating Rate Instruments		
Loans and Receivables (L & R)		
Development Bonds	10,749,452	10,456,280
Available-For-Sale (AFS)		
Listed Debentures	248,906	498,492
	10,998,358	10,954,772
	130,687,759	114,094,595

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.2 Market Risk (CONTD.)

44.2.1 Interest Rate Risk (CONTD.)

Sensitivity Analysis

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and interest income by the amounts shown below.

31 December 2019	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
	Impact on Interest Income Rs. '000	Impact on Equity Rs. '000	Impact on Interest Income Rs. '000	Impact on Equity Rs. '000
Company				
Financial Investments				
Loans and Receivable (LGR)	45,040	-	(45,040)	-
Available For Sale (AFS)	2,500	306,052	(2,500)	39,859
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	47,540	306,052	(47,540)	39,859
<hr/>				
31 December 2018	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
	Impact on Interest Income Rs. '000	Impact on Equity Rs. '000	Impact on Interest Income Rs. '000	Impact on Equity Rs. '000
Company				
Financial Investments				
Loans and Receivable (LGR)	45,416	-	(45,416)	-
Available For Sale (AFS)	5,000	291,025	(5,000)	59,791
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	50,416	291,025	(50,416)	59,791

* In case of a shift in yield curve, there is:

No impact to the interest income or to the equity for the fixed rate debt instruments classified under HTM and LGR

An impact to the interest income but no impact to the equity for the floating rate debt instruments classified under HTM and LGR

No impact to the interest income but there is an impact to the equity for the fixed rate debt instruments classified under AFS

An impact to the interest income but no impact to the equity for the floating rate debt instruments classified under AFS

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.2 Market Risk (CONTD.)****44.2.2 Foreign Currency Risk**

The Group is exposed to currency risk on investments in financial assets that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions are primarily denominated are United States Dollars (USD), Euros (EUR), Australian Dollar (AUD) and Sterling Pound. (GBP).

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts;

Company	Carrying Value	
	2019 Rs. '000	2018 Rs. '000
Development Bonds:		
USD	10,749,452	10,456,280
Fixed Deposits:		
USD	49,777	165,779
	10,799,229	10,622,059

The following significant exchange rates were applicable during the year;

	Average Rate		Reporting date spot rate	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
USD	180.33	166.35	179.35	181.30
GBP	229.84	215.12	232.20	227.48
AUD	124.79	122.17	122.03	127.55
EUR	200.53	191.48	197.64	203.43

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.2 Market Risk (CONTD.)

44.2.2 Foreign Currency Risk (CONTD.)

Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD,GBP,EURO,AUD at 31st December 2019 would have increased/ (decreased) the forex gain/loss and interest income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

As at 31 December 2019 Company	Exchange Rate Shock Level		
	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000

Impact on Forex Gain/Loss			
Floating Rate Instruments			
USD	107,495	161,242	214,989
Fixed Rate Instruments			
USD	498	747	996
	107,993	161,989	215,985

As at 31 December 2019	Exchange Rate Shock Level		
	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000

Impact on Interest Income			
Floating Rate Instruments			
USD	6,300	9,450	12,600
Fixed Rate Instruments			
USD	1	1	1
	6,301	9,451	12,602

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.2 Market Risk (CONTD.)****44.2.2 Foreign Currency Risk (CONTD.)****Sensitivity Analysis (CONTD.)**

As at 31 December 2018

Exchange Rate Shock Level

Company	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000
Impact on Forex Gain/Loss			
Floating Rate Instruments			
USD	104,563	156,844	209,126
Fixed Rate Instruments			
USD	1,658	2,487	3,316
	106,221	159,331	212,442

As at 31 December 2018

Exchange Rate Shock Level

	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000
Impact on Interest Income			
Floating Rate Instruments			
USD	5,109	7,663	10,218
Fixed Rate Instruments			
USD	53	79	106
	5,162	7,742	10,324

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.2 Market Risk (CONTD.)

44.2.3 Market Rate Risk

The Group maintains the maximum exposure limit for the equity in managing the investment portfolio. Further, the Group has diversified the investment portfolio into different sectors to mitigate the unsystematic risks.

Portfolio Diversification of Equity Risks

Sri Lanka Insurance Corporation Limited - Life Insurance Business

Sector	Industry Group	2019		2018	
		Market Value Rs. '000	%	Market Value Rs. '000	%
Financials	Banks	14,966,754	77.78%	16,332,653	84.71%
	Diversified Financials	-	0.00%	-	0.00%
	Real Estate				
Financials		14,966,754	77.78%	16,332,653	84.71%
Consumer Discretionary	Consumer Services	1,195,319	6.21%	1,104,441	5.73%
	Consumer Durables & Apparel	178,648	0.93%	65,000	0.34%
	Retailing	31,013	0.16%	17,526	0.09%
	Automobiles & Components	9,030	0.05%	6,541	0.03%
Consumer Discretionary		1,414,010	7.35%	1,193,508	6.19%
Industrials	Capital Goods	1,437,195	7.47%	632,018	3.28%
*Health Care	Health Care Equipment & Services	-	0.00%	-	0.00%
Telecommunication Services	Telecommunication Services	566,840	2.95%	434,352	2.25%
Materials	Materials	414,877	2.16%	278,590	1.44%
	Consumer Staples	Food & Staples Retailing	345,609	1.80%	22,972
	Food, Beverage & Tobacco	22,057	0.11%	308,843	1.60%
Real Estate	Real Estate	75,317	0.39%	76,712	0.40%
Energy	Energy	87	0.00%	73	0.00%
Information Technology	Technology Hardware & Equipment	-	0.00%	-	0.00%
Total		19,242,746	100%	19,279,721	100%

* Including the Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.2 Market Risk (CONTD.)****44.2.3 Market Rate Risk**

Sri Lanka Insurance Corporation Limited - General Insurance Business

Sector	Industry Group	2019		2018	
		Market Value Rs. '000	%	Market Value Rs. '000	%
Financials	Banks	9,270,449	91.15%	10,676,457	92.28%
	Diversified Financials	129,534	1.27%	114,491	0.99%
Financials		9,399,983	92.43%	10,790,948	93%
Consumer Discretionary	Consumer Durables & Apparel	8,213	0.08%	5,132	0.08%
	Retailing	-	0.00%	-	-
Consumer Discretionary		8,213	0.08%	5,132	0%
*Health Care	Health Care Equipment & Services	-	0.00%	-	0.00%
Industrials	Capital Goods	256,465	2.52%	231,800	2.00%
Materials	Materials	-	0.00%	-	-
Utilities	Utilities	380,000	3.74%	425,000	3.67%
Real Estate	Real Estate	60,000	0.59%	69,000	0.60%
Telecommunication Services	Telecommunication Services	65,329	0.64%	47,976	0.41%
Energy	Energy	88	0.00%	73	0.00%
Total		10,170,078	100%	11,569,929	100%

*Including Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

44.3 Credit Risk

Credit risk is the risk of financial loss to the Group if investee companies, reinsurers and any other counter party to a financial instrument fail to meet their contractual obligations, and if arises principally from the Group's receivables from customers and investments in debt securities.

The Group has established its own limits on concentration of investments by single issuers and certain asset classes and also limits investments in illiquid instruments.

No investment has been made in term deposits other than in Licensed Commercial Banks and Licensed Specialized Banks.

Investment grade credit rating for both the entity and the instrument by a recognized credit rating agency is expected for all investments in corporate debentures and commercial papers.

No debt investment has been made in any of the related companies.

A comprehensive credit analysis is carried out internally prior to making any investment in a debt security.

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.3 Credit Risk (CONTD.)

The Maximum Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31 December	Note	Group		Company	
		2019 Rs. '000	2018 Rs. '000	2019 Rs. '000	2018 Rs. '000
Held To Maturity (HTM)	5	53,113,519	54,622,918	53,113,519	55,020,955
Loans and Receivable (LGR)	5	16,372,466	10,956,814	16,372,466	10,956,814
Available For Sale (AFS)	5	34,137,157	26,401,584	34,137,157	26,401,584
Loans to policyholders	12	1,803,439	1,639,851	1,803,439	1,522,184
Reinsurance receivable	13	1,679,053	2,363,713	1,679,053	2,447,299
Premium receivable	14	4,034,109	3,853,445	4,034,109	3,694,158
Other assets	16	6,195,648	-	6,195,648	3,010,325
Cash and cash equivalents	18	22,969,711	15,942,829	3,244,666	2,598,518
		140,305,102	115,781,154	120,580,057	105,651,837

Government Securities

Government securities consist of investments in treasury bills, treasury bonds, B615 development bonds and reverse repurchase agreements which are referred to as risk free instruments by nature.

Corporate Debt Securities

The corporate debt securities consist of corporate debentures which are listed in the Colombo Stock Exchange and are guaranteed by local and foreign credit rating agencies. An analysis of credit ratings of the issuers of debt securities are given in this note.

Loans to policyholders

Credit risk related to the policyholder loans is the financial losses which could arise due to non - settlement of loans by policyholders.

The Group has issued loans to policyholders considering the surrender value of the policy as collateral. As at the reporting date, the carrying value of the policy loans granted amounted to Rs.1,673 Mn (2018 - 1,513 Mn) and the related surrender value is Rs.2,850 Mn (2018 - 2,634 Mn).

Reinsurance receivable

This is the risk of reinsurers failing to fulfil their financial obligations towards the Group.

Management assesses the creditworthiness of reinsurers on a regular basis and ascertains the suitable allowance for impairment of reinsurance assets.

The Board of Directors has assessed the potential impairment loss of reinsurance receivables of the financial statements as at the reporting date in respect to the reinsurance receivable.

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.3 Credit Risk (CONTD.)****The Maximum Exposure to credit risk(CONTD.)****Premium receivable**

This consists of premium receivables from policyholders and intermediaries that create the risk of financial losses due to non settlement of dues or taking substantial time to settle dues.

In life insurance, credit risk is minimal since premium is collected before the policy is issued. In General Insurance Business, the premium warranty clause which states that a claim is not payable if the premium is not settled within 60 days, has reduced the credit risk to a greater extent.

The Board of Directors has assessed the potential impairment loss on premium receivables as at the reporting date and adequate provisions have been made in the financial statements.

Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Cash and cash equivalents

This consists of short term investments, cash at bank and cash in hand as at reporting date. Short term deposits include fixed deposits and call deposits placed in both banks and financial institutions. Further, the cash at bank mainly consists of favourable balances in saving and current accounts of private and government commercial banks.

The Group has selected its bankers by considering the credit ratings of the rating agencies and the efficiency of transaction processing by them. The Group held cash and cash equivalents of Rs.22,970 Mn as at 31st December 2019 (Rs.15,942 Mn as at 31st December 2018) which represent its maximum credit exposure on these assets.

Credit Risk Exposure - Life Insurance Business

As at 31 December	2019 Rs. '000	% of Allocation	2018 Rs. '000	% of Allocation
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Financial Investments

Debt Securities - Loans & Receivables	25,757,932	47%	18,015,015	46%
Debt Securities - Available For Sale	29,397,116	53%	21,279,947	54%
	55,155,048	100%	39,294,962	100%

Credit Risk Exposure - General Insurance Business

As at 31 December	2019 Rs. '000	% of Allocation	2018 Rs. '000	% of Allocation
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Financial Investments

Debt Securities - Loans and Receivables	6,929,698	70%	4,598,798	64.00%
Debt Securities - Available For Sale	2,963,505	30%	2,587,250	36.00%
	9,893,203	100%	7,186,048	100%

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.3 Credit Risk (CONTD.)

Debt Securities Allocation according to Credit Ratings

Life Insurance Business

As at 31 December

Rating	2019		2018	
	Rs. Mn	% of Total	Rs. Mn	% of Total
AAA	8,308	16%	3,809	10%
AA+	4,664	9%	5,978	15%
AA	114	0%	1,537	4%
AA-	12,648	25%	10,967	28%
A+	8,583	17%	4,795	12%
A	6,708	13%	6,191	16%
A-	5,935	12%	2,810	7%
BBB+	1,917	4%	2,229	6%
BBB	152	0%	144	0%
BBB-	-	0%	-	0%
BB+	-	0%	-	0%
BB-	117	0%	105	0%
Unrated	1,288	3%	1,150	3%
Total	50,434	100%	39,715	100%

*Credit Risk on Fixed Deposits is based on Credit risk of the Bank.

General Insurance Business

As at 31 December

Rating	2019		2018	
	Rs. Mn	% of Total	Rs. Mn	% of Total
AAA	2,059	23%	2,020	30%
AA+	2,542	29%	1,088	16%
AA	21	0%	125	2%
AA-	1,762	20%	1,540	23%
A+	565	6%	1,529	23%
A	7	0%	2	0%
A-	1,775	20%	333	5%
BBB+	129	1%	129	2%
BBB-	-	0%	-	0%
Total	8,860	100%	6,766	100%

*Credit Risk on Fixed Deposits is based on Credit risk of the Bank.

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.4 Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Maturity Analysis

The table below summaries the maturity profiles of non derivative financial assets and financial liabilities based on the remaining undiscounted contractual obligations, including interest payable and receivable.

As at 31 December 2019 Company	Carrying Value Rs. '000	No fixed tenure Rs. '000	Up to 1 Year Rs. '000	1 to 2 Years Rs. '000	2 to 5 Years Rs. '000	5 to 10 Years Rs. '000	Over 10 Years Rs. '000	Total Rs. '000
Financial Assets								
Held-To-Maturity (HTM)	53,113,519	-	950,000	3,600,000	7,600,000	14,307,717	22,400,000	48,857,717
Loans and Receivables (L & R)	46,019,481	-	22,826,127	5,341,401	13,417,924	-	-	41,585,452
Available-For-Sale (AFS)	59,956,406	25,819,249	3,854,458	3,246,669	14,944,652	12,284,630	-	60,149,658
Fair Value Through Profit or Loss (FVTPL)								
Loans to policyholders	1,803,439	-	1,803,439	-	-	-	-	1,803,439
Reinsurance receivable	1,679,053	-	1,559,909	67,847	46,920	4,347	31	1,679,053
Premium receivable	4,034,110	-	4,034,110	-	-	-	-	4,034,110
Other assets	3,802,513	-	3,802,513	-	-	-	-	3,802,513
Cash and cash equivalents	3,244,666	-	3,244,666	-	-	-	-	3,244,666
	176,717,880	31,466,341	42,075,222	12,255,917	36,009,496	26,596,694	22,400,031	170,803,700
Financial Liabilities								
Reinsurance payable	1,327,660	-	1,255,403	23,341	35,954	4,181	8,782	1,327,660
Current tax liabilities	916,466	-	916,466	-	-	-	-	916,466
Other liabilities	5,191,049	-	5,191,049	-	-	-	-	5,191,049
Financial liabilities	546,174	-	546,174	-	-	-	-	546,174
	7,981,349	-	7,909,092	23,341	35,954	4,181	8,782	7,981,348

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)

44.4 Liquidity Risk (CONTD.)

Maturity Analysis (CONTD.)

As at 31 December 2018 Company	Carrying Value Rs. '000	No fixed tenure Rs. '000	Up to 1 Year Rs. '000	1 to 2 Years Rs. '000	2 to 5 Years Rs. '000	5 to 10 Years Rs. '000	Over 10 Years Rs. '000	Total Rs. '000
Financial Investments								
Held-To-Maturity (HTM)	54,622,918	-	1,500,000	1,550,000	7,751,700	16,857,717	24,100,000	51,759,417
Loans and Receivables (L & R)	33,326,555	-	19,774,646	2,200,493	10,116,494	-	-	32,091,633
Available-For-Sale (AFS)	58,480,603	32,079,019	3,133,003	4,652,545	11,304,707	7,002,424	50,000	58,221,698
Fair Value Through Profit or Loss (FVTPL)	3,628,205	3,628,205	-	-	-	-	-	3,628,205
Loans to policyholders	1,639,850	-	1,639,850	-	-	-	-	1,639,850
Reinsurance receivable	2,363,713	-	2,244,569	67,847	46,920	4,347	31	2,363,713
Premium receivable	3,853,444	-	3,853,444	-	-	-	-	3,853,444
Other assets	3,833,082	-	3,833,082	-	-	-	-	3,833,082
Cash and cash equivalents	1,999,188	-	1,999,188	-	-	-	-	1,999,188
	163,747,558	35,707,224	37,977,782	8,470,886	29,219,821	23,864,488	24,150,031	159,390,230
Financial Liabilities								
Reinsurance payable	854,200	-	845,612	55,005	109,478	1,450	7,624	1,019,169
Current tax liabilities	1,551,819	-	1,551,819	-	-	-	-	1,551,819
Other liabilities	4,721,444	-	4,721,444	-	-	-	-	4,721,444
Financial liabilities	608,586	-	608,586	-	-	-	-	608,586
	7,736,049	-	7,727,461	55,005	109,478	1,450	7,624	7,901,018

45 COMMITMENTS, CONTINGENCIES AND GUARANTEES**45.1 Commitments**

The Group does not have significant capital commitments as at the reporting date other than that which is described below:

Litro Gas Terminal Lanka (Pvt) Limited**Operating lease commitments - where the Company is the lessee**

The future minimum lease payments under cancellable operating leases are as follows:

	2019 Rs. '000	2018 Rs. '000
Lease payment for Land at Kerawalapitiya	5,223,334	5,252,221
Lease payment for storage facility at Hambantota	342,473	445,935

Litro Gas Lanka Limited

The capital expenditure approved by the Board but not contracted for as at 31st December 2019 is Rs. 1,874n. (2018 - Rs 1,401 Mn).

Sinolanka Hotels & Spa (Pvt) Ltd

The total establishment cost for the construction of Grand Hyatt Colombo is Rs. 48 Bn.

The following commitments for capital expenditure approved by the Directors as at 31st December 2019 have not been provided in the financial statements of Sinolanka Hotels & Spa (Pvt) Ltd.

	2019 Rs.	2018 Rs.
Approximate amount contracted for but not incurred	24,188,051	24,188,051

45.2 Contingent Liabilities & Guarantees

There were no significant Contingent Liabilities & Guarantees for which no provision has been made in the accounts or approved by the Board but not contracted as at the reporting date that would require adjustments to or disclosure in the Financial Statements, other than which is described below.

Sri Lanka Insurance Corporation Ltd.**Value Added Tax and Nation Building Tax Assessments issued by the Commissioner General of Inland Revenue**

The Inland Revenue Department has taken a view that Reinsurance claims received from foreign reinsurers for the General insurance is liable for the Value Added Tax. Accordingly, the Company received a Value added Tax (VAT) Assessment on the Reinsurance Claims outstanding for Rs.318,099,913/-and Rs.26,903,739 and the years of assessments are 2004/2005 and 2005/2006, respectively.

This is a common assessment issued by the department of Inland Revenue to most insurance companies in the General Insurance business. However, the General Insurance Industry's view is that, it is not liable for VAT on Reinsurance Claims.

The company has filed valid appeals against these assessments in consultation with tax consultants. The Board of Review by letter dated 21st July 2010 determined that the assessments are valid. The Company is making an appeal to the Court of Appeal contesting the determination made by the Board of Review. The Company has provided the Liability of Rs. 345Mn pending the decision of the Court of Appeal.

45.2 Contingent Liabilities & Guarantees (CONTD.)

The company has received an official communication from Inland Revenue Department stating that the company is liable for Value Added Tax and Nation Building Tax on the Financial Service based on the section 25C of the VAT Act, No 14 of 2002 . Accordingly Company received assessment on the VAT on Financial Service and NBT on the Financial Service for the period ending 31st December 2010,2011,2012,2013,2014,2015,2016 amounting to Rs2,364 Mn, Rs.374 Mn, Rs.192 Mn, Rs. 232 Mn, Rs. 208 Mn, Rs. 247 Mn and Rs. 1,275 Mn respectively

The company has duly appealed against these assessments with the consultation of company tax consultants. Tax Appeal Commission has determined that the assessment issued for VAT on Financial Services for the period 2010 and 2011 are valid from their latter dated 01st July 2019 and 26th June 2019 respectively. Company has appeal against the said decisions in the Court of Appeal and further Company has Apply for a Writ order to cease the decision of Tax Appeal Commission to encashment of Bank guarantee in the Court of Appeal. Decisions of the said Writ applications are also pending. States of each Case and assessments are as follows.

Year of Assessment	Status of Assessment	Nature of Contingent Liability	Measurement of contingent impact to the company
2010/2011	Pending decision from Tax Appeal Commission	VAT on financial Services	An additional Tax Liability of Rs.2,364Mn
2011/2012	Pending decision from Tax Appeal Commission	VAT on financial Services	An additional Tax Liability of Rs.374Mn
2012/2013	Pending decision from Tax Appeal Commission	VAT on financial Services	An additional Tax Liability of Rs.192Mn
2013/2014	Pending decision from Tax Appeal Commission	VAT on financial Services	An additional Tax Liability of Rs.232Mn
2014/2015	Pending decision from Tax Appeal Commission	VAT on financial Services	An additional Tax Liability of Rs.208Mn
2015/2016	Pending decision from Commission General	VAT and NBT on financial Services	An additional Tax Liability of Rs.247Mn
2016/2017	Pending decision from Commission General	VAT and NBT on financial Services	An additional Tax Liability of Rs.1275 Mn

In the opinion of the Directors and in consultation with the company lawyers, litigations that are currently pending against the company will not have a material impact on the reported financial results or future operations of the Company. All pending litigations for claims have been evaluated and adequate provisions have been made in these Financial Statements where necessary.

45.2 Contingent Liabilities & Guarantees

The Lanka Hospitals Corporation PLC

Pending litigations against The Lanka Hospitals Corporation PLC with a maximum liability of Rs. 146.25 Mn exist as at the reporting date. Based on the information currently available company has been advised by its legal council that it is not probable the ultimate resolution of such legal procedures would not likely have a material adverse effect on the result of the operations, financial position or liquidity of the company. Accordingly, no provision for any liability has been made in these financial statements in this respect.

There were no material contingent liabilities as at the reporting date which require adjustments to or disclosure in the financial statements, other than mentioned above.

45.2 Contingent Liabilities & Guarantees (CONTD.)**45.2 Contingent Liabilities & Guarantees (CONTD.)****Canowin Hotels & Spa (Private) Limited**

The Company instituted legal proceedings against RDA in order to prevent the unlawful termination of the Lease Agreement in respect of the Rest Area and Petrol Sheds and the case is pending as at the balance sheet date. The Commercial High Court issued an enjoining order against RDA restraining the defendant and or its agents, directly or indirectly from acting on the purported notice of termination dated 8th Feb 2018 and 8th August 2018 until the final determination of this action. The matter is presently fixed for 15th March 2019 for the RDA to file its objections and Answers.

In addition, there is a pending legal case due to one employee having filed a case against the Company in the Kaluthara Labour Tribunal and the outcome of this case was not determinable as at the reporting date. No provisions have been made in the books of accounts due to the low probability of future outflow.

Sinolanka Hotels & Spa (Pvt) Ltd

Arbitration was established against Sinolanka Hotels & Spa (Private) Limited by Interna Contract Spa (Italy) who was awarded the interior décor contract (contract value Euro 28,869,372) and which was subsequently terminated by Sinolanka Hotels & Spa (Private) Limited by a letter dated 27th March 2015. Interna Contract Spa (Italy) has claimed Euro 20,552,242 for work done, loss of profit and costs incurred on execution of the contract. In addition, Interna Contract Spa (Italy) has claimed for costs incurred on arbitration processing to be reimbursed as well.

The award of the aforesaid arbitration was officially communicated by the tribunal on 29th September 2017. In terms of the arbitration award a sum of Euro 7,432,062.79 has been awarded to the claimant.

The management of the company has challenged the action filed by Interna Contract Spa in the Commercial High Court of Colombo to enforce the aforesaid arbitral award in Sri Lanka on the basis that the arbitral tribunal has no jurisdiction to hear or determine the claims of Interna Contract Spa. And also the company is of the view that the claim awarded to Interna Contract Spa cannot be sustained as the controversial agreement entered between Sinolanka Hotels & Spa (Private) Limited and Interna Contract Spa (Italy) on 07th January 2015 (day before the Presidential Election) was against the public policy of the country.

Based on the above information no provision has been made in the financial statements in respect of the claim by Interna Contract Spa (Italy).

46 EVENTS AFTER THE REPORTING DATE

COVID 19 IMPACT TO THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE.

Introduction

In general, insurance industry is well prepared for major loss events, but in the amidst of the COVID pandemic, industry encounters challenges of not only of the insurance industry but also in terms of global economy and society at large. This has led to central banks across the world introducing unprecedented stimulus packages to their respective economies. However, in spite of all these efforts, the global economy is expected to slow down and enter a recession, with ADB forecasting the global economy could suffer a whopping USD 5.8 – 8.8 trillion, equivalent to 6.4% to 9.7% of global GDP.

“Covid 19” adversely affected to the various sectors of the Sri Lankan economy , especially tourism, manufacturing, export , financial services and which in turn has indirectly affected to the 1st five months’ performance of the insurance Industry. Lock down situation of the country and rules imposed by the IRCSL have affected the Insurance collection of the first four months and it will continue till the end of August 2020. Low economic performance of the country affected the performance of the insurance industry and same has affected to the performance of the SLIC as well.

Impact to current year performance

The pandemic has impacted the financial performance of the company in main two areas; namely, lower GWP in March/ April 2020 and the impact on investment income mainly due to falling equity markets & interest rates. For the first quarter 2020, Company life business shows a growth of 5% against last year actual and -4% growth against the expected growth, during the first quarter.

For the first quarter, General Insurance Business GWP reported a -8% growth against the last year and it is a decrease of 14% against expected. However, as we have explained in the ensuing paragraphs, we are optimistic that towards the end of the year the equity market will boom and the strategies of the company will yield the envisaged growth rates in terms of GWP.

Strategies adopted by the Company

The company was able to manage the adverse situation due to the COVID pandemic by deploying new technology and increasing operational digital footprint which includes implementation of “work from home” facility to more than 40% of staff and managed do significant part of work by using new online facilities. Further to manage effectively the “covid 19” challenges, SLIC management changed the business objectives and 3 year strategic plan with new innovation and in the long run this may help to improve efficiency of the company. Since now Sri Lanka economy is open for important sectors and gradually economy will recover at the end of the year. With the new strategies in place and considering the optimistic sentiments in the external environment the company envisaged a 6% -7 % growth at the year end.

46 EVENTS AFTER THE REPORTING DATE (CONTD.)**Impact on the Investment Income**

Investment income experienced a temporary dip, following the hit on equity markets due to the COVID impact and as a portion of equity investments are accounted at mark-to-market. However, as detailed in the ensuing paragraphs sentiments are expected to turn positive towards the later part of the year.

Sri Lankan equities also suffered heavy losses as the ASPI plummeted by 25% year to date, based on CSE data, when the Colombo Stock Exchange was closed for trading for almost 2 months from 16th March to 11th May. Although this is expected to result in mark to market losses in SLIC's equity portfolio, we expect markets to rebound towards the end of the year. If the recovery is a "V" shaped recovery, we expect mark to market losses to be wiped out latest by the end of the third quarter of 2020. Even if recovery is "U" shaped and prolonged, the diversity and resilience of SLIC's investment portfolio is expected to cushion most of the mark to market losses in equities, as Available for Sale Reserve of the Fixed Income portfolio will see significant gains due to local interest rates being lowered aggressively by the Central Bank of Sri Lanka. Low interest rates, high market liquidity and the stimulus offered by the Central Bank of Sri Lanka are expected to help the local stock market to rebound. Hence, although the possibility cannot be ruled out, we do not see a need to impair investments at this point in time.

Positive sentiment that is expected to prevail in the market will be supportive of investments. Although foreign investors were seen selling Sri Lankan Treasury and equity instruments based on information published by the Central Bank of Sri Lanka and the Colombo Stock Exchange, we expect foreign investments to start flowing in once again when global markets settle down and as investors actively seek high return emerging market investments. According to Central Bank data, Forex reserves stood at USD 7.2 bn in April 2020. This comfortable reserve level is also expected to boost investor confidence and attract foreign investments in to the country. Multi-year low equity prices and multiples will also attract local and foreign bargain hunters in to the Sri Lankan equity market.

The success the country has had in containing COVID 19, along with stimulus packages and liquidity infusions in to the economy are expected to create a healthy environment for consumption to boom during the year, which is the antidote required to kick start economic recovery after an unexpected slow down due to the pandemic.

Overall we are confident that 2020 will be a successful year for SLICs investment portfolio, in spite of setbacks experienced globally during the first half of the year.

Impact on Risk Based Capital and Solvency

In the interests of all our stakeholders, we are in the view that SLIC's business activities can be maintained without any major hindrance throughout the island. Although the exact implications due to covid-19 pandemic cannot yet be predicted, there is no doubt about the stability of SLIC and its financial strength. This is clearly demonstrated by SLIC having maintained its RBC solvency ratio at end of March and April 2020 in commendable manner. It is 460% and 467% for respective months in life where as it is reported as 196% and 194% for respective months in general insurance.

46 EVENTS AFTER THE REPORTING DATE (CONTD.)

Impact on morbidity related assumptions

It is noted that Sri Lanka has less reported corona virus cases compared to regional peers so far, and consequently the impact on claim costs (both mortality and medical claims) for life insurers is almost nil to date. Therefore there is no necessity to concern about the mortality and morbidity related assumptions that we have set as part of the liability computation. It is well noted that SLIC is methodically following a more prudence basis in providing liability for life policyholder benefits for the SLFRS purpose. Liabilities are set with prudence margin on the best estimate assumptions having allowed margin for adverse deviation. Since the impact from corona virus on the mortality and morbidity is negligible therefore no concern about the assumptions already set hence the adequacy of the liabilities. As far as the property, casualty and motor areas are concern it is noted that less accidents/claim incidents have occurred due to the lock down and curfew.

Impact on Ratings

Rating agencies all over the world downgraded world economies and financial sector outlook including insurance. Accordingly Fitch ratings downgraded Sri Lanka's sovereign rating to 'B-' from 'B'. Simultaneously Fitch ratings downgraded SLIC's Insurer Financial Strength (IFS) Rating to 'B' from 'B+' which is SLIC's international rating (SLIC is placed one notch above the country's sovereign rating). This is expected given that SLIC's exposure to sovereign because treasury being the SLIC's main shareholder. Despite this development, it is expected SLIC's National Insurer Financial Strength rating to be remained unchanged at AAA level which is SLIC's local rating.

Impact to the Group companies.

Litro Gas Lanka Ltd

Litro Gas is the largest importer and supplier of LP Gas in Sri Lanka. As the energy partner of domestic cooking of Sri Lankans, LPG has become an essential product of the majority of the Sri Lankan's lifestyle.

For the first quarter of 2020, LPG sales volume has reported a 2.3% growth (86,801 metric ton in 2020 and 84,822 metric tons in 2019) against the last year and 4.9% growth against the first quarter budget of 2020 (82,564 metric tons).

However cumulative LPG volume of Jan - May 2020 shows a DE growth of 2.6% when compared with the same of 2019 and 3.5% DE growth against the cumulative budget LPG volume of Jan – May 2020.

Main reason has been identified for the drop of LPG demand in bulk and commercial segments by 50% during the months of April & May 2020 due to the closure of hotels, takeaways and factories.

Meanwhile there is a 2.4% cumulative LPG volume growth in the domestic segment for Jan - May 2020 when compared with the same of 2019. Company is optimistic that towards the end of the year the company will be able recover from the LPG Volume DE growth level if the process of normalization from Covid-19 improves and hotels and factories reopen soon.

46 EVENTS AFTER THE REPORTING DATE (CONTD.)**Impact to Current Year Performance - Litro Gas Terminal Lanka (Pvt) Ltd**

The COVID 19 outbreak is likely to affect every sector business sales and investment through most of 2020. Same as Litro Gas Terminal Lanka is also experiencing some bad signs of the pandemic by limiting to low growth, though it provides direct support service to an essential product and as a devoted storage provider to the Litro Gas Lanka Limited.

In the first quarter of 2020, throughput volume has recorded a 4.8% growth against the last year and 5.5% growth against the first quarter budget of 2020. However cumulative throughout volume of Jan - May 2020 shows a DE growth of 1.09% when compared with the same period of 2019 and 5.81% DE growth against the cumulative budgeted volume of Jan-May 2020 due to the excessive volume drop-in the month of April and May.

The company is keeping faith that towards the end of the year the company will be able to regain the envisage throughout Volume with normalization of country and its economy.

Canowin Hotels and Spas (PVT) LTD.

The pandemic has impacted directly on sanitary service income in March, April & May 2020. For the first quarter of 2020, company's total Income shows a growth of 14% against last year actuals. However, first quarter total income was decreased by 3% according to the expected budget 2020. This reduction was mainly due to reduced number of passengers for sanitary services.

Further Total expenditure for the first quarter was increased due to unexpected expenditure of Rs.1, 091,220.00 to purchase sanitary items. It was not budgeted for the year 2020.

Canwill Holdings (Pvt)

Canwill Holdings (Pvt) Ltd and its fully owned subsidiary companies; Sinolanka Hotels & Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd have mainly focused on completion of construction activities of the proposed hotel projects. Currently, the construction activities of such projects have ceased due to financial constraints and restarting will be depend on Government strategies. Accordingly, their operational income is to be generated once construction activities have completed and hotel operations have commenced.

In this instance, the management of the company is of the view that the COVID pandemic has not directly impacted the current year's financial performance of the companies due to the absence of revenue generation at the point of submitting this statement".

The Lanka Hospitals Corporation PLC**The Impact of COVID19 pandemic on the business operations:**

The outbreak of COVID 19 is expected to have unprecedented economic implications, both globally and domestically. The International Monetary Fund foresees an inevitable global recession in 2020, driven by the triple impacts of demand, supply, and financial shocks. On the domestic front the Sri Lankan government has so far been successful in constraining rapid spread of the virus however; stringent social distancing measures and disruptions to global supply chains have had a significant impact on economic activity and consumer demand.

Measures in place to control COVID 19 situation since 20th March 2020 had a significant impact on patient volumes and occupancies resulting in a sharp drop in revenues. Over the short term our key priorities include ensuring patient and employee safety, while managing liquidity levels and minimizing costs.

We expect a gradual recovery over the medium to long term, given the essential nature of the service we offer. While the short term drop in disposable incomes will result in a certain segment of our customers opting for government health care, we expect conditions to normalize over the medium to long term as economy activity gradually recovers.

Hospital's response to the impact of the COVID 19 pandemic:

The Lanka Hospitals key priority in the current context is ensuring the safety of its employees and patients. These includes educating staff and patients on maintain social distancing, issuance of masks and use of sanitizers in common places in hospital and inside departments, maintaining clean environment, hand hygiene, using personal protective equipment when giving treatments to patients, putting a contingency plan in place in the event of a lockdown, and exploring digital and other online safe modes of consulting our patients to prevent infection.

As a health care operator, immediate steps were taken to effectively identify patients at risk of COVID 19 and implement a mechanism to minimize the spread of the virus in the event that COVID 19 positive patients were identified.

Company's expectation of future impacts of COVID 19 on company's future operations and the financial conditions:

Given the fluidity of the current scenario the exact economic implications are yet to be ascertained although sharp declines in disposable income, import restrictions and significant fiscal pressure is expected to weigh down in economic activity – at least over the short – to – medium term.

47 THE SEGREGATION OF THE LIFE AND GENERAL INSURANCE BUSINESS

As stipulated in the Amendment to the Insurance Act, No. 03 of 2011, composite insurance companies are required to segregate the long-term insurance business and the general insurance business carried on by it, into two separately established companies and the said compliance was to be effective by 11.02.2015. The Company is currently discussing with the relevant ministries to agree a methodology to satisfy the legal framework. Since the Company has not been able to segregate the composite business due to the aforementioned facts, the disclosure requirements of the "Guidelines on the presentation and disclosure of the long-term and general business under Section 53 of the Regulation of Insurance Industry (Amendment) Act No. 3 of 2011 issued by the Institute of Chartered Accountants of Sri Lanka" are not applicable.

48 USE OF TERMINAL FACILITY

Litro Gas Lanka Limited

The company obtains bulk storage facilities for LPG from Litro Gas Terminal Lanka (Private) Limited. In obtaining this services, the company uses the latter's own storage tanks, pipelines and pumping stations and pays a 'throughput fee' to Litro Gas Terminal Lanka (Private) Limited for the facilities obtained. This throughput arrangement contains a lease arrangement identified under IFRIC 4 and, thus, constitutes a finance lease arrangement as per the terms of the contract. However, in view of the storage facility of the terminal being available for other importers as well and as it is the management's intention to enter into contracts with other importers to store the LPG, the said storage facilities have not been recognised in the books of account of the company. However, during the year under review Litro Gas Terminal Lanka (Private) Limited had not entered into any agreement to lease out the facilities in absence of any favourable proposal from prospective importers.

Litro Gas Terminal Lanka (Private) Limited

The company provides bulk storage facilities for LPG and distribution of the same to Litro Gas Lanka Limited. In performing this function, the company uses its own storage tanks, pipelines and pumping stations and receives a 'throughput fee' from Litro Gas Lanka Limited for the facilities provided. This throughput arrangement contains a lease arrangement identified under IFRIC 4 and, constitutes a finance lease arrangement as per the terms of the contract. However, in view of the storage facility of the terminal being available for other importers as well and as the management's intention is to enter into contracts with other importers to store LPG, the said storage facilities have not been derecognised in the books of account of the company. However, during the year under review no agreement was entered into lease out the facilities in the absence of any favourable proposal from prospective importers.

49 GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Helanco Hotels and Spa (Private) Limited

However the Board of Directors of Helanco Hotels & Spa (Pvt) Ltd the company has resolved to discontinue the project to construct the Hotel in Hambantota. As a consequence, the hotel construction activities of the company has come to an end. Further, the Ministry of Public Enterprise Development has given their instruction to transfer the company's stake to its shareholders in Canwill Holdings (Pvt) Ltd (Parent Company), in accordance with the Cabinet Decision No. 17/1613/733/029 dated 01st August 2017. The transfer of shares held by Canwill Holdings (Pvt) Ltd in Helanco Hotels & Spa (Pvt) Ltd should be based on an independent valuation which is in the process as in the reporting date. Hence, the Company has not resolved to liquidate the Company in the foreseeable future. Therefore, the Financial Statements continue to be prepared on the Going Concern basis.

Sinolanka Hotel and Spa Private Limited

The Company's management has made an assessment on the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. In addition, since this company is state owned and it depends on Government strategies, given the recent political changes in the country, the management of the company is optimistic with regard to the strategic directions to be issued by the Cabinet of Ministers in support of the continuation of the proposed hotel project.

Canwill Holdings (Pvt) Ltd

The Company's management has made an assessment on the Company and its subsidiaries' ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

However, the Board of Directors of the Company have resolved to discontinue the project to construct the Hotel in Hambantota. As a consequence, the hotel construction activities of the company has come to an end. Further, the Ministry of Public Enterprise Development has given their instructions to transfer the company's stake to its shareholders in proportion to their shareholding in Canwill Holdings (Pvt) Ltd (Parent Company), in accordance with the Cabinet Decision No. 17/1613/733/029 dated 01st August 2017. The transfer of shares held by Canwill Holdings (Pvt) Ltd in Helanco Hotels & Spa (Pvt) Ltd should be based on an independent valuation. Hence, the Company has not resolved to liquidate the Company in the foreseeable future. Therefore, the Financial Statements of Helanco Hotel & Spa (Pvt) Limited continue to be prepared on the Going Concern basis.

Furthermore, Sinolanka Hotels & Spa (Private) Limited management has made an assessment on the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Moreover, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. In addition, approval of the Cabinet of Ministers was granted on 01st August 2017 (Cabinet decision No. 17/1613/733/029) for the divestiture of Grand Hyatt Colombo (GHC) hotel and the said program was to be completed before end of June 2019 and there was no progress till the end of 31st December 2019. However, since this company is state owned and depends on Government strategies, given the recent political changes in the country, the management of the company is aware and optimistic of the strategic direction of the recent Cabinet of Ministers decision dated 04th March 2020 to bring Canwill Holdings (Grand Hyatt), Hotel Developers (Pvt) Ltd (Hilton) and Grand Oriental Hotel under one institution owned by the Treasury, Bank of Ceylon and SLIC in order to expand these establishments and improve their potential.

SUPPLEMENTARY INFORMATION

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One Goal. One Task.

STATEMENT OF FINANCIAL POSITION OF THE LIFE INSURANCE

Sri Lanka Insurance Corporation Ltd.
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	Notes	2019 Rs.'000	2018 Rs.'000
Assets			
Financial Investments	A	131,116,035	119,742,465
Investments in Subsidiaries	B	1,296,543	1,457,914
Property, Plant and Equipment	E	88,364	90,723
Right of Use Asset		435,320	-
Loans to Policyholders	C	1,803,439	1,639,850
Reinsurance Receivable		280,330	210,993
Premium Receivable from Policyholders		526,576	495,981
Other Assets	D	3,710,573	3,737,048
Cash and Cash Equivalents		1,624,328	1,043,036
Total Assets		140,881,508	128,418,011
Equity			
Available-for-Sale Reserve	F	4,860,777	6,318,696
Revenue Reserves	G	11,166,589	9,136,063
Restricted Regulatory Reserves		98,237	98,237
Revaluation Reserve		57,378	57,378
Total Equity Attributable to Equity Holders of The Company		16,182,981	15,610,374
Liabilities			
Insurance Contract Liabilities (Provision) - Life	H	119,167,865	108,005,957
Right of Use Liabilities		464,996	-
Reinsurance Creditors		245,482	225,535
Tax Liability		631,798	867,605
Provision for Retirement Benefits		870,346	668,725
Agency Commission Payable		227,262	350,438
Other Liabilities	I	2,844,748	2,483,092
Financial Liabilities (Bank overdraft)		246,030	206,282
Total Liabilities		124,698,527	112,807,637
Total Equity and Liabilities		140,881,508	128,418,011

NOTES TO THE FINANCIAL STATEMENTS - LIFE INSURANCE FUND

Sri Lanka Insurance Corporation Ltd.
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A. FINANCIAL INVESTMENTS					
As at 31 December					
		2019		2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Held-To-Maturity (HTM)	A.1	51,032,966	53,050,811	52,036,644	50,531,045
Loans & Receivables (L & R)	A.2	29,399,726	29,399,726	21,782,883	21,782,883
Available-For-Sale (AFS)	A.3	45,643,642	45,643,642	42,936,189	42,936,189
Fair Value Through Profit or Loss (FVTPL)	A.4	5,039,700	5,039,700	2,987,253	2,987,253
		131,116,034	133,133,879	119,742,969	118,237,370
A.1 HELD-TO-MATURITY (HTM)					
		2019		2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Treasury Bills		-	-	-	-
Treasury Bonds		51,032,966	53,050,811	52,036,644	50,531,045
		51,032,966	53,050,811	52,036,644	50,531,045
A.2 LOANS & RECEIVABLES (L & R)					
		2019		2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Unlisted Debentures	A.2.1	4,588,959	4,588,959	500,534	500,534
Fixed Deposits		21,168,973	21,168,973	17,514,481	17,514,481
Development Bonds		3,641,794	3,641,794	3,511,406	3,511,406
Commercial Papers		-	-	256,462	256,462
		29,399,726	29,399,726	21,782,883	21,782,883
A.3 AVAILABLE-FOR-SALE (AFS)					
		2019		2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Stocks	A.3.1	14,198,975	14,198,975	16,292,468	16,292,468
Unit Trusts	A.3.2	926,768	926,768	3,928,978	3,928,978
Listed Debentures	A.3.3	29,397,116	29,397,116	21,279,947	21,279,947
Treasury Bonds		1,120,783	1,120,783	1,434,796	1,434,796
		45,643,642	45,643,642	42,936,189	42,936,189

A.4 FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)								
	Note	2019		2018				
		Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000			
Listed Stocks	A.4.1	5,039,700	5,039,700	2,987,253	2,987,253			
		5,039,700	5,039,700	2,987,253	2,987,253			
FVTPL investments and AFS investments are valued at fair value. HTM and LGR Investments are valued at amortised cost.								
A.2.1 Unlisted Debentures								
As at 31 December		2019			2018			
	Maturity Date	Face Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Maturity Date	Face Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
National Savings Bank	29.12.2021	500,000	500,534	500,534	29.12.2021	500,000	500,534	500,534
National Savings Bank	10.09.2022	1,000,000	1,034,055	1,034,055	-	-	-	-
People's Bank	08.11.2027	3,000,000	3,054,370	3,054,370	-	-	-	-
		4,500,000	4,588,959	4,588,959	-	500,000	500,534	500,534
A.3.1 Listed Stocks								
		2019			2018			
		No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000	
Financials								
Banks								
Commercial Bank of Ceylon PLC		43,619,107	4,143,815	4,143,815	42,927,124	4,923,741	4,923,741	
DFCC Bank PLC		26,509,832	2,436,254	2,436,254	26,509,832	2,465,414	2,465,414	
Seylan Bank PLC		12,573,890	666,416	666,416	9,205,199	710,641	710,641	
Hatton National Bank PLC		33,180,292	5,773,371	5,773,371	32,693,132	6,996,330	6,996,330	
National Development Bank PLC		11,791,193	1,179,119	1,179,119	11,180,760	1,196,342	1,196,342	
			14,198,975	14,198,975		16,292,468	16,292,468	

A.3.2 Unit Trusts

	2019			2018		
	No. of Units	Carrying Value Rs. '000	Fair Value Rs. '000	No. of Units	Carrying Value Rs. '000	Fair Value Rs. '000
Ceybank Unit Trust	18,200,565	379,664	379,664	18,200,565	353,091	353,091
Ceylon Income Fund	8,019,464	154,526	154,526	20,066,000	334,382	334,382
Capital Alliance Investment (High Yield Fund)	-	-	-	113,998,456	1,794,278	1,794,278
JB Vantage Money Market Fund	-	-	-	28,061,446	610,233	610,233
Guardian Acuity Asset Management Ltd.	-	-	-	35,448,446	605,995	605,995
Ceylon Dollar Bond Fund	2,048,421	392,578	392,578	1,318,836	230,999	230,999
		926,768	926,768		3,928,978	3,928,978

A.3.3 Listed Debentures

As at 31 December

	2019				2018			
	Maturity Date	Face Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Maturity Date	Face Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000

Financials

Banks

Bank of Ceylon	-	-	-	-	21.09.2019	500,000	503,668	503,668
Bank of Ceylon	24.10.2023	67,050	70,251	70,251	24.10.2023	67,050	73,957	73,957
Bank of Ceylon	06.10.2020	250,000	248,906	248,906	06.10.2020	250,000	248,370	248,370
Hatton National Bank PLC	-	-	-	-	14.12.2019	500,000	484,606	484,606
Hatton National Bank PLC	31.03.2021	478,459	422,336	422,336	31.03.2021	478,459	380,279	380,279
Hatton National Bank PLC	28.03.2021	100,000	105,599	105,599	28.03.2021	100,000	101,899	101,899
Hatton National Bank PLC	30.08.2023	126,888	118,298	118,298	30.08.2023	126,888	114,780	114,780
Hatton National Bank PLC	01.11.2023	250,000	255,432	255,432	01.11.2023	250,000	255,432	255,432
Hatton National Bank PLC	31.03.2024	1,362,794	866,055	866,055	31.03.2024	1,362,794	769,434	769,434
Hatton National Bank PLC	23.09.2026	5,000,000	5,175,343	5,175,343	-	-	-	-
Commercial Bank of Ceylon PLC	08.03.2026	1,000,000	1,035,137	1,035,137	08.03.2026	1,000,000	935,137	935,137
Commercial Bank of Ceylon PLC	27.10.2021	274,680	253,082	253,082	27.10.2021	274,680	287,856	287,856
Commercial Bank of Ceylon PLC	27.10.2026	185,110	195,923	195,923	27.10.2026	185,110	194,331	194,331
Commercial Bank of Ceylon PLC	23.07.2023	304,520	331,854	331,854	23.07.2023	304,520	320,739	320,739
Commercial Bank of Ceylon PLC	23.07.2028	304,520	328,570	328,570	23.07.2028	304,520	321,415	321,415
National Development Bank PLC	19.12.2023	750,000	867,150	867,150	19.12.2023	750,000	905,025	905,025
National Development Bank PLC	24.06.2020	444,000	442,624	442,624	24.06.2020	444,000	428,016	428,016
National Development Bank PLC	31.03.2024	1,500,000	1,658,227	1,658,227	-	-	-	-
Seylan Bank PLC	-	-	-	-	22.12.2019	500,000	489,110	489,110
Seylan Bank PLC	15.07.2021	66,650	70,686	70,686	15.07.2021	66,650	70,686	70,686
Seylan Bank PLC	15.07.2023	57,280	60,948	60,948	15.07.2023	57,280	55,220	55,220
Seylan Bank PLC	29.03.2023	500,000	515,596	515,596	29.03.2023	500,000	516,846	516,846
Seylan Bank PLC	29.03.2025	250,000	258,499	258,499	29.03.2025	250,000	258,499	258,499
Sampath Bank PLC	20.03.2023	500,000	525,237	525,237	20.03.2023	500,000	525,837	525,837
Sampath Bank PLC	-	-	-	-	14.12.2019	500,000	508,516	508,516

As at 31 December	2019				2018			
	Maturity Date	Face Value	Carrying Value	Fair Value	Maturity Date	Face Value	Carrying Value	Fair Value
		Rs. '000	Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs. '000
Financials								
Banks								
Sampath Bank PLC	18.11.2020	300,000	300,130	300,130	18.11.2020	300,000	303,580	303,580
Sampath Bank PLC	16.06.2021	500,000	535,805	535,805	16.06.2021	500,000	535,805	535,805
Sampath Bank PLC	21.12.2022	452,000	462,652	462,652	21.12.2022	452,000	461,794	461,794
Sampath Bank PLC	28.02.2024	1,500,000	1,748,118	1,748,118	-	-	-	-
Nations Trust Bank PLC	08.11.2021	600,000	611,230	611,230	08.11.2021	600,000	578,829	578,829
Nations Trust Bank PLC	08.11.2021	10,000	10,187	10,187	08.11.2021	10,000	9,571	9,571
Nations Trust Bank PLC	20.04.2023	625,000	660,750	660,750	20.04.2023	625,000	640,813	640,813
Nations Trust Bank PLC	23.12.2026	645,000	647,052	647,052	-	-	-	-
DFCC Bank PLC	09.11.2023	500,000	508,257	508,257	09.11.2023	500,000	526,207	526,207
DFCC Bank PLC	29.03.2023	250,000	277,942	277,942	29.03.2023	250,000	274,116	274,116
DFCC Bank PLC	29.03.2025	250,000	285,928	285,928	29.03.2025	250,000	274,753	274,753
DFCC Bank PLC	-	-	-	-	18.03.2019	500,000	539,713	539,713
DFCC Bank PLC	10.06.2020	250,000	261,699	261,699	10.06.2020	250,000	255,749	255,749
DFCC Bank PLC	28.03.2026	1,000,000	1,105,103	1,105,103	-	-	-	-
DFCC Bank PLC	28.03.2029	1,000,000	1,106,249	1,106,249	-	-	-	-
The Housing Development								
Finance Corporation								
Bank of Sri Lanka	20.11.2025	150,000	152,065	152,065	20.11.2025	150,000	143,701	143,701
Diversified Financials								
Merchant Bank of Sri Lanka PLC	-	-	-	-	11.12.2019	113,520	122,193	122,193
People's Leasing & Finance PLC	18.04.2023	750,000	851,983	851,983.00	18.04.2023	750,000	817,858	817,858
LB Finance PLC	11.12.2022	1,000,000	1,011,023	1,011,023	11.12.2022	1,000,000	907,623	907,623
Softlogic Finance PLC	-	-	-	-	29.08.2019	12,600	12,918	12,918
Central Finance Company PLC	01.06.2020	225,000	224,528	224,528	01.06.2020	225,000	243,090	243,090
Commercial Leasing & Finance PLC	21.07.2020	250,000	269,200	269,200	21.07.2020	250,000	271,525	271,525
Commercial Credit & Finance PLC	10.12.2020	400,000	402,507	402,507	10.12.2020	400,000	400,187	400,187
Commercial Credit & Finance PLC	01.06.2020	43,345	43,521	43,521	01.06.2020	43,345	44,492	44,492
Vallibel Finance PLC	31.03.2020	100,000	101,863	101,863	31.03.2020	100,000	102,814	102,814
Siyapatha Finance PLC	-	-	-	-	20.09.2019	125,000	129,210	129,210
LOLC	-	-	-	-	24.11.2019	110,000	102,595	102,595
LOLC	-	-	-	-	31.07.2019	500,000	533,036	533,036
LOLC	31.07.2022	500,000	546,825	546,825	31.07.2022	500,000	527,275	527,275
LOLC	27.09.2024	322,120	342,849	342,849	-	-	-	-

As at 31 December	2019				2018			
	Maturity	Face	Carrying	Fair	Maturity	Face	Carrying	Fair
	Date	Value	Value	Value	Date	Value	Value	Value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Industrials								
Capital Goods								
Hayleys PLC	06.03.2020	200,000	548,370	548,370	06.03.2020	200,000	199,733	199,733
Hayleys PLC	31.07.2023	500,000	204,253	204,253	31.07.2023	500,000	526,370	526,370
Hemas Holdings PLC	-	-	-	-	29.04.2019	119,970	122,696	122,696
MTD Walkers PLC	-	-	-	-	30.09.2018	101,913	104,929	104,929
Health Care								
Health Care Equipment & Services								
Nawaloka Hospitals PLC	30.09.2021	150,000	156,175	156,175	30.09.2021	150,000	160,765	160,765
Consumer Discretionary								
Retailing								
Singer Sri Lanka PLC	-	-	-	-	15.03.2019	200,000	206,094	206,094
Consumer Staples								
Food, Beverage & Tobacco								
The Lion Brewery Ceylon PLC	-	-	-	-	08.12.2019	400,000	398,555	398,555
Telecommunication Services								
Telecommunication Services								
Sri Lanka Telecom PLC	19.04.2028	2,000,000	2,215,099	2,215,099	19.04.2028	2,000,000	2,051,699	2,051,699
		28,244,416	29,397,116	29,397,116		21,460,299	21,279,946	21,279,946

1 Guaranteed by GuarantCo Ltd which is ultimately owned by multilateral G10 governments.

2 Guaranteed equally by HNB & Sampath.

3 Guaranteed by HNB.

	2019			2018		
	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000
A.4.1 Listed Stocks						
Consumer Discretionary						
Consumer Durables & Apparel						
Textured Jersey Lanka PLC	3,455,238	140,628	140,628	2,000,000	65,000	65,000
Hayleys MGT Knitting Mills PLC	2,124,044	38,020	38,020	-	-	-
Retailing						
C M Holdings PLC	392,076	31,013	31,013	392,076	17,526	28,229
Consumer Services						
Aitken Spence Hotel Holdings PLC	5,518,727	149,557	149,557	5,518,727	149,006	149,006
Asian Hotels & Properties PLC	10,055,900	407,264	407,264	10,055,900	432,404	432,404
John Keells Hotels PLC	53,655,250	638,498	638,498	67,055,250	523,031	523,031
Automobiles & Components						
Kelani Tyres PLC	181,689	9,030	9,030	181,689	6,541	6,541
Consumer Staples						
Food & Staples Retailing						
Cargills (Ceylon) PLC	114,286	22,057	22,057	114,286	22,972	22,972
Food, Beverage & Tobacco						
The Lion Brewery Ceylon PLC	3,441	2,147	2,147	3,441	1,961	1,961
Nestle Lanka PLC	264,404	343,461	343,461	180,466	306,882	306,882
Energy						
Energy						
Laugfs Gas PLC	3,900	68	68	3,900	73	73
Laugfs Power PLC	3,900	19	19	-	-	-
Financials						
Banks						
Sampath Bank PLC	2,546,249.00	413,765.00	413,765	171,000	40,185	40,185
Commercial Bank PLC	3,726,273.00	353,996.00	353,996	-	-	-
Hatton National Bank PLC	99.00	17.00	17	-	-	-
Real Estate						
Overseas Reality (Ceylon) PLC	4,649,218	75,318	75,318	4,649,218	76,712	76,712

	2019			2018		
	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000	No. of Shares	Carrying Value Rs. '000	Fair Value Rs. '000
Industrials						
Capital Goods						
Aitken Spence PLC.	1,263,348	59,378	59,378	1,263,348	60,388	60,388
John Keells Holdings PLC	4,119,718	687,993	687,993	275,000	43,725	43,725
Vallibel One PLC	65,900	1,153	1,153	65,900	1,120	1,120
ACL Cables PLC	946,413	51,200	51,200	675,647	24,999	24,999
Access Engineering PLC	2,473,990	53,933	53,933	1,070,000	15,087	15,087
Lanka Walltiles PLC	807,600	58,551	58,551	807,600	57,340	57,340
Brown G Company PLC	786,990	55,876	55,876	786,990	47,219	47,219
Colombo Dockyard PLC	3,536,548	219,266	219,266	3,536,548	196,279	196,279
Heyleys PLC	397,418	69,509	69,509	397,418	74,317	74,317
Hemas Holdings PLC	1,157,326	96,058	96,058	826,375	73,548	73,548
Expolanka Holdings PLC	9,499,000	48,445	48,445	9,499,000	37,996	37,996
Royal Ceramics Lanka PLC	358,905	31,763	31,763	-	-	-
Materials						
Materials						
Tokyo Cement Company (Lanka) PLC	500,000	24,200	24,200	500,000	12,500	12,500
Swisstek (Ceylon)	628,044	32,659	32,659	368,132	15,093	15,093
Lanka Aluminium Industries PLC	69,838	4,749	4,749	69,838	4,497	4,497
Chevron Lubricants Lanka PLC	3,400,000	255,000	255,000	3,400,000	246,500	246,500
Lanak Tiles PLC	1,274,572	98,270	98,270	-	-	-
Telecommunication Services						
Telecommunication Services						
Dialog Axiata PLC	62	1	1	1,790,023	18,079	18,079
Sri Lanka Telecom PLC	17,713,735	566,839	566,839	17,713,735	416,273	416,273
		5,039,701	5,039,701		2,987,253	2,997,956

B. INVESTMENTS IN SUBSIDIARIES						
As at 31 December						
					2019	2018
					Rs. '000	Rs. '000
					1,296,543	1,457,914
B.1 Listed Subsidiaries						
As at 31 December						
		2019		2018		
	Note	Carrying Value	Fair Value	Carrying Value	Fair Value	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Listed Subsidiaries	B.1	1,296,543	2,392,399	1,457,914	2,630,675	
		1,296,543	2,392,399	1,457,914	2,630,675	
B.1 Listed Subsidiaries						
As at 31 December						
		2017		2016		
		No. of Shares	Carrying Value	No. of Shares	Carrying Value	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	
The Lanka Hospitals Corporation PLC		58,781,308	1,296,543	66,097,350	1,457,914	
		58,781,308	1,296,543	66,097,350	1,457,914	
C. LOANS TO LIFE POLICYHOLDERS						
As at 31 December						
					2019	2018
					Rs. '000	Rs. '000
Policyholder loans					1,803,439	1,639,850
					1,803,439	1,639,850

D. OTHER ASSETS			
	2019	2018	
	Rs. '000	Rs. '000	
Inventories	39,661	36,233	
Other Debtors and Receivables	197,351	155,355	
Other Loans	2,330,722	2,370,839	
Amount Due from General Division	498,799	506,415	
Prepaid Benefit on Loans	644,040	668,205	
	3,710,573	3,737,048	
E. PROPERTY, PLANT AND EQUIPMENT			
Freehold	Land	Building	Total
Cost	Rs.'000	Rs.'000	Rs.'000
Balance as at 01.01.2019	43,530	47,194	90,724
Additions	-	-	-
Revaluation	-	-	-
Accumulated Depreciation Transferred to Revaluation Reserve	-	-	-
Balance as at 31.12.2018	43,530	47,194	90,724
Accumulated Depreciation			
Balance as at 01.01.2019	-	-	-
Depreciation charge for the period	-	2,360	2,360
Transferred to Revaluation Reserve	-	-	-
Balance as at 31.12.2019	-	2,360	2,360
Carrying Amount			
As at 31st December 2019	43,530	44,834	88,364

F. AVAILABLE FOR SALE RESERVE

Life Policyholders are entitled to Rs. 3,853 Mn and Shareholders are entitled for Rs. 4,861 Mn.

G. REVENUE RESERVE

	2019 Rs. '000	2018 Rs. '000
General Reserve	42,100	42,100
Reserve on Actuarial Gain/(Loss) on Retirement Benefit	(251,308)	(164,154)
Reserves of Shareholder Assets transfer	118,402	372,094
Surplus from Life Insurance	G.1 11,257,396	8,886,023
	11,166,590	9,136,063

G.1. Surplus from Life Insurance

	2019 Rs. '000	2018 Rs. '000
Balance as at 01st January	8,886,022	7,497,895
Surplus attributable to Shareholders from Life Insurance	2,371,374	1,688,127
Transfer from life shareholders fund to general shareholders fund	-	(300,000)
Balance as at 31st December	11,257,396	8,886,022

H. INSURANCE CONTRACT LIABILITIES - LIFE

	2019 Rs. '000	2018 Rs. '000
Life Assurance Fund	101,000,835	92,682,830
Movement of the Fund	14,031,218	9,842,328
Current year profit transfer allocated to Shareholders in the forem of AFS	(118,402)	(372,094)
Reserves of Shareholder Assets transfer	372,094	535,902
Transfers of Surplus from Long Term Insurance Business	(2,371,374)	(1,688,127)
	112,914,371	101,000,837
AFS Reserves		
AFS Reserves - Life Fund	3,852,520	4,458,706
Policyholder Outstanding claims	2,400,968	2,546,415
	119,167,859	108,005,957

I. OTHER LIABILITIES

	2019 Rs. '000	2018 Rs. '000
Premium Received in Advance	460,836	369,398
Trade Creditors & Accrued Expenses	2,611,174	2,113,694
	3,072,010	2,483,092

TEN YEAR SUMMARY

STATEMENT OF PROFIT & LOSS-COMPANY

Sri Lanka Insurance Corporation Ltd.
Annual Report 2019

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	2019	2018	2017	2016
	RS.000	RS.000	RS.000	RS.000
NON- LIFE				
Gross Written Premium	18,974,323	18,532,092	18,920,562	15,720,793
Net Earned Premiums	15,309,003	15,091,348	13,652,345	12,333,957
Net Claims Incurred	(9,290,432)	(10,028,386)	(9,127,011)	(8,605,127)
Operating & administration Expenses	(5,513,891)	(4,834,806)	(4,138,944)	(3,815,993)
Investment and Other Income	4,483,050	4,168,839	2,189,129	9,322,418
Interest Expense	-	-	-	(3)
Profit before Taxation	4,987,730	4,396,994	2,575,519	9,235,253
Taxation	(330,151)	(840,326)	(391,642)	(308,911)
Profit after Taxation	4,657,579	3,556,668	2,183,878	8,926,342
LONG TERM				
Gross Written Premium	14,820,025	13,205,802	12,517,120	11,893,640
Net Written Premium	14,463,057	12,913,268	12,285,325	11,679,336
Investment and Other Income	14,425,899	12,278,853	11,272,937	8,772,049
Claims Incurred	(7,333,265)	(7,726,263)	(6,899,558)	(5,871,667)
Commission Expenses	(2,018,406)	(1,836,556)	(1,688,772)	(1,560,526)
Management Expenses	(4,660,164)	(4,721,492)	(3,981,540)	(3,265,086)
Increase in Life Fund before Taxation	14,877,118	10,907,807	10,988,392	9,754,105
Taxation	(845,900)	(1,065,480)	(929,414)	(740,739)
Increase in Life Fund	14,031,218	9,842,327	10,058,978	9,013,366
TOTAL BUSINESS				
Revenue	48,608,571	44,379,869	39,399,736	42,107,760
Gross Written Premium	33,794,347	31,737,894	31,437,682	27,614,433
Net Earned Premiums	29,772,061	28,004,616	25,937,670	24,013,293
Benefits, losses and expenses	(31,269,726)	(28,406,723)	(26,025,127)	(21,870,191)
Investment and Other Income	18,836,510	16,375,253	13,462,066	18,094,467
Operating & administrative expenses	(9,133,838)	(8,822,546)	(7,484,404)	(6,446,601)
Profit before Taxation	7,951,313	7,150,600	5,890,205	13,790,968
Taxation	(1,176,052)	(1,905,805)	(1,321,056)	(1,049,650)
Profit after Taxation	7,028,955	5,244,795	4,569,150	12,741,317

		SLFRS /LKAS			SLASs
		Restated		Restated	
2015	2014	2013	2012	2011	2010
RS.000	RS.000	RS.000	RS.000	RS.000	RS.000
14,049,934	12,544,828	12,953,151	12,803,592	11,477,600	9,266,637
10,086,240	9,820,149	9,504,974	9,487,217	7,828,645	6,034,185
(6,628,963)	(6,205,796)	(4,934,074)	(6,194,011)	(4,970,962)	(2,885,793)
(2,877,500)	(3,977,357)	(2,850,951)	(2,008,614)	(2,129,670)	(1,917,779)
2,472,763	2,224,732	2,516,799	2,064,835	(245,498)	10,112,693
(1)	(14)	(51)	(110)	(12)	(98)
3,052,539	1,861,713	3,736,069	2,829,411	158,513	11,343,207
(538,488)	(217,101)	(803,033)	(900,971)	(407,432)	(843,740)
2,514,051	1,644,612	2,933,035	1,928,440	(248,919)	10,499,467
10,470,079	8,121,159	8,397,718	7,369,032	6,743,073	6,009,859
10,307,235	7,984,758	8,300,082	7,281,225	6,593,457	5,945,561
8,290,528	9,272,341	7,658,997	6,811,040	3,236,025	13,026,350
(6,304,646)	(5,733,524)	(4,870,410)	(4,089,232)	(3,592,818)	(4,957,675)
(1,240,955)	(1,127,919)	(1,053,299)	(1,088,644)	(933,627)	(648,033)
(2,443,684)	(2,507,814)	(2,306,933)	(2,146,961)	(2,129,210)	(1,483,218)
8,608,478	7,887,842	7,728,350	6,767,312	3,173,803	11,882,985
(842,932)	(899,025)	(897,006)	(726,442)	(813,114)	(1,151,175)
7,765,546	6,988,817	6,831,344	6,040,870	2,360,689	10,731,810
31,156,767	29,301,980	27,890,852	25,644,316	17,207,927	43,777,495
24,520,012	20,665,987	21,350,869	20,172,624	18,220,673	15,239,001
20,393,475	17,804,905	17,805,056	16,768,442	14,422,101	11,942,251
(21,360,285)	(18,928,978)	(16,467,961)	(15,625,260)	(7,718,624)	(22,203,564)
10,763,292	11,497,075	10,175,796	8,875,874	2,785,827	28,538,494
(4,975,705)	(5,999,863)	(5,158,022)	(4,155,798)	(4,054,218)	(3,185,346)
4,820,777	4,373,139	6,354,869	5,863,255	5,435,086	15,130,395
(1,381,420)	(1,116,126)	(1,700,039)	(1,627,413)	(1,220,547)	(1,860,560)
3,439,357	3,257,013	4,654,830	4,235,842	4,214,539	13,269,836

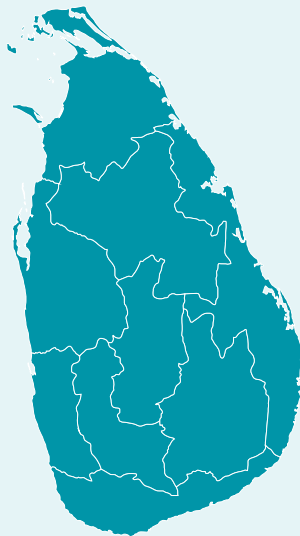
TEN YEAR SUMMARY

BALANCE SHEET-GROUP

	2019	2018	2017	2016
	RS.000	RS.000	RS.000	RS.000
ASSETS				
Property,Plant and Equipment	52,346,702	52,381,971	49,598,222	44,033,234
Investments	164,880,936	152,975,185	147,069,847	132,453,389
Other Assets	47,550,611	38,431,876	34,989,505	37,311,014
Total Assets	264,778,249	243,789,031	231,657,573	213,797,636
EQUITY AND LIABILITIES				
Share Capital	6,000,000	6,000,000	6,000,000	6,000,000
Capital Reserve	13,058,735	11,109,100	10,949,829	11,623,290
Regulatory restricted reserves from one off surplus	98,237	98,237	98,237	-
General Reserve	643,442	643,442	643,442	643,442
Available for Sale Reserve	9,472,363	12,267,184	16,227,399	21,055,304
Revenue Reserve	53,068,008	49,970,064	44,486,738	39,514,579
Non-Controlling Interest	8,767,718	8,226,474	8,077,450	7,961,626
Total Capital and Reserves	91,108,503	88,314,502	86,483,095	86,798,241
LIABILITIES				
Insurance Provision-Long Term	119,167,865	108,005,959	101,671,180	90,010,165
Insurance Provision-Non -Life	16,648,028	17,806,430	17,128,395	16,517,151
Other Liabilities	37,853,852	29,662,140	26,374,903	20,472,077
Total Liabilities	173,669,744	155,474,529	145,174,478	126,999,394
Total Equity and Liabilities	264,778,247	243,789,031	231,657,573	213,797,635
LONG TERM -Supplemental				
ASSETS				
Property,Plant and Equipment	88,364	90,723	66,048	61,343
Investments	132,412,578	121,200,379	114,714,700	104,129,909
Other Assets	8,380,564	7,126,910	6,958,991	5,333,967
Total Assets	140,881,506	128,418,012	121,739,739	109,525,219
LIABILITIES				
Long Term Insurance Funds	116,766,896	105,459,545	98,580,437	87,357,386
Other Liabilities	7,931,630	7,348,093	7,123,087	5,742,466
Equity Attributable to Shareholders				
Capital Reserve	57,378	57,378	31,128	43,296
Revenue /Other Reserves	16,125,602	15,552,996	16,005,085	16,382,071
Total Liabilities	140,881,506	128,418,012	121,739,738	109,525,219

		SLFRS /LKAS			
		Restated		Restated	Restated
2015	2014	2013	2012	2011	2010
RS.000	RS.000	RS.000	RS.000	RS.000	RS.000
38,265,273	35,754,938	32,337,013	27,909,258	16,531,061	15,955,573
133,912,388	119,156,967	94,771,272	88,784,965	93,335,443	98,061,820
34,308,328	40,171,009	45,113,975	36,136,924	21,494,742	25,282,852
206,485,989	195,082,914	172,222,260	152,831,147	131,361,246	139,300,245
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
8,523,861	8,681,951	8,738,238	9,161,368	4,638,021	5,359,282
-	-	-	-	-	-
643,442	643,442	643,442	643,442	643,442	643,442
22,390,664	26,525,252	15,364,711	12,521,041	13,190,776	25,704,419
44,611,275	37,499,812	32,651,211	25,022,161	19,046,744	20,990,007
7,509,450	7,246,077	7,056,139	1,647,284	1,522,687	2,041,104
89,678,692	86,596,534	70,453,741	54,995,296	45,041,670	60,738,254
80,650,581	77,254,496	69,079,061	62,526,048	58,494,522	52,573,602
14,916,652	13,195,783	13,288,956	14,297,803	13,132,830	11,772,953
21,240,064	18,036,101	19,400,502	21,012,000	14,692,223	14,215,436
116,807,297	108,486,380	101,768,519	97,835,851	86,319,575	78,561,991
206,485,989	195,082,914	172,222,260	152,831,147	131,361,245	139,300,245
41,658	42,172	55,969	57,012	46,553	53,343
96,996,254	92,914,463	73,643,020	73,029,822	72,799,868	74,540,011
6,055,405	6,140,884	12,553,679	9,497,112	4,850,532	11,865,314
103,093,317	99,097,519	86,196,699	82,583,945	77,696,953	86,458,668
77,858,384	74,706,062	69,079,806	62,526,048	58,494,521	52,573,602
6,031,340	5,764,890	2,743,847	2,510,653	2,575,067	2,589,100
27,877	27,877	40,892	40,892	16,106	16,106
19,175,716	18,598,689	14,332,153	17,506,352	16,611,259	31,279,861
103,093,317	99,097,519	86,196,699	82,583,945	77,696,953	86,458,669

The year 2019 began with SLIC having 133 branches and 18 Customer Service Centers (CSC) geographically appeared in 20 regions. In line with the management decisions to uplift the penetration to provide more quality and convenient customer service, 06 new branches were opened in 05 existing regions and the new branches are Ingiriya, Kottawa, Rambukkana, Rideegama, Polgahawela, Maho & Anuradhapura, Bandaragama, Colombo Fort/Pettah, Batticaloa & Akuressa branches were relocated with more amenities in order to provide better customer service. Moreover, Bibile, Nuwara Eliya, & Matara branches were refurbished for providing an excellent service to the customers in those areas. At the year-end SLIC's geographical penetration was uplifted from 145 to 151 Locations Island wide apart from Head Office Sales Units.



Western Province



- Nittambuwa
- Veyangoda
- Gampaha
- Yakkala
- Minuwangoda
- Kalutara
- Horana
- Panadura
- Matugama
- Aluthgama
- Ingiriya
- Bandaragama
- Negombo
- Ja-ela
- Chilaw
- Puttalam
- Marawila
- Wennappuwa
- Kandana
- Kochchikade
- Maharagama
- Battaramulla
- Nugegoda
- Homagama
- Malabe
- Kirulapone
- Pitakotte
- Kottawa
- Athurugiriya
- Kaduwela
- Kotahena
- Kiribathgoda
- Wattala
- Kadawatha
- Kotikawatta
- Fort
- Ragama
- City office
- Bambalapitiya
- Ratmalana
- Piliyandala
- Moratuwa
- Borella
- Dehiwela

North Western Province



- Kurunegala
- Kurunegala city
- Narammala
- Rideegama
- Melsiripura
- Maho
- Wariyapola
- Giriulla
- Anamaduwa
- Nikaweratiya
- Warakapola
- Kuliyaipitiya
- Polgahawela

Southern Province



- Galle
- Ambalangoda
- Thalgaswela
- Elpitiya
- Udugama
- Neluwa
- Baddegama
- Ambalantota
- Beliatta
- Tissamaharama
- Tangalle
- Hambantota
- Matara
- Deniyaya
- Akuressa
- Weligama
- Dikwella
- Hakmana

Central Province



- Kandy
- Matale
- Gampola
- Pilimathalawa
- Mawathagama
- Katugastota
- Kandy FBD
- Digana
- Nawalapitiya
- Mawanella
- Hatton
- Rambukkana
- Rikillagaskada
- Galewela
- Dambulla

Northern Province



- Jaffna
- Nelliady
- Mannar
- Mulativu
- Chankanai
- Chavakachcheri
- Vavunia
- Killinochchi

Uva Province



- Badulla
- Mahiyanganaya
- Welimada
- Nuwara eliya
- Bandarawela
- Monaragala
- Wellawaya
- Bibile

North Central Province



- Anuradhapura
- Galgamuwa
- Thambuttegama
- Horowpothana
- Padavi
- parakramapura
- Kekirawa
- Hingurakgoda
- Kaduruwela
- Dehiaththakandiya
- Bakamuna
- Aralaganwila

Sabaragamuwa Province



- Ratnapura
- Awissawella
- Embilipitiya
- Balangoda
- Kahawatta
- Kalawana
- Eheliyagoda
- Pallebadda
- Ruwanwella
- Kegalle
- Rambukkana
- Mawanella

Eastern Province



- Batticaloa
- Trincomalee
- Kalmunai
- Kantale
- Akkaraipattu
- Ampara

Region	#	Branch	Address	Contact Number
Eastern	1	Batticaloa	01st Floor, No, 64, Bar Road, Batticaloa	065 - 2224470
	2	Trincomalee	46, Main street, Trincomalee.	026 - 2222434
	3	Kalmunai	152/90, 1/1, Batticaloa Road, Kalmunai	067 - 2229912
	4	Kantale	62U, Agrabodi Mawatha, Kantale	026 - 2234043
	5	Akkaraipattu	143, Main street Akkaraipattu - 2, Akkaraipattu	067 - 2279627
Galle	6	Galle	50 A, Havlock Road Galle	091 - 2234531
	7	Ambalangoda	97, New Road, Ambalangoda	091 - 2258339
	8	Thalgaswela	New Town Thalgaswala.	091 - 2296268
	9	Elpitiya	18/12, 1/1, New Road, Elpitiya	091 - 2291365
	10	Udugama	Pasans New Building, Mavidola, Bar Junction Udugama	091 - 2285097
	11	Neluwa	2nd Floor, Manuka Building, Delwala Rd, Neluwa	091 - 2285140
	12	Baddegama	Kumme, Gale Road, Baddegama	091 - 2292303
Gampaha	13	Nittambuwa	New Super Market Complex, Nittambuwa.	033 - 2289709
	14	Veyangoda	166, Negombo Road, Veyangoda	033 - 2288027
	15	Gampaha	116, Bauddaloka Mawatha, Gampaha	033 - 2222676
	16	Yakkala	39/C/1, Kandy Rd, Yakkala	033 - 2225522
	17	Minuwangoda	21/B, M.P.De.Z. Siriwardhane Mawatha, Minuwangoda.	011 - 2280870
Hambantota	18	Ambalantota	156/8, Tissa Road, Ambalantota	047 - 2223235
	19	Beliatta	74, Tangalla Road, Beliatta.	047 - 2243211
	20	Tissamaharama	211 A, Hambantota Road, Kachcheriyagama Tissamaharama	047 - 2237152
	21	Tangalle	85, Beliatta Rd, Thangalla	047 - 2242514
	22	Hambantota	59, Main Street, Hambantota	047 - 2222572
Kalutara	23	Kalutara	55 1/1, Paranagama Building, Galle Road, Kalutara.	034 - 2222474
	24	Horana	127, Anguruwatota Road, Horana	034 - 2261351
	25	Panadura	534, Galle Rd, Panadura	038 - 2234736
	26	Matugama	102, Kalutara Road, Matugama	034 - 2247510
	27	Aluthgama	433, 1st Floor, Wickramarathne Building, Depot Junction, Galle Road, Aluthgama	034 - 2276409
	28	Ingiriya	Padukka Rd, Ingiriya	034 - 2268270
	29	Bandaragama	1st Floor, No. 72, Ratnapura Road, Bandaragama	038 - 2293940
Wayamba 01	30	Kurunegala	16/1, Dambulla Road, Kurunegala.	037 - 2222376
	31	Kurunegala city	111/2, Rajapihilla Road, Kurunegala	037 - 2234176
	32	Narammala	159/A, Super City building, U.B. Wijekoon Mawatha, Kurunegala Road, Narammala	037 - 2248920
	33	Rideegama	1st Floor, 107 A, Keppetigala Road, Rideegama.	037 - 2251399
	34	Melsiripura	197/1, Dambulla Road, Melsiripura	037 - 2250459
	35	Maho	Infront of Town Hall ,Nikaweratiya Road, Maho.	037 - 2050226

Region	#	Branch	Address	Contact Number
Wayamba 02	36	Wariyapola	10, Puttalam Road, Wariyapola	037 - 2267451
	37	Giriulla	115, Negombo Road, Giriulla.	037 - 2288304
	38	Anamaduwa	70, Puttalam Road, Anamaduwa.	032 - 2263033
	39	Nikaweratiya	196, Puttalam Road, Nikaweratiya.	037 - 2260279
	40	Warakapola	459, Main Street, Warakapola	035 - 2267747
	41	Kuliyapitiya	74/A, Hettipola Road, Kuliyapitiya.	037 - 2281304
	42	Polgahawela	130, Godawela, Polgahawela	037 - 2244040
Matara	43	Matara	5A, Hakmana Road, Matara	041 - 2227962
	44	Deniyaya	19, Yasara Building, Main Street, Deniyaya	041 - 2273565
	45	Akuressa	1st Floor, No. 49, Matara Road, Akuressa	041 - 2283590
	46	Weligama	352/2,Galle / Matara Middle Road, Weligama.	041 - 2250647
	47	Dikwella	95, Matara Road, Dikwella	041 - 2255630
	48	Hakmana	New Pradesheeya Sabha Building, Matara Road, Hakmana	041 - 5670600
Negambo	49	Negombo	20, Rajapaksha Broadway, Negombo.	031 - 2231374
	50	Ja-ela	205/1/1, Negombo Road, Ja Ela	011 - 2233169
	51	Chilaw	431/1, Kurunegala Road, Chilaw.	032 - 2222371
	52	Puttalam	80, Kurunegala Road, Puttalam.	032 - 2265324
	53	Marawila	02, Erick Suriyasena Mawatha , Marawila	032 - 2254297
	54	Wennappuwa	236/3/A, Chilaw Road, Wennappuwa	031 - 2253319
	55	Kandana	54, Negombo Road, Kandana.	011 - 2228848
	56	Kochchikade	18/1/4, Negombo Rd, Kochchikade	031 - 2274626
	Northern	57	Jaffna	600, Hospital Road, Jaffna
58		Nelliady	Main Street, Opposite Peoples Bank, Nelliady	021 - 2264686
59		Mannar	Station Road, (Opposite Pakiya Studio) Mannar	023 - 2223236
60		Mulativu	Main Street, Mullaitivu	021 - 2290089
61		Chankanai	45, Ponnalai Road (Main Street), Chankanai.	021 - 2250462
62		Chavakachcheri	A9 Road,Chavakachcheri	021 - 2270711
63		Vavunia	119/1, Kandy Road , Vauniya.	024 - 2222380
Badulla	64	Killinochchi	21, A-09 Road, Karadippokku , Kilinochchi	021 - 2280031
	65	Badulla	14, R H Gunawardane Mawatha, Badulla.	055 - 2230972
	66	Mahiyanganaya	40/40, Kandy Road, Mahiyanganaya	055 - 2257179
	67	Welimada	15 2/1, 2nd Floor, New Shopping Complex, Badulla Road , Welimada	057 - 2245174
	68	Nuwara eliya	60/1, Park Road, Nuwara - Eliya.	052 -2222759
	69	Bandarawela	250/1/A, Badulla Road, Bandarawela.	057 - 2223526

Region	#	Branch	Address	Contact Number
Monaragala	70	Monaragala	114/1, Wellawaya Road, Monaragala.	055 - 2276145
	71	Ampara	01, Inginiyagala Road, Ampara	063 - 2222073
	72	Wellawaya	145/1/1, Hambantota Road, Wellawaya	055 - 2274133
	73	Bibile	68, Badulla Road, Bibile	055 - 5675673
Central 01	74	Kandy	25, Katugastota Road, Kandy.	081 - 2234296
	75	Matale	134, Dharmapala Mawatha, Matale.	066 - 2233989
	76	Gampola	176/A, Kandy Road, Gampola	081 - 2351709
	77	Pilimathalawa	211/C, Colombo Road, Pilimathalawa.	081 - 2575444
	78	Mawathagama	54/A, 1st Floor, Kandy Road, Mawathagama	037 - 2299861
	79	Katugastota	431, Katugastota Rd, Kandy	081 - 2229938
	80	Kandy fbd	6, Wadugodapitiya Road, Kandy	081 - 5627274
	Central 02	81	Kegalle	351, Main Street, Kegalle
82		Digana	42, Gonawala Road, Digana, Rajawella.	081 - 5630744
83		Nawalapitiya	79, Kothmale Road, Nawalapitiya.	054 - 2222019
84		Mawanella	2nd Floor, Co - operative Building, Colombo Road, Mawanella	035 - 2249335
85		Hatton	01,1/1, Sunday Fair Road, Hatton	051 - 2222196
86		Rambukkana	06, Thomas Silva Mawatha, Rambukkana.	035 - 2262708
87		Rikillagaskada	68, Ragala Road, Rikillagaskada.	081 - 2365279
Colombo 01	88	Maharagama	128, Opposite Elhena Road, High Level Road, Maharagama	011 - 2843563
	89	Battaramulla	119, Pannipitiya Road, Battaramulla.	011 - 2866357
	90	Nugegoda	310A, High Level Road, Colombo 06.	011 - 2817739
	91	Homagama	64, High Level Road, Homagama.	011 - 2893426
	92	Malabe	821/3C, New Kandy Road, Malabe.	011 - 2762312
	93	Kirulapone	88 1/1, 1st Floor, High Level Road, Kirulapone	011 - 2514348
	94	Pitakotte	463, Kotte Road, Pita kotte.	011 - 2866755
	95	Kottawa	129/10, 1st Floor, High Level Road, Kottawa	011 - 2172273
	96	Athurugiriya	70/15 C, Main Street, Athurugiriya	011 - 2077868
Colombo 02	97	Kaduwela	482/8, Colombo Road, Kaduwela.	011 - 2579976
	98	Kotahena	178, Gold Tower, George R De Silva Mawatha, Colombo 13	011 - 5673345
	99	Kiribathgoda	101/1, Gala Junction, Kandy Road, Kiribathgoda	011 - 2912776
	100	Wattala	396, Negombo Road, Wattala	011 - 5355531
	101	Kadawatha	151/5, Kandy Road, Kadawatha	011 - 2921567
	102	Kotikawatta	257/7/31, IDH Rd, Kotikawatta.	011 - 2568502
	103	Fort	2nd Floor, 101, Olcott Mw, Colombo-11	011 - 2423752
	104	Ragama	34/1, Mahabage Road, Ragama	011 - 2956371

Region	#	Branch	Address	Contact Number
Colombo 03	105	City office	288, Union Place, Colombo 02.	011 - 2357562
	106	Bambalapitiya	22, Duplication Rd, Colombo-04	011 - 5632790
	107	Ratmalana	143/2/4, Mount City, Galle Road, Ratmalana	011 - 5635475
	108	Piliyandala	34, Vidyala Mawataha, Piliyandala	011 - 2613976
	109	Moratuwa	710, Galle Road, Idama, Moratuwa	011 - 2648581
	110	Borella	27, D.S. Senananayake Mawatha, Colombo 08	011 - 2678480
	111	Dehiwela	Ramanayake Automobile, No 121,1/1, Galle Road,Dehiwala	011 - 2713702
North Central 01	112	Anuradhapura	61/614/1, 2nd Lane, Main Street, Anuradhapura	025 - 2222167
	113	Galgamuwa	157, Anuradhapura Road, Galgamuwa	037 - 2254141
	114	Thambuttegama	137, Kurunegala Road, Thambuttegama.	025 - 2275088
	115	Horowpothana	Rest House Junction, Horowpothana	025 - 2278600
	116	Padavi parakramapura	Infront of school, Padavi Parakramapura	025 - 2254115
	117	Kekirawa	81, Thalawa Road, Kekirawa.	025 - 2264573
North Central 02	118	Hingurakgoda	31, Main Street, Hingurakgoda	027 - 2246345
	119	Galewela	59-A, Kurunegala Road, Galewela.	066 - 2289285
	120	Dambulla	642, Anuradhapura Road, Dambulla .	066 - 2284616
	121	Kaduruwela	399, Main Street, Kaduruwela	027 - 2222954
	122	Dehiaththakandiya	Garment Place, Dehiattakandiya	027 - 2250318
	123	Bakamuna	10, Samupakara Mawatha, Bakamuna	066 - 2256550
	124	Aralaganwila	208/14, New Town, Aralaganwila	027 - 2050830
	Ratnapura	125	Ratnapura	284/1, Main Street, Rathnapura.
126		Awissawella	31, Kudagama Road, Awissawella	036 - 2222311
127		Embilipitiya	67, 1st Floor, Lakmini Building, Nonagama Road, Pallegama, Embilipitiya	047 - 2230389
128		Balangoda	66, Barnes Ratwatte Mawatha, Balangoda	045 - 2287670
129		Kahawatta	46/1A, Walawatte Road, Kahawatta.	045 - 2270160
130		Kalawana	55, Sampath Bank Building, Matugama Road, Manana, Kalawana	045 - 2255930
131		Eheliyagoda	344, Main Street, Eheliyagoda	036 - 2259014
132		Pallebadda	No 151/1, Main Street, Pallebedda	045 - 2241717
133		Ruwanwella	No.197, Awissawella Rd, Ruwanwella	036 - 2267737

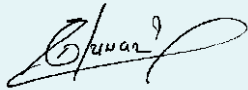
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of THE SRI LANKA INSURANCE CORPORATION LTD, will be held at the Auditorium of the Company, at its Registered Office at No.21, Vauxhall Street, Colombo 02, on Tuesday 30th June 2020, at 10.00 a.m. for the following purposes:

1. To receive and consider the Report of the Directors and the Financial Statements for the year ended 31st December 2019 and the Report of the Auditors thereon.
2. To declare a Final Dividend of Rs. 1.16 per share amounting to Rs. 695,702,112/- for the year ended 31st December, 2019, as recommended by the Directors.
3. To elect Mr. Jagath Wellawatta, Director who retires in terms of Article 98 of the Articles of Association of the Company
4. To elect Mr. Anil Koswatta, a Director who retires in terms of Article 98 of the Articles of Association of the Company
5. To elect Mr. Anil Meegahagedera, a Director who retires in terms of Article 98 of the Articles of Association of the Company
6. To elect Mr. Nishantha Dayananda, a Director who retires in terms of Article 98 of the Articles of Association of the Company
7. To elect Ms. J Surekha Alles, a Director who retires in terms of Article 98 of the Articles of Association of the Company
8. To elect Ms. K.D.R. Olga, a Director who retires in terms of Article 98 of the Articles of Association of the Company
9. To re-elect Mr. K A Vimalenthirajah, a Director who retires in terms of Article 92 of the Articles of Association of the Company
10. To authorise the Directors to determine donations for the year 2020 and up to the date of the next Annual General Meeting.
11. To re-appoint the Auditor General as the External Auditor in terms of article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka

Any other business of which due notice has been given.

By Order of the Board,



B A Ruwani Dharmawardana
Company Secretary

NAME OF THE COMPANY & REGISTERED OFFICE

Sri Lanka Insurance Corporation Ltd.
No. 21, Vauxhall Street, Colombo 2.
Tel : +94 11 2357457
Fax : +94 11 2447742
Web : www.srilankainsurance.com

COMPANY REGISTRATION NUMBER

Company was incorporated on 3rd February 1993 under the Companies Act No.17 of 1982 bearing No. N(PBS/CGB)/ 159 and re-registered under the Companies Act No.07 of 2007 on 17th April 2008 bearing No. PB 289.

BOARD OF DIRECTORS

The Board of Directors as at reporting date is as follows:

Mr.Jagath Wellawatta
Mr. K A Vimalenthirarajah
Mr.Anil Koswatta
Mr. Anil Meegahagedera
Mr.Nishantha Dayananda
Ms. J Surekha Alles
Ms. K.D.R. Olga

Mr. P Abeysinghe who was appointed w.e.f 06.02.2019 resigned w.e.f 24.06.2019. Mr. P Algama, Mr. Saadi A Wadood, Mr. Anton Perera, Mr. P Jayamaha, Mr. P Hettiarachchi and Dr. S Keeragala ceased to be effective w.e.f 26.02.2019.

Mr. K.A. Vimalenthirarajah was appointed to the board as the Chairman w.e.f. 26/02/2019. Further, Messrs. Athula Siri Ranagala, Thusitha Halloluwa, were appointed to the Board as Board Members and Mr. D.M. Dushyanta B. Basnayake was appointed to the Board as the Executive Director w.e.f. 26/02/2019 and he was appointed as the Managing Director to the Board of Sri Lanka Insurance Corporation Ltd w.e.f. 15/05/2019 and Dr. Trevor Mendis was appointed to the Board as Board Member w.e.f. 30/07/2019. Further, Messrs. Athula Siri Ranagala, Thusitha Halloluwa and Dr. Trevor Mendis resigned w.e.f. 04/12/2019 and Mr. Dushyanta Basnayake resigned w.e.f.

02/12/2019. Further, Mr. K.A. Vimalenthirarajah continues as a Director to the Board and Mr. R.M. Ananda Ratnayake and Ms. K.V.C. Dilrukshi were appointed to the Board as Board Members w.e.f. 04/12/2019 and Mr. R.M. Ananda Ratnayake ceased to be Director w.e.f. 26/12/2019. Ms. K.V.E Dilrukshi ceased to be effective w.e.f 02/01/2020. Mr. Jagath Wellawatta was appointed to the Board as the Chairman w.e.f. 26/12/2019 and Mr. Anil Koswatta, Mr. Anil Meegahagedera and Mr. Nishantha Dayananda were appointed to the Board as Board members w.e.f. 26/12/2019 and Ms. J. Surekha Alles was appointed to the Board as a Board Member w.e.f. 02/01/2020. Further, Ms. Kaulthotuwa Dona Rosemary Olga, was appointed to the Board w.e.f. 29/01/2020 as a Board Member to the Board of Directors of SLIC.

LEGAL FORM

Sri Lanka Insurance Corporation Ltd was established under the provisions of Insurance Corporation Act No. 2 of 1961 as a State Owned Corporation. In 1993, the Corporation was converted to a fully government-owned limited liability company of which the sole shareholder of 100 per cent shares was the Secretary to the Treasury, under the Conversion of Public Corporations or Government owned Business Under-takings into Public Companies Act, No. 23 of 1987. Under the privatization programme of the Government, the company was privatized in 2003 and was under the private management for a brief period of six years. The Corporation was re-registered under the companies Act No. 7 of 2007. Pursuant to the Supreme Court Judgment on 04th June 2009, annulling the privatization, 99.97 per cent shares are vested with the Secretary to the Treasury on behalf of the Government of Sri Lanka.

TAX PAYER IDENTIFICATION NUMBER (TIN)

294001590

VAT REGISTRATION NUMBER

294001590-7000

COMPANY SECRETARY

B. A. Ruwani Dharmawardana
LLB, Attorney at Law, MBA, (UK)
ACISI (UK), PGDBM, DHRM(UK)

SUBSIDIARIES

Management Services Rakshana (Pvt) Ltd.
The Lanka Hospitals Corporation PLC
Litro Gas Lanka Ltd
Litro Gas Terminal Lanka (Pvt) Limited
Canwill Holdings (Pvt) Ltd
Canowin Hotels and Spas (Pvt) Ltd

SUB-SUBSIDIARIES

Lanka Hospitals Diagnostics (Pvt) Ltd
Helanco Hotels & Spa (Pvt) Ltd
Sinolanka Hotels & Spa (Pvt) Ltd

AUDITORS

Auditor General

BANKERS

Bank of Ceylon
People's Bank
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank
Standard Chartered Bank
Sampath Bank PLC
Seylan Bank PLC
National Savings Bank
Regional Development bank
Lankaputhra Development Bank
Pan Asia Bank PLC
Development Finance Corporation of Ceylon

ACTUARY-LIFE

M/s Towers Watson Singapore Pte Ltd
63, Chulia Street
#09-01 OCBC Centre East
Singapore 049514

ACTUARY-NON-LIFE

M/s NMG Financial Services Consulting
65, Chulia Street
#37-07/08 OCBC Centre
Singapore 049513

I/We*of.....
 being a member /members* of Sri Lanka Insurance Corporation Ltd. here by appoint:
 ofor failing him/her*

Mr.Jagath Wellawatta -of Colombo or failing him
 Mr. K A Vimalenthirarajah - of Colombo or failing him
 Mr.Anil Koswatta - of Colombo or failing him
 Mr. Anil Meegahagedera - of Colombo or failing him
 Mr.Nishantha Dayananda - of Colombo or failing him
 Ms. J Surekha Alles - of Colombo or failing her
 Ms. K.D.R. Olga - of Colombo

As my/our* proxy to represent me/us* and to vote as indicated hereunder for me/us* and on my/our behalf at the Forty Sixth Annual General Meeting of the Company to be held on Tuesday, 30th June 2020, at 10.00 a.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

Resolutions	For	Against
1. To receive and adopt the Report of the Directors and the Financial Statements for the year ended 31st December 2019 and the Report of the Auditors thereon		
2. To declare a Final Dividend of Rs. 1.16 per share amounting to Rs. 695,702,112/- for the year ended 31st December 2019, as recommended by the Directors.		
3. To elect Mr.Jagath Wellawatta, Director who retires in terms of Article 98 of the Articles of Association of the Company		
4. To elect Mr.Anil Koswatta, Director who retires in terms of Article 98 of the Articles of Association of the Company		
5. To elect Mr.Anil Meegahagedera, a Director who retires in terms of Article 98 of the Articles of Association of the Company		
6. To elect Mr.Nishantha Dayananda , a Director who retires in terms of Article 98 of the Articles of Association of the Company		
7. To elect Ms. J Surekha Alles, a Director who retires in terms of Article 98 of the Articles of Association of the Company		
8. To elect Ms. K.D.R. Olga, a Director who retires in terms of Article 98 of the Articles of Association of the Company		
9. To re-elect Mr. K A Vimalenthirarajah, a Director who retires in terms of Article 92 of the Articles of Association of the Company		
10. To authorize the Directors to determine donations for the year 2020 and up to the date of the next Annual General Meeting.		
11. To re-appoint the Auditor General as the External Auditor in terms of article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka		

Signed thisday of.....2020

.....
 Signature of Shareholder/s

*Please delete the inappropriate words.

NOTE:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.
2. A Proxy need not be a member of the company.
3. The completed form of proxy must be deposited at the registered office of the company at the company secretariat, sri lanka insurance corporation ltd, 08th floor, no. 21, vauxhall street, colombo 02, not less than 48 hours before the time fixed for the meeting.



Sri Lanka Insurance Corporation Ltd.
No. 21, Vauxhall Street, Colombo 2.