

**ON THE CUSP OF A NEW BEGINNING**







## ***On the cusp of a new beginning***

*With a long and illustrious history behind us, SLIC is on the threshold of a major metamorphosis. Given the nature of our business, we have an extremely diverse product portfolio and serve customers from all walks of life. This change brings with it challenges, but it also is the harbinger of new opportunities. With the increased focus that specialisation brings, we will be able to deliver superior service to our diverse markets and customers.*

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**04 - 28**

# **About Us**

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# About Sri Lanka Insurance Corporation Ltd

**Established in 1962 as a state-owned corporation, SLIC is the largest state-owned insurer and pioneer insurance Company in Sri Lanka with over six decades of history, managing an asset base of Rs. 312.6 Bn. and a life fund of Rs. 180.9 Bn., the largest in the nation.**

SLIC conducts its operations with a highly skilled and seasoned team of insurance experts across a network of 142 branches and 59 Agency Business Development Centres (ABDC) across Sri Lanka.

We have diversified interests and investments across many major industries such as banking and finance, healthcare, power and energy, and hospitality.

Backed by decades of expertise, we are successfully continuing the journey towards achieving our Company's overarching vision to be the trusted insurer to the nation, backed by the culture of financial independence in Sri Lanka that we have instilled.

## Our Vision

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

## 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



# *Board of Directors*



***Mr Ravindra  
Pathmapriya***

***Dr Kithsiri  
Manchanayakke***

***Mr Anil Koswatte***

***Mr Ronald C  
Perera, PC***





**Mr S A Nishantha  
Dayananda**

**Mr Dushmantha  
Thotawatte**

**Mr Naomal  
Pelpola**

**Ms Shiromi  
Kodagoda**

## Board of Directors



### **Mr Ronald C Perera, PC**

Chairman

Renowned President's Counsel, Mr Ronald Perera assumed duties on 03 August 2022 as the Chairman of Sri Lanka Insurance, the largest and strongest insurer in Sri Lanka.

Prior to this appointment, Mr Perera held the position of Chairman of the Bank of Ceylon from January 2015 till November 2019 and also from January 2023 till March 2024 has been instrumental in shaping BOC as a major player in the financial sector.

While being appointed as a President's Counsel in 2012, Mr Perera is an experienced lawyer with a broad practice in the original courts as well as in the Court of Appeal and Supreme Court. He has experience in Civil and Criminal litigation, negotiation and drafting of commercial contracts. He has specialised in Commercial Law, Banking Law, Industrial Law, Injunctions, Defamation, Election Petitions, Civil Appeals, Revision Applications, Writ Applications, and Fundamental Rights Cases.

Additionally, he has appeared in several Commercial Arbitrations as well. He has also challenged the validity of several bills before the Supreme Court.

Mr Perera is an LLB graduate from the University of Colombo and holds an LLM in International Trade Law from Northumbria University. He is an alumnus of St Joseph's College, Colombo where he completed his primary and secondary education.



### **Mr Anil Koswatte**

Director

Mr Anil Koswatte is a well-known Sales and Marketing professional, a leading entrepreneur and the founder, Chief Executive Officer and Managing Director of LAKARCADE (Pvt) Ltd. He presently serves as a Member of the Board of Directors at Sri Lanka Insurance Corporation Limited.

He also counts over 25 years of Marketing and Strategic experience at Nestle Lanka PLC, the leading multinational company as well as over 22 years of distinguished track record in leading a number of public sector service corporations since 2002 as a Chairman for Lanka Cement Ltd., Sri Lanka Export Development Board (EDB) and the National Gem and Jewellery Authority (NGJA), Sri Lanka Handicrafts Board (LAKSALA) as well as Litro Gas Lanka Ltd. and Litro Gas Terminal Lanka (Pvt) Ltd. Mr Koswatte also served in the capacity of an Advisor to Hon. Minister Prof. G L Pieris – Export Development and International Trade by Cabinet of Ministers.

He is a Fellow of the Chartered Management Institute (FCMI), Fellow of the Chartered Institute of Marketing (FCIM) and a Founding Member of the Chamber of Young Lankan Entrepreneurs (COYLE).



### **Mr S A Nishantha Dayananda**

Director

Mr Nishantha 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 Collage.

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 epitomised 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 recognised 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.



**Dr Kithsiri Manchanayakke**

Director

Renowned IT professional Dr Kithsiri Manachanayakke was appointed to the Board of Directors, with effect from 22 August 2022. He has over 30 years' experience in the IT industry and he is the Chairman of AIMS group of Companies and the Current Chairman of Geological Survey & Mines Bureau (GSMB).

He has earned two Doctoral degrees from Temple University, USA for International Business and Aldersgate College, Philippines for Political Science. He also has a Master of Business Administration degree from the University of Wales and a Bachelor's degree from the University of Colombo and Preston University, USA in the field of Information Technology.

He was part of several missions to the USA, Europe and ASIAN Countries, to promote business opportunities in Sri Lanka, towards the IT and Communication infrastructure, with strong development towards holistic education. Dr Manchanayakke serves as the Vice Chairman of ASOCIO (Asian-Oceanian Computing Industry Organisation) as well. The ASOCIO is a group of IT industry associations coming from economies in the Asia and Oceania region.



**Mr Dushmantha Thotawatte**

Director

Mr Dushmantha Thotawatte was appointed to the Board of Directors with effect from 22 August 2022. and he is the Chairman of Canwill Holdings Pvt Ltd and LCB Finance PLC. Further he acts as a Director at People's Bank.

Mr Thotawatte is a fellow Member of the Institute of Chartered Accountants of Sri Lanka with a Bachelor of Commerce (Special Degree) from University of Sri Jayawardanapura and Master in Financial Economics from University of Colombo.

He is an accomplished leader who has extensive experience in the field of Finance Management, Corporate Governance, Strategic Management and Public Relations together with a successful track record as a Chief Executive Officer, Chief Finance Officer and Chief Internal Auditor in many state-owned enterprises and private organisations and counts over 40 years of experience.



**Mr Naomal Pelpola**

Director

Mr Naomal Pelpola is an eminent legal practitioner in Sri Lanka, having been admitted to the Bar in May 2002, with a versatile practice in the Courts of First Instance [District Court and Commercial Court] as well as in the Appellate Courts [Court of Appeal and Supreme Court].

Mr Pelpola specialises in the fields of Commercial Law, Banking Law, Business Law, Intellectual Property Law, Property Law, Labour Law and Family Law. He has extensive experience in alternate dispute resolution procedures [Arbitration] both in the capacity of Arbitrator, as well as Counsel and has on several occasions been appointed as Prosecuting Counsel for the Sri Lanka Institute of Architects [SLIA]. Mr Pelpola holds a Degree in Law [LL.B] from the University of London, and a Masters in Law [LL.M] from the University of Colombo.

## Board of Directors



**Mr K Ravindra  
Pathmapriya**

Director

Mr K Ravindra Pathmapriya was appointed to the Board of Directors with effect from 30 September 2022.

Mr Pathmapriya is an eminent public servant who has experience over 31 years in various positions in the public sector. He currently serves as the Director General of the Department of Information Technology Management, Ministry of Finance.

He is a BSc (Physical Science) graduate of the University of Kelaniya and holds a Master of Public Management from the Sri Lanka Institute of Development Administration (SLIDA).



**Ms Shiromi  
Kodagoda**

Company Secretary

Ms Shiromi Kodagoda was appointed by the Board of Directors as the Company Secretary with effect from 02 April 2024.

She has a Bachelor degree in Arts (BA) from the University of Peradeniya. Having joined the Sri Lanka Law College, she was admitted to the Bar as an Attorney-at-Law in 1992.

Prior to joining the company, Ms Kodagoda served Coca-Cola Beverages Sri Lanka Limited for 30 years. Her career at that company culminated in her being appointed as Director (Legal and Governance) and Local Ethics Officer (LEO). Before that appointment, she served as in-house general legal counsel and has been designated as Legal Officer and Manager Legal of that company. She has served Coca-Cola Beverages as its Company Secretary for over a decade.

Ms Kodagoda, carries with her over 30 years of professional legal experience in the fields of corporate legal affairs, compliance, governance, ethics, product liability litigation, and civil and industrial litigation. During her career at Coca-Cola Beverages, she widely contributed towards the development of corporate governance processes, statutory compliance and sector compliance regimes.

# Leadership Team

## Members of Executive Committee



**Mr Chandana L Aluthgama**  
**Group Chief Executive Officer**

B.Com (Sp), CMgr FCMI (UK), MBA,  
ANZIIF (Snr. Associate) CIP

Mr Chandana Aluthgama assumed duties as the Chief Executive Officer of Sri Lanka Insurance Corporation in 2018. He counts over 32 years of experience across diverse facets within the Insurance industry. His journey began in 1992 at CTC Eagle Insurance Co Ltd, where he started to build his career. Over the years, he has held several senior positions in renowned organisations such as Eagle Insurance PLC (A member of the Zurich Financial Services Group) and HNB Assurance PLC.

Before assuming his current role at SLIC, Mr Aluthgama served as the Chief Business Officer and Principal Officer of HNB General Insurance Ltd. In addition to his insurance career, he has also held leadership positions in local and international associations. He is currently the Principal Officer for Sri Lanka Insurance Corporation Ltd. and serves as the President of the Insurance Association of Sri Lanka.

In addition to his professional achievements, Mr Aluthgama has made valuable contributions to academia over the past two decades by serving as a visiting lecturer at the Postgraduate Unit of the University of Colombo, Management and Finance Faculty.

He holds a Master's Degree in Business Administration from the University of Colombo and a Bachelor of Commerce Degree from the University of Kelaniya. He is a Fellow and Chartered Manager of the Chartered Management Institute of the UK (CMgr FCMI) and a member of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF Snr. Associate). Mr Aluthgama has presented research papers at local and international conferences on insurance and bancassurance and has undergone extensive training both locally and overseas, including at Generali Insurance AG in Vienna, Austria, and NUS Business School in Singapore.



**Mr Aloka Jayawardana**  
**Chief Information Officer**

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

Mr Aloka Jayawardana is a professional Executive in Information Technology, ERP and Project Management with 23 years of experience in business domains like telecommunications, manufacturing, sales and distributions, capital markets, and insurance. He currently serves as the Chief Information Officer, Sri Lanka Insurance Corporation.

Mr Jayawardana holds a BSc in Management Information Systems from the University College Dublin, Ireland and MBA from the University of Southern Queensland, Australia. He has also obtained a Postgraduate Diploma in Business and Finance from the Institute of Chartered Accountants, Sri Lanka. He is a PMP certified Project Manager and CISM certified Information Security Manager, USA. Further, he is a SAP certified Sales and Distribution Consultant. He is currently reading for his Doctoral in Business Administration at ASIA e-University, Malaysia as well as an MSc in Data Science at Cardiff Metropolitan University, UK.

## Leadership Team

### Members of Executive Committee



#### **Mr Priyantha Perera**

##### **Chief Operating Officer**

MBA, ACII, Chartered Insurer

Mr Priyantha Perera joined Sri Lanka Insurance Corporation on 01 September 2021 as the Chief Officer – General Insurance. He is a long-standing professional in the General Insurance Business and counts over 38 years of service in the Industry. He commenced his career at the Insurance Division of Mercantile Credit Ltd., way back in 1985 and has held several responsible positions across diverse organisations within the industry.

During his illustrious career, he has held various Senior Managerial positions covering Underwriting, Claims, Re-insurance and Portfolio Management and, he served as the Chief Technical Officer of Fairfirst Insurance Ltd prior to joining SLIC.

He is a Chartered Insurer and holds an Associate Membership at Chartered Insurance Institute UK. He obtained his MBA from Cardiff Metropolitan University UK.



#### **Mr Dayarathna Perera**

##### **Chief Officer – Life**

BSc (Hons), FCII, Dip. in BA, Chartered Insurer, MBA (PIM-USJ), ANZIIF (Fellow) CIP, reading for Doctoral of Business Admin. (PIM – USJ)

Mr Dayaratne Perera commenced his career in the Insurance Industry in the year 1998 as a Management Trainee at Janashakthi Insurance (Pvt) Ltd. He graduated from the University of Colombo and holds a Special Degree in Physics with a Second Class (Upper Division) honours – BSc. (Hons). After graduation, he was privileged to be a part of the academic staff of the same university.

He is a Chartered Insurer and a Fellow member of the Chartered Insurance Institute (FCII), London. He is also a Fellow member of the Australian and New Zealand Institute of Insurance and Finance – ANZIIF (Fellow) CIP.

He obtained his MBA from the Post Graduate Institute of Management (PIM), University of Sri Jayewardenepura and currently he is reading for his DBA at the same University.

Mr Dayaratne also serves as a Non-Executive Director of the Board of Directors of the Ceybank Asset Management Ltd and is also the Specified Officer-Life of the Sri Lanka Insurance Corporation Life Ltd. He is the immediate past Chairperson of the Life Insurance Forum (LIF).



**Ms Namalee A Silva**

**Chief Business Officer**

MBA, MCIM (UK), Chartered Marketer,  
Prof. Dip. in Marketing-CIM, ACIB (UK)

Ms Namalee Silva is a distinguished marketing and sales professional with over 36 years of experience spanning the banking and finance and insurance sectors. Holding a Master's Degree in Business Administration from Asia e University and a Professional Diploma in Marketing from CIM (UK), she brings a wealth of knowledge and expertise to her current role as Chief Business Officer at Sri Lanka Insurance Corporation Ltd.

Her professional journey commenced in 1987 at Commercial Bank of Ceylon Ltd., followed by stints at Nationwide Building Society and Lloyds Bank in London, UK, from 1990 to 1995. Returning to Sri Lanka, Ms Silva joined Seylan Bank as a Brand Manager in 1996, marking the beginning of her impactful presence in the local financial landscape.

In 2003, she transitioned to People's Bank, where she played a pivotal role in marketing communications until 2006 when she joined Sri Lanka Insurance. At Sri Lanka Insurance, Ms Silva initially oversaw marketing communications before progressing to roles of increasing responsibility. Notably, she served as Deputy General Manager/Head of Marketing and Life Distribution before assuming her current position as Chief Business Officer in 2023.

Throughout her tenure at SLIC, spanning 17 years, Ms Silva has been instrumental in shaping the organisation's growth trajectory. Her strategic acumen and leadership have significantly contributed to SLIC's market prominence.

She also continues her tenure as the Chairperson of the Marketing and Sales Forum of the Insurance Association of Sri Lanka.



**Ms Sriyani Kulasinghe**

**Acting Chief Financial Officer**

FCA, ACMA, MBA, B.Com (Hons.) Spl.

Ms Sriyani Kulasinghe began her career in the field of Finance in 2002 and brings over 22 years of experience in auditing, finance, and taxation. She joined SLIC in 2009 and currently holds the position of Acting Chief Financial Officer at Sri Lanka Insurance Corporation Ltd., with 15 years of dedicated service at SLIC. She is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and was awarded the Introduction to Financial Accounting Prize in 2003.

Additionally, she is an Associate member of the Institute of Certified Management Accountants of Sri Lanka. She holds a Bachelor of Commerce (Hons) Special Degree from the University of Kelaniya and a Master's Degree in Business Administration in Finance from the University of Colombo. In 2011,

she served as a Course Lecturer on Insurance Law and Regulation for the Diploma in Insurance Intake conducted by Wayamba University of Sri Lanka. Since February 2022, Ms Kulasinghe has been serving as a Non-Executive Board Director of Ceybank Asset Management Limited and is a Member of the Audit and Compliance Committee at Ceybank Asset Management Limited.

## Leadership Team

### Deputy General Managers



**Mr Lalith De Silva**

*DGM/Head of Distribution*

MBA, PG. in Finance and Bus. Administration, Executive Dip. In Accountancy and Finance



**Mr Rohitha Amarapala**

*DGM – HR and Administration*

CFCIPM (SL), FCMI (UK), MBA (Uni. of Western Sydney Aus.)



**Mr Chaminda Gunasinghe**

*DGM – Support Services*

B.B.Mgt. (Accountancy) Sp. (Hons), FCA, ACMA, MBA-Finance (Colombo), ACCA, CERT (UK)



**Mr Sarath Fernando**

*DGM – Claims*

B.Sc. Engineering – (Mechanical) Sp., AMIE (SL)



**Mr Srilal Rathnayake**

*Head of Internal Audit*

BSc. – Accountancy (Sp.), FCA, FCMA, MBA (USJ)



**Mr Karthikhama Ruban**

*DGM – Digital Transformation*

MBA (UOC), B.Sc. Engineering, Cert. Lean Six Sigma Black Belt, (Dr Mikel J Harry Institute)



**Mr Shashika Ranasinghe**

*DGM – Investments*

CFA (USA), FRM, B.Sc (Eng.), ACMA, AIB



**Ms Nadira Gunawardhana**

*Acting DGM – Underwriting*

BSc (Hons), MBS (Col), MBA (PIM/ University of Canberra), FII, Sp. Dip in Marine (III), ACII (UK), Chartered Insurer



## Assistant General Managers



### **Mr Chaminda Athauda**

*AGM – Life (Technical)*

BSc.(Hons), FCII, AIII, ANZIF (Fellow)  
CIP, MBA (Colombo), Chartered  
Insurer



### **Mr Roshan Collas**

*AGM – Bancassurance, Alternate  
Distribution and Business Retention  
(General Insurance)*

MBA, CMA (Aus), Dip. In Marketing  
(SLIM), MSLIM, FCPM, MIM (SL)



### **Mr Mahendra Silva**

*AGM – Administration*

Attorney-at-Law, LLB (SL), MBA in  
HRM (OUSL), PG. Dip in HRM (OUSL),  
NDES (IET), MIIE (SL), IEng, AMCIPM  
(SL)



### **Mr Jagath Welgama**

*Head of National Sales (Life Insurance)*

MBA, MABE (UK), Graduate Dip in  
Mgt. (Aus), PG Dip. – Marketing Mgt.  
(USJ), NDHTD (SLITAD), Ad. Dip in  
Marketing. Mgt. (USJ), Dip. in Mass  
Com. (USJ), Dip. in NIT, MSLIM



### **Mr Jeevantha Welihinda**

*AGM – Engineering Services*

B.Sc. Eng. (Mechanical)



### **Mr Mahesh Gamage**

*AGM – Corporate Business and  
Marketing (General Insurance)*

MBA (AUS), CMA (AUS), PGD in  
Marketing (SL), MSLIM, CPM (ASIA)



### **Mr Kasun Sameera**

*AGM – Corporate Business  
and Marketing (Life Insurance)*

Chartered Marketer, Pgd Dip  
in Marketing (CIM, UK), CPM  
(Asia Pacific), MCIM, Pgd Dip in  
Management (UoW UK), MBA  
(UWTS, UK)



### **Mr Amanda Perera**

*Head of Procurement*

HND (ISMM), Dip. In Hardware Eng.,  
MSc in Supply Chain Management,  
Lean Six Sigma Professional, BCs  
Fellow Member



### **Mr Chandima Sumanathunga**

*AGM – Head of Re-insurance*

FCII, MBA (Wales), AIII,  
Chartered Insurer

## **Leadership Team**

### **Members of Corporate Management who ended their service during 2023/24**

**Ms Madhubhashini Bakmedeniya**

**AGM – Legal**

*with effect from 24 July 2023*

**Ms Ruwani Dharmawardana**

**DGM Compliance and Risk/Company Secretary**

*with effect from 05 August 2023*

**Dr Sherica Fernando**

**DGM Medical**

*with effect from 18 October 2023*

**Mr Priyawansha Deshapriya**

**AGM Special Projects**

*with effect from 29 November 2023*

**Mr Malaka Bandara**

**Chief Financial Officer**

*with effect from 02 January 2024*

**Ms Shaheena Mohamed**

**DGM Compliance/Company Secretary**

*with effect from 02 April 2024*

**Ms Shanika Perera Fonseka**

**AGM Human Resources**

*with effect from 27 May 2024*

## Senior Managers



**Mr Chandana Vithanage**

Senior Manager – Head Office Business Development



**Mr Primal Rodrigo**

Senior Manager – Security and Investigation



**Mr Duminda Kandegama**

Senior Manager – IT Data Center



**Mr Jagath Maithirratne**

Senior Manager – Casualty



**Mr Aruna Rajapaksha**

Deputy Chief Motor Engineer – Area 2



**Mr Nalin Patabandige**

Senior Manager – Club Members Sales Department



**Mr Aruna Sirimanna**

Senior Manager – Business Retention



**Mr Ruwan De Silva**

Senior Manager – Life



**Ms Sujeewa Nanayakkara**

Senior Manager – Life



**Ms Deshani Jayatilaka**

Senior Manager – Legal (Litigation)



**Ms Dilshani Dep**

Senior Manager – SHE and PA



**Mr Anjana Dharmasena**

Senior Manager – Life

## Leadership Team

### Senior Managers



**Ms Nishanthi Perera**

Senior Manager – Life



**Mr Chathura Perera**

Senior Manager – Fire & Engineering Claims



**Mr Lalith Jayasinghe**

Senior Manager – Motor Claims



**Ms Varuni Nonis**

Senior Manager – Motor Underwriting



**Mr Anura Abeygunawardena**

Senior Manager – Special Projects



**Ms Suraji Hettiarachchi**

Senior Manager – Software Development (Life)



**Ms Indrani Obadamudalige**

Senior Manager – Software Development (General)



**Mr Dhammika Gunawardena**

Senior Motor Engineer



**Mr Milantha Weerakkody**

Senior Manager – Distribution Operation (Personal Lines – General)



**Ms Maneesha Gunasekara**

Senior Manager – Marine



**Mr Priyantha Peiris**

Senior Manager – Colombo Circle Corporate Unit



**Mr Janaka Alwis**

Senior Manager – Business Analytics



**Mr Vibushan Bulathsinhala**  
Senior Manager – General Insurance  
Sales Training



**Mr Samitha Perera**  
Senior Manager – Actuarial



**Mr Thilanka Geeganage**  
Senior Manager – Fixed Income  
Investments



**Ms Subhashi Jayasumana**  
Senior Manager – Enterprise Risk Mgt,  
Market Intelligence and Corporate  
Planning



**Ms Manjula Jayathilaka**  
Senior Manager – Legal Claims



**Ms Shiromie Kumarasinghe**  
Senior Manager – Legal (Title Insurance)



**Mr Naradha Wijesekera**  
Senior Motor Engineer



**Mr Asanka Ekanayake**  
Senior Motor Engineer



**Mr Sanath Fernando**  
Acting Head of Branches – General  
Insurance



**Ms Virajinee Ramanayake**  
Senior Manager – Financial Reporting,  
IFRS, Compliance Reporting and  
System development



**Mr Sisira Kumara**  
Senior Manager – Budgeting, Taxation,  
Revenue Assurance and Reinsurance



**Ms Dilhani Perera**  
Senior Manager – Credit Control, Staff  
and Agent Payments and Operations

## Leadership Team

### Senior Managers



**Ms Lakshmi Perera**

Senior Manager – Broker Services



**Mr Tivara Udurawana**

Senior Manager – FBD



**Mr Ravi Medis**

Senior Manager – Public Sector



**Ms Anusha Hettiarachchi**

Senior Manager – Customer  
Service and Experience



**Mr Indunil Nawarathna**

Senior Manager – Employee Relations



**Ms Janaki Premarathna**

Head of Compliance and  
Corporate Affairs

## Regional Managers



**Mr Sunil Senadheera**

Regional Manager –  
Life Insurance (Western 2)



**Mr Gamini Sarathchandra**

Regional Manager –  
Life Insurance (Uva)



**Ms Sulatha Andramanage**

Regional Manager –  
Life Insurance (Western 3)



**Mr Palanthiran Sathian**

Regional Manager – Life Insurance  
(Northern)



**Mr Namal Liyanage**

Regional Manager –  
Life Insurance (Upper Western)



**Mr Upul Ratnakumara  
Gamage**

Regional Manager – Life Insurance  
(Western 1)



**Mr Ajith Kulasena**

Regional Manager – Life Insurance  
(Rathnapura)



**Mr Prasanna Saman Kumara**

Regional Manager – Life Insurance  
(Wayamba 2)



**Mr Ajith Thilakarathna**

Regional Manager – Life Insurance  
(North Central)



**Mr Mahinda Dissanayake**

Regional Manager – Life Insurance  
(Wayamba 1)



**Mr Duminda Peiris**

Regional Manager – Life Insurance  
(Southern 1)



**Mr Ponniah Puvanendran**

Regional Manager – Life Insurance  
(Eastern)

## Leadership Team

### Regional Managers



**Mr Dammika Bandara**  
Regional Manager – Life Insurance  
(Central)



**Mr Nishantha Alwis**  
Regional Manager – Life Insurance  
(Western 4)



**Mr S Karnan**  
Regional Manager – General Insurance  
(Northern)



**Mr Indika Welgama**  
Regional Manager – General Insurance  
(North Central)



**Mr Anura Basnayake**  
Regional Manager –  
General Insurance (Wayamba 2)



**Mr Bandara Weerasooriya**  
Regional Manager – General Insurance  
(Wayamba 1)



**Mr Deepal Nawagamuwa**  
Regional Manager – General Insurance  
(Western 2)



**Mr Ranjith  
Hewapathirana**  
Regional Manager – General Insurance  
(Western 3)



**Mr Jagath Mendis**  
Regional Manager – General Insurance  
(Southern 1)





**Mr Kelum Jayasinghe**

*Regional Manager – General Insurance  
(Uva)*



**Mr Sriyantha Kumara**

*Regional Manager – General Insurance  
(Ratnapura)*



**Mr Samantha Peiris**

*Regional Manager – General Insurance  
(Western 1)*



**Mr Hemakumara Adikari**

*Regional Manager – General Insurance  
(Central)*



**Mr Rasamanikkam  
Lingeshwaran**

*Regional Manager – General Insurance  
(Eastern)*



**Mr Susantha Dissanayake**

*Regional Manager – General Insurance  
(Upper Western)*



**Ms N S S Laxana**

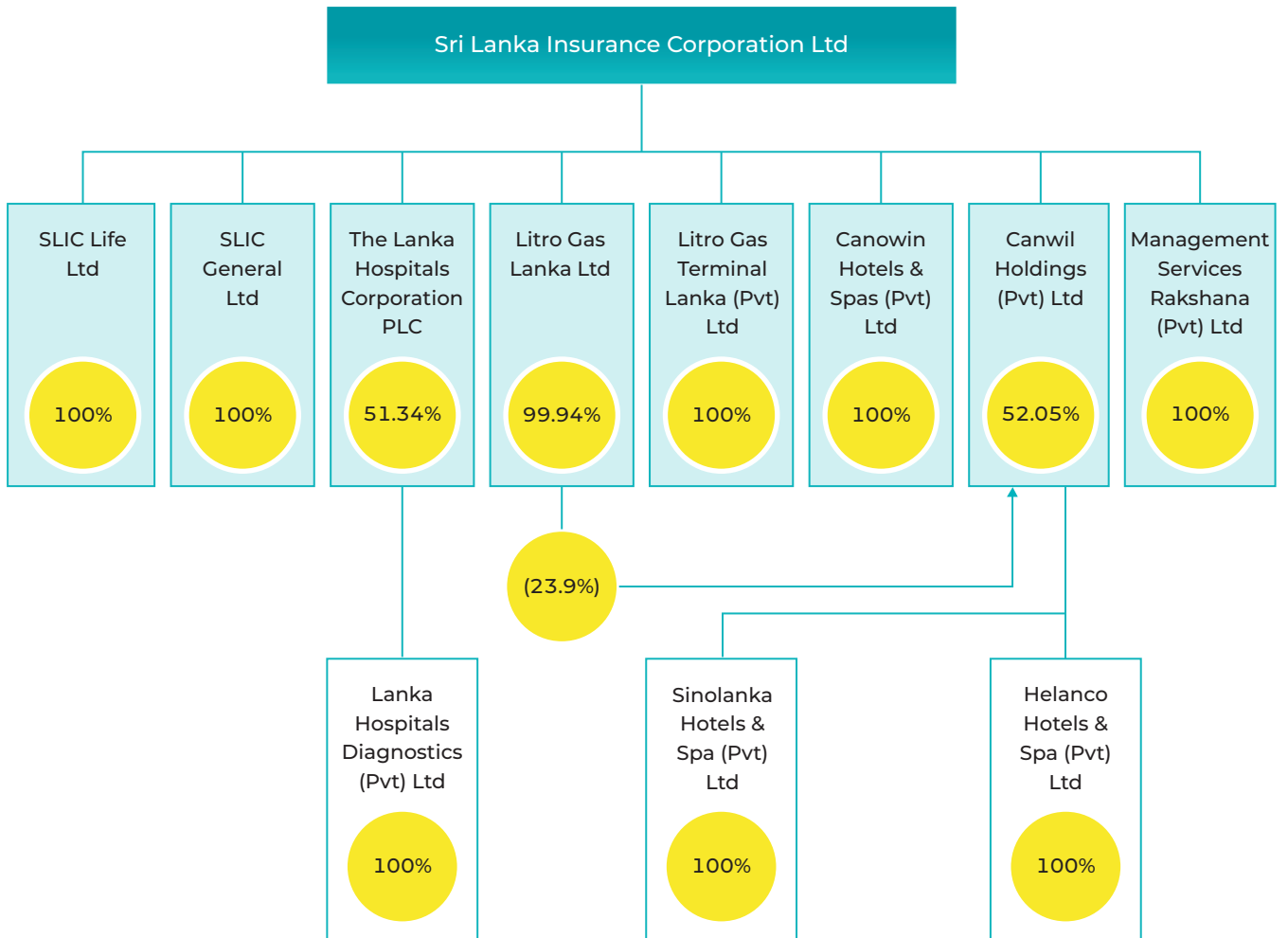
*Regional Manager – General Insurance  
(Western 4)*



**Ms Uththara Dissanayake**

*Regional Manager –  
General Insurance (Southern 2)*

# SLIC Group Structure



## Subsidiaries



### SLIC Life Ltd

Formed to carry out the Life Insurance business post segregation of SLIC.



### SLIC General Ltd

Formed to carry out the General Insurance business post segregation of SLIC.



### LANKA HOSPITALS

#### Lanka Hospitals Corporation PLC

A public quoted Company engaged in providing healthcare services to the public.



### Litro Gas Lanka Ltd

The leading LP Gas importer and distributor in Sri Lanka.

### Litro Gas Terminal Lanka (Pvt) Ltd

A fully-owned subsidiary of SLIC engaged in storing LP Gas for domestic, commercial and bulk customers.



### Canowin Hotels & Spas (Pvt) Ltd

A fully-owned subsidiary of SLIC, which owns and manages the rest-stop facility on the Southern Expressway that provides miscellaneous services to commuters who use the Expressway.



### CANWILL HOLDINGS (PVT) LTD

#### Canwill Holdings (Pvt) Ltd

A company in the business of managing/investing in hotel projects.

### Management Services Rakshana (Pvt) Ltd

A fully-owned subsidiary to provide payroll management services for SLIC and is not involved in the provision of any services or products for the external market or external parties.

## Associates



### CEYLON ASSET MANAGEMENT

#### Ceylon Asset Management Company Ltd

Ceylon Asset Management Company Ltd is licensed and regulated by the Securities and Exchange Commission of Sri Lanka to manage unit trusts and investment portfolios. The company manages eight funds, of which seven are in Sri Lankan Rupee denomination, with Hatton National Bank as the trustee and custodian, and the only dollar bond fund in Sri Lanka, with Deutsche Bank AG as the trustee and custodian.



#### Ceybank Asset Management Ltd

Ceybank Asset Management Ltd. is licensed and regulated by the Securities and Exchange Commission of Sri Lanka to manage unit trusts and investment portfolios. The company is owned by four giants in the industry. Bank of Ceylon, Sri Lanka Insurance Corporation Ltd, Carson Cumberbatch PLC and Unit Trust of India.

# Financial Highlights

	2023 Rs. Mn.	2022 Rs. Mn.
<b>Results for the year</b>		
Total revenue	64,194	63,685
Gross written premium	44,225	41,272
Net earned premiums	36,862	37,024
Investment and other income	27,331	26,661
Profit before tax (PBT)	10,704	12,476
Profit after tax (PAT)	7,779	10,546
Benefits/claims, operating, admin and other expenses	35,200	40,191
<b>General Insurance</b>		
General insurance fund	20,496	21,690
Net claim ratio	61%	63%
Expense ratio	45%	42%
<b>Life Insurance</b>		
Life insurance fund	180,870	156,719
Expense ratio	41%	41%
Face value bonus	11,242	10,494



## Total Assets

	Rs. Mn.
2023	312,630
2022	274,449



## Fitch Ratings

A (Ika)
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## Bonus Declared

	Rs. Mn.
2023	11,242
2022	10,494



## Profit Before Tax

	Rs. Mn.
2023	10,704
2022	12,476



## Life Fund

	Rs. Mn.
2023	180,870
2022	156,719



## GWP

	Rs. Mn.
2023	44,225
2022	41,272



## Total Revenue

	Rs. Mn.
2023	64,194
2022	63,685

# Non-Financial Highlights



## Accolades

- ⊕ Recognised by Brand Finance 2023, most loved brands by category
- ⊕ Awarded the most valuable General Insurance brand for the 6th consecutive year at the Brand Finance ranking 2023
- ⊕ Awarded the 1st Runner-up for most valuable Life Insurance brand in the insurance sector
- ⊕ Sri Lanka Insurance Life – listed in the “Movers and Shakers – The Most Valuable Consumer Brands” 2023
- ⊕ CIMA Satyn Women Friendly Workplace Award for “Empowering Women Entrepreneurs with Life Insurance Agencies”
- ⊕ Insurance, Finance and Investment sector award at the “Great HR Quiz”
- ⊕ Recertified for ISO 9001:2015 Quality Management System
- ⊕ Awarded with the Greenhouse Gas Verification Opinion for complying with ISO 14064-1:2018 International Standard.
- ⊕ Runner-Up – Best Managed Project in Banking and Financial Sector at National Project Management Awards



## New product and services

- ⊕ Sri Lanka Insurance Life introduced “Jeevana Shakthi” – a special health and life insurance scheme for the tea plantation workers and their families
- ⊕ The 5-year premium payment plan Wealth Plus was relaunched introducing 3 and 7-year payment options
- ⊕ Launching its first online Life Insurance plan, Sri Lanka Insurance introduced Early Cash Online
- ⊕ Recognising the growing importance of pets in Sri Lankan families, Sri Lanka Insurance (SLI) proudly introduced “Petsurance”
- ⊕ Introduced a groundbreaking service to elevate the customer experience in the event of a vehicle insurance claim – ‘Virtual Inspection’, Quick and Easy Claim Assessment service
- ⊕ Cyber Insurance for Corporate entities
- ⊕ Home Protect Lite pre-underwritten policy has been revamped by increasing the number of insurance plans from 2 to 5 plans which can be purchased online



## Partnerships

- ⊕ Sri Lanka Insurance Life entered in to a partnership with Seylan Bank to enhance its bancassurance operations
- ⊕ Entered into Annual Corporate Partnership with Ceylon Motor Traders Association
- ⊕ Entered into Strategic Partnership with SLMA (Sri Lanka Medical Association) Expert Committee on Prevention of Road Traffic Crashes to carry out mutually beneficial partnership programs
- ⊕ Became the Official Insurance Partner for Auto Capital Investment (Pvt) Ltd
- ⊕ Became the Official Insurance Partner for Public Service Unite Nurses’ Union (PSUN)
- ⊕ Became the Official Insurance Partner for Cine Star Foundation
- ⊕ Became the Official Insurance Partner for Senaro Motors



## Environmental Standards

- ⊕ SLIC goes green with ISO 14064-1:2018 standard

## Non-Financial Highlights



### Governance Risk and Compliance

- ➔ Effective implementation of “Governance, Risk and Compliance” (GRC) framework
- ➔ Up to date policies incorporating the latest compliance requirements
- ➔ Infused compliance culture across the organisation to compliance function not to be perceived as an additional burden
- ➔ Secured the ISO/IEC 27001:2013 certification, which is a testament to the relentless pursuit of excellence in information security



### Events

- ➔ MDRT Day was held to recognise and reward the Sri Lanka Insurance Life MDRT achievers of 2022
- ➔ Inaugural Outstanding Employee Awards ceremony was held in recognition of Sri Lanka Insurance staff members who have gone beyond the call of duty
- ➔ Rewarding the top performers during the first 6 months of 2022 the Life Congress residential programme was held at Hilton Hotel, Colombo
- ➔ General Insurance Summit – A two day event was conducted for the winners of general insurance competitions held in 2021 and 2022. With a focus on technology, best practices, and collaboration, the summit aims to foster networking opportunities and facilitate knowledge exchange among attendees
- ➔ Broker Awareness Seccession was conducted specifically for partnered broker companies to recognise the vital role insurance brokers play in SLIC’s distribution network
- ➔ In October 2023, SLIC hosted a special Insurance Broker Appreciation Night at the Hilton Colombo
- ➔ Corporate Customer Networking Forum was conducted with the purpose of appreciation of corporate clients and strengthening the relationships within the business community
- ➔ GIPA Orientation Programme – This initiative, aimed at increasing awareness and engagement with the newly launched General Insurance Pinnacle Achiever (GIPA) Awards sales drive, showcased SLICGL’s commitment to recognising and promoting the achievements of general insurance sales professionals on a global scale
- ➔ Cyber Security Networking Forum 2023 – SLIC organized a dedicated Cyber Security Awareness Forum for senior executives within the Banking and Finance sector
- ➔ Nuwara-Eliya Seasonal Promotion – SLIC capitalised on the peak tourist season in Nuwara Eliya by hosting a targeted on-ground promotional campaign in April 2023

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# ***Leadership Reviews***

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# Chairman's Message



***A significant milestone of the year involved the commencement of the legal segregation of the Company into two distinct entities, a process that had been strategically pursued for several years.***

I am pleased to present the Annual Report for the year 2023, which witnessed a comparatively smoother journey than the turbulent year before. Despite facing various challenges, including the lingering impacts of the 2022 financial crisis, our Company achieved commendable performance. A significant milestone of the year involved the commencement of the legal segregation of the Company into two distinct entities, a process that had been strategically pursued for several years.

In 2023, we experienced growth in revenue and Gross Written Premium, with a 0.8% and 7.2% increase respectively. Notably, investment income showed a substantial surge of 106.2%, largely due to the outstanding performance of the equity market during the year. Furthermore, our total assets witnessed a healthy year on year growth of 13.9%. As for profitability, the profit before tax reached Rs. 10,704 Mn. while the profit after tax stood at Rs. 7,779 Mn. These results showcase our resilience and ability to navigate challenges while maintaining positive financial performance.

In our pursuit of a new direction in strategic planning, we prioritised revenue growth, bottom-line improvement, efficiency enhancement, and stakeholder relationship strengthening. This led to the development of strategies aimed at tapping into the untapped potential of the market, as only a small percentage of the population currently possesses life or health insurance. The COVID-19 pandemic has significantly increased awareness of the importance of health coverage, prompting us to actively expand our offerings in the senior citizens' health insurance segment. This strategic shift positions us to seize opportunities and address the evolving needs of the market.

SLIC's Quality policy centered around prioritising the customer in all aspects of our operations, a principle deeply ingrained and embraced by all teams. The policy establishes minimum standards for customer interactions that are rigorously enforced at every touchpoint. With a diverse portfolio, each product is meticulously designed



to cater to the unique needs of specific customer segments, ensuring their satisfaction. We are committed to providing our customers with clear and concise information to facilitate informed decision making during the purchasing process. To enhance accessibility, we employ a variety of channels to ensure seamless distribution and easy customer engagement.

At the beginning of the year, SLIC outlined key focus areas for its life and general insurance business lines, taking advantage of the envisaged segregation of the two entities. For the life segment, the priorities entailed establishing a dedicated team exclusively focused on life insurance and introducing alternative channels to cater to corporate and Bancassurance business. In the general insurance domain, our efforts were aimed at enhancing the combined ratio (COR), a vital measure of the profitability of day to day underwriting activities. By improving the COR, we aim to support sustainable top line growth in this sector.

Our new product development efforts were strongly influenced by shifts in customer preferences, tastes, and the changing demographic landscape. Recognising that the millennial generation possesses different desires and aspirations compared to earlier generations, we worked towards creating products tailored to their specific needs. Additionally, we strived to ensure inclusivity by addressing the requirements of social groups that were previously neglected. This resulted in the launch of several innovative products during the year, such as Early Cash Online, our first online life product catering to the digital savvy market. The Motor Insurance Virtual Inspection was implemented to eliminate the necessity for physical inspections when assessing damages. These product developments showcase our commitment to meeting the evolving demands of our diverse customer base.

In the fast paced and information driven insurance industry, technology plays a vital role in gaining a competitive edge. With a focus on digitisation, we expanded our efforts during the year to include Travel Protect and Home Protect products. Furthermore, we

enhanced our core system through API integration to improve agility, scalability, and interoperability. As part of our ongoing progress, we are currently in the process of migrating our core insurance solutions, a decision that underwent careful evaluation to ensure its effectiveness and structural integrity. To strengthen our data management capabilities, additional primary data storage was implemented in our upgraded Data Centre, enabling improved disaster recovery measures. Embracing modern technologies is also integral to fortifying our cyber security protocols and safeguarding against data breaches. Additionally, we have fostered synergies through collaborations with external stakeholders to further driving innovation and advancement in our operations.

As custodians of our client's funds, it is paramount that we establish robust governance structures to ensure the integrity and reliability of our processes. Our risk assessment framework plays a crucial role in identifying potential vulnerabilities and risks through regular assessments. This encompasses various areas of our operations, with a particular focus on our IT systems, applications, and processes. We recognise that security concerns extend to hardware, software, networks, and data storage solutions. In today's technology driven landscape, organisations heavily reliant on IT systems face significant risks, including unauthorised access, data breaches, malware, phishing attacks, and other cyber threats. To mitigate these risks, we have implemented multiple protective measures aligned with regulatory standards and the latest technologies. These measures underscore our commitment to safeguarding sensitive information and ensuring the utmost security for our clients and their assets.

Despite facing financial and operational challenges, our commitment to sustainability remains unwavering. SLIC took the lead in an impactful campaign aimed at enhancing road safety and preventing drunk driving. Recognising the devastating consequences of reckless behaviours, this initiative focused on educating the public about the importance of exercising caution on the roads. In line with our dedication to social responsibility, SLIC extended

a free life insurance cover for parents of children born on World Children's Day for the second consecutive year. The program launch took place at the Castle Street Hospital for Women, and our Insurance Advisors visited hospitals across Sri Lanka throughout the day to promote this offering to parents of newborns. These initiatives exemplify our proactive approach to fostering sustainable practices and making a positive contribution to the well-being of our society.

An event that is in the offing is the divestiture, for which a great deal of preparatory work has been carried out by SLIC management in supporting the process as directed by the cabinet of ministers early during the year.

When considering the long-term outlook, it becomes apparent that the aging population will have an increasing demand for health coverage, while young families are becoming more conscious of their financial security and long-term needs, such as their children's education. These emerging trends present favorable prospects for our Company. With over six decades of experience, we have accumulated a strong foundation of organisational knowledge and expertise. Regardless of the current challenges we may encounter, our resilient structures and processes ensure the sustainability of SLIC.

In conclusion, I wish to thank all those who contributed to our success and sustainability in difficult times. To the Board of Directors and Group CEO who helped steer the ship in turbulent waters, and the regulators who assisted us greatly in compliance issues. My thanks also go out to our agents who helped keep the wheels of business turning and to our staff for their dedication and commitment. Last, but not least, our customers, who are our *raison d'être*, for their continued trust and confidence in us.



**Ronald C Perera, PC**  
Chairman

31 May 2024

# Chief Executive Officer's Review

## Introduction

The year 2023 has been truly extraordinary for SLIC, marked by exceptional strategic growth, unparalleled development, and an unwavering commitment to excellence. Alongside our planned strategic initiatives, we reached a significant milestone through a successful segregation process designed to meet compliance requirements. This achievement will bring about a transformative change, as SLIC evolves into two distinct legal entities, embodying our unwavering dedication and resolute endeavours. This segregation has laid a robust foundation, enabling a focused execution of the respective business strategies for these new entities, ultimately enhancing our efficiency and effectiveness in serving our valued customers. Join us in this annual review as we reflect on our resilience, celebrate our achievements, outline our strategic initiatives, and chart a path towards a prosperous future for SLIC. Together, we will embrace the opportunities ahead and continue to deliver exceptional value to our stakeholders.

***The year 2023 has been truly extraordinary for SLIC, marked by exceptional strategic growth, unparalleled development, and an unwavering commitment to excellence. Alongside our planned strategic initiatives, we reached a significant milestone through a successful segregation process designed to meet compliance requirements.***

## **Financial Performance**

Sri Lanka Insurance concluded the year 2023 with achieving an impressive profit before taxation of Rs. 10.7 Bn. This reflects a robust improvement in revenue and combined gross written premium (GWP) of Rs. 64.1 Bn. and Rs. 44.2 Bn., respectively, marking a growth of 0.8% and 7.2%. Sri Lanka Insurance General recorded a premium value of Rs. 23.1 Bn., a growth of 13.8% while, Sri Lanka Insurance Life recorded a premium volume of Rs. 21 Bn., a 0.7% growth.

Securing our number one position for the 5th consecutive year, Sri Lanka Insurance Motor Plus remains the market leader, recording a claim payout of Rs. 7.2 Bn. and a total volume of Rs. 13.5 Bn. premium value. This strengthens our market position with a market share of 20.6%. Sri Lanka Insurance Motor Plus achieved a growth of 6%, which is over 10 times faster than the industry growth average of 0.5% for the motor segment.

Reaffirming our commitment to our customers, Sri Lanka Insurance disbursed an impressive Rs. 21.7 Bn. to policyholders in the form of maturity settlements and combined claim payments. This, in addition to the Rs. 11.2 Bn. bonus declaration, underscores the company's steadfast commitment to honouring its obligations and ensuring the trustworthiness of its investment services. Notably, Sri Lanka Insurance was able to declare the largest bonus to its policyholders in the Life Insurance industry, surpassing the previous largest bonus by 7.1%.

Furthermore, SLIC has been able to continuously increase its asset base and Life Fund over the years. This year, the company increased its asset base by 13.9% to an enormous Rs. 312.6 Bn. and the Life Fund by 15.4% to an imposing Rs. 180.8 Bn.

These achievements came amidst numerous changes within the

organisation and during challenging economic and social conditions that prevailed in the country. Additionally, SLIC secured numerous accolades and achievements during the year from renowned awarding bodies.

***Sri Lanka Insurance General recorded a premium value of Rs. 23.1 Bn., a growth of 13.8% while, Sri Lanka Insurance Life recorded a premium volume of Rs. 21 Bn., a 0.7% growth.***

## **Strategic Planning**

The strategic roadmap formulated to replace isolated planning with an integrated approach, emphasising five key pillars, including a performance based culture, was consistently updated and refined to align with changing market dynamics and organisational goals. In 2023, SLIC's management team collaborated to develop a new plan that incorporated inputs from the senior team. This plan emphasises crucial strategies such as demand generation, operational efficiencies, investment optimisation, smart spending, and stakeholder engagement. By focusing on these key areas, SLIC aims to drive growth, enhance operational effectiveness, make informed investment decisions, optimise expenditure, and strengthen relationships with stakeholders.

## **Challenges**

Throughout the year, SLIC faced persistent challenges. The significant impact on customer's disposable income resulted in lower prioritisation of life insurance premium payments. This led to frequent delays and policy lapses. Furthermore, the rising costs of spare parts and medicines affected the motor and medical insurance segments, contributing to increased claims ratios. These challenges necessitated careful management and decision making to navigate their impact on SLIC's overall financial performance. The Company also experienced staff migration due to economic conditions, posing human

resource challenges. However, SLIC actively addressed this issue by taking quick and corrective action. Despite these challenges, SLIC remains committed to overcoming obstacles and adapting to the dynamic insurance

landscape. Through strategic measures, continuous recruitment efforts, and enhanced customer engagement, SLIC aims to mitigate the impact of these challenges and drive sustainable growth and value for its stakeholders.

## **Systems and Procedures**

Significant developments were made in the systems and procedures supporting SLIC's operations. A dedicated team and a roadmap were established for the implementation of IFRS 17. Various software system developments were executed, partly driven by the segregation requirements. Business driven improvements were implemented to enhance processes and provide better customer service. Notably, SLIC introduced a new claims assessment system for the motor insurance sector, allowing customers to submit accident claims digitally for assessment and faster claim processing. SLIC is also progressing towards finalising a coinsurance procurement and is in the process of procuring the necessary hardware to support it.

## **Our People**

SLIC has embarked on a transformative journey, shifting from a traditional collective agreement to a high-performance culture where Key Performance Indicators (KPIs) are intricately linked to performance evaluations. This significant transition has been a milestone achievement for SLIC, enabling the company to reward and recognise high performers while

## Chief Executive Officer's Review

fostering enhanced productivity and efficiency across the organisation. Various employee engagement activities were conducted throughout the year to create a positive work environment that embraces the rich multicultural backgrounds of SLIC's workforce. The introduction of the first ever Outstanding Employee of the Year Awards – 2022 was one of the proudest accomplishments, underscoring the commitment to fostering a culture of rewards and recognition. SLIC remains committed to providing a supportive and empowering environment for the personal and professional growth of its employees. As the journey of cultural transformation continues, SLIC is confident that its focus on high performance and employee engagement will drive even greater achievements.

### Intermediaries

SLIC has taken numerous initiatives to support and develop its financial advisors. Comprehensive training and development programs have been implemented to ensure a highly skilled and professional team. In 2023, 109 advisors achieved membership in the prestigious Million Dollar Round Table (MDRT), reflecting the dedication and excellence of SLIC's sales team. SLIC has also strengthened its bancassurance partnerships through continuous engagement and superior customer service, enabling the company to expand its reach and deliver exceptional insurance solutions to a broader customer base.

### Customer Centricity

SLIC has made progress in adopting a customer centric approach, placing it at the core of its operations. The company is committed to staying abreast of the evolving needs of its customers and catering effectively to the modern day digital consumer. Innovative products have been introduced to drive the concept of insurance for all. Under the Life Insurance category, SLIC relaunched

"Wealth Plus", a short term investment plan with long term protection, now enhanced with flexible payment term options for greater customer convenience. Embracing digital transformation, SLIC introduced its first online life insurance product, Early Cash Online, which offers an end to end digital experience, allowing customers to customise their policies conveniently and transparently. Moreover, SLIC's Motor Insurance Virtual Inspection service enhances customer convenience by enabling virtual vehicle repair inspections, allowing customers to submit accident details digitally and receive inspection reports from any location at any time. SLIC continues to uphold its customer centric approach through the sustained implementation of best practices designed to ensure customer convenience and satisfaction, including a 24/7 call center, loyalty reward programs, multichannel communication, online KYC, robust complaint management, and an extensive network of branches and customer service locations.

### Community

SLIC has demonstrated its profound commitment to community development through impactful Corporate Social Responsibility (CSR) initiatives. These efforts support child education, community development, and cultural preservation, aligning with SLIC's brand promise, "Like a Father, Like a Mother". Some of the flagship programs include the "Suba Pathum Scholarship" initiative, providing scholarships to children excelling in national exams, and offering life insurance cover for parents of children born on World Children's Day. Moreover, SLIC has provided support for traditional Peraheras and pilgrims visiting Anuradhapura during the Posen season. These initiatives exemplify SLIC's unwavering commitment to making a positive difference in the lives of every Sri Lankan and preserving its rich cultural heritage.

### The Road Ahead

Despite ongoing challenges and prevailing uncertainty at both the company and national levels, SLIC remains optimistic about the future. The changing attitudes towards insurance, particularly among the younger generation, present a significant growth driver for the company. SLIC believes that in the years to come, it will turn the corner and be poised for a new era of growth.

### Acknowledgments

SLIC's remarkable success is a testament to the exceptional individuals involved, and I extend my sincerest appreciation to all of them. I am deeply grateful to our dedicated employees for their unwavering commitment and professionalism. Similarly, I would like to express my sincere gratitude to our esteemed customers, whose unwavering trust in us has been paramount. I am also deeply thankful to our dedicated sales agents, insurance brokers, and reinsurance partners for their commitment and valuable contributions. I extend my appreciation to the Insurance Regulatory Commission of Sri Lanka and all other stakeholders for trusting in our organisation and for their unwavering support.

I also would like to thank the Ministry of Finance, Economic Stabilisation, and National Policies for their unwavering support and valuable guidance throughout. Finally, I would like to recognise the Chairman and the Board of Directors and their invaluable guidance. As we enter the next year, we eagerly anticipate their continued support, which will undoubtedly play a vital role in our ongoing growth and achievements.



Chandana L Aluthgama  
Chief Executive Officer

31 May 2024

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***Report Profile***



# Report Profile

This is the 6th Integrated Annual Report of Sri Lanka Insurance Corporation Ltd (SLIC), compiled in accordance with the core guidelines of the International Integrated Reporting Council (IIRC) framework and other integrated reporting principles, targeting a diverse audience of customers, employees, investors, Government and regulatory authorities in Sri Lanka, as well as any other stakeholders with an interest in the Company.

SLIC provides innovative insurance solutions to customers, serving through an extensive network of branches and service locations across the country. All our Annual Reports can be accessed through our Corporate Website – [www.srilankainsurance.com](http://www.srilankainsurance.com)

## Scope and Boundary

The Report covers the period from 01 January 2023 to 31 December 2023 and presents SLIC's business activities, financial and operational performance, prospects, governance, and risk management against the backdrop of the operating environment. It provides the stakeholders with an inclusive portrait of the SLIC's performance during the financial year 2023, and includes both quantitative and qualitative data to cover all six capitals of the integrated reporting framework.

## Reporting Framework

SLIC has adhered to the following guidelines in compiling this Report:

- Sri Lankan Accounting Standards
- <IR> Framework (International Financial Reporting Standards Council)
- The legal framework applicable to Government-owned insurance companies
- Applicable Corporate Governance Codes
- GRI Standards
- UN Sustainable Development Goals (SDGs)

It should be noted that there were no significant changes to the scope and boundaries of this report from the previous reporting period, nor are there any restatements of any information contained in the Annual Report issued in the previous reporting year.

## Materiality

Referring to the economic, environmental, and social aspects that substantially impact the Company's ability to create value over the short, medium, and long-term, Materiality has been used to determine the non-financial content of this report. This concept is promoted by the GRI for presenting non-financial content pertaining to sustainability that may be relevant to stakeholders. Accordingly, we have provided the context for what has been deemed Material matters, and discuss in the report how our strategy is crafted and resources realigned via our six capitals to generate value for the organisation, and deliver positive results for our stakeholders.

## Resource allocation through capitals to address material issues

Material issue	Financial	Manufactured	Intellectual	Human	Social	Natural
Economic performance	✗		✗			
Market presence	✗	✗		✗	✗	
Anti-corruption			✗		✗	
Anti-competitive behaviour			✗		✗	
Employment	✗			✗		
Occupational health and safety	✗			✗		
Training and development	✗			✗		
Diversity and equal opportunity				✗		
Non-discrimination			✗	✗		
Freedom of association and			✗	✗		
Collective bargaining				✗		
Local communities	✗				✗	✗
Customer health and safety					✗	
Marketing and labelling					✗	
Socio economic compliance					✗	✗
Macro-economic developments	✗		✗	✗	✗	

## Forward-looking Statements

This report includes certain "forward-looking statements" with respect to the financial condition and results of operations of SLIC that involve risk and uncertainty owing to their relation to events and circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include national economic conditions, insurance regulations, and competitive and regulatory factors. Therefore, forward-looking statements mentioned in the report are deemed applicable only as of the date on which they are made. SLIC does not undertake any obligation to update or revise any of them, whether as a result of new information, future events, or otherwise.

## Feedback

We welcome your questions and your suggestions to help us improve the quality of our annual report, and request that all feedback be directed to:

**Shiromi Kodagoda,**  
Company Secretary

Sri Lanka Insurance Corporation Ltd.  
"Rakshana Mandiraya",  
No. 21, Vauxhall Street, Colombo 02.  
Phone: +94 11 235 7741

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# ***Strategy and Focus***


- 38 *Business Model*
- 40 *Material Issues*
- 41 *Stakeholder Relationships*
- 43 *Strategic Priorities*



# Business Model


### STAKEHOLDERS PROVIDING INPUTS

**SHAREHOLDERS**




**99.97%**  
Secretary to the Treasury

**POLICYHOLDERS**




**957,884**  
Life policyholders  
**1,014,617**  
General policyholders

**EMPLOYEES**




Male **56%**  
Female **44%**  
Total **2,684**

**BUSINESS PARTNERS**




Reinsurers  
Agents  
Brokers  
Banks

**REGULATORS**




IRCSL  
DROC  
FIU – CBSL  
Suppliers

### LIFE AND GENERAL INSURANCE



**VISION**




**MISSION**

SOLVENCY AND CAPITAL MANAGEMENT

**INPUTS**

- ▶ Shareholders' funds
- ▶ Investments
- ▶ Life Fund
- ▶ General Fund
- ▶ Property, plant and equipment
- ▶ Information and Communication Technology
- ▶ Institutionalised knowledge
- ▶ Best practices
- ▶ Data analytics
- ▶ Services and supplies
- ▶ Relationships
- ▶ Collaborations and alliances
- ▶ Survey findings
- ▶ Assurance services
- ▶ Utilities



**ACTIVITIES**

- Underwriting
- Servicing and policy administration
- Claims management
- Investment activities
- Marketing, sales and distribution

GOVERNANCE FRAMEWORK

Insurance Regulatory Commission of Sri Lanka and Regulatory Authorities

**OPERATING ENVIRONMENT**



## BUSINESSES OF SLIC



### OBJECTIVES

#### OUTPUTS

- ▶ Investment portfolio
- ▶ Advisory services
- ▶ Growth
- ▶ Profits
- ▶ Taxes
- ▶ Liquidity
- ▶ Optimum risk-return trade-of
- ▶ Enhanced productivity
- ▶ Compliance
- ▶ Benchmarked service standards
- ▶ Range of products and services
- ▶ Streamlined internal processes
- ▶ Widest reach
- ▶ Responsiveness
- ▶ Creativity
- ▶ Innovativeness
- ▶ CSR activities
- ▶ New policies acquired

LIQUIDITY MANAGEMENT

### RISK MANAGEMENT

## OUTCOMES TO THE STAKEHOLDERS

### SHAREHOLDERS



**Rs. 2,273 Mn.**  
paid as dividends

**Rs. 5,449 Mn.**  
paid as taxes to the Government

### POLICYHOLDERS



**Rs. 21,778 Mn.**  
paid as claims

**Rs. 11,242 Mn.**  
paid as bonus to policyholders

### EMPLOYEES



**Rs. 7,603 Mn.**  
as remuneration

**Rs. 47.2 Mn.**  
invested in training

### BUSINESS PARTNERS



**Rs. 6,375 Mn.**  
paid as reinsurance premium

### REGULATORS



All in compliance with all applicable rules and regulations other than disclosed in the Auditors report

### SOCIETY



Corporate social value



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.

# Material Issues

## Materiality

A range of non-financial factors affect SLIC's stakeholders and, in turn, SLIC's performance. Creating lasting economic, social, and environmental values is a two-way process, and SLIC

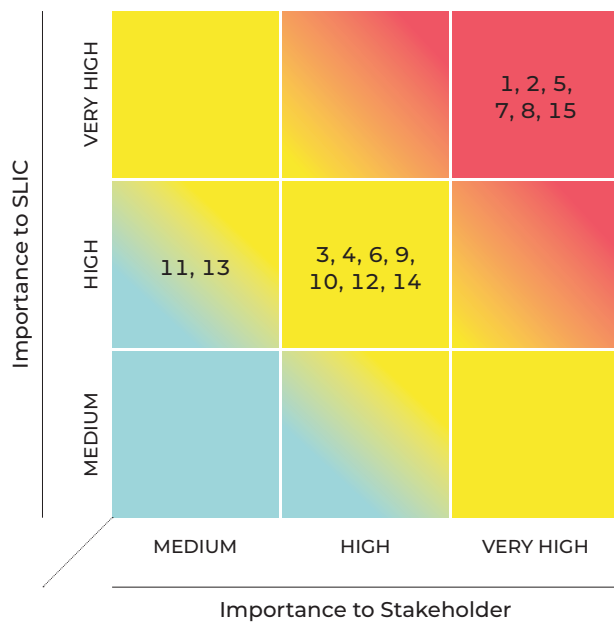
effectively engages with stakeholders in various ways to achieve this.

The concept of materiality stems from the Global Reporting Initiative (GRI) Standards. These factors are known

as material issues, and the materiality analysis gauges the impact both ways. At SLIC, we have identified 15 topics that we believe have the most impact on our business and stakeholder relationships.

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

VH= Very High; H= High; M= Medium



# Stakeholder Relationships

Our goal is to maintain our position as the leading insurance provider in the country and the most trusted one by all Sri Lankans. In order to achieve this, we aim to strengthen our relationships with our stakeholders in the short, medium, and long-term. Engagement is an integral and essential part of developing strong relationships.

Our diverse groups of stakeholders hold varying perspectives on issues that affect our business. We recognise that listening to these perspectives offer valuable insights to support SLIC's long term success, profitability and sustainability. To engage with our stakeholders, we follow a systematic approach, starting with a highly streamlined stakeholder identification process.

## Stakeholder Identification

SLIC identifies stakeholders as individuals, groups of individuals, or entities that impact and/or could be impacted by SLIC's activities, products or services, and organisational performance. Stakeholders identified in this way are prioritised according to the degree of influence they have on SLIC.

## Methods of Engagement and Engagement Principles





Our engagement processes vary depending on the stakeholder group. While engagement channels are typically determined by the stakeholders' influence/impact on SLIC, the following principles apply to all engagement channels.

- Openness and transparency to foster consultative discussion



- Timeliness, accuracy, and relevance of information
- Continuous and ongoing review to improve responsiveness.

## Ownership and Accountability

At SLIC, stakeholder engagement is not centralised and there is no single team responsible for it. Every employee is responsible for managing the stakeholders, both internal and external, with whom they interact within the course of their duties. The Board of Directors stays informed about the stakeholder relationships, their interests, concerns, needs, and expectations through the internal channels of communication. This information will be a valuable input for decision-making at the highest level.

Material issues relevant to the stakeholder	Impact to SLIC	Engagement	Frequency of engagement
 <p><b>Government of Sri Lanka</b> Investment, business development, returns, innovation and industry growth, compliances</p>	High	<p>Annual Report</p> <p>Press releases</p> <p>Meetings and discussions with Board and Senior Management</p>	<p>Annually</p> <p>Need-based</p> <p>Need-based</p>
 <p><b>Other Regulators</b> Compliance with laws and regulations, good corporate governance, stability of industry, ethical conduct</p>	High	<p>Meetings with regulatory authorities</p> <p>Annual Report</p> <p>Press release</p> <p>Industry forums</p> <p>Statutory returns and status reports</p> <p>Press release</p>	<p>Need-based</p> <p>Annually</p> <p>Need-based</p> <p>Need-based</p> <p>Quarterly, annually</p> <p>Need-based</p>
 <p><b>Customers</b> Customer relationship, retention, relevant products, product information, policy bonuses, policy claims, other regulators</p>	High	<p>Call centre</p> <p>Customer satisfaction survey</p> <p>One-to-one interactions</p> <p>Website, social media</p> <p>Customer Feedback</p>	<p>Regular</p> <p>Need-based</p> <p>Regular</p> <p>Regular</p> <p>Regular</p>
 <p><b>Business partners</b></p>	Medium	<p>Meetings</p> <p>Communication via. email, telephone</p>	<p>Need-based</p> <p>Regular</p>

## Stakeholder Relationships

Material issues relevant to the stakeholder	Impact to SLIC	Engagement	Frequency of engagement
 <b>Employees</b> Employee welfare, satisfaction, retention, training and development, recognition and rewards, career progression, job security	High	Meetings	Regular
		Communication via. email, telephone	Need-based
		Succession planning	Annual/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
 <b>Community and environment</b> Community investment, CSR initiatives	Medium	Community projects	Regular
		Press releases	Need-based
		Website, social media	Regular
		Events	Need-based
		CSR projects	Regular
		Sustainability initiatives	Regular

# Strategic Priorities

*During 2023 SLIC achieved remarkable growth both in Life and General businesses amidst the numerous changes that took place within the organisation and during challenging economic and social conditions that prevailed in the country.*

*The key strategies for the year 2024 under life and general insurance business are summarised below.*



## **Life Insurance**

### **Strategic focus of the Life Insurance Business**

1. To grow the topline business through concentrating on New Business (FYP) and renewals.
2. Expenses to be aligned with the business growth and to maintain sustainable practices to keep the back office expenses at a minimal.
3. To align back office services to be agile and digitised for faster, convenient and accessible service to develop a customer centric culture.
4. To be the most loved insurance brand in the country and to be perceived as a socially responsible brand.
5. To create a "Great Place to Work" Culture.



## **General Insurance**

### **Strategic focus of the General Insurance Business**

1. Drive the topline with the focus of NWP
2. Improve COR and profit optimisation
3. Enhance service levels and standards
4. Optimise customer retention
5. Human capital optimisation

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# **Management Commentary**

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# Operating Environment

## Sri Lankan Economy

In 2023, the Sri Lankan economy witnessed a modest recovery with slowing inflation, improved external resilience, stronger fiscal system, and preserved financial system stability.

After six consecutive quarters of contraction, the economy recorded an expansion in the second half of 2023, which helped to limit the overall contraction of the economy to 2.3% in the year. This trend indicates a positive outlook for the future. Performance was uneven across the different sectors of the economy. Of the three main sectors agriculture was the best performer in 2023, with a 2.6% increase in value added, as against the 4.2% contraction the previous year. The turnaround was mainly driven by the increased availability of fertiliser, agrochemicals, and fuel. The industrial sector contracted by 9.2% as production was dampened by reduced demand, a notable decline in the construction and manufacturing activities were witnessed. The service sector declined only slightly by 0.2%, assisted by the revival of tourism and fewer interruptions to power and energy supplies. This was however offset by the impact on the high interest rates on the financial sector particularly during the first half of the year.

The revisions to monetary policy implemented by CBSL brought downward pressure on the overall market interest rate structure. Domestic Debt Optimisation (DDO) contributed greatly to the general reduction in market lending rates. The trend is expected to continue with the reduction of policy interest rates and lead to the enhancement of credit to the private sector.

The commencement and continued implementation of the IMF-EFF programme in March 2023 has led to substantial stability in the external sector. The sector demonstrated greater strength and stability through the year, as evidenced by the surplus in the external current account in 2023. Another contributory factor to this

was the contraction of trade deficit and increased proceeds of services exports and worker remittances. The merchandise trade deficit for 2023 was the lowest since 2010 largely as a result of the import expenditure declining faster than export earnings.

Central government debt as a percentage of GDP declined to 103.9% by end 2023 from 114.2% in 2022. The trend in country's external debt position as a percentage of GDP remained rather flat. The external debt position as a percentage of GDP was 65% as at end 2023, compared to 64.6% as at end 2022.

In 2023, the Central Bank implemented a significant initiative aimed at fortifying the financial consumer protection framework for Financial Service Providers under its regulatory purview. The new Regulations on Financial Consumer Protection, No. 1 of 2023 was issued under Section 10(c) of the Monetary Law Act, No. 58 of 1949 (MLA) on 08 August 2023. The strengthened framework encompasses comprehensive measures designed to enhance transparency, fairness, and responsible business conduct within the financial sector, thereby fostering a more resilient and consumer-centric financial system.

The year under review was one where the Sri Lankan economy achieved modest progress despite still facing some headwinds. Continued efforts to address structural weaknesses, improve governance, and foster a conducive business environment will be critical for sustained recovery in the years ahead.

## Insurance Sector

The insurance sector in Sri Lanka is comprised of 28 companies, 14 exclusive long-term insurance companies, 12 exclusive general insurance companies, and 2 long-term and general insurance businesses. Insurance penetration in the country has however remained low, measured by annualised GWP as a percentage of GDP was only 1.0% by end 2023.

The total asset base of the insurance sector reached Rs. 1,087.6 Bn. after growing by 14.8%. A larger growth of 22.6% was recorded by the long-term insurance sub-sector which reached Rs. 819.9 Bn. This growth was mainly driven by investments in government securities and deposits. The total assets of the general insurance sector slid by 3.9% to 276.6 Bn. The share of general insurance decreased from 29.4% to 24.6% in 2023 while the share of long-term insurance increased from 70.6% to 75.4%.

GWP of the insurance sector grew by 9.1%, from Rs. 257.6 Bn. to Rs. 280.9 Bn. in 2023. The growth in the GWP of the long-term insurance and general insurance subsectors was 12.9% and 4.9% respectively. Of the two sectors, the long-term sector continued to be dominant, accounting for 54.4% of total GWP. The investment portfolio of the total sector grew by 17.9% to reach Rs. 915.3 Bn. in 2023. The investments continued to be highly concentrated on Government securities.

The profitability of the insurance sector recorded a growth of 7.6% in profit before tax; the long-term insurance sub-sector achieved an impressive growth of 30.6% while the general insurance sector contracted 12.4%. The long-term insurance sector notched an increase in ROA and ROE (4.1% and 19.08% respectively; 2022 – 3.6% and 17.28%). On the other hand, the general insurance sector suffered a decline in both (7.34% and 15.24% respectively; 2022 – 10.24% and 20.95%).

Looking at the overall performance, it is evident that the sector experienced mixed outcomes in 2023 while navigating an exceptionally difficult economic environment.

### Sources:

- (1) Central Bank of Sri Lanka Annual Economic Review 2023
- (2) Insurance Regulatory Commission of Sri Lanka, Quarterly Statements

# Financial Capital



**The total bonus declared to Life Participating Policyholders in the FY 2023 amounted to Rs. 11,242 Mn. which surpasses SLIC's own record of Rs. 10,494 Mn. set in the previous year.**

## Financial Performance

### Overview

Since its establishment, SLIC has effectively protected the interests of our primary shareholder and policyholders by responsibly overseeing the Company's financial capital pool to generate a favorable Return on Capital. Sustained growth in this pool is pivotal for accomplishing the Company's overarching objectives, bolstering business operations, and upholding stakeholder contributions in an ethical and prudent manner. This includes adhering to regulatory and statutory requirements and also includes maintaining transparency and accountability. Maintaining prudent capital adequacy ratios assures the Company's financial sustainability.

### Financial Results –

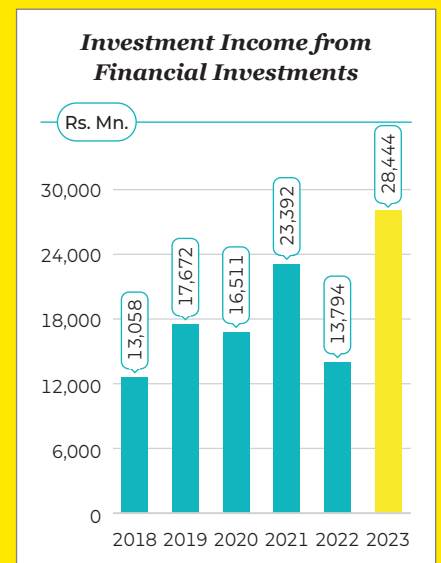
#### Combined Business Performance

SLIC achieved a revenue of Rs. 64,194 Mn. and Gross Written Premium (GWP) of Rs. 44,225 Mn. in the fiscal year 2023, marking a year-on-year growth of 0.8% and 7.2%, respectively, compared to 2022. The company's investment income from Financial Investments, a significant revenue source, saw a substantial increase of 106.2% year-on-year, reaching Rs. 28,444 Mn. (compared

to Rs. 13,794 Mn. in 2022), mainly due to the strong performance of the equity market during 2023. This was however partially offset by net realised/unrealised gains sliding from Rs. 11.86 Bn. to – Rs. 2.59 Bn.

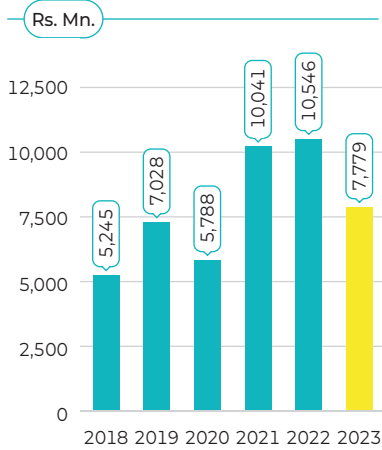
Total Assets also experienced healthy growth, rising by 13.9% year-on-year to Rs. 312,630 Mn. by December 2023 (compared to Rs. 274,449 Mn. in 2022). SLIC reported a Profit Before Tax of Rs. 10,704 Mn. for FY

2023, representing a 14.21% decline from the Rs. 12,476 Mn. recorded in 2022. Profit After Tax for FY 2023 stood at Rs. 7,779 Mn. (compared to Rs. 10,546 Mn. in 2022), marking a decline of 26.2%. The Return on Equity (ROE) for 2023 was 8.5%, down from 13.8% in the previous fiscal year. This was partly due to increase in equity capital from Rs. 76.45 Bn. to Rs. 91.78 Bn. SLIC's contribution to the Government of Sri Lanka in the form of taxes was Rs. 5,449 Mn. for 2023 (compared to Rs. 6,393 Mn. in 2022).



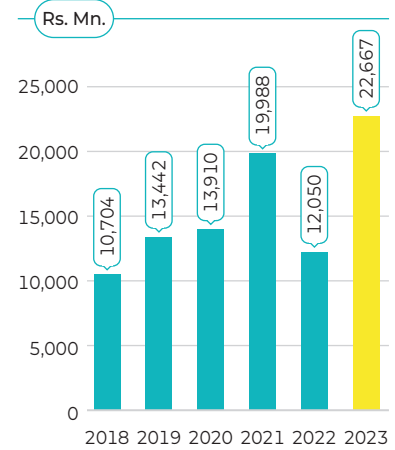


### Profit After Tax (PAT)

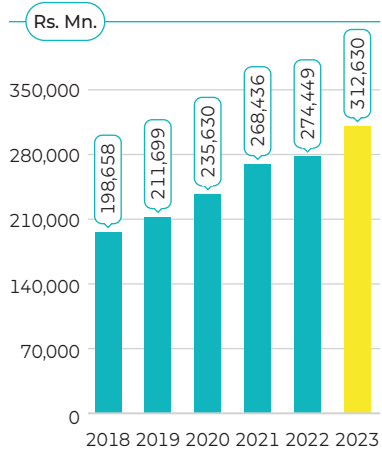


Rate (CAGR) of 9.8%. The Investment Income from Financial Investments within the Life Insurance Business increased by 88.1% year-on-year, reaching Rs. 22,667 Mn. in FY 2023, compared to Rs. 12,050 Mn. in the previous fiscal year. The Life Fund also experienced robust growth, increasing by Rs. 24,151 Mn. during the period to reach Rs. 180,870 Mn. as of 31 December 2023, marking a 15.4% year-on-year growth from Rs. 156,719 Mn. in 2022. The Life business reported a Profit After Tax (Before transfer to the Life Fund) of Rs. 21,734 Mn. for FY 2023, showing a substantial 54.9% growth compared to 2022.

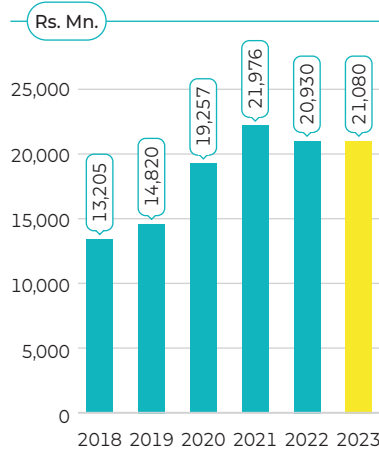
### Investment Income from Financial Investments – Life



### Total Assets



### Gross Written Premium (GWP) – Life



### General Insurance Business

The General Insurance Business of SLIC recorded a positive year-on-year growth in Gross Written Premium (GWP), increasing by 13.8% from Rs. 20,341 Mn. in 2022 to Rs. 23,145 Mn. in FY 2023. Over the past five years (from 2018 to 2022), the GWP of the General Insurance Business has consistently maintained a Compound Annual Growth Rate (CAGR) of 4.6%.

The Investment income from Financial Investments in the General Business amounted to Rs. 5,796 Mn. in 2023, marking a significant 232.4% year-on-year increase from Rs. 1,744 Mn. in 2022. This surge was primarily driven by the strong performance of the equity market during the period. However, the Profit After Tax reported by the General Business for FY 2023 was Rs. 4,344 Mn., reflecting a 42.3% year-on-year decrease from the Rs. 7,529 Mn. recorded in 2022.

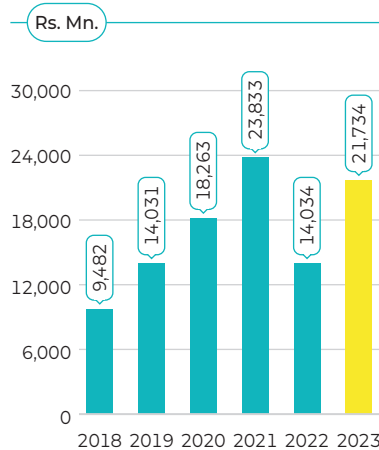
SLIC, maintaining its position as the top player in Motor Insurance for multiple years in a row, achieved a Gross Written Premium (GWP) of Rs. 13,508 Mn. in FY2023, up from Rs. 12,780 Mn. in the preceding year, showing a year-on-year growth of 5.7%.

### Life Insurance Business

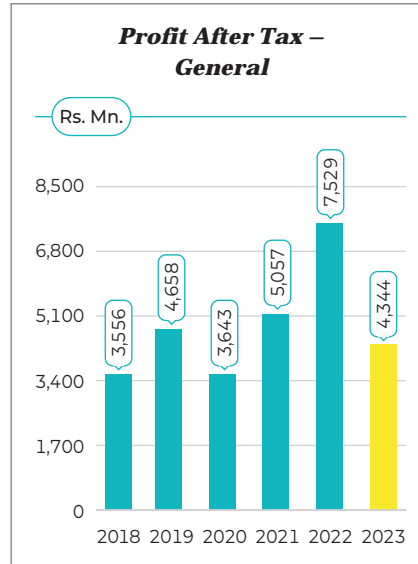
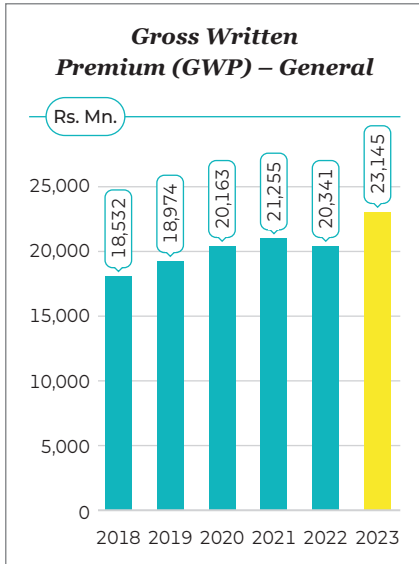
Despite the adverse economic effects caused by the economic crisis in the country, SLIC achieved a historical milestone by declaring the local Insurance industry's biggest ever bonus issue to date. The total bonus declared to Life Participating Policyholders in the FY 2023 amounted to Rs. 11,242 Mn. which surpasses SLIC's own record of Rs. 10,494 Mn. set in the previous year.

In the fiscal year 2023, SLIC's Life Insurance Business recorded a Gross Written Premium (GWP) of Rs. 21,080 Mn., indicating a 0.7% year-on-year growth and aligning with a five-year Compound Annual Growth

### Profit After Tax (Before Transferring to the Life Fund)



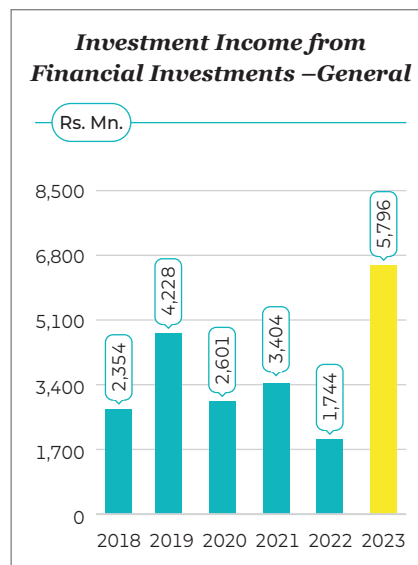
## Financial Capital



### 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 consistently maintained its Risk-Based Capital Adequacy Ratios well above the mandated thresholds for several consecutive years. In 2023, the Risk-Based Capital Adequacy Ratio for the Life insurance segment was 425%, a notable increase from 316% in FY2022. In FY2023, the General insurance business reported a Risk-Based Capital Adequacy Ratio of 226.6%, increased slightly from 243.6% in FY2022.



# Manufactured Capital



**SLIC's manufactured capital comprises its offices, branches, computers and equipment, digital channels, and network infrastructure. The physical network extends to 142 branches, 59 Agency Business Development Centres (ABDCs), and one counter at the Lanka Hospitals Corporation PLC.**

## Our Manufactured Capital and its Value Creation Process

SLIC's manufactured capital comprises its offices, branches, computers and equipment, digital channels, and network infrastructure. The physical network extends to 142 branches, 59 Agency Business Development Centres (ABDCs), and one counter at the Lanka Hospitals Corporation PLC. Our network covers all 9 provinces and 25 districts in Sri Lanka.

We understand the importance of face-to-face communication, but we also offer virtual means of communication to our customers. Our 24-hour call centre is available for customer support and our corporate website, also available 24/7, provides information and access to our products and services.

Additionally, we offer mobile payment solutions and other hybrid channels to make it more convenient for our customers to access our services, all of which make us a more attractive option in a competitive marketplace.

## Meeting Value Creation Objectives

### Branch expansion and relocation

SLIC has a well-planned strategy for branch expansion that focuses on business potential. We target emerging small and medium-sized townships with rapid urbanisation for branch expansion. Our approach involves setting up new branches or Agency Business Development Centres in areas with optimal branch penetration ratio, adequate population density, and sufficient income levels. This helps us balance costs and new business opportunities. We also follow the same strategy for branch relocation, based on which the Badulla regional branch was relocated in the past year.

## Key Statistical Highlights



**10** New ABDCs opened



**1** Branch Relocated



**5** Branches Revamped

## Manufactured Capital

### Promoting Branch Efficiency

When it comes to enhancing the effectiveness of our branch network, we focus not only on expansion but also on improving efficiency and the physical appearance of our branches. We have recently upgraded five of our branches, including the construction of new SLIC-owned buildings in Marawila and Trincomalee. These renovations were completed during 2023 and have given these branches a completely new look and feel.

### Investment in Fixed Assets

	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000
Additions to fixed assets	371,582	515,245	256,147	231,437	311,149
NBV of fixed assets	12,644,259	12,763,092	12,737,635	10,867,358	11,073,931

### Branch Penetration vs Population Density

Province	2023 Branch penetration (No. of branches including ABDCs, including counter at LHC)	2022 Branch penetration (No. of branches including ABDCs)	2021 Branch penetration (No. of branches including CSCs)
Western	66	68	70
Southern	32	32	33
Central	18	17	17
Northern	15	10	10
North Central	13	12	12
Eastern	11	10	10
North Western	25	24	24
Sabaragamuwa	13	13	13
Uva	10	09	09

## Projects Completed in 2023 and Plan for the Year 2024



### ▶ **Projects Completed in 2023**

- ▶ New ABDCs at Ambanpola, Kaithady, Puthukkudiyiruppu, Kodikamam, Visuvamadu, Norochcholai, Wattedgama, Hettipola (Uva), Muthur, and Galenbindunuwewa.
- ▶ Badulla branch was relocated
- ▶ 5 branches were refurbished (Kaduwela, Marawila, Chilaw, Trincomalee and Warakapola)

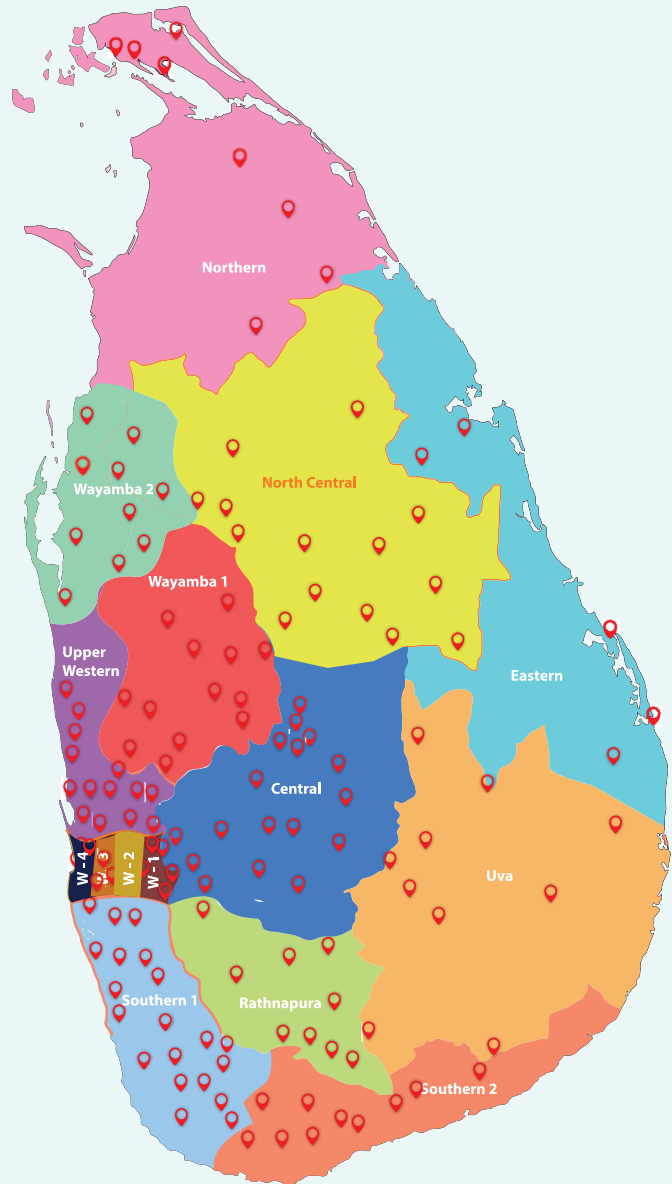
### ▶ **Looking Ahead – Plan for Year 2024**

- ▶ New branch openings – 2
- ▶ Relocations – 1
- ▶ Refurbishments – 2
- ▶ New construction project at SLIC own properties – 4
- ▶ Increasing ABDCs, we plan to broaden our network further by establishing new Agency Business Development Centres, in areas identified by the adaptation of the specific methodology, to increase SLIC's island-wide penetration.

## Manufactured Capital

### SLIC Regional Map – 2023

<b>Central Branches – 12</b>	Digana, Gampola, Kandy City, Kandy Main, Katugasthota, Kegalle, Matale, Mawanella, Mawathagama, Nawalapitiya, Piliimathalawa, Rikillagaskada
<b>ABDCs – 5</b>	Aranayaka, Bulathkohupitiya, Galagedara, Peradeniya, Wattegama
<b>Eastern Branches – 5</b>	Batticaloa, Akkaraipattu, Kalmunai, Kanthale, Trincomalee
<b>ABDCs – 3</b>	Kaluwanchikudy, Muthur, Pothuwil
<b>Northern Branches – 8</b>	Chankanai, Chavakachcheri, Jaffna, Kilinochchi, Mannar, Mullaithivu, Nelliady, Vavunia
<b>ABDCs – 7</b>	Chunnakam, Mallavi, Kodikamam, Kaithady, Visuwamadu, Point Pedro, Puthukudyiruppu
<b>North Central Branches – 10</b>	Anuradhapura, Aralaganwila, Bakamuna, Dehiattakandiya, Hingurakgoda, Horowpothana, Kaduruwela, Kekirawa, Medawachchiya, Padavi Parakramapura
<b>ABDCs – 4</b>	Habarana, Mahaoya, Galenbindunuwewa, Medirigiriya
<b>Upper Western Branches – 11</b>	Gampaha, Ja-Ela, Kandana, Kochchikade, Marawila, Minuwangoda, Negombo, Nittambuwa, Veyangoda, Wennappuwa, Yakkala
<b>ABDCs – 11</b>	Dankotuwa, Divulapitiya, Ganemulla, Kirillawala, Kirindiwela, Mahabage, Mirigama, Pugoda, Udugampola, Urapola, Weliveriya
<b>Rathnapura Branches – 10</b>	Avissawella CI, Avissawella Life, Balangoda, Eheliyagoda, Embilipitiya, Kahawatta, Kalawana, Pallebedda, Rathnapura, Ruwanwella
<b>ABDCs – 2</b>	Deraniyagala, Hanwella
<b>Southern 01 Branches – 12</b>	Aluthgama, Ambalangoda, Baddegama, Bandaragama, Elpitiya, Galle, Horana, Kalutara, Mathugama, Panadura, Thalgaswala, Udugama
<b>ABDCs – 6</b>	Baduraliya, Habaraduwa, Karapitiya, Pitigala, Thanipolghaha, Uragaha
<b>Southern 02 Branches – 12</b>	Akuressa, Ambalantota, Belliatta, Deniyaya, Dickwella, Hakmana, Hambantota, Matara, Neluwa, Tangalle, Tissamaharama, Weligama
<b>ABDCs – 9</b>	Deyyandara, Imaduwa, Kamburupitiya, Kekanadura, Middeniya, Morawaka, Suriyawewa, Urubokka, Walasmulla
<b>Wayamba 01 Branches – 10</b>	Giriulla, Kuliypitiya, Kurunegala Main, Kurunegala City, Malsiripura, Narammala, Polgahawela, Rambukkana, Rideegama, Warakapola
<b>ABDCs – 5</b>	Alawwa, Hettipola, Katupotha, Pannala, Polpithigama
<b>Wayamba 02 Branches – 10</b>	Anamaduwa, Chilaw, Dambulla, Galewela, Galgamuwa, Maho, Nikaweratiya, Puttalam, Tambuttegama, Wariyapola
<b>ABDCs – 2</b>	Anamaduwa, Norochcholai
<b>Western 01 Branches – 8</b>	Battaramulla, Colombo City Office, Dehiwala, Kirulapone, Moratuwa, Nugegoda, Pitakotte, Rathmalana
<b>Counter – 1</b>	Lanka Hospital Counter
<b>Western 02 Branches – 9</b>	Colombo Metro 1, Colombo Metro 2, Colombo Metro 3, Colombo Metro 4, Colombo Metro 6, Colombo Metro 10, Colombo Metro 11, Kadawatha, Kiribathgoda



<b>Western 03 Branches – 8</b>	Maharagama, Athurugiriya, Homagama, Ingiriya, Kaduwela, Kottawa, Malabe, Piliyandala
<b>ABDCs – 1</b>	Padukka
<b>Western 04 Branches – 7</b>	Bambalapitiya, Borella, Kotahena, Kotikawatta, Pettah, Ragama, Wattala
<b>ABDCs – 1</b>	Wellawatta
<b>Uva Branches – 10</b>	Ampara, Badulla, Bandarawela, Bibila, Hatton, Mahiyangana, Monaragala, Nuwaraeliya, Welimada, Wellawaya
<b>ABDCs – 3</b>	Hettipola, Passara, Siyambaladuwa

# Intellectual Capital



**SLIC’s intellectual capital is the result of decades of experience and learning. It is comprised of intangible assets such as technology, policies, systems and processes, and brand equity. These knowledge-based resources enhance SLIC’s value proposition and give it a competitive edge.**

## Contribution to SDGs



- Investment for the development of IT systems grew by 11% in 2023 in comparison to the previous year



- Most valuable General Insurance brand
- Most loved insurance brand

## Key Statistical Highlights

### Developing IT systems

2023	2022	Change
Rs. 203 Mn.	Rs. 183.1 Mn.	11%

## Brand Equity

SLIC holds the title of the Nation's Insurer, and the company's excellent service has enhanced its brand value despite adverse economic and social conditions. Its General Insurance brand value stands at Rs. 3.2 Bn. and the Life Insurance brand value is Rs. 2.7 Bn. Its asset base increased to Rs. 312.6 Bn. and the Life fund increased to Rs. 180.9 Bn. These accomplishments solidify the Company's position as Sri Lanka's largest and strongest insurer.



## Brand Achievements

SLIC as a brand has continued to grow in value and this is demonstrated by its winning a number of awards and accolades. In 2023, Brand Finance recognised both Life and General Insurance brands as "Most Loved Insurance Brand" of the year, an accolade that was repeated for the 6th consecutive year. General Insurance also received from



Brand Finance the "Most Valuable General Insurance Brand" of the year award for the 6th consecutive year. With its strong track record, brand image, and repository of institutional knowledge build up over the years SLIC is well positioned to deliver on its brand promise to all stakeholders. Given our size, market, knowledge, and competencies, we have been able to expand our clientele through differentiated value propositions. SLIC has a broad product portfolio to cater to the needs of its diverse clientele, supported by best-in-class service.

SLIC has a Quality Policy in place, aligned with ISO 9001:2015, which stringently implements the requirements of the ISO 9001:2015 Standard and meets the needs and expectations of SLIC customers, employees and regulatory bodies.

## Intellectual Capital

The policy epitomises the Company's goals "Customer first in everything we do". This philosophy has been internalised and implemented by all teams. The policy lays down minimum operational standards for all products, services and processes and which are implemented at all locations; the head office and branches. The standards cover life and non-life underwriting, claims, settlement, and support services.

### ICT Strategy and Policy

The ICT strategy for SLIC is built on leveraging technology to improve the go-to market speed, enhance customer experience, strengthen digital channels and streamline operations, and mitigate risks.

We prioritise data management and analytics to gain deeper insights into customer behaviour, claims trends, and risk assessment, enabling personalised offerings and proactive risk management strategies. Regular monitoring and adaptation to emerging technologies is integral to our strategy, ensuring that we remain agile and competitive in the dynamic and highly competitive insurance landscape.

### Our key focus areas and Achievements

#### Digital Customer Experience:

Digital touchpoints such as mobile apps, websites, and social media platforms enable us to provide a seamless and personalised customer experience. Customers can access policy information, make payments, file claims, and receive assistance through these digital channels with ease, leading to greater satisfaction and loyalty. Mobile app and online portals enable our valued customers to engage with us 24x7 – to pay, intimate and obtain the claim status. We enhanced our online offering beyond motor renewals and introduced policy purchase of Travel Protect and Home

Protect products during the year under review. We are expanding the online payment partnership with major banks and other digital payment aggregators.

#### Legacy System Modernisation and Cloud Adoption:

IT modernisation is essential for organisations looking to stay competitive, improve efficiency, enhance security, and drive innovation in today's rapidly evolving digital landscape. We invested in augmenting our core system with other systems via APIs with smooth integration. This helped us to improve agility, scalability, and interoperability.

We also started moving our mission-critical solutions to cloud for scalability, flexibility, and cost-efficiency. The suitability of public, private, or hybrid cloud deployment models, according to the desired functionality, were evaluated prior to the migration.

#### Digital Transformation and Operational Efficiency:

We are focused on digital transformation initiatives to adapt to changing market dynamics, customer expectations, and emerging technologies. Change management processes were implemented to ensure smooth adoption of new technologies and processes by all stakeholders.

SLIC nurtured partnerships and collaborations with technology vendors, insurtech startups, industry associations, and regulatory bodies to leverage expertise, resources, and best practices. We streamlined internal processes through automation, workflow optimisation, and integration of systems to ensure greater integrity and accuracy and enhance productivity. The introduction of IBM workflow management solution, implementation of UiPath RPA for repetitive manual work, digital signature solution and digital document management system helped us to minimise manual work and improve operational efficiency.

#### Data Analytics, Information Security, Governance and Compliance:

We utilised data analytics to gain insights into customer behavior, improve underwriting accuracy, detect fraud, and optimise claims processing.

We have implemented the latest version of IBM Cognos Analytics during 2023. The Cognos platform offers a comprehensive suite of Business Intelligence and data analytical tools, that empower SLIC to make better decisions, improve business performance, and drive growth. Its advanced analytics, reporting, and visualization capabilities, combined with self-service Business Intelligence and mobile access, make it a valuable asset for our sales team, agents, claim officers, management team and support team

We focused on strengthening the information and cyber security measures to protect sensitive customer data and prevent data breaches. As a part of this effort we have Implemented multiple protective solutions such as, Cloud-based WAF and Inhouse WAF to protect web applications, End Point Detection and Response, Enhanced Spam Gateway solution and continued vulnerability and penetration testing. All these efforts helped us to secure the ISO/IEC 27001:2013 certification, which is a testament to our relentless pursuit of excellence in information security. We recognise the importance of safeguarding our customers' sensitive information and have invested considerably in ensuring the highest data protection standards.



# Human Capital

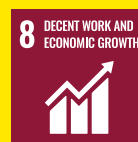


**Given the knowledge-intensive nature of the insurance industry, the quality of our human resources is of paramount importance. Our well-trained professional team, whose skills are continuously updated, ensures that we stay ahead of the competition. Thanks to the dedication of our staff, our products are recognised throughout the country.**

## Contribution to SDGs



- Employee physical well-being, special health and safety policy
- Employee training programmes conducted



- Diverse and inclusive growth



- Employee training programmes conducted



- Maintain employee age diversity
- Maintain strong regional representation in work force
- Transparency and impartiality in recruitment process



- Maintain gender balance – 56% to 44%

## Human Capital

### Our HR practices

Our HR practices are built on a foundation of concern for human rights. Non-discrimination and equal treatment; and ethics and integrity; are all part of SLICs Human Resource Strategies.

Our HR strategies and policies are detailed below.

<i>Policy</i>	<i>Implementation</i>
Non-discriminatory and equal opportunity employment	The Company maintains a nondiscriminatory policy at all stage of the employee life cycle, from recruitment to retirement
Diversity and inclusion	<p>SLIC has created an environment where all employees are treated equally regardless of race, religion, gender, or age.</p> <p>We strive to provide whatever possible opportunities for disabled people.</p>
Health and safety	<p>Given the nature our industry, employees are not exposed to major occupational risks. Nevertheless, we make our working environment as safe as possible. SLIC has a comprehensive health and safety policy in place to facilitate maintaining of employee's health. Assessing of risks is done in consultation with many stakeholders.</p> <p>SLICs Risk Management Department carries out regular assessment of health risks and takes corrective action.</p> <p>The HR Department, in coordination with other Departments, carries out programmers to raise health and safety awareness.</p>
Ethics and integrity	<p>We instil the importance of carrying out all their duties in the most ethical manner, in our employees. Our code of conduct is disseminated to all employees, and all are expected to adhere to it, as well as to the terms and conditions laid down in their letters of appointment.</p> <p>We strictly prohibit all forms of child labour, forced labour, and compulsory labour.</p>
Employee Grievances	<p>SLIC has a comprehensive procedure for handling employee grievances, which any employee may avail himself without any fear of adverse consequences.</p> <p>This may be used in connection with both personal and official grievances, and individual or group issues.</p> <p>Procedures to report grievances and deal with grievances are clearly laid down. A Grievance Handling Committee handles grievances, under the auspices of the Human Resources Board Sub-Committee. These committees have a good knowledge on the kinds of grievances that may arise.</p>
Recruitment strategies	<p>Recruitment policies and procedures have been crafted to ensure that all employees have the necessary knowledge, skills, experience, attitudes, and aptitudes. To ensure this new recruits have to complete a series of aptitude tests. When recruiting we are conscious of the demands the face paced nature of the industry places on employees.</p> <p>When recruiting, the first preference, is always given to internal applicants. Outsiders are considered only if no suitable internal applicant is available.</p> <p>Recruitment panelists include both subject matter specialists and members of the senior management team. All panel evaluations follow pre-set standards. Following standards and transparency in the process is ensured by an HR representative being present at all interviews. An induction programme is conducted for all new hires to help them get acquainted with the Company and get inculcated into the SLIC culture.</p>

<i>Policy</i>	<i>Implementation</i>
Retention and succession	<p>Retaining talented staff is imperative given the competitiveness and fast moving nature of the industry, and the need to maintain brand image. We not only strive to retain them, but also seek to groom them into future leaders of the Company.</p> <p>SLIC has a systematic succession plan that also is a motivating factor for talented and committed employees. Our Performance Appraisal System selects promising employees for inclusion into a talent pool. The talent pool is a group of outstanding performers who will be potential candidates to fill vacancies when they arise. Members of the talent pool are given the opportunity of participating in hard and soft skills training and mentorship programmes.</p>
Benefits	<p>To retain and motivate employees we offer remuneration packages that is competitive with the best the market has to offer. We also offer our employees a diversity of benefits other than their basic remuneration.</p> <p>The Company adjusts its practices keeping in mind any hardships employees may be facing. During the energy crisis we introduced flexible working hours.</p> <p>SLIC scrupulously adheres to all statutory provisions relating to working conditions, to ensure the well being of employees. This includes maternity benefits for female employees. The employees have the option of requesting an extended period of up to two months without pay. Genuine requests for paternity leave are considered favourably. The Company also provides medical coverage for all employees and their families.</p> <p>Work-life balance of our employees is an area we are greatly concerned with. For their physical and mental well-being, we provide a well-equipped gymnasium and yoga classes. The gym is staffed with a qualified instructor who provides guidance.</p> <p>We maintain three holiday homes in Nuwara Eliya, Anuradhapura, and Kataragama which are available for use by our employees. These homes are equipped with all modern facilities and are staffed by competent care takers.</p> <p>The Company provides educational support for employees' children, including seminars for students sitting for the Grade 5 Scholarship Examination.</p> <p>In line with our vow of being 'like a father, like a mother' SLIC also takes a sympathetic approach at times of bereavement and extends a helping hand. The Company provides death benefits, as well as emotional and psychological assistance to employees and their families.</p> <p>Our staff have the use of a library with about 1,800 books, both fiction and non-fiction. The non-fiction section includes books on insurance, management, finance, marketing, and sales. This gives them an opportunity to broaden their knowledge.</p>

## **Key Statistical Highlights**

### **Staff by Category**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Permanent staff	2,514	2,513	2,535	2,517	2,527	2,511
Contract staff	170	130	232	109	133	192
<b>Total</b>	<b>2,684</b>	<b>2,643</b>	<b>2,767</b>	<b>2,626</b>	<b>2,660</b>	<b>2,703</b>

## Human Capital

### Age Analysis

Age group	Male	Female	%
18-24	26	22	1.8
25-29	158	144	11.3
30-34	222	209	16.1
35-39	253	178	16.1
40-44	292	87	14.1
45-49	206	94	11.2
50-54	208	246	16.9
55 and above	132	207	12.6
<b>Total</b>	<b>1,497</b>	<b>1,187</b>	<b>-</b>

### Service Analysis

No. of years working at SLIC	Male	Female	%
0-5	450	170	23.1
6-10	191	198	14.5
11-15	344	213	20.8
16-20	277	91	13.7
21 and above	235	515	27.9
<b>Total</b>	<b>1,497</b>	<b>1,187</b>	<b>100.0</b>

### Employment by Grade and Gender

Grade	Number			Composition %	
	Male	Female	Total	Male	Female
Senior Managerial	79	23	102	77	23
Managerial	260	94	354	73	27
Assistant Manager	102	49	151	68	32
Executive	293	482	775	38	62
Clerical	421	514	935	45	55
Technical	171	0	171	100	0
No-clerical	103	11	114	90	10
Minor	68	14	82	83	17
<b>Total</b>	<b>1,497</b>	<b>1,187</b>	<b>2,684</b>	<b>56</b>	<b>44</b>

### Career development to enhance workforce productivity

Our employee development programmes have been drawn up to align with SLICs growth. The training needs of the Company are identified by the Performance Appraisal System, and we have developed a mechanism to prioritise and implement these training needs. The results in terms of skills and competencies developed are regularly assessed.

We also have a Succession planning and Talent Management Pool Plan, and to support this we have developed a training module to develop potential leaders from each Department. We also support professional development of our staff by providing financial support for employees who wish to obtain further qualifications. We also reimburse professional membership fees to support continued professional growth.

### **Investment in Training and Development**

Type	2023	2022	2021	2020	2019	2018
In-house training	21,488,933	2,080,506	477,840	302,824	947,986	842,144
External training	6,830,005	1,602,150	2,769,290	556,229	1,988,299	5,149,425
Conferences	3,465,995	909,200	365,000	25,500	749,754	1,476,997
Overseas training	9,810,674	8,176,832	-	-	15,580,659	8,928,357
Insurance and professional education	1,538,880	2,019,958	4,182,678	27,134	3,900,245	3,976,954
Professional memberships	2,762,697	1,642,958	1,981,787	1,583,682	1,670,787	3,912,257

### **Reimbursement of Examination Expenses**

Type	2023	2022	2021	2020	2019	2018
Total investment on employees	9,399,523	5,413,208	3,247,130	3,050,559	3,926,293	2,962,147

### **Training Programmes**

Type	2023	2022	2021	2020	2019	2018
Number of programmes	81	97	70	85	186	163

### **Induction Programmes**

Type	2023	2022	2021	2020	2019	2018
Number of programmes	4	2	2	-	3	8

### **Recognition and Rewards**

To drive our Company's performance, we have put in place a reward system which aligns with the Company's growth and development needs. This alignment is achieved through a Performance Appraisal System which has been developed to cater to both growth needs-corporate and individual. The PAS is built on the ethos of "striving for excellence". It evaluates all employees fairly and transparently. All employees are required to complete a bi-annual self-evaluation, where they have the opportunity of grading their own performance against pre-sent KPIs.

Thereafter employees go through a performance appraisal with their line manager. This gives an opportunity for a comprehensive and open discussion on performance, training needs, and long-term career goals. Employees who obtain a low rating have the opportunity of availing themselves of additional help. In such situations the HR Department will provide a customised individual development plan, in cooperation with the immediate supervisors.

Based on the outcomes of performance appraisals, salary increments are

awarded to employees based on their final achievements. This initiative was launched in 2023 and achieved significant success, playing a crucial role in fostering a performance-driven culture within the organization.

### **Outstanding Employee's Award Scheme**

The Outstanding Employee's Award Scheme, introduced in 2022, culminated in a grand award ceremony held on December 5, 2023, at the Cinnamon Grand Hotel. During this event, awards were bestowed upon

## Human Capital

three all-round winners and five category winners. The scheme was implemented as part of the company's three-year Corporate Strategic Plan, specifically addressing the need for a comprehensive employee recognition and empowerment program at SLIC.

This platform is accessible to all staff members, excluding sales categories and senior management from the Head Office and Branches. Its purpose is to enhance employee contributions across the company's value chain in a structured manner. By recognising and motivating the Human Capital of the organization at various levels, the Outstanding Employee's Award Scheme aims to bridge the gaps in rewarding and empowerment areas.

### Other Significant Statistics

#### Employees by Region

Region	Number
Central	169
Eastern	47
North Central	80
Northern	55
Ratnapura	93
Southern 1	150
Southern 2	121
Upper Western	147
Uva	110
Wayamba 1	119
Wayamba 2	81
Western 1	99
Western 2	61
Western 3	85
Western 4	63
Head Office	1,204
<b>Total</b>	<b>2,684</b>

#### Employee Recruitment

Age Group	Male	Female	Total	%
18-24	19	13	32	23
25-29	34	18	52	37
30-34	17	4	21	15
35-39	12	3	15	11
40-44	11	3	14	10
45-49	5	1	6	4
50-54	0	1	1	1
55 and above	0	0	0	0
<b>Total</b>	<b>98</b>	<b>43</b>	<b>141</b>	

#### Employee Turnover

Age Group	Male	Female	Total	%
18-24	13	17	30	13
25-29	31	18	49	21
30-34	23	16	39	17
35-39	15	9	24	10
40-44	16	10	26	11
45-49	12	2	14	6
50-54	7	4	11	5
55 and above	13	23	36	16
<b>Total</b>	<b>130</b>	<b>99</b>	<b>229</b>	

#### Staff Retention Rate

	2023	2022	2021	2020	2019	2018
Number of staff	2,684	2,643	2,767	2,626	2,660	2,703
Staff retention rate %	91.4	95.4	96.2	98.0	91.5	97.3

# Social and Relationship Capital



**Social and relationship capital refers to the networks and relationships that SLIC has with its diverse stakeholder groups, including customers, partners, suppliers, and regulators. These relationships create value for both the organisation and the stakeholders, and SLIC strives to build robust and trust-based relationships with each group that are mutually beneficial.**

## Contribution to SDGs



- A diversified set of risk protection and life investment solutions



- Comprehensive coverage for health needs



- Agents career path



- Systematically operating agents' development model



- Innovative tailor-made insurance solutions
- Mobile and other payment solutions
- Hybrid channels



- Inexpensive and comprehensive "Insurance for all" concept



- Motor Plus Road Safety Heroes
- Free Life Insurance on World Children's Day



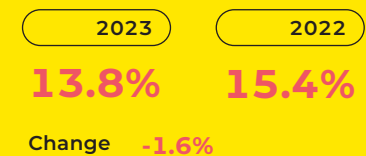
- 2.26 million customers across Sri Lanka
- Sri Lanka Insurance Motor Plus – No 1 vehicle Insurance
- Special customer complaint Management system



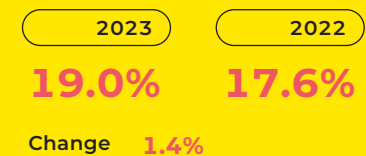
- Partnerships with Mobitel, People's Bank, Bank of Ceylon, Lanka Hospitals – for boosting payment solutions
- Strategic partnership with SLMA – to promote health and safety
- Bancassurance Partnerships

## Key Statistical Highlights

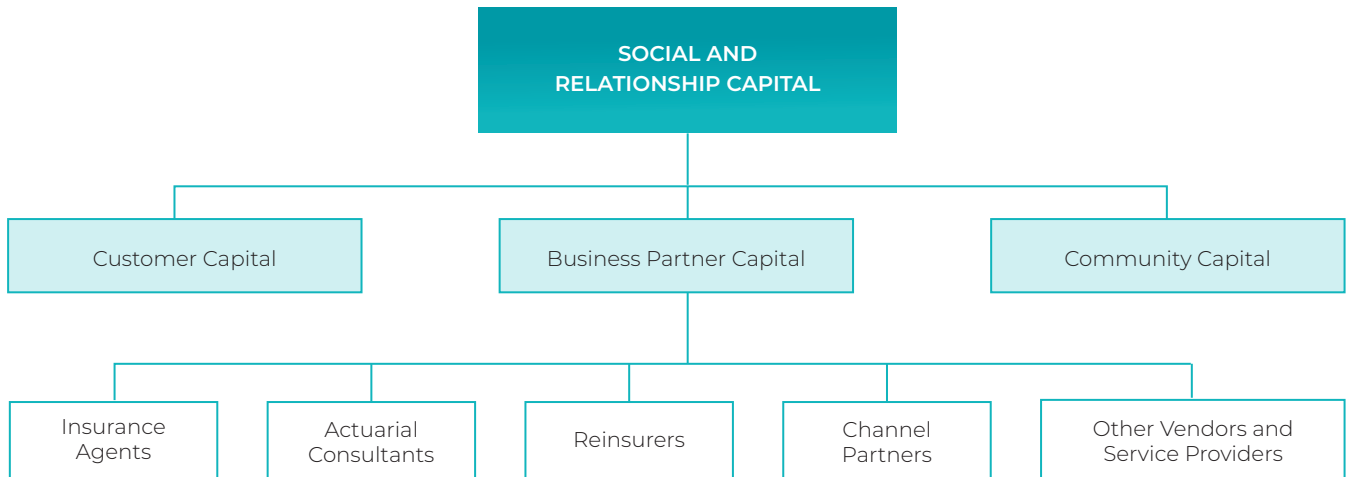
### SLIC's market share (Life business)



### SLIC's market share (Non-life business)



## Social and Relationship Capital



### Value Addition to Customer Capital

#### **Driving Customer Capital Towards Value Creation**

To drive customer capital towards value creation, SLIC focuses on understanding the wants, needs, and preferences of its customers to compete in the marketplace and increase its market share. To increase our revenue streams, we need to attract new clients in addition retaining our existing ones. To achieve this, SLIC offers a wide range of risk protection and life investment products that are unique and affordable for all Sri Lankans. In keeping with our vow to remain by their side “like a father – like a mother”, our product portfolio is designed to cater to the diverse needs of individuals, SMEs, micro-entrepreneurs, government institutions, and major corporations.

#### **A Varied and Distinctive Product Portfolio**

The product offerings are divided into categories of protection/investment products, retirement plans, education plans, health plans, micro-insurance, employee-related covers, mortgage, and online solutions. Each product is tailored to meet the specific needs of its target customers, providing comprehensive protection and

benefits that are unmatched in the industry. SLIC's commitment to its clients through product offerings designed to provide excellent customer Experience and ensure customer satisfaction and the company's focus on creating value for its customers through its products and services have helped it attract and retain clients, making it a leading provider of insurance in Sri Lanka.



## Life Insurance Product Portfolio



### PROTECTION SOLUTIONS



### INVESTMENT SOLUTIONS



### HEALTH INSURANCE SOLUTIONS



### EDUCATION SOLUTIONS



### RETIREMENT INSURANCE SOLUTIONS



### ONLINE SOLUTIONS



## Social and Relationship Capital

### Life Portfolio

Product Category	Target Customers	Solutions	Description
Protection/ Investment	Customers who seek to enjoy both protection and investment benefits through their cover	<a href="#">Divi Thilina Protection Plan</a> <a href="#">Speed Investment Plan</a> <a href="#">Early Cash Advance Benefit Plan</a> <a href="#">Jana Diri – Two Year Relief Plan</a> <a href="#">Wealth Plus – Limited Premium Plan</a>	Customers can choose these products that offer the highest returns in the industry and can customise them to suit their individual needs.
Retirement	Customers who wish to plan for their retirement in advance	<a href="#">Freedom Retirement Plan</a> <a href="#">Freedom Single Premium Plan</a> <a href="#">Freedom Lifestyle Plus</a>	Customers can opt for our retirement plans designed to help build a guaranteed retirement fund with a range of additional benefits.
Education Plan	For customers with children, to cater to their needs from birth to completing their higher education	<a href="#">Minimuthu Dayada</a> <a href="#">Minimuthu Children's Policy</a> <a href="#">Minimuthu Parithyaga</a> <a href="#">School Fee Protector</a>	Customers can choose an education plan that will help to build a fund that secures the child's future education dream and provide comprehensive protection to ensure uninterrupted education for the child.
Health	General public who seeks protection during critical surgeries	<a href="#">Surgical Plan</a>	Customers can obtain a comprehensive coverage for their surgical requirements up to a pre-determined maximum limit.
	General public with health expenditure concerns predominantly for private health care	<a href="#">Comprehensive Health Plus</a>	Customers can opt for a plan that covers surgical, medical, and hospitalisation costs both in Sri Lanka and abroad with a range of additional benefits.
	Persons with diabetes	<a href="#">Comprehensive D+ Plan</a>	Customers who suffer from diabetes can enjoy peace of mind knowing that they are able to receive the best medical and hospital treatments.
	General Public with health expenditure concerns predominantly for public health care	<a href="#">Hospital Cash Plan</a>	Customers can receive fixed financial coverage for each day they are in the hospital, regardless of actual expenditure.
Micro Insurance	Communities who are in need of Life Insurance but do not have the financial strength and knowledge to obtain the necessary covers	<a href="#">Jeevana Shakthi</a> – for tea plantation workers	Communities without the financial strength and knowledge on life insurance can benefit from the micro insurance covers designed to offer a significant life and health cover along with additional covers for specific problems that affect each community.
Employee-related	Staff of companies	<a href="#">Group Protect Term Policy</a>	Customers can cover the entire staff of their organisations under one insurance to create a greater sense of security and belonging inside the Company.
Mortgage Protection	Loan borrowers who obtain loans from banks/financial institutions	<a href="#">Mortgage Protection Plan</a>	Customers can protect a mortgage performed in conjunction with a home loan or any other loan against the risk of the borrower's death or total and permanent disability during the policy's term.
Online Solutions	Digital savvy consumers who seek to obtain Life Insurance with improved convenience and transparency.	<a href="#">Early Cash Online</a>	Customers have improved convenience and transparency with plans designed to offer an end-to-end digital experience with simplified processes and faster turnaround times and the assured protection of Life Insurance.



HEALTH INSURANCE SOLUTIONS



BUSINESS INSURANCE SOLUTIONS



MOTOR INSURANCE SOLUTIONS



HOUSE HOLDERS INSURANCE SOLUTIONS



TRAVEL INSURANCE SOLUTIONS



PERSONAL ACCIDENT INSURANCE SOLUTIONS



## Social and Relationship Capital

### General Insurance Product Portfolio

Product Category	Solutions	Target Customers	Description
Individual Medical Insurance	Medi 60	Senior citizens (between the ages of 60 and 70 years)	Medi 60 is a health insurance policy designed to cater to the needs of senior citizens. It offers three packages for the customers to choose from based on their financial investment and can be renewed upto the age of 80 years.
	Medi Plus	Sri Lanka citizens between the ages of 18 and 59 years	Sri Lanka citizens between the ages of 18 and 59 years can purchase an individual health insurance policy which covers a wide range of in-patient health insurance needs. The policy is renewable annually and includes a special no-claim bonus that increases the sum insured of the policy every no-claim year.
Motor	Motor Plus Ladies Only	Ladies who own private cars and private dual-purpose vehicles	Ladies who own private cars and private dual-purpose vehicles can buy a motor insurance policy that contains special features catering to their specific vehicle insurance needs.
	Motor Plus Tuk	Tuk drivers	Motor insurance policy designed to cater to the insurance needs of the three-wheels segment.
	Motor Plus Rider	Riders	Insurance policy designed for motorcyclists.
	Motor Plus Commercial	Owners of commercial vehicles	Provides exclusive motor insurance coverage for commercial vehicles (hiring cars, dual-purpose vehicles, private and hiring lorries) that contribute to the nation's economy.
	Motor Plus Drive 60	Motor Insurance Cover for senior citizens	<p>The following special benefits are offered under Drive 60 insurance product:</p> <ul style="list-style-type: none"> <li>● Free towing covers up to Rs. 10,000</li> <li>● Call and move facility for vehicles above sum insured of Rs. 5 Mn. (private car and private dual-purpose vehicles)</li> <li>● Cashless repair facility from SLIC registered garages</li> <li>● Bee Express fast track settlement facility for claims below Rs. 100,000</li> <li>● Waiving the after-repair inspection for claims under Rs. 100,000</li> <li>● Special repair offers for claims</li> <li>● Waiving off salvage parts for claims below Rs. 50,000</li> <li>● Discounted packages from hospitals and pharmacies</li> <li>● Discounts up to 75% (70% NCB and 5% MR)</li> </ul>
	Motor Plus Pinnacle	Premium vehicle owner market segment	Sri Lanka Insurance Motor Plus Pinnacle is a premier motor insurance product that provides comprehensive coverage against a wide range of risks. It also offers enhanced personal accident cover, roadside assistance cost reimbursement, hassle-free claim process, and premium add-on options. With SLIC Motor Plus Pinnacle, consumers can expect a level of service that surpasses all expectations, setting new benchmarks in the local insurance landscape.

<i>Product Category</i>	<i>Solutions</i>	<i>Target Customers</i>	<i>Description</i>
Householders	Burglary Insurance	Home owners	Protects your house and family from property loss or damage caused by break-ins.
	Fire Insurance for Dwelling Houses		Insures your house, whether it's finished, occupied, or under construction, from a variety of fire and fire-related risks.
	Home Protect Insurance		Covers your home, your family and your valuables and your domestic staff in the event of a disaster.
	Home Protect Lite		First-loss basis pre-underwritten householder insurance policy. This can be purchased over the counter.
Travel	Travel Protect	For all travellers	Provide coverage against medical emergencies, trip cancellation, lost baggage, or unforeseen travel disruption and ensures travellers focus on enjoying their trip without any hassle.
Personal Accident	<i>Jana Rekuma</i>	Labour force of Sri Lanka	Provides comprehensive coverage for individuals against accidents that can happen anywhere and anytime (24x7 worldwide)
<b>Business</b> Property	Insurance for Business Premises	Business owners	Provides coverage for loss or damage to your industrial or commercial property.
	Sri Lanka Insurance Business Club Traders Combined Insurance Policy	SME sector	Provides them with a comprehensive and holistic solution in one policy, including fire and allied hazards, plate glass, money, electronic equipment, and stock deterioration insurance and other related perils.
	Tea Factory Insurance	Plantation Sector in Sri Lanka	Includes tea plantations, factories, and storage, as well as risks to their machinery, structures, stocks, and ongoing activity.
	Hoteliers Comprehensive Insurance	Hoteliers in Sri Lanka	A comprehensive insurance coverage for hoteliers in Sri Lanka because the tourism business encounters unique obstacles over time.
	Contractors All Risks Insurance	Contractors undertaking construction projects	A comprehensive insurance for contractors to address the multiple risks involved with today's fast-paced and high-demand construction business.
	Erection All Risks Insurance	Construction Projects	Covers machinery and equipment installations.
	Electronic Equipment Insurance	Business premises and factories	A custom coverage that protects your company from risks that could damage your electronic gear and tools.
	Machinery Breakdown Insurance	Business premises and factories	Coverage for unforeseen and sudden physical loss or damage to insured items, allowing for urgent repair and/or replacement.
	Contractors Plant and Machinery Insurance	Construction projects	Provides protection for contractors' plant and machinery against all types of risks encountered on the job site.

## Social and Relationship Capital

Product Category	Solutions	Target Customers	Description
	Deterioration of Stock Insurance	Business premises and factories	Covers the risks of even minor temperature changes in cold storage for items like food, pharmaceuticals, etc., owing to mechanical problems, as well as the quick deterioration of such commodities under unforeseen circumstances.
	Machinery Loss of Profits Insurance	Business premises and factories	Covers the actual loss of gross profit suffered as a result of disruptions (machinery failure in any manufacturing or industrial facility disrupts routine operations and damages income streams) caused by machinery.
Marine	Marine Hull and Machinery Insurance	Fishing boat owners and owners of vessels	Provides total protection for the hull and machinery of ocean-going and other boats/vessels operating on waterways from damage caused by various types of risks.
	Marine Cargo Insurance	Exporters and Importers	Designed specifically to meet the regulatory requirements of exporters and importers.
Employee Related	Workmen's Compensation Insurance	Factories, manufacturing companies, and offices	Highlights employer responsibilities under the recently updated Workmen's Compensation Act No. 10 of 2005, which provides compensation to workers injured while on the job.
	Personal Accident Cover	Factories, manufacturing companies, and offices	Provides compensation for death and bodily injuries caused by assault, accident, or other external and visible methods and protects the policyholder in the event of such unforeseeable events.
	Group Medical Insurance	All types of organisations/ companies	Group medical insurance provides coverage for the employee, management and the board of directors of companies/ organisations against medical and health-related perils.
Special Motor Categories	Motor Fleet Solutions	Individual and company-owned car fleets	Accident risk and damage coverage for corporate-owned car fleets.
	Agricultural vehicles and Special vehicles	Individual and company-owned agricultural or special vehicle types	Agricultural and special vehicle insurance solutions are designed to cater the specific need of the respective category considering the nature of usage of the vehicle and vehicle type.

### Other Policies

- Bankers Indemnity
- Rubber Factory
- Professional Indemnity
- Aircraft Insurance
- Public Liability
- Products Liability
- Pet Insurance

### New Products/Services Launched to the Market in 2023

#### Wealth Plus Relaunch

SLIC has introduced Wealth Plus, which offers a 5-year premium payment term for a protection of 10, 15 or 20 years. The product has been relaunched with the addition of 3 and 7-year payment term options, providing greater flexibility and customisation to policyholders.

#### Early Cash Online

Sri Lanka Insurance has introduced an online life insurance product – Early Cash Online. The product offers an end-to-end digital customer experience and allows policyholders to customise the solution to match their exact needs with convenience and transparency.

#### Jeevana Shakthi

This product offers much-needed life and health insurance coverage for tea plantation workers and their families at a low premium. It is part of SLIC's philosophy of "Insurance for all" and its continuous efforts to introduce life insurance to various communities and groups in an attempt to ensure financial security for all Sri Lankans.

### Motor Insurance Virtual Inspection

Motor Insurance Virtual Inspection, a value-added service, is designed to provide convenience to customers who need vehicle inspections for accident motor insurance claims or after repair inspections.

The virtual vehicle repair inspection is a digital service that allows customers to upload photos and videos of their vehicle to the insurer's portal or app. A qualified inspector will assess the damage remotely and provide a detailed report. This eliminates the need for customers to visit a physical inspection centre, saving them time and effort.

The importance of this facility for customers cannot be overstated. Firstly, it saves customers time and effort by allowing them to have their vehicle inspected remotely. This eliminates the need to take time off work or make special arrangements to physically attend an inspection center. Customers

can simply upload their photos and videos to the insurer's portal at their convenience and receive the inspection report promptly.

Moreover, the virtual vehicle repair inspection offers customers the flexibility to have their vehicle assessed from anywhere at any time. This means that customers can submit their vehicle details and receive the inspection report even outside traditional working hours, or from remote locations, making the process much more convenient.

The virtual vehicle repair inspection service is also valuable for customers who have had their vehicle repaired after an accident. With the after repair inspection service, customers can upload photos and videos of their repaired vehicle, and a qualified inspector will assess the quality of the repair work remotely. This ensures that the customer's vehicle has been properly repaired, giving them peace of mind and saving them from the hassle of a physical inspection.



## Social and Relationship Capital

### Pet Insurance

Sri Lanka Insurance introduced a new insurance product within the Sri Lankan insurance market named “Petsurance,” coinciding with the observance of World Animal Day. This new insurance product is designed for pet owners to ensure their pets have insurance protection for medical treatment expenses. Petsurance covers sudden illnesses and sicknesses, with the exception of congenital and pre-existing conditions. By availing Petsurance, pet owners gain access to vital medical attention for their pets, alleviating the burden of exorbitant costs associated with such care. The primary objective of this initiative is to provide a safety net for pet owners and empower them to provide optimal care for their companion animals through this specialised insurance scheme. Petsurance initially prioritises coverage for pet dogs, and there is a possibility of expanding to include other animal companions in the future.



### Highly-Valued and Optimal Customer Convenience

We recognise the need to innovate to stay ahead of the competition as customer behaviour continues to evolve in tandem with the increasing use of smart devices and social media. In this environment, we seek to distinguish ourselves by providing unique value-added services that are as convenient as possible for our customers.

SLIC Consumer App	To view policy and product details To make premium payments for both life and general insurance policies To renew general insurance policies online To intimate motor insurance claims To locate SLIC branches in Google Maps To locate and view Motor Plus Loyalty Rewards and Life Loyalty Rewards.	
Our corporate website (www.srilankainsurance.com)	To access a variety of products and services	
Online Life Insurance products	Convenience of obtaining a Life Insurance cover from anywhere with ease and transparency	
Mobile and other payment solutions	Partnership with Mobitel	To provide a hassle free and convenient way for customers to pay their premiums using m-cash
	Partnership with People's Bank	To settle their premiums via People's Bank's network of ATMs and self-banking centres across Sri Lanka
	Partnership with the Bank of Ceylon	To enable QR-based life insurance premium payments using BOC Smart Pay
	Service Counter at Lanka Hospitals	To facilitate the purchase of insurance policies, obtain information on insurance plans and premiums



### **Responsible Marketing and Transparent Communication**

Our customer interaction strategy aims to give clear and concise information to enable customers to make decisions swiftly and conveniently. We minimise the difficulties customers may meet when faced with a multitude of options. In this regard, when designing promotional and marketing materials, we adhere to all regulatory disclosure obligations. We seek to set industry standards by giving all required and relevant information to our clients so that they may make prudent decisions when transacting with us.

Our customers receive information about our products and services through a number of channels, including both electronic and print media. Furthermore, all branch workers are taught to respond to enquiries regarding any information in a professional manner, to explain risks associated with our products and services, and to advise customers on appropriate solutions to meet their needs. The introduction of online products further strengthens the convenience and transparency offered to the customers.

### **Prompt and Effective Customer Complaint Handling**

SLIC values client feedback and has provided a number of avenues via which customers can communicate directly with the Company. These include a 24-hour call centre, our corporate website, and social media outlets. Keeping up with the latest developments, we have also introduced WhatsApp as a convenient method of connecting with us.

All client concerns about our service quality are viewed as an opportunity to improve our services and improve the convenience, reliability, and

gratification of doing business. Our well-trained resource staff makes certain that customer problems are logged, investigated, and, most importantly, swiftly addressed. We have a customer complaints management system in place that comprises a well-defined process from the time a customer complaint is received until it is resolved, and the procedure is published in the company website.

Taking a more proactive stance to improve customer satisfaction and loyalty, SLIC conducted the first Net Promoter Score (NPS) and Customer Satisfaction study focusing on a diverse cross-section of the policyholders in an attempt to identify and improve any and all shortcomings that might impact the customer delight.

### **Life Loyalty Rewards**

A widely held belief regarding life insurance is that benefits can only be received at the end of the term or at a claim. At SLIC, we are committed to also providing continued benefits to our Life Policyholders throughout the policy term, without a claim necessarily being made.

With this in mind, the Life Loyalty Reward system was launched for SLIC Life policyholders, enabling them to avail themselves of a host of offers, discounts, and value additions through our merchant partners. We continuously enhance the benefits offered through the loyalty programme by adding new partners and offers covering hotels, education institutes, restaurants, healthcare, and many other sectors.

Our customers can view the available benefits through their SLIC mobile App and redeem the benefits via the virtual loyalty card.

### **Value-added benefits for connected stakeholders**

#### **1. Introduction of the Global Recognition Initiative for General Insurance Salesmanship – Launch of the General Insurance Pinnacle Achiever (GIPA) Awards**

Sri Lanka Insurance launched the General Insurance Pinnacle Achiever (GIPA) Award, marking the first dedicated recognition and achiever scheme for general insurance sales professionals. The initiative aims to address the gap in the industry by providing a global platform to celebrate the dedication and success of general insurance sales professionals, promote their development, and set industry standards. GIPA sets six benchmarks to reveal excellence in global general insurance salesmanship, including overall volume recognition, new business contribution, recognition to business retention success, year-on-year growth, level of sustainability in the business portfolio, and position in the organisational and national ranking.

The GIPA recognition will be rolled out in phases, starting with acknowledging exceptional performance under the levels of "Achiever", "Star", and "Legend", followed by capacity-building opportunities, and eventually facilitating access to industry innovations. The company aims to work collaboratively with the wider Sri Lankan general insurance industry to leverage GIPA's potential with global partners.

## Social and Relationship Capital



The key to GIPA's success is the formation of the GIPA Council, an independent body tasked with setting evaluation parameters and ensuring the programme's adaptability across global markets. Once the multinational council is constituted, GIPA aims for rapid international expansion, leveraging support from renowned names in the global general insurance industry.

### 2. General Insurance Summit

In the vibrant realm of insurance, where achievement serves as the cornerstone and excellence sets the standard, Sri Lanka Insurance recently hosted its distinguished General Insurance Summit. This exclusive residential gathering was meticulously tailored to honor and recognise the exceptional accomplishments of its esteemed sales force, whose unwavering dedication and outstanding performance during the General Insurance Summit Sales Drive of 2021 and 2022 propelled them to the forefront of the industry.

Set against the breathtaking backdrop of Weligama Bay, the Marriott Resort and Spa provided an idyllic setting for this convergence of industry luminaries, thought leaders, and top performers. More than 300 exemplary individuals, representing diverse sales channels, convened at this prestigious venue for a comprehensive experience filled with education, networking, and celebration.

The presence of the esteemed Chairman, Chief Executive Officer, and senior leadership of Sri Lanka Insurance underscored the significance of the occasion. Their steadfast support and guidance have been instrumental in steering the organisation towards continual growth and innovation.

Throughout the summit, participants engaged in immersive workshops, thought-provoking discussions, and strategic sessions geared towards refining their skills, deepening their industry acumen, and fostering a culture of excellence. From exploring emerging trends in insurance to delving into innovative sales strategies, every facet of the summit was crafted to equip the sales force with the knowledge and tools necessary to thrive in a competitive landscape.

Beyond professional development, the General Insurance Summit offered ample opportunities for networking and camaraderie. Attendees seized the chance to cultivate meaningful connections, share insights, and commemorate their collective achievements in an atmosphere of mutual admiration and respect.

As Sri Lanka Insurance reflects on the success of the General Insurance Summit, there is profound pride and gratitude for the dedication, passion, and resilience exhibited by its sales force. Their unwavering commitment to excellence serves as a testament to the core values that define the organisation and propel it towards a future brimming with promise.

### 3. Awareness and Engagement Initiatives for Insurance Brokers

In the dynamic landscape of the insurance industry, fostering robust relationships with key stakeholders is paramount. The Sri Lanka Insurance General Team recognises the pivotal role insurance brokers play in facilitating connections between our products and services and the wider market. Our commitment to nurturing these relationships is reflected in our annual report, showcasing our continuous engagement efforts and knowledge-sharing initiatives aimed at empowering insurance brokers.

Throughout the year, the Sri Lanka Insurance General Team has prioritised proactive engagement with insurance brokers. Our team has organised a series of tailored events and knowledge-sharing forums designed to enhance understanding and collaboration. These initiatives serve as platforms for mutual exchange, where insights are shared, challenges are addressed, and opportunities are explored.

The annual calendar of events includes seminars, workshops, and networking sessions strategically planned to align with the evolving needs of insurance brokers. These events cover a wide spectrum of topics, ranging from product knowledge to regulatory updates and market trends. Noteworthy highlights from the year include:

- Interactive sessions where brokers gain firsthand insights into our diverse portfolio of insurance products and services. Through live demonstrations and detailed presentations, brokers deepen their understanding of our offerings, enabling them to better cater to client needs.

- Workshops conducted by industry experts aimed at enhancing the professional skills and knowledge base of insurance brokers. Topics such as risk assessment, claims management, and customer service best practices are meticulously curated to empower brokers with actionable insights.
- Networking Forums provided a platform for meaningful networking and relationship-building among industry peers. These forums facilitate open dialogue, fostering collaboration and synergies within the insurance ecosystem.

### **Knowledge-sharing**

In addition to face-to-face engagements, the Sri Lanka Insurance General Team is committed to facilitating ongoing knowledge-sharing through various channels. Our dedicated online portal serves as a repository of resources, including articles, case studies, and industry reports, accessible to insurance brokers round the clock. Furthermore, our team actively participates in industry conferences and webinars, contributing thought leadership and staying abreast of emerging trends.

### **Impact and outcomes**

The impact of our engagement initiatives extends beyond mere participation metrics. Through continuous dialogue and collaboration, the Sri Lanka Insurance General Team has strengthened its partnerships with insurance brokers, fostering a culture of trust and mutual support. Brokers, in turn, have reported enhanced confidence in promoting our products and services, resulting in increased market penetration and customer satisfaction.

## **4. Knowledge-Sharing and Engagement Initiatives for the Corporate Sector**

Throughout the fiscal year, the Sri Lanka Insurance General Team has demonstrated a steadfast commitment to enhancing knowledge and engagement within the corporate sector. Our series of meticulously organised knowledge-sharing and engagement sessions have been pivotal in augmenting awareness surrounding insurance products, services, and the value-added benefits they offer. These initiatives have been strategically designed to empower stakeholders with the requisite understanding to fortify the protection of their physical assets and human capital against various risks.

Covering a comprehensive spectrum of insurance domains, our sessions have delved into vital areas such as construction insurance, fire insurance, medical insurance, and cyber insurance. By focusing on these critical sectors, we aimed to enrich the product knowledge and risk protection initiatives of the corporate sector, thereby fostering a climate of resilience and preparedness against unforeseen contingencies.

Through these collaborative endeavors, Sri Lanka Insurance has not only reinforced its commitment to serving as a trusted partner in risk management but has also exemplified its dedication to empowering businesses with the insights and tools necessary for sustained growth and security. As we continue to navigate the dynamic landscape of risk management, we remain steadfast in our mission to be the cornerstone of protection for businesses across Sri Lanka.

## **Insurance Advisors**

Our insurance agents are our brand ambassadors in the eyes of our clients. We therefore ensure that they reflect the same high standards of ethics and integrity as the SLIC brand. All agents are onboarded through SLIC's Sales Agreement, which lays out the terms and conditions that all advisors must follow.

We are very conscious of the need to motivate our agents. SLIC's Agency Career Path provides for the systematic advancement of advisors and allows them to grow with the organisation. We provide all of our advisors with extra development opportunities. One channel of motivation is SLIC's internal award platforms that recognise high performers identified through the Agency Career Path programme. In addition, we ensure that SLIC's digitisation initiatives continue to benefit our agency personnel.

The Agency Development Model (ADM) has been implemented to provide a more productive and appealing development module as well as an operational structure for sales employees with SLIC agency contracts. This structure will be a supporting tool for the company's agent recruitment drive, since it provides a clear progression for new recruits and also streamlines and gives a path for existing performers to be properly positioned.

## Social and Relationship Capital

### Agency force

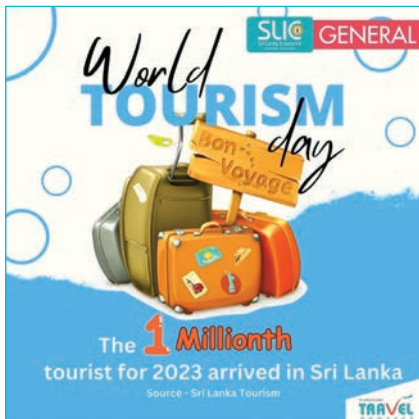
#### MDRT members from 2016 to 2023

Figures Achieved Year	2023	2022	2021	2020	2019	2018	2017	2016
Membership Year	2024	2023	2022	2021	2020	2019	2018	2017
Total Members	209	168	187	93	64	63	52	60

### Marketing Campaigns – General Insurance

#### 1. Promoting Travel Insurance Awareness: Holiday Season Campaign

Prior to the holiday season of early 2023, Sri Lanka Insurance General launched a targeted promotional campaign aimed at increasing awareness of their travel insurance product, Travel Protect. With the convenience of online purchase, these policies provided instant coverage, catering to the needs of modern travelers.



This social media campaign spanned the entirety of the holiday season, strategically leveraging digital platforms to reach a wide audience of potential travelers. Through engaging content and compelling messaging, Sri Lanka Insurance General effectively communicated the importance of travel insurance in mitigating risks and ensuring peace of mind during trips.

By emphasising the ease and accessibility of their online purchasing process, Sri Lanka Insurance General sought to empower customers to make

informed decisions about protecting themselves and their belongings while traveling. The campaign underscored the value of travel insurance as an essential component of any travel plan, offering financial protection and assistance in unforeseen circumstances.

As a result of this proactive marketing effort, Sri Lanka Insurance General successfully heightened awareness of their travel insurance offerings, positioning themselves as a trusted provider in the market. By prioritising customer convenience and safety, they reinforced their commitment to delivering reliable insurance solutions tailored to the evolving needs of modern travellers.

Looking ahead, Sri Lanka Insurance General remains dedicated to enhancing their suite of insurance products and services, ensuring that customers can travel with confidence and peace of mind. Through continued innovation and strategic marketing initiatives, they aim to further strengthen their position as a leading provider of travel insurance in the region.



#### 2. Suwa Nakatha Campaign: Promoting Health Insurance Awareness During the Awrudu Season

In its ongoing commitment to safeguard the health and well-being of its customers, Sri Lanka Insurance presented the 'Suwa Nakatha' campaign. This initiative was strategically crafted to coincide with the Awrudu season, a time deeply rooted in tradition and renewal, to enhance awareness about its comprehensive health insurance plans.

Recognising the pivotal role of health insurance in providing financial security and access to quality healthcare, the Suwa Nakatha campaign was meticulously designed to resonate with diverse audiences across Sri Lanka. Leveraging both mainstream and digital media platforms, Sri Lanka Insurance engaged with the general public to underscore the importance of proactive healthcare planning and the peace of mind that comes with being covered by their insurance.

Through compelling messaging and targeted outreach, the campaign endeavoured to demystify the complexities surrounding health insurance, making it more accessible and relevant to individuals and families alike. By highlighting real-life scenarios and emphasising the invaluable benefits of its health insurance offerings, Sri Lanka Insurance aimed to empower stakeholders to make informed decisions regarding their health and financial well-being.

Moreover, the *Suwa Nakatha* campaign served as a testament to Sri Lanka Insurance's unwavering commitment to social responsibility and community welfare. By fostering greater awareness and understanding of health insurance, they aspired to contribute towards a healthier and more resilient society, where every individual can confidently pursue their aspirations without the burden of healthcare uncertainties.

As Sri Lanka Insurance reflects on the successes of the *Suwa Nakatha* campaign, it remains steadfast in its dedication to enriching lives and safeguarding futures through innovative solutions and meaningful engagements. With gratitude to its valued stakeholders and a renewed sense of purpose, Sri Lanka Insurance looks forward to continuing its journey of empowerment and impact in the years ahead.



**3. Empowering Small and Medium Enterprises: Social Media and Digital Marketing Campaign on Sri Lanka Insurance's Shop Insurance Package Solution; Business Club**

Throughout the reporting period, Sri Lanka Insurance diligently executed a targeted social media and digital marketing campaign to promote its Shop Insurance Package Solution,

Business Club. Tailored specifically for small and medium enterprises (SMEs), this comprehensive insurance package provides essential coverage for key perils crucial to the protection of SMEs.

The campaign strategically focused on highlighting the invaluable protection offered by the Business Club insurance against various perils that SMEs commonly face. Through engaging content and targeted messaging, Sri Lanka Insurance effectively communicated the significance of safeguarding SMEs against risks such as property damage, theft, liability, and business interruption.

By emphasising the tailored nature of the Shop Insurance Package Solution and its ability to address the unique needs of SMEs, Sri Lanka Insurance sought to position itself as a trusted partner in the success and resilience of small businesses. Through compelling storytelling and informative posts, the campaign aimed to educate SME owners about the importance of comprehensive insurance coverage in mitigating financial risks and ensuring continuity in operations.

As a result of these efforts, Sri Lanka Insurance successfully raised awareness among SMEs about the benefits of the Business Club insurance, fostering greater trust and confidence in the Company's ability to protect its interests. By empowering SMEs with access to reliable insurance solutions, Sri Lanka Insurance remains committed to supporting the growth and sustainability of small businesses across the region.

Looking ahead, Sri Lanka Insurance will continue to innovate and expand its range of insurance products and services, further catering to the evolving needs of SMEs and reinforcing its position as a leading provider of insurance solutions for businesses of all sizes.



**4. Empowering Women with Tailored Insurance Solutions: Sri Lanka Insurance Motor Plus Ladies Only campaign**

In a concerted effort to cater to the diverse needs of its customer base, Sri Lanka Insurance collaborated with Barista Sri Lanka to launch an engaging initiative and digital marketing campaign aimed at increasing awareness of its unique motor insurance product tailored specifically for women, 'Motor Plus Ladies Only'.

The campaign was strategically designed to highlight the features and benefits of the Motor Plus Ladies Only insurance, offering tailored coverage options and exclusive benefits to meet the specific needs of female drivers. Through targeted digital marketing efforts, Sri Lanka Insurance effectively communicated the value proposition of this specialised insurance solution to its target audience.

An integral part of the campaign involved an on-ground promotion that took place in Barista outlets on International Women's Day. This engagement initiative provided an opportunity for direct interaction with female customers, allowing Sri Lanka Insurance to showcase the benefits of the Motor Plus Ladies Only insurance in a personalised and engaging manner.

## Social and Relationship Capital

By partnering with Barista Sri Lanka, a popular and widely frequented establishment among the target demographic, Sri Lanka Insurance was able to effectively reach and engage with its target audience. Through a combination of digital marketing initiatives and on-ground activations, the campaign successfully raised awareness about the Motor Plus Ladies Only insurance and its unique offerings tailored for women drivers.

As a result of these efforts, Sri Lanka Insurance strengthened its position as a customer-centric insurance provider committed to addressing the diverse needs of its clientele. By offering specialised insurance solutions like Motor Plus Ladies Only, Sri Lanka Insurance remains dedicated to empowering women and ensuring their peace of mind on the road.

Looking ahead, Sri Lanka Insurance will continue to explore innovative ways to enhance its product offerings and engagement strategies, further solidifying its reputation as a trusted partner in providing tailored insurance solutions to meet the evolving needs of its customers.

### 5. Strengthening Resilience Through Property Insurance

Sri Lanka Insurance undertook a strategic campaign focused on promoting property insurance, targeting both householders and businesses. This initiative aimed to underscore the critical importance of property insurance in mitigating the financial impact of unforeseen calamities.

Recognising the vulnerability of properties to various risks such as natural disasters, fires, thefts, and accidents, Sri Lanka Insurance strategically highlighted the value proposition of property insurance in providing financial protection and peace of mind to homeowners and businesses alike.

Through targeted messaging and outreach efforts, Sri Lanka Insurance effectively communicated the necessity of property insurance as a proactive measure to safeguard assets and ensure swift recovery in the aftermath of unexpected events. The campaign emphasised the comprehensive coverage options available for both householders and businesses, tailored to their specific needs and risk profiles.



By raising awareness about the benefits of property insurance and the potential risks of being uninsured, Sri Lanka Insurance aimed to empower individuals and businesses to make informed decisions about protecting their valuable assets. Through engaging content and educational materials, the campaign sought to demystify the complexities of property insurance and highlight its role in promoting resilience and stability in times of crisis.



### 6. Championing Resilience: General Insurance Awareness Campaign

Throughout the reporting period, Sri Lanka Insurance initiated a robust marketing communication campaign centered on the theme of resilience amidst challenging economic conditions. With a focus on selecting the best protection available, the campaign aimed to highlight Sri Lanka Insurance's longstanding role as the protector of the nation for over six decades.

In the face of economic uncertainties and unprecedented calamities, Sri Lanka Insurance leveraged its extensive experience and unwavering commitment to safeguarding the interests of all Sri Lankans. Through compelling messaging and strategic outreach efforts, the campaign emphasised the importance of choosing reliable insurance coverage to mitigate risks and ensure financial stability in times of adversity.

As a trusted industry leader, Sri Lanka Insurance possesses the expertise and resources necessary to provide comprehensive protection against a wide range of risks and uncertainties. Whether it's safeguarding homes, businesses, or individuals, Sri Lanka Insurance stands ready to deliver tailored insurance solutions that meet the unique needs of its diverse customer base.



By championing resilience and promoting the importance of selecting the best protection available, Sri Lanka Insurance reaffirmed its dedication to serving as a reliable partner in times of need. Through innovative marketing communication initiatives, Sri Lanka Insurance continues to empower Sri Lankans to navigate challenges with confidence and peace of mind.

**7. Enhancing Insurance Awareness: Sri Lanka Insurance’s Social Media Campaign**

During the reporting period, Sri Lanka Insurance embarked on a comprehensive social media campaign aimed at promoting knowledge-sharing on insurance benefits and the importance of insurance coverage. Through strategic content creation and dissemination, the campaign sought to educate and inform the public about the unique insurance covers available and the necessity of being adequately insured.

By leveraging the reach and accessibility of social media platforms, Sri Lanka Insurance effectively disseminated valuable information regarding various insurance products and their associated benefits. Through engaging posts and informative content, the campaign highlighted the diverse range of insurance covers offered by Sri Lanka Insurance, catering to the evolving needs of individuals, families, and businesses.

A key focus of the campaign was to underscore the significance of insurance in providing financial security and peace of mind in the face of unforeseen circumstances. By illustrating real-life scenarios and demonstrating the tangible benefits of insurance coverage, Sri Lanka Insurance aimed to empower individuals to make informed decisions about protecting themselves and their assets.

**8. Promoting Road Safety: Sri Lanka Insurance’s Social Media Campaign**

During the reporting period, Sri Lanka Insurance spearheaded a targeted social media campaign aimed at raising awareness on road safety and preventing drunken driving. Recognising the significant impact of road accidents on individuals and communities, the campaign sought

to educate and empower the public to make responsible decisions while on the road.

Through engaging content and informative messaging, Sri Lanka Insurance leveraged its digital platforms to disseminate key messages and promote safe driving practices. The campaign highlighted the dangers of driving under the influence of alcohol and emphasised the importance of refraining from such risky behavior to prevent accidents and save lives.

By collaborating with relevant stakeholders and utilising compelling visuals and storytelling, Sri Lanka Insurance effectively captured the attention of its target audience and instigated meaningful conversations around road safety. Through a combination of educational content, awareness campaigns, and advocacy efforts, the campaign aimed to foster a culture of responsible driving and promote positive behavior change among road users.

As a socially responsible corporate citizen, Sri Lanka Insurance remains committed to playing an active role in promoting road safety and preventing road accidents. By leveraging its digital presence and engaging with the community through social media, Sri Lanka Insurance continues to advocate for safer roads and healthier communities.



## Social and Relationship Capital

### Marketing Campaigns – Life Insurance

#### 1. SLIC Super Women – Women’s Day Campaign

The female advisor force plays a key role in the strategic plan of SLIC and SLIC as an organisation has been proactive in strengthening and empowering the women of this country with rewarding careers as insurance advisors. Celebrating the Women’s Day, SLIC Life introduced a special sales competition focusing on the female advisors of the company and the programme included attractive rewards for modern professional women as well as grooming and coaching sessions to help them achieve their true potential.



#### 2. Star Awards

Star Awards – the annual awards ceremony of SLIC was held at Monarch Imperial Hotel where the best performers of each branch as well as at national level were recognised for their exceptional performance during the year 2022.

#### 3. Sri Lanka Insurance Offers a Free Life Insurance Cover on World Children’s Day

Sri Lanka Insurance has always gone the extra mile, to promote the welfare of the children of this nation. In celebration of World Children’s Day 2023, SLIC offered a free life insurance cover for the parents of all the children

born on 01 October 2023. This amounted to a Rs. 1 Mn. cover for either one of the parents of the child for a period of one year to ensure a protected future for the child and around 1,000 children were covered under this special offer. This project was carried out for the second consecutive year in 2023 and SLIC Advisors visited all the hospitals in the country during this day to ensure that all eligible children received this cover.



#### 4. MDRT Conference

The 168 MDRT achievers of 2022 were rewarded with a unique experience at the MDRT conference organised at Cinnamon Grand, Colombo, where they received their cash rewards and plaques and were able to experience training sessions that help improve their business skills and lives by industry leading professionals.



#### 5. Seylan Assurance Partnership Launch

Sri Lanka Insurance has focused on developing the bancassurance channel to complement the agency channel and support the overall business achievement of the company during 2023. As part of this strategic vision, the company entered into a bancassurance partnership with Seylan Bank and the Seylan Assurance partnership was launched in the latter part of the year.





### 6. Life Congress

Individuals who performed exceptionally well during the first six months of 2022 were rewarded with Life Congress 2023, which was a 2-day residential programme held at Hilton Colombo. While the winners received their achievement certificates at this event, they also took part in valuable training and motivational sessions.



### 7. Bonus Launch

Sri Lanka Insurance Life announced the largest bonus declaration in the Sri Lankan Insurance industry with a Rs. 10.4 Bn. bonus declaration for the year 2022. The bonus declaration was launched at SLIC Head Office with the participation of SLIC management and top life policyholders. The programme was followed by island-wide business activations and door-to-door programmes where the SLIC sales team carried the message of Sure Insurance with SLIC Life to all corners of the country.



### 8. BOC Assurance Awards Ceremony

Sri Lanka Insurance has been conducting bancassurance operations at Bank of Ceylon for a number of years and in 2023 the activities were strengthened in a strategic move to support the overall business objectives of the company. As part of this programme, the BOC Assurance Award Ceremony was held where the top-performing BOC management with regard to bancassurance activities were identified and recognised along with top-performing bancassurance agents of SLIC.

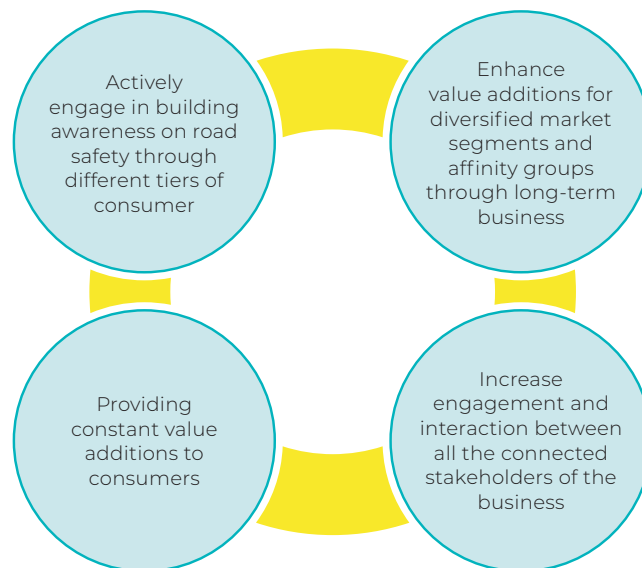


#### Future concerns

- **New product planning for 2024**

As a dynamic Organisation, we continuously evaluate the customer needs in the market and tailor our product offerings accordingly, to ensure the best solutions to our policyholders. With the insights received during 2023 and with the pandemic and economic crisis, we have identified a number of new products and product improvements that will better suit the needs of the modern customer.

#### Future Plans in Developing Social and Relationship Capital – General Insurance



# Natural Capital



**We take care to ensure our operations are conducted in an environmentally friendly manner. To this end we have continually made investments to reduce our carbon footprint.**

## Contribution to SDGs



- Through households
- Through the public sector
- Through the private sector



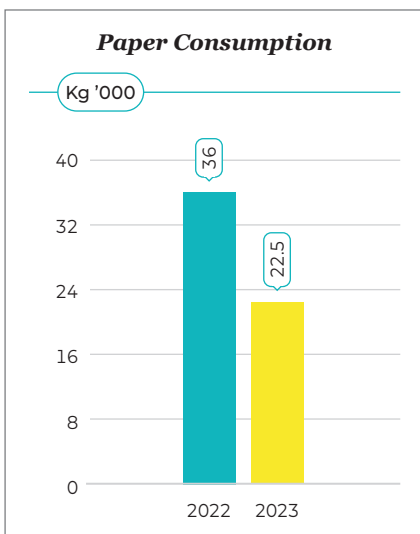
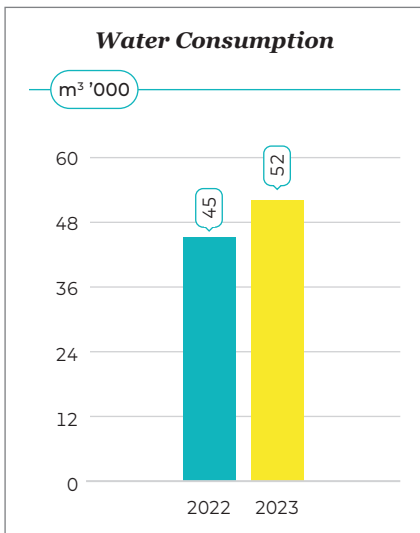
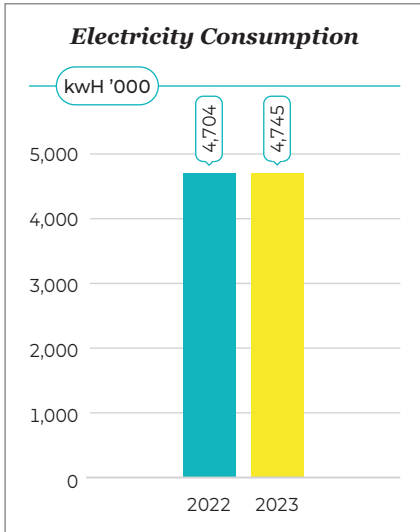
- Compliance with national environmental policy

## Key Statistical Highlights

⊕ Electricity consumption	⊕ Water consumption	⊕ Paper
Units kWh	Units m <sup>3</sup>	Units 1,000 Kg
2023 4,745,232	2023 51,875	2023 22.5
2022 4,704,441	2022 45,007	2022 36
Change 0.9%	Change 15.3	Change 0.9%

SLIC, being in a service industry, does not greatly impact the environment by its operations. Our business is information-intensive, rather than material or energy intensive. Nevertheless, our activities do have some impact on the environment by way of the electricity, water, and paper we consume and the waste paper and e-waste we generate. All these activities, directly and indirectly, do consume some natural resources.

We take care to ensure our operations are conducted in an environmentally friendly manner. To this end we have continually made investments to reduce our carbon footprint. Our focus on digitisation also contributes to our environmental efforts. Computerisation of our systems and processes and other innovations towards automation have reduced our paper consumption. We have also increased the efficiency of our operations and thereby reduced waste.



## Measures taken to conserve the environment

### 1. Compliance with Environmental Regulations

Despite the fact that SLIC, as a service organisation, is not legally subject to any environmental regulations, we still voluntarily ensure that our operations are conducted in accordance with the National Environmental Policy. There have been no instances of non-compliance with any environmental laws by the Company.

### 2. Consumption Tracking and Monitoring

We carefully track our usage of electricity, water, and generation of waste paper. This tracking and monitoring has enabled us to reduce our natural resource usage and our Carbon footprint.

One of the most significant impacts of digitisation is the reduction of paper usage. Reduced paper consumption means fewer trees need to be cut down, less energy is used in paper production, and less waste is generated.

### 3. Digitisation and Moving to Paperless Offices

**Reduced Paper Consumption:** With the advent of digital technologies, many tasks that were traditionally done on paper, such as writing letters, memos, keeping records, and back office administrative work such as HR, Finance, Procurement, etc., have transitioned to digital formats. The introduction and implementation of digital document storage, electronic signatures, and online forms have led to a decrease in the overall use of paper. By eliminating the need for paper, automation and digitisation help reduce deforestation and the carbon emissions associated with paper production, transportation, and disposal.

**Energy Efficiency:** Automation often involves the use of advanced software systems and data centers. While cloud computing and data centers enable the storage and processing of vast amounts of data, they also consume significant amounts of energy. However, with advancements in energy efficient hardware, renewable energy adoption by data centers and public cloud providers, we were able to optimise the power consumption.

**Efficient Transportation:** Automation and digitisation allowed us to conduct more tasks remotely, reducing the need for employees to travel for meetings, inspections, and other business activities. This decrease in travel leads to lower carbon emissions associated with transportation. Remote meeting and work, reduced the carbon footprint associated with commuting to and from office buildings. This also led to reductions in office space and energy consumption related to heating, cooling, and lighting.

Overall, automation and digitisation in the insurance industry have the potential to reduce carbon footprint through efficiencies and reduced paper usage. Efforts to optimise energy usage, adopt renewable energy sources, and promote sustainable practices can further enhance the positive environmental impact of automation and digitisation in insurance.

### 4. Investing in Carbon Neutrality

GHG emission assessment of SLIC is commenced in 2021 and is continually carried out; from the results of this we hope to progressively realise carbon neutrality.

#### The following are the future steps to be taken in this direction.

- We are maintaining the Carbon Footprint Certification which we won in 2021 and 2022 and are in the process of obtaining for 2023 the Greenhouse Gas Verification Opinion by complying with the requirements of ISO 14064-1:2018 verified in accordance with the specification of ISO-14064-3:2019 with a reasonable level of assurance.
- Conducting programmes for employees to raise awareness of GHG emissions and get their participation in environmental initiatives aimed at achieving carbon neutrality.

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# ***Governance and Risk Oversight***

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# Corporate Governance Report

## Chairman’s Introduction

Sri Lanka Insurance Corporation Ltd (SLIC), being a State-Owned Enterprise has entrenched sound governance practices premised on accountability, transparency, ethical management and fairness, across the business, with the purpose of having nimble and swift decision-making, which includes having a clear code of ethics and conduct, regular risk assessments, and strong financial controls.

The Management 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 “Code of Best Practice on Corporate Governance-2017”, issued by The Institute of Chartered Accountants of Sri Lanka (this code underwent revisions in November 2023).

We have embraced the fundamentals of the Guidelines on Corporate Governance and Operational Manual for State-Owned Enterprises issued by the Ministry of Finance in 2021.

As part of further strengthening the corporate governance framework, the Board has adopted a “Schedule of Matters Reserved for the Board”, which clearly articulates the matters within the purview of the Board and the matters to be delegated to the Management which further provides clarity to the stakeholders, focuses the Board’s attention on strategic matters, and mitigate risks

Over the past financial year that’s being reviewed, our approach to corporate governance involved the following:

We worked to maintain strong governance practices across the Company. The Board of Directors and its various Sub-Committees, with their combined expertise, continued

providing oversight and strategic guidance. They set clear policies and procedures to uphold our governance framework.

The Board met regularly, nearly every month, to monitor Management’s performance and ensure we’re operating effectively. Non-Executive Directors provide constructive feedback and offer specialist advice.

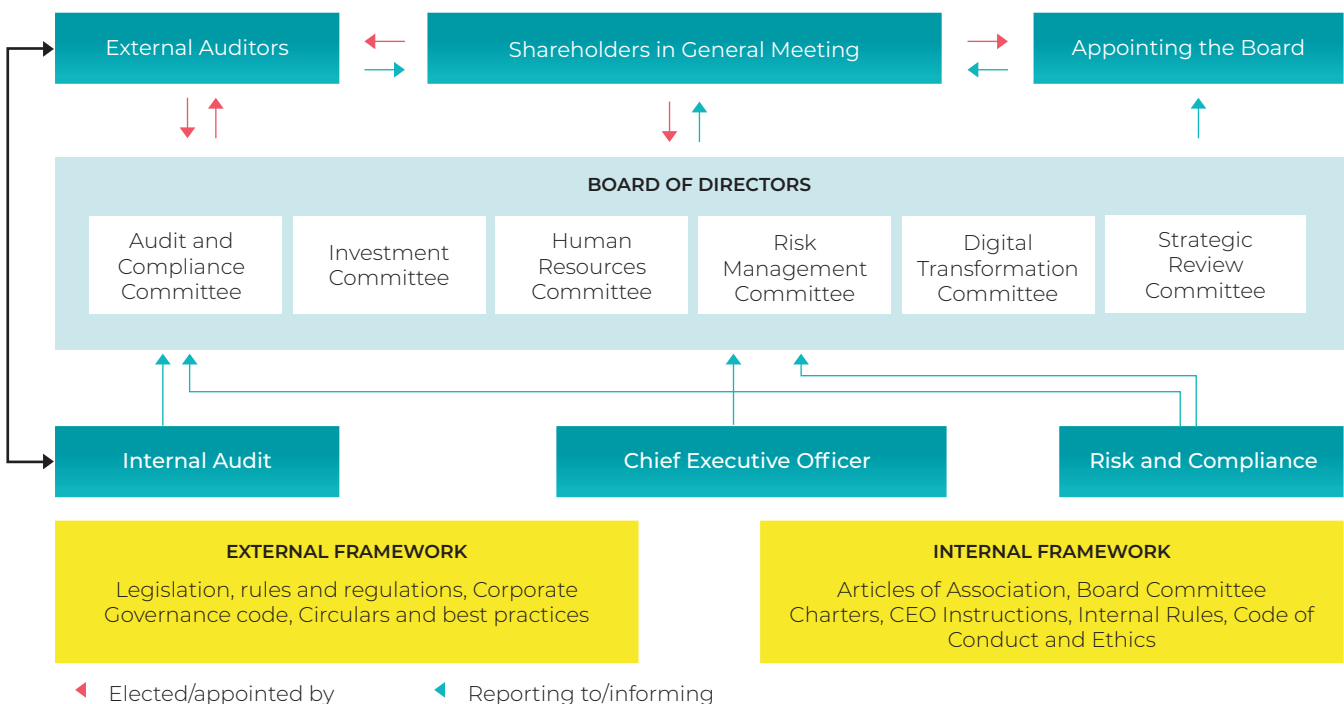
We believe robust corporate governance is vital for our long-term business success. As such, we remain committed to continuing to enhance our governance over the coming year, as you’ll see detailed in the following reports.



**Ronald C Perera, PC**  
Chairman  
31 May 2024

## Governance 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.



## Corporate Governance Report

### Board Composition and Responsibility of the Board

As of the reporting date, the Board comprised of seven Directors. The Non-Executive Directors are well-respected professionals in their respective fields. The Board's composition provides extensive relevant business experience to oversee the Company's effective operations, while each individual Director contributes a diverse range of skills, knowledge, and expertise. As a State-Owned Enterprise (SOE), the Board acts as an intermediary between the State as the main shareholder and the Company's management team.

The Board is responsible for overall stewardship and leadership, both directly and through its Sub-Committees, to deliver long-term value to stakeholders. The Board's main roles are oversight and planning. It regularly assesses the Company's financial and commercial performance. In addition, the Board reviews and assesses the adequacy of the Management of all risks to which the Company may be exposed.

### The Company Secretary

The Company Secretary holds a key responsibility in upholding the integrity of the Organisation's governance framework. The Companies Act and the Governance Code outline the obligations and duties of the Company Secretary, which necessitate taking a leading role in promoting good governance within the Company. All members of the Board of Directors have access to the advice and services provided by the Company Secretary, who is accountable to the Board for ensuring adherence to established Board procedures.

### Board and Committee Proceedings

The formation of Board committees has proven crucial in enhancing the Board's efficiency and providing added value to the Board across domains such as audit, compliance, investment, human resources, and risk management, among others. To facilitate the Board's oversight, planning, and decision-making functions, six Sub-Committees have been constituted: the Audit and Compliance Committee, the Risk Management Committee, the Investment Committee, the Strategic Review Committee, the Human Resources Committee, and the Digital Transformation Committee. These committees are governed by Board approved charters, policies, and procedures, and they render periodic reports to the Board during its meetings.

The number of Board meetings and Board Sub-Committees held during 2023 and details of attendance of each Director present at these meetings are given below:

#### Board Meetings – 2023

The Board convenes with adequate frequency to ensure the effective discharge of all its responsibilities. In the event that a Board member is unavoidably unable to attend a Board meeting, the Director may engage in discussions and share their perspectives on agenda items in advance with the Chairman, Chief Executive Officer, or the Company Secretary.

Seventeen (17) Board meetings were held during 2023

Name of the Director	Number of Meetings Attended
Mr Ronald C Perera, PC	17
Mr Anil Koswatte	16
Mr Nishantha Dayananda	17
Mr Dushmantha Thotawatte	17
Dr Kithsiri Manchanayakke	17
Mr Naomal Pelpola	14
Mr Ravindra Pathmapriya	16

#### Audit and Compliance Committee Meetings (ACCM) – 2023

There were five (05) ACCMs during the year 2023

Name of the Director	Number of Meetings Attended
Mr Dushmantha Thotawatte (Served as the Chairman of the Committee – from 31 August 2022 to 26 February 2024 )	5
Mr Nishantha Dayananda	5
Mr Ravindra Pathmapriya (Appointed as the Chairman of the Committee with effect from 26 February 2024)	5

### Investment Committee Meetings – 2023

There were twelve (12) Investment Committee meetings during 2023. The meetings were chaired by a Non-Executive Director.

Name of the Director	Number of Meetings Attended
Mr Ravindra Pathmapriya (Chairman of the Committee – NED)	12
Mr Ronald C Perera, PC	11
Dr Kithsiri Manchanayakke	11
Mr Dushmantha Thotawatte	11

### Risk Management Committee Meetings – 2023

There were three (3) Risk Management Committee meetings during 2023. The Committee has a broad membership that represents different spectrums of risk managers from finance, investments, actuarial, reinsurance, compliance, internal audit, human resources management and ICT departments. The meetings were chaired by a Non-Executive Director

Name of the Director	Number of Meetings Attended
Mr Naomal Pelpola (Chairman of the Committee-NED)	3
Dr Kithsiri Manchanayakke	3
Mr Dushmantha Thotawatte	3

### Human Resources Committee Meetings – 2023

There were ten (10) Human Resources Committee meetings during 2023. The meetings were chaired by a Non-Executive Director.

Name of the Director	Number of Meetings Attended
Mr Nishantha Dayananda (Chairman of the Committee-NED)	10
Mr Ronald C Perera, PC	9
Dr Kithsiri Manchanayakke	10

### Digital Transformation Committee Meetings – 2023

There were four (04) Digital Transformation Committee meetings during 2023. The meetings were chaired by a Non-Executive Director.

Name of the Director	Number of Meetings Attended
Dr Kithsiri Manchanayakke (Chairman of the Committee-NED)	3
Mr Ravindra Pathmapriya (Appointed to the Committee at the Board meeting held on 25 September 2023)	2

### Strategic Review Committee

The main goal of the Strategic review is to support the Company's Board of Directors, providing recommendations and Guidance to the Board, in fulfilling its supervisory responsibilities regarding the creation and execution of the company's strategic plan and risks involved, in reviewing and assessing the company's strategic decision, long term objectives, and key initiatives. The Committee has been established to encourage a collaborative and interactive strategic planning process between the Board and management.

### Other Operational Committees

In addition to the above-mentioned Board Sub-Committees, in order to assist the CEO, other operational committees include the Executive Committee (EXCO), Reinsurance Committee, Audit Follow-up Committee, the Branch Management Outlook Committee, the Legal Committee, and the Sales and 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. EXCO manages day-to-day activities of the business through developing and implementing strategy, operational plans, policies, procedures, and budgets, etc. EXCO and Board work jointly on the development and the implementation of the corporate strategy. The Committee meets monthly and otherwise as required. Meetings of the Committee are called by the Chair of the Committee who is the Chief Executive Officer of the Company, at any time to consider any matters falling within its Terms of Reference.

## Corporate Governance Report

### **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. All Directors have access to Board and respective Sub-Committee papers through an electronic platform which ensures timely and secure delivery of information to Directors whilst at the same time reducing the environmental impact of Board/committee meetings. Minutes of the all the Board Sub-Committee meetings are submitted to the Board periodically.

### **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 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 (including market risk), operational (including reputation risk) and hazard, under the "GRC-Governance, Risk and Compliance" framework.



# Audit and Compliance Committee Report

The Audit and Compliance Committee (ACC) has the primary duty of supervising the Company's Financial Statements to ensure their accuracy in reflecting the Organisation's financial position. It also ensures the Company operates ethically and adheres to regulations. The ACC is headed by the Treasury Director, and a Non-Executive Director who is also a Senior Chartered Accountant serves on the Committee. The Company Secretary acts as the meeting secretary. Despite both the compliance and audit functions reporting to the ACC, operational independence is maintained through their separation.

The ACC is assisted by senior staff with expertise in finance, auditing, and insurance to effectively carry out responsibilities like overseeing financial reporting, internal controls, compliance, and external audits.

## Terms of Reference

The Terms of Reference of the Audit and Compliance Committee of SLIC 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 (revised in 2023) and "Guideline on Corporate Governance on SOE companies issued in 2021". 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 overseeing the management of business risk, etc. The Committee is responsible for the Board of Directors and reports its activities regularly to the Board.

## Meetings of the Committee

During the financial year ended 31 December 2023, five 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 2023 is stated below:

Name of the Director	Number of Meetings Attended
Mr Ravindra Pathmapriya (Appointed as the Chairman of the Committee with effect from 26 February 2024)	5
Mr Dushmantha Thotawatte (Served as the Chairman of the Committee – from 31 August 2022 to 26 February 2024)	5
Mr Nishantha Dayananda	5

As at the reporting date, the following Non-Executive Directors serve the Audit and Compliance Committee: Mr Ravindra Pathmapriya, Mr Dushmantha Thotawatte, and Mr Nishantha Dayananda.

## Internal Audit

The Organisation maintains an internal Audit Department that is led by a qualified Chartered Accountant. The Audit Committee approved the internal Audit programme, and the committee regularly reviews and monitors the internal Audit and inspection function to ensure its independent and professional care. The Committee is satisfied that the Department possesses the requisite authority and resources to execute its responsibilities effectively. During scheduled meetings, the Committee examines reports from the Head of the Internal Audit to track the advancement of the internal audit plan and analyse significant 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 BDO 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 31 December 2023, 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 confirms that it has received adequate, trustworthy, and timely information from both the Management and External Auditors. This enables the ACC to fulfil its responsibilities effectively.

## Audit and Compliance Committee Report

### Valuation of Assets and 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 transparently reported, scrutinised, and questioned when deemed necessary by the Committee itself. Furthermore, the Committee is of the view that the procedures followed for assessing impairment are satisfactory

### Adoption of IFRS

The Audit Committee monitors the progress of adopting International Financial Reporting Standards (IFRSs) within the Organisation. The Committee regularly updates the Board of Directors on the status and advancements made in implementing these standards during periodic Board meetings.

### Independent External Advice

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

### Accessibility of Head of Internal Audit and Head of Compliance and Senior Manager Risk to the meeting of ACC

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

### Non-audit Services

This has been disclosed under the Annual Report of the Board of Directors.

### Compliance Function

The Corporate compliance function is responsible for managing the compliance programme operations and supporting policies and

procedures. Head of Compliance, Senior Manager Risk, and the Acting Chief Financial Officer, with the assistance of compliance coordinators in each department, implement the compliance programme. The reporting protocol between the Compliance Officer and the ACC addresses specific issues and risks that may arise during the year. The heads of operational departments designated as responsible officers are accountable for ensuring compliance with specific obligations. The Internal Audit department audits the Anti-Money Laundering Function annually. The Company has adopted a “stand-alone” model for compliance to manage costs efficiently while ensuring a strong independent compliance function. Compliance coordinators in each department ensure effective engagement. The Company strengthened the compliance function during the review period to adopt best practices for major operational areas. The compliance culture is infused across the Organisation so as to compliance function not to be perceived as an additional burden.

### Code of Ethics, Whistle-blowing and Fraud Management

The Company has approved a “Code of Ethics”, “Whistle-Blowing Policy”, and “Fraud Management Policy”, applicable to all employees. If an employee witnesses any unethical or illegal activity within the Company, they can report it to the Whistle-blowing Officer in accordance with the Whistle-blowing policy. The Officer will take necessary action to address the Report with the Management. The Company is dedicated to preventing, identifying, and addressing all instances all fraud through the implementation of the Fraud Management Policy.

### Risk Management

The Board has delegated the monitoring of the risk management function to a separate Board Risk Management Committee (BRMC).

The Head of Internal Audit is a member of the BRMC, and the Enterprise Risk Management Department reviews the Company's internal controls framework in accordance with the “Framework for Internal Control Systems in Banking Organisations” issued in 1998. The aim is to ensure that the internal control systems align with the risk management framework and comply with the fundamentals of the BASEL framework, which includes management oversight, risk assessment, control activities, segregation of duties, information and communication, monitoring activities, and evaluation of internal control systems by supervisory authorities. The BRMC receives periodic reviews of these controls, and policies and procedures are in place to ensure their effectiveness.

### Conclusion

The Committee is content with the Internal Audit Department and External Auditors' effectiveness and independence over the past year. They also approve of the application of the accounting policies and believe the Financial Statements of the Company to be trustworthy. Additionally, the Committee is satisfied with the Company's Compliance Framework, ensuring adherence to all relevant laws and regulations as otherwise disclosed in the Report of the External Auditors, with corrective and preventive actions taken for any non-compliances reported during the review period.

The Board approved this report on 31 May 2024.



Ravindra Pathmapriya  
Chairman – Audit and Compliance  
Committee

31 May 2024

# Investment Committee Report

## Objectives of the Investment Committee

The Investment Committee (IC) focuses on achieving optimal returns on investments within carefully defined risk and regulatory parameters. The IC ensures timely investment decisions are made in an efficient and effective manner, conforming to best practices in the industry.

## Investment Strategies

The year 2023 posed significant challenges, as the investment climate in the country was riddled with numerous great uncertainties stemming from Domestic Debt Restructuring and the widely anticipated external debt restructuring. The former unfolded while the latter is yet to materialise. Domestic debt restructuring turned out to be a soft landing and helped ease off fears that were mounting on a complete economic meltdown, in case the economy was unable to withstand the shock. What transpired subsequently was a phase of economic consolidation and recovery, where monetary policy was eased from unsustainably high levels. The IMF Extended Fund Facility program also commenced during the year, bringing in much needed confidence and boosting economic sentiment amongst existing and potential investors.

Effective and swift decision making by the Investment Committee helped lock in to attractive returns on fixed income instruments. The Investment Committee consciously extended durations of assets in order to benefit from likely monetary policy easing. Gradual recovery in the equity market also helped boost the bottom-line.

All investments are thoroughly screened by the Investment Committee prior to execution. Investment risks such as market risk, liquidity risk, credit risk and concentration risk to name a few, are given due attention by the IC as the operating environment continued to pose significant challenges.

SLIC's IC consists a blend of experienced professionals and industry experts from various disciplines. A wealth of expertise and a wide scope is brought in to the investment decision making process, where investment synergies are enhanced to optimum levels.

## Monitoring and Control

Investment performances are monitored closely and the committee stays focused on achieving investment targets. Prudent measures are adopted by Investments Front Office, Middle Office and Back Office to facilitate the investment process in an optimal manner.

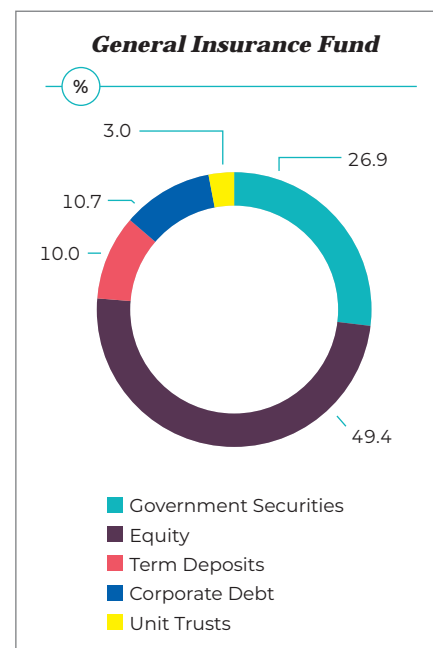
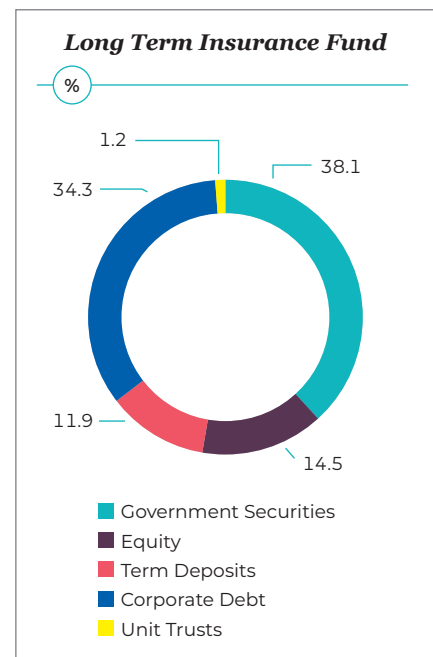
## Year Under Review – Summary of Investment Activities

The Long Term Insurance fund stood at Rs. 180 Bn., at the end of 2023, whilst the General Insurance Fund stood at Rs. 20 Bn.

## Safety and Stability of Investments

IC ensures portfolios are adequately diversified amongst asset classes, maturities and counterparts with sound credit ratings in order to minimise non-systematic risks.

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 31 December 2023 (values are based on market values).



## Investment Committee Report

### Investment Income

Total investment income for the year stood at Rs. 22.6 Bn. for Life Insurance and Rs. 6.0 Bn. for General Insurance. During the reporting period, investment income amounted 39% of the total company revenue. 52% of the total revenue for Life Insurance and 21% of the total revenue for General Insurance was generated from investments.

	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000
<b>At cost</b>			
Listed subsidiaries	2,764,196	2,764,196	2,764,196
Unlisted subsidiaries	21,059,696	20,059,696	20,059,696
<b>At net asset value</b>			
Associates	198,673	198,673	198,673
<b>Available-for-sale</b>			
Listed shares	26,067,713	12,688,899	20,373,280
Unlisted shares	5,926	7,850	7,850
Unit trusts	2,286,672	1,798,508	1,739,055
Listed debentures	29,948,862	33,756,794	39,379,579
Treasury bills	-	-	-
Treasury bonds	27,966,447	3,261,196	3,929,773
Commercial papers	16,368,416	-	-
<b>Fair-value-through-profit-or-loss</b>			
Listed shares	14,299,067	23,031,279	19,198,031
Unit trusts	2,293,571	2,732,532	3,661,785
<b>Held-to-maturity</b>			
Treasury bills	-	-	-
Listed debentures	6,043,658	2,030,137	-
Treasury bonds	66,528,073	69,802,527	60,916,652
<b>Loans and receivables</b>			
Unlisted debentures	27,384,412	23,371,379	22,343,977
Term deposits	31,916,170	22,039,325	11,590,662
Development bonds	-	19,407,639	12,756,662
Treasury bills	-	13,939	2,993,772
Commercial papers	-	-	-
Trust certificates	-	-	-
Reverse repos	-	5,378,461	12,657,269
(-) Provision for impairment	-	(2,676,149)	-
<b>Total</b>	<b>275,131,552</b>	<b>239,666,880</b>	<b>234,570,912</b>

## ALM Considerations and Product Development

Asset and Liability Management remained a key focus during the year. Following Domestic Debt Restructuring, the IC consciously decided to invest in longer duration assets as interest rates were trending down during the year under review. We expect the Sri Lankan economy to stabilise and gain traction going forward, boosting equity and fixed income returns.

Demand for the single premium investment product, Yasas remained strong.

The Investment Committee will continue to strive for even better performance during the ensuing years.

2020 Rs. '000	2019 Rs. '000	2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000
2,764,196	2,764,196	2,925,567	2,925,567	2,925,567	2,925,567	2,925,567
18,059,696	18,059,696	18,160,338	18,160,338	18,160,338	18,160,338	18,160,338
164,125	148,509	143,646	143,646	138,448	128,090	122,425
19,215,501	23,765,732	27,221,446	32,460,737	30,914,016	31,894,169	35,711,339
11,267	24,411	35,495	48,891	47,972	20,754	20,832
1,590,984	2,029,106	4,822,078	4,593,369	964,320	1,043,587	1,146,236
33,376,199	32,360,621	23,867,197	21,017,947	19,566,029	15,228,277	11,880,406
-	-	-	-	-	-	-
1,226,488	1,776,535	2,534,387	4,659,451	4,062,844	5,119,315	4,387,187
-	-	-	-	-	-	-
12,454,354	5,643,021	3,627,702	4,050,081	5,320,605	6,756,655	5,538,348
2,892,326	-	-	-	-	-	-
-	-	-	-	-	488,795	487,576
-	-	-	-	-	-	-
51,885,786	53,113,519	54,622,918	55,020,955	49,313,553	38,475,744	25,589,291
22,310,237	5,623,014	500,534	500,534	500,534	547,698	1,367,206
14,086,589	27,064,616	22,113,279	14,708,677	12,336,280	17,309,842	27,945,442
11,257,602	10,749,452	10,456,280	7,539,703	7,158,558	6,815,995	2,428,326
-	-	-	-	-	-	-
-	-	256,462	-	-	-	-
-	-	-	-	-	-	-
14,450,605	2,062,637	1,009,160	1,771,895	1,035,996	2,629,107	5,130,628
-	-	-	-	-	-	-
207,745,955	185,247,799	172,296,490	167,601,791	152,445,062	147,537,933	142,841,145

# Risk Management Report

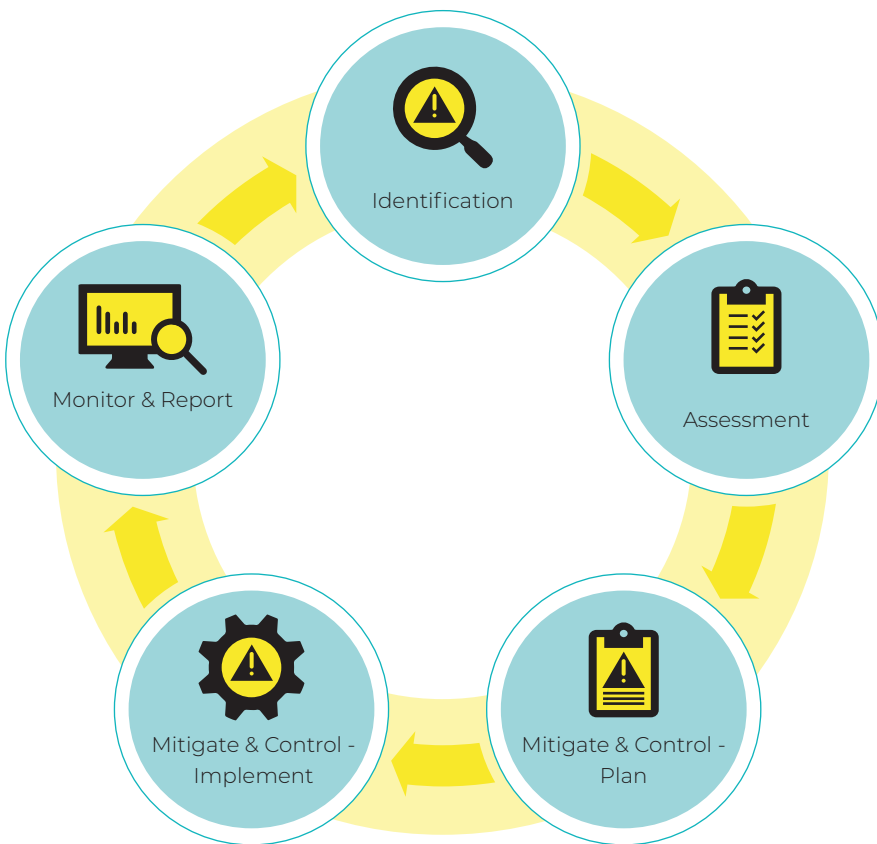
## Introduction

Moving beyond simple financial governance, SLIC has implemented a risk management framework that covers various areas, including security, IT, third-party relationships, governance risk, and compliance. The Company views effective risk management as

crucial in achieving strategic, business, and operational objectives and creating real business value. To achieve this, SLIC has developed a robust risk management framework in line with the ISO 31000 risk framework, which helps to identify, assess, and mitigate its primary business and strategic risks.

ensuring that risk management is an integral part of SLIC's organisational strategy. The responsibilities of this Sub-Committee include ensuring that risk management policies and procedures are aligned with SLIC's strategy and risk appetite and tolerance. In addition to the Risk Management Sub-Committee, the Board has appointed other Sub-Committees to assist in executing risk oversight in specific areas, including the Audit and Compliance Committee and the Investment Committee.

The framework is as graphically presented below:



During the assessment stage, the probability/likelihood of occurrence and impact of the risk will be evaluated to determine the overall risk category. This can be depicted using a risk matrix that shows how the likelihood of occurrence and potential impact relate to the overall level of risk.

## Risk Governance

SLIC's Board of Directors receives assistance from the Board Risk Management Sub-Committee in overseeing the overall risk management of the Company. The Sub-Committee plays a pivotal role in

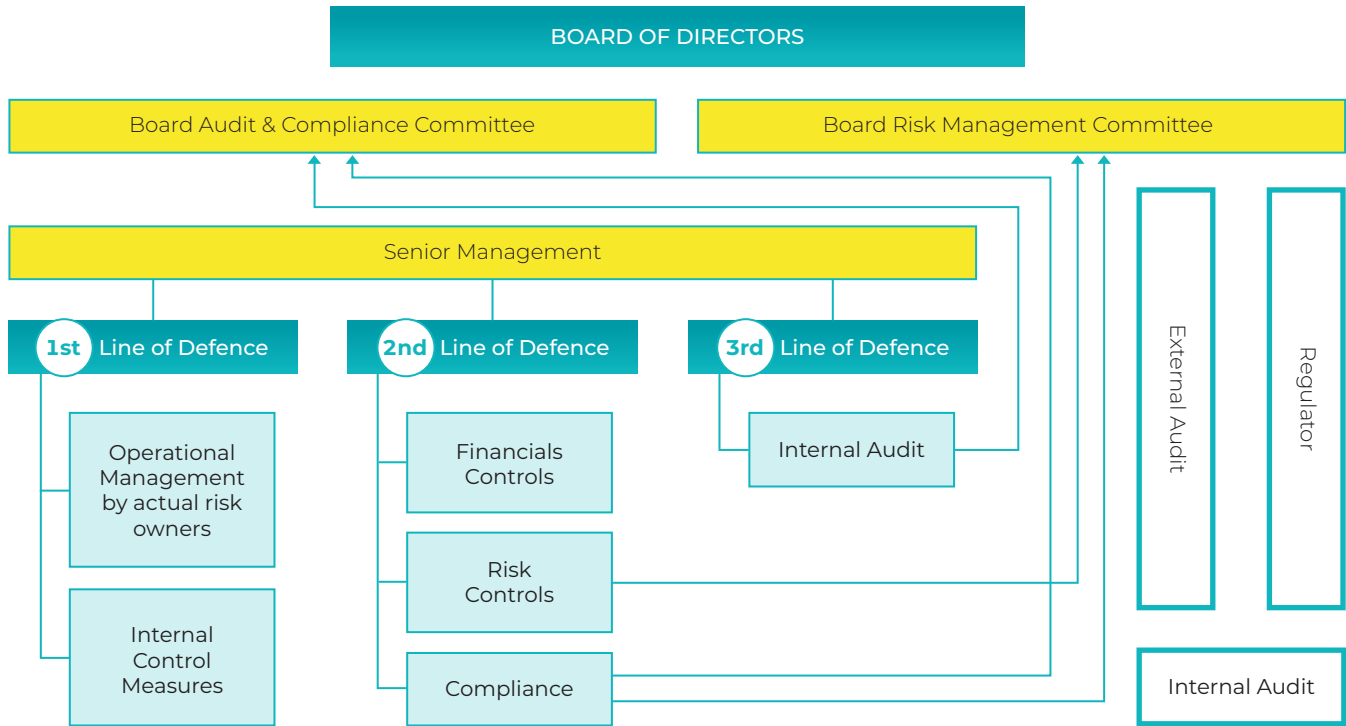
## Oversight Structure

Risk management is at the strongest stage when there are four separate and clearly identified lines of businesses, as given below:

- A. "Operational management by actual risk owners" as the First Line of Defence (owns and manage risk)
- B. "Financial controls, risk controls and compliance" as the Second Line of Defence. (oversee the risk)
- C. "Internal Audit" the Third Line of Defence (independent assurance)
- D. "External Auditors and the Regulators" as the Fourth Line of Defence (proper communication).

The Fourth Line of Defence articulation would be accompanied by a closer interaction between Internal Auditors, External Auditors and Supervisors. The main regulator of the insurance industry is the Insurance Regulatory Commission of Sri Lanka.

Reporting to the Audit Committee will ensure the independency while reporting to the Risk Management Committee will ensure that the risk agenda is not subordinate to the audit agenda.



**Risk Assessment of the Internal Control Framework**

The Company has been consistently promoting and supporting the implementation of effective risk management practices. To achieve this goal, the Company has adopted an internal control framework that follows the 13 principles of the Basel Committee on banking supervision.

**Solvency Position**

SLIC's strong risk management foundations provided a strong platform for managing risks in 2023. SLIC continued to maintain its Risk Based Capital Adequacy Ratio well above the required levels in 2023. The Risk Based Capital Adequacy Ratio for the Life Insurance business is 425% in FY2023 compared to 316% in FY2022, while the Risk Based Capital Adequacy Ratio for General Insurance business is 226.6% in FY2023 compared to 243.6% in FY2022.

**Impact of the Current Economic Elements**

The current economic elements have caused a profound impact on the insurance business. Therefore, at every BRMC, the impact of the current economic elements have been deliberated with special focus on headline inflation, food inflation, changes in employment, monetary policy, market interest rates and yield on government securities, fiscal deficit, government borrowings and debt service payments, Rupee appreciation and depreciation against major currencies, tourism earnings and workers remittances and various other such elements. Further, from the risk management perspective, we work collaboratively with the main divisions; namely, Finance, Investment, Life, Non-life and other divisions to formulate strategies to address such risk elements. The BRMC considers the restoration of the economy supported by the gradual easing of monetary policy and monetary conditions and the revival in the external sector to support Sri Lanka's economic growth.

## Risk Management Report

### Life Insurance Risk

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

Risk Type	Description	Risk Appetite
Mortality risk	The risk that actual policyholder death experience on life insurance policies is higher than expected.	Low risk
Longevity risk	The risk that annuitants live longer than expected.	Low risk
Morbidity risk	The risk that actual policyholder health/accidental related claims are higher than expected.	Low risk
Policyholder behaviour risk	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.	Low risk
Expense risk	The risk that expenses incurred in acquiring and administering policies are higher than expected.	Low risk

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

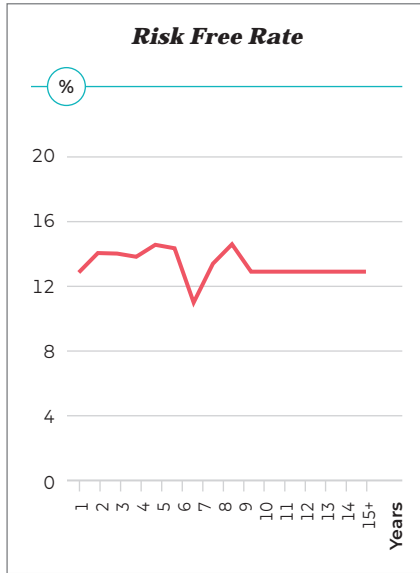
Premium Valuation" mechanism (GPV). This is required for liability valuation purpose where liability is calculated in market consistent manner. This means that GPV is based on the explicit estimates for mortality, morbidity, expenses, lapses and risk free interest rate structure is used for discounting 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.

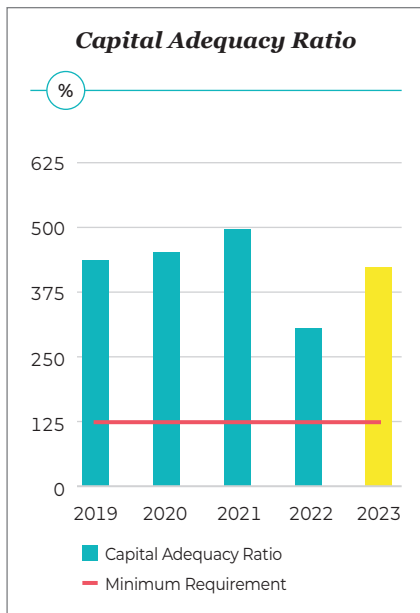
As such, the main assumptions used in determining life insurance contract liability are below tabulated:

Assumption	Description
Mortality	<ul style="list-style-type: none"> <li>Factored A67/70 for non-annuity business to allow best estimate experience rate</li> <li>Weighted average of a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants</li> </ul>
Expenses	Based on the Company 2023 internal expenses studies and expenses split into participating and non-participating business
Lapses/surrenders	Based on internal experience studies and exercising actuarial judgement as appropriate. When exercising judgement, for instance where credible data is not available or one-off events, the Company has taken into account the knowledge of the general market expectations and practice relevant to the underlying product types and target market where appropriate.
Morbidity	Based on the Company internal experience and actual vs expected analysis. Expected rates are based on the reinsurance rate tables
Reinsurance	Based on the Company internal experience studies with respect to reinsurance
Investment return	Risk Free Rate structure instructed by IRCSL as at 31 December 2023





SLICL maintained steady and strong solvency ratio over the year 2023 for its Life Insurance business and as at 31 December 2023 the Risk-Based Capital Adequacy Ratio, CAR, stands at 425% and it was 316% as at 31 December 2022. This is well above the regulatory minimum requirement which is 120%



### Sensitivities Analysis for Life Insurance Risk

Assumption	Change in Assumption	Impact on Best Estimated Liability (Rs. Mn.)
Mortality	+10%	725
	-10%	(728)
Expense	+10%	2,696
Persistency	+20%	1,942
	-20%	(1,746)
Discount Rate	Up shock scenario under RBC	(19,267)
	Down shock scenario under RBC	26,802

### Segregation of Policy Liability Based on Product Category

31 December 2023	Insurance Liabilities (with profits) Rs. '000	Insurance Liabilities (without profits) Rs. '000	Total Benefit Liabilities Rs. '000
Whole life	14,074	3,740	17,813
Endowment assurance	73,856,974	6,373,566	80,230,540
Term assurance	-	2,563,886	2,563,886
Annuity	12,774,746	3,258,587	16,033,333
Rider benefits	85,050	3,235,029	3,320,079
<b>Total</b>	<b>86,730,844</b>	<b>15,434,808</b>	<b>102,165,651</b>

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

	Participating Rs. '000	Non-Participating Rs. '000	Total Rs. '000
2023	164,885,291	15,984,632	180,869,924
Percentage	91.16%	8.84%	-

### General Insurance Risk

From 01 January 2016, as per the mandatory requirement by the Insurance Regulatory Commission of Sri Lanka (IRC SL), 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.

## Risk Management Report

### 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 and 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.

	2023	2022	2021	2020	2019	2018
Gross reserves for losses and loss adjustment expenses	9,675	11,856	9,549	7,862	7,311	8,776
Reinsurance recoverable	(1,656)	(3,104)	(1,888)	(1,395)	(1,061)	(1,590)
Net reserves for losses and loss adjustment expenses	8,018	8,751	7,661	6,466	6,250	7,186
<b>Cumulative paid as of December 31:</b>						
One year later	7,948	6,790	6,995	5,371	7,723	7,590
Two years later		9,271	9,312	7,043	9,451	9,632
Three years later			9,537	7,093	9,589	9,772
Four years later				7,170	9,666	9,996
Five years later					9,724	10,046
Six years later						10,100
<b>Cumulative reported as of December 31:</b>						
One year later	9,651	8,893	8,980	6,493	9,153	9,467
Two years later		9,682	10,015	7,255	9,718	9,907
Three years later			10,030	7,322	9,852	10,288
Four years later				7,367	9,898	10,200
Five years later					9,881	10,198
Six years later						10,208

\* The above figures are in Rupees 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. Mn.)	Reported Net Claim Outstanding (Rs. Mn.)	Impact on Gross Liabilities (Rs. Mn.)	Impact on Net Liabilities (Rs. Mn.)	Impact on Profit Before Tax (Rs. Mn.)	Impact on Equity (After Tax) (Rs. Mn.)
31 December 2023	+1%	6,972	5,439	89	72	(72)	(51)

## Investment Risk Management

The country's biggest challenge going into 2023 was probably restructuring its debt. In spite of the uncertainties that prevailed during the lead up to the restructuring announcement, Domestic Debt restructuring eventually turned out to be a soft landing and the economy showed signs of stabilising post restructuring. SLIC managed to use the market volatility to its advantage during this period.

The Investment Committee (IC) acted swiftly in order to obtain the best possible returns for policyholders, while exercising utmost prudence in investment risk management. The duration of the Fixed Income portfolio was extended in anticipation of a steep drop in interest rates post debt restructuring. This strategy proved critical as the Central Bank engaged in aggressive Monetary Policy easing. Equity trading was also done in selected counters in order to enhance returns further.

Diversification amongst investment asset classes remained the theme of investments in addition to focusing on returns, as the Sri Lankan economy was still in recovery mode and not yet completely out of the woods. Diversity of SLIC's investment portfolio continued to help mitigate unsystematic risks. Due consideration was also given to liquidity, credit, and reinvestment risks.

Nimble and efficient investment decision-making and monitoring by the IC ensured SLIC recorded record high investment income. Strict adherence to risk management principles and applicable IRCSL guidelines helped mitigate regulatory risks.

### Market Risk

#### Interest Rate Risk

Risk of losses that may arise due to changes in interest rates and changes

in the shape of the yield curve is called interest rate risk. As interest rates were on a declining trend, SLIC focused on extending duration of Fixed Income investments, which proved to be advantageous as interest rates declined steeply during the year.

Reinvestment risks nevertheless may increase to an extent, as interest rates are expected to remain at current low levels and even decline further. Trading opportunities cannot be ruled out during 2024 once there is clarity on external debt restructuring.

#### Exchange Rate Risk

Possibility of incurring losses due to adverse movements in exchange rates are called exchange rate risk. During 2023 the US Dollar depreciated against the Sri Lankan Rupee. Further declines of the US Dollar can be anticipated following prudent measures imposed by the Central Bank to manage exchange rates.

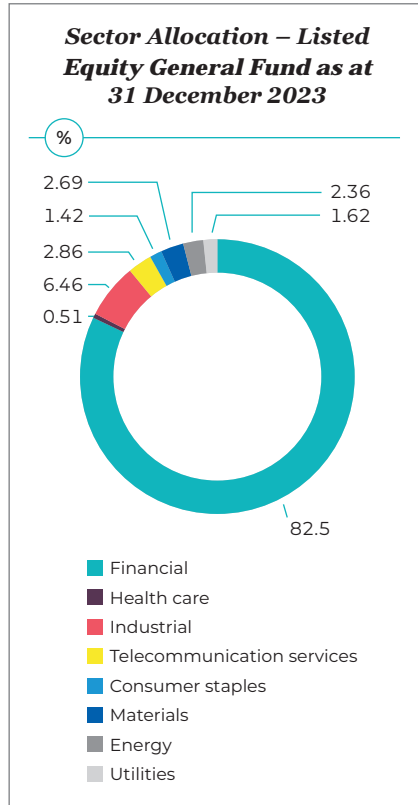
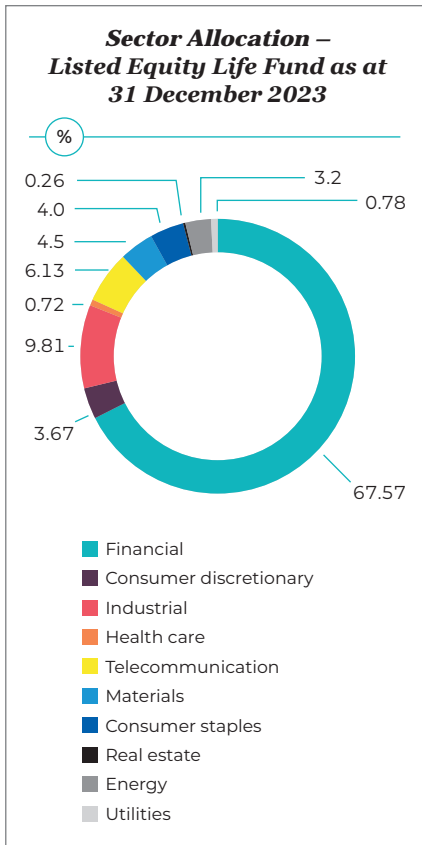
## Risk Management Report

### Equity Risk

Equity risk is the risk arising from adverse volatilities in stock prices.

Both the All Share Index and the more liquid S&P SL20 rose during 2023. SLIC's equity portfolio is exposed to systematic risk which is the uncertainty inherent to the entire market.

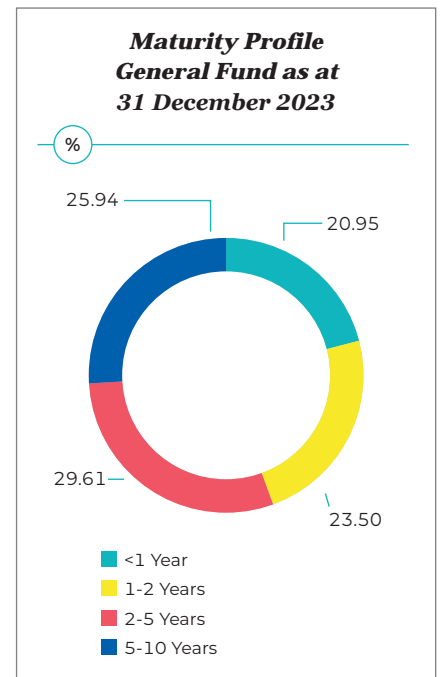
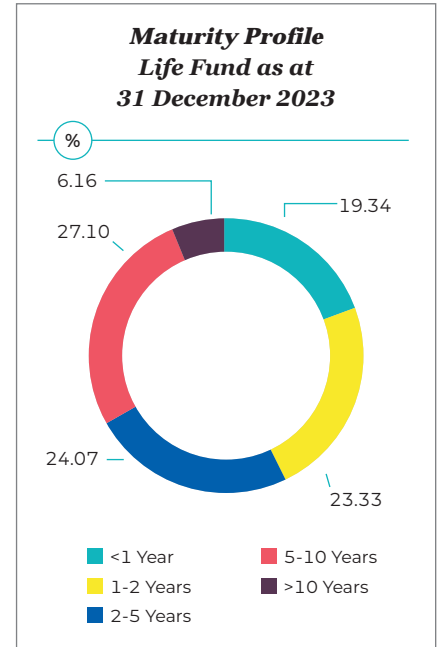
Diversity in SLIC's equity portfolio helped mitigate the impact of the volatility in equity markets to an extent and benefit out of a positive swing in the market.



### Liquidity Risk

Losses that may be incurred in the process of purchasing or selling investment assets can be categorised under liquidity risk. SLIC addresses liquidity needs of funds by investing the major portion of its funds in highly liquid assets such as Treasury Bonds.

The Life Fund and General Fund have contrasting liquidity needs and investment horizons. Structuring maturity profiles to suit liquidity needs of the respective funds is given due attention at SLIC. Internally developed stringent thresholds limits investments in illiquid instruments.



### **Credit Risk**

Losses that may arise due to non-settlement of interest and/or capital is termed credit risk. The stringent credit rating criteria adopted by SLIC in selecting amongst investment options help mitigate this risk. All investments are screened for credit risk and creditworthiness of investments are monitored and managed throughout the duration of an investment in order to ensure the investment asset quality is maintained at high standards.

### **Concentration Risk**

The risk of portfolios not being sufficiently fragmented and being over exposed to unwarranted risks when uncertainties are high. If the portfolio is highly concentrated, underperformance in those particular segments can have a significant drag on the entire portfolio. Investments are sufficiently diversified at SLIC in order to minimise 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, strict policies and manuals along with regular audits are carried out to minimise operational risk.

Operational risk refers to the possibility of incurring financial losses due to shortcomings in the Organisation's operating procedures, which may include human errors and fraudulent activities. To reduce operational risk, the Organisation implements measures such as segregation of duties, dual controls, strict policies and manuals, and regular audits.

### **ICT Risk Management**

ICT risk management involves identifying, assessing, and mitigating risks associated with IT systems and processes. Given the critical nature of financial and personal data and transactions, effective risk management in IT is crucial to ensure data integrity, confidentiality, availability, and compliance with regulatory requirements. We regularly review and update risk management strategies, policies, and controls based on evolving threats, technologies, and business requirements.

Our key focused areas and strategies for improving ICT risk management:

- 1. Risk Assessment:** Established a robust framework and conducting regular risk assessments to identify potential vulnerabilities, threats, and risks associated with IT systems, applications, and processes. This includes evaluating the security of hardware, software, networks, and data storage solutions.
- 2. Cybersecurity Measures:** Implemented robust cybersecurity measures to protect against unauthorised access, data breaches, malware, phishing attacks, and other cyber threats. We have implemented multiple protective solutions such as, Cloud based WAF and In-house WAF to protect web applications, End Point Detection and Response, Enhanced Spam Gateway solution and continues vulnerability and penetration testing.
- 3. Compliance Management:** Stay updated with regulatory requirements and industry standards related to Information Security and cybersecurity in insurance sector. We secured the ISO/IEC 27001:2013 certification in 2023, which is a testament to our relentless pursuit of excellence in information security.

**4. Incident Response Plan:** Developed and implemented an incident response plan to effectively manage and mitigate the impact of IT security incidents and data breaches. This should include clear roles and responsibilities, communication protocols, and procedures for incident detection, reporting, and remediation. As a part of this, we have initiated on setting up of a SOC.

**5. Employee Training and Awareness:** Provided regular training and awareness programmes for employees to educate them about IT security best practices, policies, and procedures. Encourage employees to report suspicious activities and adhere to security protocols to minimise human errors and insider threats.

**6. Business Continuity and Disaster Recovery:** Developed a comprehensive business continuity and disaster recovery plans to ensure the resilience and availability of critical IT systems and services in the event of disruptions, disasters, or unforeseen incidents. This includes regular testing, updating, and refining of recovery strategies and plans.

### **Human resources (HR) Risk**

SLIC has managed HR risks by implementing various strategies and practices, some of which are as given here: hiring the right people through a thorough screening process that includes background checks, reference checks, and skills assessments; developing clear policies and procedures that govern all HR-related activities, addressing issues such as employee conduct, disciplinary procedures, discrimination, harassment, and confidentiality; regular training and development; adopting effective performance management practices including regular feedback and coaching; compliance with the applicable laws and regular communication with employees.

## Risk Management Report

### Managing Fraud and Misconducts

A variety of laws and regulations applicable to us, as given below, provide an array of criteria to incorporate into our anti-fraud and misconduct efforts:

- A. Anti-Money Laundering and Counter-terrorism Financing legislation:** Prevention of Money Laundering Act No. 5 of 2006 (PMLA), Financial Transactions Reporting Act No. 6 of 2006 (FTRA) as amended, Insurers (Customer Due Diligence) Rules No. 01 of 2019, UN Sanctioned lists, Rules and Regulations made by the Financial Intelligence Unit and Guidelines given by the Insurance Regulatory Commission of Sri Lanka. At SLIC, AML framework is driven by the Board approved AML procedure and we have implemented a robust AML framework.
- B. Assets and Liabilities Declarations Act No. 01 of 1975:** The relevant officers declare their assets and liabilities annually as required by this Act.
- C. The Bribery Act No. 11 of 1954 –** We provide our fullest support for the inquiries conducted under the purview of the Act.
- D. Corporate Governance Codes –** We have embraced the fundamentals as required by such Code in preventing frauds and the Fraud Management Policy is also in place.

Company has been working on obtaining policyholder consent for the retention and processing of personal data. Staff members have received relevant training to comply with the legislation. Additionally, the Company uses the “Triple-A” approach, which includes Authentication, Authorisation, and Audit, as part of its overall data protection risk management framework.

### Social Media Risk Management

The Company has initiated to have a robust Social Media Risk Management Plan encompassing a series of processes to ensure that the Company upholds control over its social media, communications with the stakeholders, as failing which will trigger plethora of risks to the business. The process requires to entail knowing who has access to the accounts, who has access to publish posts or message and ensuring the brand value online.



**Naomal Pelpola**  
Chairman – Board Risk Management Sub-Committee

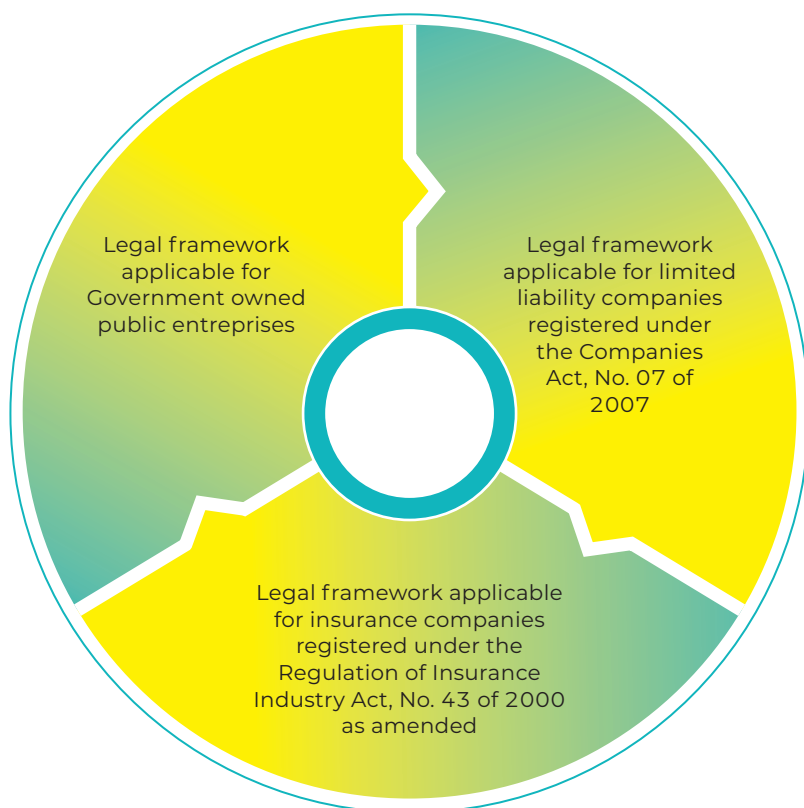
31 May 2024

### Data Protection Risk Management Framework

The Company has implemented a strong framework for managing data protection risks, in accordance with the Data Protection Act No. 09 of 2022, to identify, assess, and manage risks associated with the collection, processing, storage, and disposal of personal data. To ensure compliance with the legislation, the Company has developed a Board approved Data Protection Policy, appointed a Data Protection Officer, and published a Privacy Policy on its website. The

# Compliance Report

In the insurance industry, active compliance risk management has become increasingly crucial due to evolving regulatory mandates and changes in the business landscape. This includes a heightened focus on customer and data protection, privacy, and other legal requirements. Insurance providers must prioritise transparency by adhering strictly to compliance norms. At SLIC, compliance needs are integrated into daily business practices. The pace and extent of regulatory changes pose ongoing challenges for insurers, and the new financial reporting standard IFRS 17 represents a significant shift in insurance accounting requirements. As a government-owned entity, SLIC must comply with various laws, rules, and regulations applicable to limited liability companies, insurance companies, and state-owned enterprises. The following graph depicts the legal framework applicable to the company:



SLIC is dedicated to adhering to all relevant laws and regulations, and the Company has established a formal compliance framework that involves identifying, monitoring, reporting, and ensuring compliance. The compliance mandate includes guidelines for setting up and operating a corporate compliance function, overseen by the Head of Compliance. The Head of Compliance regularly reports to the Audit and Compliance Committee, Risk Management Committee and the Board. The Board-approved Compliance Policy outlines the key principles, elements, and procedures necessary to achieve compliance objectives. The Executive Committee also plays a role in promoting compliance by ensuring that the “tone at the top” is translated into a positive culture of compliance throughout the Organisation.

“Compliance Risk” is defined as the risk or damage to SLIC’s integrity resulting from failure to comply with relevant laws, regulations, internal policies, procedures, and principles. Failure to effectively manage compliance risk could expose SLIC to fines, civil and criminal penalties, etc. SLIC’s business principles require all staff at every level to conduct themselves not only in compliance with laws and regulations but also with integrity and accountability. SLIC understands that effective compliance risk management involves delivering on the expectations of customers and other stakeholders.

The Board of Directors is responsible for determining SLIC’s compliance risk appetite. To achieve this, they must balance mandatory requirements such as regulations and industry codes, with discretionary risks, such as business strategy, objectives, and corporate policies. Managing compliance risk effectively requires a collaborative effort that combines all control functions within the Organisation, including risk management, internal control, legal, and human resources.

The Compliance Department has identified the divisions responsible for applicable laws, rules, and regulations and implements a collaborative process to meet compliance requirements. As a far-sighted measure, the Compliance Department guides Management on anticipated future regulations, as a proactive business process management solution provides the Company with the tools necessary to address new regulations cost-effectively.

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 anti-money laundering (AML) compliance in accordance with applicable laws and requires its management, staff, and appointed

## Compliance Report

agents to adhere to these standards in preventing the use of its products and services for money laundering purposes. SLIC also has an internally developed e-learning module to give staff a thorough understanding of money laundering, how it's done, and steps to prevent it. Employees must pass an exam linked to performance appraisals. To strengthen its anti-money laundering (AML) compliance framework, SLIC has invested in World-check Refinitiv database system for comprehensive onboarding screening. This sophisticated software solution integrates with global watch lists including Politically Exposed Persons (PEP) lists and terrorist watch lists, enabling rigorous vetting of prospective customers and thorough screening of potential risks. Throughout the year, the Department collaborated with the Enterprise Risk Department to deliver training sessions and awareness campaigns focused on anti-money laundering and combating the financing of terrorism (AML/CFT) related

subjects, targeting branch managers and staff members.

SLIC has a Whistleblowing Policy, and the Compliance Officer is the Whistleblowing Officer who ensures the policy's implementation. The "Code of Business Conduct and Ethics" for Directors, Key Management Personnel, and all other Employees is designed to ensure organisational members align with principles, rules, values, standards, and legal compliance when engaging in business.

For compliance risk, SLIC adopts a Four-Lines-of-Defence Model:

1. The actual risk owners identified as the risk partners of the respective departments act as the first line of defense;
2. Risk Management Committee and Audit and Compliance Committee as second line;
3. Internal Audit as third line for AML function;

4. Regulator IRCSL and External Auditors as fourth line.

To ensure that the compliance risk agenda is not secondary to the Audit agenda, the Compliance Department reports to both the Audit and Compliance Committee and the Risk Management Committee.

Compliance risk likelihood is minimised by integrating compliance and risk monitoring, supporting open and transparent reporting, and building stakeholder relationships. Compliance issues and incidents are escalated to the Board and Sub-Committees for corrective and preventive actions to further strengthen the compliance framework ethics and best practices.

During the year under review, the Company complied with all statutory requirements, rules, and regulations, subject to the disclosures in the External Auditor's Report, Notes to the Financial Statements, and the Corporate Governance Report.

### Regulatory and Statutory Compliance – Submission of Returns and Payments to Regulatory/Monitoring Authorities

#### Compliance Report for the Period from 01 January 2023 to 31 December 2023

Regulatory/ Statutory Requirement	Frequency of Submission of Return/Payment	Due Date of Submission/Payment	Executed Date	Compliance and Remarks
<b>Regulatory/statutory returns/payments fall due in the period</b>				
<b>INSURANCE REGULATORY COMMISSION OF SRI LANKA (IRCSL)</b>				
<b>Quarterly Returns to IRCSL as stipulated under Section 49 (b) of RII Act</b>				
<b>Revised quarterly returns to IRCSL as stipulated under Section 49 (b) of RII Act with effect from 1 April 2012 (49 Formats)</b>				
Determination formats – General and Life	Quarterly within 30 days of end of quarter	4th QR (2022) – 30 January	15 February 2023	Extension obtained. Deadline extended by 45 days.
		1st QR (2023) – 30 April	09 May 2023 (G)/ 01 May 2023 (L)	
		2nd QR (2023) – 30 July	04 August 2023 (G)/ 31 July 2023 (L)	
		3rd QR (2023) – 30 October	15 November 2023	



<i>Regulatory/ Statutory Requirement</i>	<i>Frequency of Submission of Return/Payment</i>	<i>Due Date of Submission/Payment</i>	<i>Executed Date</i>	<i>Compliance and Remarks</i>
Risk-based capital (formats) – General	Quarterly within 30 days of end of quarter	4th QR (2022) – 30 January	15 February 2023	Extension obtained. Deadline extended by 45 days.
		1st QR (2023) – 30 April	09 May 2023	
		2nd QR (2023) – 30 July	04 August 2023	
		3rd QR (2023) – 30 October	15 November 2023	
Risk-based capital (formats) – Life	Quarterly within 30 days of end of quarter	4th QR (2022) – 30 January	15 February 2023	Extension obtained. Deadline extended by 45 days.
		1st QR (2023) – 30 April	01 May 2023	
		2nd QR (2023) – 30 July	31 July 2023	
		3rd QR (2023) – 30 October	15 November 2023	
Balance sheet and profit loss account (formats)	Quarterly within 30 days of end of quarter	4th QR (2022) – 30 January	15 February 2023	Extension obtained. Deadline extended by 45 days.
		1st QR (2023) – 30 April	09 May 2023 (G)/ 01 May 2023 (L)	
		2nd QR (2023) – 30 July	04 August 2023(G)/ 31 July 2023 (L)	
		3rd QR (2023) – 30 October	15 November 2023	
Quarterly Certification by CEO and CFO and Principal Officer under the IRCSL Circular 12 (Certification A)	Quarterly within 30 days of end of quarter	4th QR (2022) – 30 January	15 February 2023	Extension obtained. Deadline extended by 45 days.
		1st QR (2023) – 30 April	01 May 2023	
		2nd QR (2023) – 30 July	31 July 2023	
		3rd QR (2023) – 30 October	15 November 2023	
Quarterly Certification by CEO and CFO and Principal Officer under the IRCSL Circular 12 (Certification B)	Quarterly within 30 days of end of quarter	4th QR (2022) – 30 January	15 February 2023	Extension obtained. Deadline extended by 45 days.
		1st QR (2023) – 30 April	01 May 2023	
		2nd QR (2023) – 30 July	31 July 2023	
		3rd QR (2023) – 30 October	15 November 2023	
<b>Further Returns</b>				
1. Reinsurance Treaty Cover Notes	Annually	Before 15 March in subsequent year	15 March 2023	
2. Reinsurance Risk Transfer Programme (year 2022)	Annually	On or before 31 January 2023	31 January 2023	
3. Facultative Arrangement	Quarterly	4th QR (2022) – 30 January	15 February 2023	Extension obtained. Deadline extended by 45 days.
		1st QR (2023) – 30 April	01 May 2023	
		2nd QR (2023) – 30 July	31 July 2023	
		3rd QR (2023) – 30 October	15 November 2023	
<b>Annual filing under the Regulation of Insurance Industry Act No. 43 of 2000</b>				
Risk Based capital (formats) – General	Annually	2022 year end – 30 April 2023	28 April 2023	

## Compliance Report

<i>Regulatory/ Statutory Requirement</i>	<i>Frequency of Submission of Return/Payment</i>	<i>Due Date of Submission/Payment</i>	<i>Executed Date</i>	<i>Compliance and Remarks</i>
Risk based capital (formats) – Life	Annually	2022 year end – 30 April 2023	28 April 2023	
Determination formats	Annually	2022 year end – 30 April 2023	28 April 2023	
Balance sheet and profit loss account (formats)	Annually	2022 year end – 30 April 2023	28 April 2023	
Actuarial Report and abstract	Annually	2022 year end – 30 April 2023	28 April 2023	
<b>Other Formats</b>				
1. Risk Assessment Report	Annually	2022 year end – 30 April 2023	26 April 2023	
2. Statement of Responsibility of Directors	Annually	2022 year end – 30 April 2023	28 April 2023	
3. Long-term Insurance Business – Certification with regard to compliance with the provisions of the Act by the insurer	Annually	2022 year end – 30 April 2023	28 April 2023	
4. General Insurance Business – Certification with regard to compliance with the provisions of the Act by the insurer	Annually	2022 year end – 30 April 2023	28 April 2023	
5. Annual Report of the Company	Annually	2022 year end – 30 April 2023	12 May 2023	
6. Auditors Report on factual findings on Circular 29 of IRCSL	Annually	2022 year end – 30 April 2023	12 May 2023	Extension obtained.
7. Management Letter	Annually	2022 year end – 30 April 2023	12 May 2023	Extension obtained.
8. Compliance Certification A – Long-term Insurance Business Compliance Certification A – General Insurance Business	Annually	2022 year end – 30 April 2023	28 April 2023	

<i>Regulatory/ Statutory Requirement</i>	<i>Frequency of Submission of Return/Payment</i>	<i>Due Date of Submission/Payment</i>	<i>Executed Date</i>	<i>Compliance and Remarks</i>
9. Compliance Certification B	Annually	2022 year end – 30 April 2023	28 April 2023	
<b>Payments</b>				
Cess Life 0.2%, General 0.4% of Net Premium	Quarterly	4th QR (2022) – 31 January	31 Januray 2023	
		1st QR (2023) – 30 April	28 April 2023	
		2nd QR (2023) – 31 July	31 July 2023	
		3rd QR (2023) – 31 October	31 October 2023	
Annual Fees	Annually	30 April 2023	28 April 2023	
<b>Inland Revenue Department Returns</b>				
VAT returns	Quarterly	4th QR (2022) – 31 January	31 Januray 2023	
		1st QR (2023) – 30 April	30 April 2023	
		2nd QR (2023) – 31 July	31 July 2023	
		3rd QR (2023) – 31 October	31 October 2023	
Stamp duty	Quarterly	4th QR (2022) – 15 January	13 January 2023	
		1st QR (2023) – 15 April	11 April 2023	
		2nd QR (2023) – 15 July	14 July 2023	
		3rd QR (2023) – 15 October	13 October 2023	
SSCL	Quarterly	4th QR (2022) – 20 January	20 January 2023	
		1st QR (2023) – 20 April	20 April 2023	
		2nd QR (2023) – 20 July	20 July 2023	
		3rd QR (2023) – 20 October	20 October 2023	
AIT	Annually	2022 – 30 April 2023	28 April 2023	
APPIT return	Annually	2022 – 30 April 2023	20 April 2023	
Crop Insurance Levy	Quarterly	3rd QR (2022) – 30 January	30 Januray 2023	
		4th QR (2023) – 30 April	28 April 2023	
		1st QR (2023) – 30 July	28 July 2023	
		Final (2022) – 30 September	27 September 2023	
		2nd QR(2023) – 30 October	30 October 2023	
<b>Payments</b>				
VAT	Monthly	20th of the following month	Executed on due date	
APPIT	Monthly	15th of the following month	Executed on due date	
Income Tax	Quarterly	on or before 15 February	15 February 2023	
		on or before 15 May	15 May 2023	
		on or before 15 August	15 August 2023	
		on or before 30 September	27 Septmber 2023	
		on or before 15 November	15 November 2023	

## Compliance Report

Regulatory/ Statutory Requirement	Frequency of Submission of Return/Payment	Due Date of Submission/Payment	Executed Date	Compliance and Remarks
Stamp duty	Quarterly	4th QR (2022) – 15 January	13 January 2023	
		1st QR (2023) – 15 April	11 April 2023	
		2nd QR (2023) – 15 July	14 July 2023	
		3rd QR (2023) – 15 October	13 October 2023	
SSCL	Monthly	20th of following month	Executed on due date	
Crop Insurance Levy	Quarterly	3rd QR (2022) – 30 January	30 January 2023	
		4th QR (2022) – 30 April	28 April 2023	
		1st QR (2023) – 30 July	28 July 2023	
		Final (2022) – 30 September	27 September 2023	
		3rd QR (2023) – 30 October	30 October 2023	
AIT	Monthly	15th of following month	Executed on due date	
<b>Central Bank of Sri Lanka</b>				
EPF Returns	Bi Annually	31 January and 31 July	Executed on due date	
<b>AML (Anty Money Laundering) returns</b>				
1. Cash Transaction Report	Monthly	15th day of the following month	Executed on due date	
2. Suspicious Transaction Reports	within two days	within two days	–	
EPF Contribution	Monthly	one day before the last working day of the following month	Executed on due date	
<b>Employees Trust Fund Board</b>				
ETF Returns	Biannually	31 January and 31 July	Executed on due date	
ETF Contribution	Monthly	One day before the last working day of the following month	Executed on due date	
<b>Registrar of motor vehicles</b>				
Payment – Luxury and Semi Luxury Tax	Monthly	10th of the following month	Executed on due date	
<b>Registrar of companies</b>				
Registration of Financial Statements	Annually	Within 20 working days after the Financial Statements of the company		
<b>Ministry of Transport</b>				
Payment – Road safety fund	Monthly	15th of the following month	Executed on due date	

<i>Regulatory/ Statutory Requirement</i>	<i>Frequency of Submission of Return/Payment</i>	<i>Due Date of Submission/Payment</i>	<i>Executed Date</i>	<i>Compliance and Remarks</i>
<b>Municipal/Urban Council</b>				
Payment – Rates and Tax	Annually	Before 31 January of the current year (for the rebate)	Executed on due date	
<b>National Insurance Trust Fund</b>				
Payment – SRCC and Terrorism Fund	Monthly	Within 45 days from end of the month	Executed on due date	
<b>Commissioner for workmen's compensation</b>				
Renewal of License – Workmen's Compensation Insurance	Annually	Before 30 May		

# Statement of Internal Control

The Board provides the ultimate supervision and direction for the internal controls and risk management, to ensure that a robust system of internal controls is in place. The Board keeps abreast with the developments in the areas of risk and governance to ensure its effectiveness in safeguarding stakeholders' interests.

The Board of Directors of the Company recognises that effective internal controls and risk management practices are 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 six main Board Sub-Committees and a well-defined organisational structure which clearly articulates the lines of accountability and delegated authority. The six Board Sub-Committees are Audit and Compliance Committee (ACC), Risk Management Committee, Human Resources Committee, Investment Committee, Strategic Review Committee and Digital Transformation Committee. Main committees are governed by Board approved charters and function in compliance with the basic principles of good governance.

The Audit and Compliance Committee plays a strategic role in assisting the Board to achieve its oversight responsibilities in areas such as financial reporting, internal control systems, risk management systems and the internal and external audit functions. 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-compliances. 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 Sub-Committee 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.

A robust compliance management system that is integrated into the overall risk management strategy of the institution is in place, as morefully described in the compliance risk management chapter. Compliance programme encompasses legal requirements to adhere being a limited liability company governed by the Companies Act, insurance company registered under the Regulation of Insurance Industry Act and legal framework applicable for State owned limited liability companies. In order to mitigate the vicious consequences on the integrity and stability of the operational framework, we have implemented a robust anti-money laundering framework which encompasses screening of customers with the designated

data-base, due diligence of customers, e-learning module which form a part of the performance appraisal of the employees, annual internal audit and AML risk assessment.

The Board has delegated 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. Risk department makes representations to the Board appointed Sub-Committees; namely, Risk Management Committee and Investment Committee and also to the Several Management Committees; namely, Executive Committee, Audit Follow up Committee and Product Development Committee etc. Accordingly, ERM provides independent opinion from risk perspective which enables the management and Board to make informed decisions considering the risk impact.



**Ronald C Perera, PC**  
Chairman



**Ravindra Pathmapriya**  
Chairman – Audit and Compliance Committee

31 May 2024



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# ***Financial Reports***

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# 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 31 December 2023 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 and Auditing Standards Act No. 15 of 1995 and amendments made thereon and best practices of corporate governance.

During the financial year in review, the Company initiated measures to separate its composite insurance operations into Long-term Insurance and General Insurance. This action was undertaken to comply with Section 53 of the Regulation of Insurance Industry Act No. 43 of 2000, which was a mandatory requirement. Consequently, the Company restructured its operations under a holding Company model with two wholly-owned subsidiary companies, namely Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited. Effective 01 February 2024, the Insurance Commission granted licenses to these respective subsidiaries, and Sri Lanka Insurance Corporation Limited now function a holding company.

As at 31 December 2023, 99.98% 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, Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited 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 52.05% 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 31 May 2024.

## Principal Activities of the Company and 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. Subsequent to the segregation process, which became effective on 01 February 2023, the Company underwent restructuring and transitioned into a holding company, adhering to the prescribed segregation model.

The primary activity of Sri Lanka Insurance Corporation Life Limited is to conduct long-term (Life) insurance business, while Sri Lanka Insurance Corporation General Limited focuses on general insurance operations effective 01 February 2024. Litro Gas Terminal Lanka (Pvt) Ltd specialises in the storage of Liquid Petroleum Gas (LPG), and Litro Gas Lanka Ltd is responsible for the importation and distribution of LPG in domestic, commercial, and bulk forms. The Lanka Hospitals Corporation PLC provides healthcare services, and Management Services Rakshana (Pvt) Ltd offers payroll management solutions. Canwill Holdings (Pvt) Ltd's core business is to manage and invest in hotel projects, while Canowin Hotels and Spas (Pvt) Ltd primarily owns and manages outlets along the 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 a 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 and 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 December 2023 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 Acting Chief Financial Officer and the Directors are given in the Annual Report. These Financial Statements and Notes give a true and fair view of the Company's financial position as at 31 December 2023 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 BDO Partners, 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 December 2023, 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 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.

	2023 Rs. '000	2022 Rs. '000
Statutory audit fees	5,649	5,198
Non-audit related services	10,113	4,315

## Accounting Policies

The significant accounting policies adopted in preparation of these Financial Statements are given in the Annual Report.

## 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 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 and 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. 64,194 Mn. for the year under review and Rs. 63,685 Mn. for the comparative figure (2022). The total GWP, Rs. 44,225 Mn. comprised of Life insurance Gross Written Premium of Rs. 21,080 Mn. and Non-Life insurance Gross Written Premium of Rs. 23,145 Mn. for the year 2023. The reported value for total Gross Written Premium in 2022 was Rs. 41,272 Mn. out of which Life insurance Gross Written Premium was Rs. 20,930 Mn. and Non-Life Insurance Gross Written Premium, Rs. 20,341 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

	2023 Rs. '000	2022 Rs. '000
Profit before taxation (PBT)	10,703,813	12,476,150
Income tax expenses	2,925,242	1,930,343
Profit after taxation	7,778,572	10,545,807
Other comprehensive income	67,065	584,149
Unappropriated profit brought forward	40,260,538	34,775,159
Profits available for appropriation	48,106,174	45,905,115
Surcharge tax paid	-	1,116,579
Dividends paid	2,272,841	1,511,343
Surplus attributable to shareholders from Life Insurance	3,444,484	3,016,654
Depreciation transfer on surplus on revaluation of building	73,582	-
Share buyback	33,424	-
Unappropriated profit carried forward	42,429,008	40,260,538

## Dividends

The Board of Directors has declared an interim Dividend of Rs. 2.12 per share (totalling a sum of Rs. 1,271,270,329.92), for the financial year 2023.

## Annual Report of the Board of Directors of the Company

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 final dividend declared. The solvency certificates were obtained from the Auditors.

### Donations

During the year 2023, there were no any donation made by the Company.

### Provision for Taxation

The tax position of the Company is disclosed in the Financial Statements.

### Reserves

The movement in reserves during the year is set out in the Statement of the Changes in Equity Statement.

### Insurance Liabilities and Provisions

During the financial year under review 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.

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.

### Investments

The amount of investments held by the Company as at 31 December 2023 amounted to Rs. 279,696 Mn. (2022 – Rs. 239,667 Mn.). A detailed breakup of the investments held is disclosed in the Financial Statements.

### Property, Plant and Equipment

The details of property, plant and equipment are given 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 three years. Accordingly, the land and buildings were revalued in the financial year 2021 by M/S Trustus Business Solutions & Advisory Services (Pvt) Ltd. 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 December 2021.

### Events Occurring After the Reporting Date

Segregation and divesture note information is given in the Note 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 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. 6.1 Mn. and the figure reported in the last year (2022) was Rs. 3.1 Mn..

### Stated Capital

The Stated Capital of the Company as at 31 December 2022 was Rs. 6,000 Mn., in Compliance with the Companies Act No. 07 of 2007. As at 31 December 2022, 99.98% shares were vested with the Secretary to the Treasury on behalf of the Government of Sri Lanka.

### Share Buyback

During the year, the Company undertook a selective share repurchase from employee and former employee shareholders in compliance with Section 64 of the Companies Act, No. 07 of 2007. This was approved by the Board on 10 May 2023 and subsequently by the shareholders at an Extraordinary General Meeting held on 26 June 2023.

Under the "Selective Shares Buy-Back Option on All or Nothing Basis", 6 shareholders holding a total of 87,384 shares consented to the repurchase. These shares were acquired at a price of Rs. 382.50 per share, which included the base repurchase price of Rs. 306 per share and an additional 25% premium, as the shareholders had expressed their consent on or before 31 July 2023. The total consideration paid was Rs. 33,424,380.

Consequent to the share repurchase, the Company's stated capital stands at Rs. 6,000,000,000 comprising 599,655,816 shares as at the reporting date.

### **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 December 2023 have been recorded in the Financial Statements of the Company.

### **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 and the Risk Management Committee. Further, periodic compliance reports are submitted to the Board.

### **The Approval of the Financial Statements**

The Audited Financial Statements were approved by the Board of Directors on 26 April 2024.

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

Mr Ronald C Perera, PC  
Mr Anil Koswatte  
Mr Nishantha Dayananda  
Mr Dushmantha Thotawatte  
Dr Kithsiri Manchanayakke  
Mr Naomal Pelpola  
Mr Ravindra Pathmapriya

Mr Ronald C Perera, PC was appointed to the Board as the Chairman w.e.f. 01 August 2022. Mr Dushmantha Thotawatte and Dr Kithsiri Manchanayakke were appointed to the Board w.e.f. 22 August 2022 whilst Mr Naomal Pelpola and Mr Ravindra Pathmapriya were appointed to the Board w.e.f. 30 September 2022. Further, Mr Anil Koswatta, and Mr Nishantha Dayananda continue as Directors to the Board.

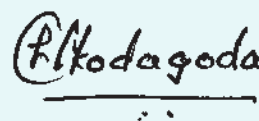
### **Annual General Meeting**

The Fiftieth (50th) Annual General Meeting will be held on 26 June 2024 at 2.30pm. at the registered office, (Auditorium – 07th Floor), 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



Company Secretary  
For Board of Directors



Ronald C Perera  
Director



Dushmantha Thotawatte  
Director

05 June 2024

# Statement of Directors' Responsibility

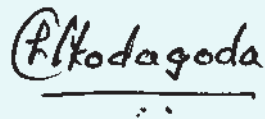
The Companies Act No. 07 of 2007, in Sections 150, 152, and 153, outlines the duties and responsibilities of the Directors regarding the preparation and presentation of Financial Statements. The Auditors' responsibility for the Financial Statements is explained in the Auditors' Report, which is included in the Annual Report.

As per the Companies Act No. 07 of 2007, the Directors are responsible for ensuring that the Financial Statements of the Company provide a true and fair view of the Company's financial position as at the balance sheet date, including its profit or loss or income and expenditure for the accounting period ending on that date. The Financial Statements must also present a fair representation of the Company's overall state of affairs.

The Directors are required to ensure that the Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995, and the Regulation of Insurance Industry Act No. 43 of 2000.

The Directors affirm that they have consistently applied appropriate accounting policies and exercised sound judgement and estimates in preparing the Financial Statements. Additionally, they have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future and have, therefore, adopted the going concern basis in preparing the Financial Statements.

By order of the Board.



Company Secretary

10 May 2023

# 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 31 December 2023 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 as amended.

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 fulfills 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.



**Sriyani Kulasinghe**  
Acting Chief Financial Officer

22 May 2024

# Certificate of Actuary of the Long-Term Insurer

## Private and Confidential



22 April 2024  
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 2023

In accordance with the engagement letter dated 26 April 2019 and *addendum* dated 12 August 2021, Willis Towers Watson India Private Limited ("WTW", "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 2023.

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 2023, 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 Rs. 102,166 Mn. The value of assets held within the life fund is Rs. 177,813 Mn. on IRCSL basis and Rs. 182,166 Mn. on SLFRS basis. The gross surplus transferred to the shareholder fund from life fund is Rs. 1,319 Mn. during 2023. The gross surplus allocated for bonus declaration to policyholders during 2023 from participating fund is Rs. 2,359 Mn. Subsequent to the shareholder transfers and post-tax, the life fund is Rs. 176,517 Mn. on IRCSL basis and Rs. 180,870 Mn. on SLFRS basis as at 31 December 2023.

### Kunj Behari Maheshwari, FIA, FIAI

Director, Insurance Consulting and Technology, India WTW  
E-mail: kunj.maheshwari@wtwco.com

Signature

Place : India

Date : 22 April 2024

### Willis Towers Watson India Private Limited

Registered Office:  
Emaar Capital Tower 2  
Mehrauli-Gurgaon Road, Sector 26  
Gurugram 122002  
India.

T +91 124 432 2800

F +91 124 432 2801

E TW.Fin.India@wtwco.com

W wtwco.com

# Liability Adequacy Test

## Private and Confidential



22 March 2024  
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 04, 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. WTW 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 04.
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 2023.
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 04;
  - 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 2023 is in excess of the liabilities computed in the above mentioned manner.

**Kunj Behari Maheshwari, FIA, FIAI**  
Director, Insurance Consulting & Technology, India WTW

Signature : 

Place : India

Date : 22 April 2024

### Willis Towers Watson India Private Limited

Registered Office:  
Emaar Capital Tower 2  
Mehrauli-Gurgaon Road, Sector 26 Gurugram 122002  
India.

T +91 124 432 2800

E TW.Fin.India@wtwco.com

W wtwco.com

# ***Certificate of Incurred but not (Enough) Reported Claims***



17 April 2024

To the shareholders of Sri Lanka Insurance Corporation Limited

## ***Sri Lanka Insurance Corporation Limited 31 December 2023 Net IBNR and LAT Certification***

I hereby certify that the 75% confidence level IBNR provision of Rs. 2,578,644,163 is adequate in relation to the Claim Liability of Sri Lanka Insurance Corporation Limited as at 31 December 2023, 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 2023, in many but not all scenarios of future experience. (The undiscounted 75% confidence level IBNR provision, gross of reinsurance, including an allowance for CHE is Rs. 2,702,141,681).

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 Rs. 10,200,747,716 set by the Company, net of reinsurance and DAC, is adequate at a 50th percentile in relation to the unexpired risks of Sri Lanka Insurance Corporation Limited as at 31 December 2023, 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.

**Roberto Malattia**  
Fellow of the Institute & Faculty of Actuaries (FIA)  
For and on behalf of NMG Financial Services Consulting  
Dated 17 April 2024

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109 North Bridge Road #05 21, Singapore 179097



# Independent Auditors' Report



## ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல.  
My No.

INF/A/06/SLIC/AR/2023

මගේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

29 April 2024

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 for the year ended 31 December 2023 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 Sri Lanka Insurance Corporation Limited (the "Company") and the Consolidated Financial Statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023 comprising the Statement of Financial position as at 31 December 2023 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 material accounting policy information was carried out under my direction in pursuance of provision 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 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### 1.2 Basis for Qualified Opinion

#### Company

(a) According to the judgement delivered by Supreme Court of

Sri Lanka on 04 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 judgement, 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 owner be settled. However, the President's Counsel of the Sri Lanka Insurance Corporation Limited (SLIC) is of the opinion as stated in their legal representation letter dated 09 March 2022 that as per District Court of Colombo case No. DMR/02394/19, no relief is claimable from the Company by the plaintiffs of the District Court case to discharge obligation of the Secretary to the Treasury out

අංක 306/72, පොල්දූව් පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව



+94 11 2 88 70 28 - 34

இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை.



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## Independent Auditors' Report



of the proceedings in the above stated Supreme Court applications (SC FR No 117/2007 and SC/FR No. 158/2007). Further as per the discussion had with the Ministry of Finance on 18 January 2023, the ministry was of the view that SLIC is not a party to the above case on the face of the record. Hence, the Company is in the process of obtaining a legal confirmation from the Attorney General to support the said position.

However, a judgement by the District Court of Colombo in the above case No. DMR/02394/19 has not been pronounced as at the reporting period and I was also unable to obtain appropriate audit evidence related to the settlement of liability from the above mentioned cases from the discussion had with the Ministry of Finance. Further, the said confirmation from the Attorney General related to the SLIC's position was also pending as at the reporting period. Hence, considering the initial decision made by the Supreme Court and the subsequent discussion and current developments, the Company has not made any adjustment in the Financial Statements pending determination of the aforesaid attributable profits.

- (b) In the absence of confirmation of balances, I was unable to verify the completeness, existence and accuracy of the amount receivable from Distilleries Company of Sri Lanka PLC Group of Companies amounting to Rs. 140,324,510/- as at the reporting date as disclosed in Note 16 to the Financial Statements. I was unable to verify the completeness, existence and accuracy of the amounts receivable and was unable to determine whether an adjustment may

be necessary to the Financial Statements for the year ended 31 December 2023.

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 following emphasis of matters.

#### Company

##### Divestiture of Subsidiary investments of the Company and Segregation of the Life and General Insurance business of the Company

The Note No. 46.2 and 46.3 to the Financial Statements describes the divestment of selected subsidiary investments and segregation of the Life and General Insurance Business of the Company as per letter dated 17 March 2023. The Ministry of Finance, Economic Stabilisation and National Policies has communicated the Government's policy pertaining to the divestiture of SLIC based on the Cabinet decision No. 23/0431/604/046 of 14 March 2023. The Board of Directors initiated the actions based on the above instructions. Hence, the Company has been instructed to transfer the shareholdings in Lanka Hospital Corporation PLC, Canwill Holdings (Private) Limited, Litro Gas Lanka Limited and Litro Gas Terminal Lanka (Private) Limited and shares held by Litro Gas Lanka Ltd in Canwill Holdings (Private) Limited to the General Treasury with immediate effect

and to fully comply with the provisions of the Regulation of Insurance Industry (Amendment) Act No. 03 of 2011, by placing its Life and General insurance business under separate legal entities. Accordingly, the model approved by Cabinet Memorandum MP/LA/022/CM/2023/305, dated 05 December 2023, involved the transfer of SLIC's life and general insurance businesses to the two wholly-owned subsidiaries. On 22 December 2023, a case was filed in the District Court and a court order obtained for segregation on 02 January 2024. Subsequently, SLIC petitioned the Commercial High Court of Colombo as per Section 256 of the Companies Act No. 7 of 2007 and obtained approval for the Scheme of Arrangements on 19 January 2024. The shareholders also approved the major transaction arising from segregation at an Extraordinary General Meeting convened on 16 January 2024. Consequently, the Insurance Regulatory Commission of Sri Lanka (IRCSL) granted insurance licenses effective from 01 February 2024 to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited, respectively, while SLIC's license was terminated accordingly. Further, by a letter from IRCSL (IRCSL/DG/LEG/2024/02/060) dated 22 February 2024, an extension was given to SLIC to remove the word "insurance" from the name of the Company ("Sri Lanka Insurance Corporation Limited") on or before 20 August 2024.

As at the reporting period, the proposed share transfer for The Lanka Hospitals Corporation PLC, Canwill Holdings Limited, Litro Gas Lanka (Private) Limited and Litro Terminal Lanka (Private) Limited is still in process.



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## Group

### Material uncertainty related to the going concern of Canwill Holdings (Private) Limited and its subsidiaries

As per the Note No. 48.2 to the Financial Statements which describes that the directors have made an assessment of the Group's ability to continue as a going concern related to Canwill Holdings (Private) Limited and its subsidiaries of Helanco Hotels and Spa (Private) Limited and Sinolanka Hotels and Spa (Private) Limited being satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the 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.

However, it was noted that the Board of Directors of Helanco Hotels and Spa (Private) Limited had resolved to discontinue the project in order to construct the Hotel in Hambanthota in the year 2015. Sinolanka Hotels and Spa (Private) Limited has not recommenced construction activities in Grand Hyatt Colombo project as of the reporting period even though the Cabinet of Ministers granted approval by cabinet paper 20/1042/204/050 dated 10 July 2020. However, the Board of Directors of the Company resolved to proceed with scaling down the Grand Hyatt Colombo project for period of 09 months effective from 30 May 2022 and construction activities have not recommenced even to the reporting date. Furthermore, the Cabinet of Ministers has granted approval to transfer the shares held by Sri Lanka Insurance Corporation Ltd and shares held by Litro Gas Lanka Limited in Canwill Holdings (Private) Limited to the General Treasury

as per the Cabinet decision No. MF/018/2023/055 dated 13 March 2023. The said divestiture programme has been initiated and the process of calling Expression of Interest (EOI) has already been completed.

### Duly incorporation of Sri Lanka Insurance Corporation General Limited and Sri Lanka Insurance Corporation Life Limited

As per the Note 46.1 to the Financial Statements, Sri Lanka Insurance Corporation General Limited and Sri Lanka Insurance Corporation Life Limited were duly incorporated under the Companies Act No. 7 of 2007 on 25 July 2014 and 11 October 2023 accordingly. According to the Cabinet Decision No. 23/0431/604/046 dated 14 March 2023, the Company was formed to segregate the long-term and general insurance businesses of Sri Lanka Insurance Corporation Limited in order to comply with the regulations of Insurance Industry (Amendment) Act No. 03 of 2011. Accordingly, the Sri Lanka Insurance Corporation General Limited and Sri Lanka Insurance Corporation Life Limited carry out the business with effect from 01 February 2024.

### Transfer of employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Private) Limited

As per the Note 46.4 and 48.5 to the Financial Statements, the employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Private) Limited have been transferred to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited with the implementation of the segregation of Sri Lanka Insurance Corporation Limited effective from

01 February 2024. Although the employees have been transferred, the Company still exists, and no decision has been made to wind up the Company as of the date of signing of the Financial Statements. Accordingly, the Financial Statements have been prepared based on the principle of going concern assumption.

### 1.3 Other Information included in the Group's 2023 Annual Report

The other information comprises the information included in the 2023 Annual Report but does not include the Financial Statements and my auditor's report thereon. Management is responsible for the other information.

My opinion on the Financial Statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the Financial Statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2023 Annual Report, I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be concluded in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

## Independent Auditors' Report

### 1.4 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to the 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 Group's financial reporting process.

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

### 1.5 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 scepticism 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 internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.



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- 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 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
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

**2.1** National Audit Act No. 19 of 2018 and Companies Act No. 07 of 2007 include specific provisions for the following requirements.

**2.1.1** 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 (2) (d) of the Companies Act No. 07 of 2007 and Section 12 (a) of the National Audit Act No. 19 of 2018.

**2.1.2** The Financial Statements of the Company comply with the requirement of section 151 and 153 of the Companies Act, No. 07 of 2007.

**2.1.3** The Financial Statements presented is consistent with the preceding year as per the requirements of Sections 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018.

**2.1.4** The Financial Statements presented includes all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act No. 19 of 2018, except for 1.2 (a) and (b) of this report.

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

**2.2.1** 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 cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018;

**2.2.2** 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 except for;

Reference to law/direction	Description
(a) Section 53 of Regulation of Insurance Industry (Amendment) Act No. 03 of 2011	The Company has not segregated the long-term insurance business and the general insurance business being carried on by it into two separate companies as at the reporting date. However, according to Cabinet Decision No.23/0431/604/046 of 14 March 2023, the Company has been instructed to fully comply with the provisions of the Regulation of Insurance Industry (Amendment) Act No. 03 of 2011, by placing its Life and General insurance business under separate legal entities. As explained in the Note No. 46, a model was approved by Cabinet Memorandum MP/LA/022/CM/2023/305, dated 05 December 2023, which involved the transfer of SLIC's life and general insurance businesses to the two wholly-owned subsidiaries and Insurance Regulatory Commission of Sri Lanka (IRCSL) granted insurance licenses effective from 01 February 2024 to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited, respectively, while SLIC's license was terminated accordingly. Hence, the segregation process is still in the implementation stage as at the reporting period.
(b) Section 47 (2) of the Regulation of Insurance Industry Act No. 43 of 2000	Due to the above stated non-compliance described in the previous point, the accounting records of the Company have not been maintained in the manner required by the rules issued by the Insurance Regulatory Commission of Sri Lanka.

**2.2.3** 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;

**2.2.4** to state that the resources of the Company had not been procured and utilised 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

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Assets</b>					
Financial investments	5	258,084,996	218,175,123	251,108,987	211,251,915
Investment in subsidiaries	6	-	-	23,823,892	22,823,892
Investment in associates	7	198,673	198,673	198,673	198,673
Property, plant and equipment	8	74,808,439	75,426,802	12,644,259	12,763,092
Right-of-use assets	9	1,149,793	1,301,274	501,037	576,789
Investment properties	10	3,321,320	2,973,640	2,362,320	2,083,640
Intangible assets	11	3,188,957	3,077,882	116,025	37,588
Loans to policyholders	12	2,095,884	1,867,624	2,095,884	1,867,624
Reinsurance receivable	13	1,868,737	4,367,265	1,868,737	4,367,265
Premium receivable	14	6,290,934	6,610,797	6,290,934	6,610,797
Deferred tax assets	15	403	162,342	-	-
Other assets	16	19,221,424	16,074,026	5,113,477	5,026,984
Deferred expenses	17	620,872	520,172	620,872	520,172
Cash and cash equivalents	18	18,520,139	9,788,484	5,885,171	6,320,469
<b>Total assets</b>		<b>389,370,571</b>	<b>340,544,104</b>	<b>312,630,268</b>	<b>274,448,900</b>
<b>Liabilities and shareholders' equity</b>					
<b>Equity</b>					
Stated capital	19	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	20	22,828,004	22,972,908	8,410,899	8,516,289
Available for sale reserve	21	9,578,134	(246,970)	9,578,134	(246,970)
Revenue reserves	22	84,203,128	73,572,987	67,691,963	62,079,011
<b>Total equity attributable to equity holders of the Company</b>		<b>122,707,503</b>	<b>102,397,162</b>	<b>91,779,233</b>	<b>76,446,567</b>
Non-controlling interest	6.4	13,233,465	12,897,579	-	-
<b>Total equity</b>		<b>135,940,968</b>	<b>115,294,741</b>	<b>91,779,233</b>	<b>76,446,567</b>

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Liabilities</b>					
Insurance contract liabilities – life	23	183,784,492	159,769,323	183,784,492	159,769,323
Insurance contract liabilities – non-life	24	20,496,192	21,689,853	20,496,192	21,689,853
Reinsurance payable		1,183,597	2,354,371	1,183,597	2,354,371
Current tax liabilities	25	3,010,059	2,372,303	2,114,571	1,686,823
Deferred tax liabilities	15	7,942,524	6,017,757	3,923,071	3,756,899
Right of use liabilities	9	847,561	876,401	567,226	492,518
Retirement benefit obligation	26	2,473,643	2,088,250	1,738,388	1,530,151
Other liabilities	27	27,846,688	23,008,938	6,597,465	6,159,369
Financial liabilities	28	5,844,847	7,072,167	446,033	563,026
<b>Total liabilities</b>		<b>253,429,603</b>	<b>225,249,363</b>	<b>220,851,035</b>	<b>198,002,333</b>
<b>Total liabilities and equity</b>		<b>389,370,571</b>	<b>340,544,104</b>	<b>312,630,268</b>	<b>274,448,900</b>

The Accounting Policies and Notes on pages 140 to 258 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.



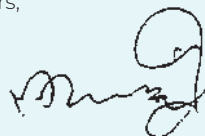
**Sriyani Kulasinghe**  
Acting Chief Financial Officer

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;



**Ronald C Perera**  
Chairman



**Dushmantha Thotawatte**  
Director

Colombo  
26 April 2024

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Revenue</b>	29	170,784,832	156,605,058	64,193,766	63,684,756
<b>Gross written premium</b>	30	43,320,585	41,053,602	44,224,745	41,271,573
Change in reserve for gross unearned premium		(466,762)	612,519	(466,762)	612,519
<b>Gross earned premium</b>		42,853,823	41,666,121	43,757,983	41,884,092
Premium ceded to reinsurers		(6,374,682)	(5,743,770)	(6,374,682)	(5,743,770)
Change in reserve for unearned reinsurance premium		(520,935)	883,699	(520,935)	883,699
<b>Net earned premium</b>	31	35,958,206	36,806,050	36,862,366	37,024,021
Revenue from other operations	30.1	103,215,334	90,620,724	-	-
		139,173,540	127,426,774	36,862,366	37,024,021
<b>Other income</b>					
Investment income	32	29,490,139	15,370,280	28,443,595	13,793,670
Fees and commission income	33	57,571	67,211	57,571	67,211
Net realised/unrealised gains	34	(829,217)	10,177,094	(2,587,778)	11,857,124
Other income	35	2,892,799	3,563,699	1,418,012	942,730
		31,611,292	29,178,284	27,331,400	26,660,735
<b>Revenue</b>		170,784,832	156,605,058	64,193,766	63,684,756
<b>Benefits, losses and expenses</b>					
Net benefits and claims	36	(21,778,074)	(22,131,899)	(21,778,074)	(22,131,899)
Underwriting and net acquisition costs	37	(3,501,658)	(3,301,835)	(3,501,658)	(3,301,835)
Change in contract liabilities – Life fund		(18,289,725)	(11,017,756)	(18,289,725)	(11,017,756)
Other operating and administrative expenses		(20,450,203)	(26,866,923)	(9,920,496)	(14,757,116)
Cost of services of subsidiaries		(86,806,657)	(77,123,398)	-	-
<b>Net benefits, losses and expenses</b>		(150,826,317)	(140,441,811)	(53,489,953)	(51,208,606)
<b>Profit before tax</b>	38	19,958,515	16,163,247	10,703,813	12,476,150
Income tax expense	39	(6,203,340)	(3,579,214)	(2,925,242)	(1,930,343)
<b>Net profit for the year</b>		13,755,175	12,584,033	7,778,571	10,545,807



For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Gain/(loss) on revaluation of property, plant and equipment		9,432	7,620,440	-	-
Deferred tax effects on revaluation of reserve on property, plant and equipment	39.2	45,167	(125,330)	45,167	-
Actuarial gains/(losses) on retirement benefit obligation	26	(110,935)	763,296	6,665	641,457
Deferred tax effect on actuarial gains/(losses)	39.2	89,446	(84,170)	60,400	(57,309)
Effect on deferred tax due to rate change	39.2	-	(969,129)	-	(758,993)
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available for sale financial assets		15,801,903	(12,320,354)	15,801,903	(12,320,354)
Deferred tax effect on fair value of available for sale reserve	39.2	(115,602)	262,681	(115,602)	262,681
<b>Other comprehensive income for the year, net of tax</b>		15,719,411	(4,852,566)	15,798,533	(12,232,518)
<b>Total comprehensive income for the year</b>		29,474,586	7,731,467	23,577,104	(1,686,711)
<b>Profit for the year attributable to:</b>					
Equity holders of the Company		13,064,845	11,588,573	7,778,571	10,545,807
Non-controlling interest		690,330	995,460	-	-
<b>Net profit for the year</b>		13,755,175	12,584,033	7,778,571	10,545,807
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		28,811,608	4,945,645	23,577,104	(1,686,711)
Non-controlling interest		662,979	2,785,823	-	-
<b>Total comprehensive income for the year</b>		29,474,587	7,731,468	23,577,104	(1,686,711)
Basic/diluted earnings per share (Rs.)	40	21.79	19.32	12.97	17.58
Dividend per share (Rs.)	41	3.79	1.67	3.79	1.67

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 140 to 258 form an integral part of these Financial Statements.

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# Statement of Changes in Equity

Group	Stated Capital	Revaluation Reserve	General Reserve
	Rs. '000	Rs. '000	Rs. '000
<b>Balance as at 01 January 2022</b>	6,000,000	18,414,228	643,442
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022	-	-	-
<b>Adjusted balance as at 01 January 2022</b>	6,000,000	18,414,228	643,442
<b>Total Comprehensive Income for the year</b>			
Profit for the year	-	-	-
Other comprehensive income, net of tax	-	4,757,807	-
<b>Total comprehensive income for the year</b>	-	4,757,807	-
Depreciation transfer on surplus on revaluation of building	-	(26,592)	-
Transfer to revaluation reserve	-	-	-
<b>Transaction with owners of the Company recorded directly in equity</b>			
Surplus attributable to shareholders from life insurance	-	-	-
Changes in interest while retaining control	-	(172,535)	-
Dividend paid	-	-	-
Transferred AFS reserves – Life fund	-	-	-
<b>Balance as at 31 December 2022</b>	6,000,000	22,972,908	643,442

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 140 to 258 form an integral part of these Financial Statements.

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<i>Available-For Sale Reserve</i>	<i>Unrestricted Reserve</i>	<i>Regulatory Restricted Reserves</i>	<i>Surplus from Life Insurance</i>	<i>Retained Earnings</i>	<i>Total</i>	<i>Non-Controlling Interest</i>	<i>Total Equity</i>
<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
6,008,859	466,179	98,237	17,920,276	46,686,715	96,237,936	9,125,663	105,363,599
-	-	-	(228,077)	(1,536,138)	(1,764,215)	-	(1,764,215)
6,008,859	466,179	98,237	17,692,199	45,150,577	94,473,721	9,125,663	103,599,384
-	-	-	-	11,588,573	11,588,573	995,460	12,584,033
(12,057,673)	-	-	-	656,937	(6,642,929)	1,790,363	(4,852,566)
(12,057,673)	-	-	-	12,245,510	4,945,644	2,785,823	7,731,467
-	-	-	-	26,592	-	-	-
-	-	-	3,016,654	(3,016,654)	-	-	-
-	-	-	-	(1,140,169)	(1,312,704)	1,312,704	-
-	-	-	-	(1,511,343)	(1,511,343)	(326,611)	(1,837,954)
5,801,844	-	-	-	-	5,801,844	-	5,801,844
(246,970)	466,179	98,237	20,708,853	51,754,513	102,397,162	12,897,579	115,294,741

**Statement of Changes in Equity**

Group	Stated Capital	Revaluation Reserve	General Reserve
	Rs. '000	Rs. '000	Rs. '000
<b>Balance as at 01 January 2023</b>	6,000,000	22,972,908	643,442
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022	-	-	-
<b>Adjusted balance as at 01 January 2023</b>	6,000,000	22,972,908	643,442
<b>Total comprehensive income for the year</b>			
Profit for the year	-	-	-
Other comprehensive income, net of tax	-	54,599	-
<b>Total comprehensive income for the year</b>	-	54,599	-
Depreciation transfer on surplus on revaluation of building	-	(101,735)	-
Transfer to Revaluation Reserve	-	(76,975)	-
<b>Transaction with owners of the company recorded directly in equity</b>			
Surplus attributable to shareholders from life insurance	-	-	-
Dividend paid	-	-	-
Share buyback	-	-	-
Realisation of revaluation reserve on land disposal	-	(20,793)	-
ROU asset depreciation transfer	-	-	-
Transferred AFS reserves – Life fund	-	-	-
	-	(199,503)	-
<b>Balance as at 31 December 2023</b>	6,000,000	22,828,004	643,442

Figures in brackets indicate deductions.

**\*\* Canowin Hotels & Spas (Pvt) Ltd**

Canowin Hotels & Spas (Pvt) Ltd made a correction to the opening balance of the current year's Statement of Changes in Equity. The correction was due to payments made to suppliers that were recognised as advanced payments in 2022 but should have been recognised as expenses amounting to Rs. 373,097. The impact of this correction was adjusted to the current year's retained earnings opening balance as a prior year adjustment.

The Accounting Policies and Notes on pages 140 to 258 form an integral part of these Financial Statements.

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	<i>Available-For Sale Reserve</i>	<i>Unrestricted Reserve</i>	<i>Regulatory Restricted Reserves</i>	<i>Surplus from Life Insurance</i>	<i>Retained Earnings</i>	<i>Total</i>	<i>Non-Controlling Interest</i>	<i>Total Equity</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
	(246,970)	466,179	98,237	20,708,853	51,754,512	102,397,161	12,897,579	115,294,741
	-	-	-	-	(334,236)	(334,236)	-	(334,236)
	(246,970)	466,179	98,237	20,708,853	51,420,276	102,062,925	12,897,579	114,960,505
	-	-	-	-	13,064,845	13,064,845	690,330	13,755,175
	15,686,301	-	-	-	5,863	15,746,763	(27,352)	15,719,411
	15,686,301	-	-	-	13,070,708	28,811,608	662,978	29,474,586
	-	-	-	-	101,735	-	-	-
	-	-	-	-	-	(76,975)	-	(76,975)
	-	-	-	3,444,484	(3,444,484)	-	-	-
	-	-	-	-	(2,272,841)	(2,272,841)	(327,092)	(2,599,933)
	-	-	-	-	(33,424)	(33,424)	-	(33,424)
	-	-	-	-	20,793	-	-	-
	-	-	-	-	77,407	77,407	-	77,407
	(5,861,197)	-	-	-	-	(5,861,197)	-	(5,861,197)
	(5,861,197)	-	-	3,444,484	(5,550,814)	(8,167,030)	(327,092)	(8,494,122)
	9,578,134	466,179	98,237	24,153,337	58,940,170	122,707,503	13,233,465	135,940,968

**Statement of Changes in Equity**

<i>Company</i>	<i>Stated Capital</i>	<i>Revaluation Reserve</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
<b>Balance as at 01 January 2022</b>	6,000,000	9,275,282
Adjustment for surcharge tax levied under the Surcharge Tax Act No. 14 of 2022		
<b>Adjusted balance as at 01 January 2022</b>	6,000,000	9,275,282
<b>Total comprehensive income for the year</b>		
Profit for the year	-	-
Other comprehensive income, net of tax	-	(758,993)
<b>Total comprehensive income for the year</b>	-	(758,993)
Transfer to revaluation reserve	-	-
<b>Transaction with owners of the Company recorded directly in equity</b>		
Surplus attributable to shareholders from life insurance	-	-
Dividend paid	-	-
Transferred AFS reserves – Life fund	-	-
<b>Balance as at 31 December 2022</b>	6,000,000	8,516,289
<b>Balance as at 01 January 2023</b>	6,000,000	8,516,289
Impact from prior period error corrections**		
Adjustment for surcharge tax levied under the Surcharge Tax Act No. 14 of 2022	-	-
<b>Adjusted balance as at 01 January 2023</b>	6,000,000	8,516,289
<b>Total comprehensive income for the year</b>		
Profit for the year	-	-
Other comprehensive income, net of tax	-	45,167
Total comprehensive income for the year	-	45,167
Depreciation transfer on surplus on revaluation of building	-	(73,581)
Transfer to revaluation reserve	-	(76,975)
<b>Transaction with owners of the Company recorded directly in equity</b>		
Surplus attributable to shareholders from life insurance	-	-
Dividend paid	-	-
Transferred AFS reserves – Life fund	-	-
Share buyback	-	-
<b>Balance as at 31 December 2023</b>	6,000,000	8,410,899

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 140 to 258 form an integral part of these Financial Statements.

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<i>General Reserve</i>	<i>Available-For Sale Reserve</i>	<i>Unrestricted Reserve</i>	<i>Regulatory Restricted Reserves</i>	<i>Surplus from Life Insurance</i>	<i>Retained Earnings</i>	<i>Total Equity</i>
<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
643,442	6,008,859	466,179	98,237	17,920,276	34,775,158	75,187,433
				(228,077)	(1,116,579)	(1,344,656)
643,442	6,008,859	466,179	98,237	17,692,199	33,658,579	73,842,777
-	-	-	-	-	10,545,807	10,545,807
-	(12,057,673)	-	-	-	584,148	(12,232,518)
-	(12,057,673)	-	-	-	11,129,955	(1,686,711)
-	-	-	-	-	-	-
-	-	-	-	3,016,654	(3,016,654)	-
-	-	-	-	-	(1,511,343)	(1,511,343)
-	5,801,844	-	-	-	-	5,801,844
643,442	(246,970)	466,179	98,237	20,708,853	40,260,537	76,446,567
643,442	(246,970)	466,179	98,237	20,708,853	40,260,537	76,446,567
-	-	-	-	-	-	-
-	-	-	-	-	-	-
643,442	(246,970)	466,179	98,237	20,708,853	40,260,537	76,446,567
-	-	-	-	-	7,778,571	7,778,570
-	15,686,301	-	-	-	67,065	15,798,533
-	15,686,301	-	-	-	7,845,635	23,577,103
-	-	-	-	-	73,581	-
-	-	-	-	-	-	(76,975)
-	-	-	-	3,444,484	(3,444,484)	-
-	-	-	-	-	(2,272,841)	(2,272,841)
-	(5,861,197)	-	-	-	-	(5,861,197)
-	-	-	-	-	(33,424)	(33,424)
643,442	9,578,134	466,179	98,237	24,153,337	42,429,005	91,779,233

# Statement of Cash Flows

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Cash flows from operating activities</b>					
Premium received from customers		43,640,446	42,420,553	44,544,606	42,638,524
Reinsurance premium paid		(7,035,449)	(6,257,689)	(7,035,449)	(6,257,689)
Insurance claims and benefits paid		(24,142,984)	(22,952,549)	(24,142,984)	(22,952,549)
Reinsurance receipts in respect of claims and benefits		2,605,366	2,005,679	2,605,366	2,005,679
Cash received from debtors		91,895,232	93,681,303	1,303,913	1,418,620
Cash received/(paid) on cylinder deposits		72,257	(4,354)	-	-
Cash paid to and on behalf of employees		(9,349,755)	(11,747,031)	(7,135,343)	(6,973,352)
Interest received		23,967,659	19,148,662	21,983,657	17,309,371
Dividend received		479,503	1,348,781	2,055,272	1,712,590
Other operating cash payments		(80,751,888)	(100,182,717)	(7,746,781)	(8,197,230)
<b>Cash flows from operating activities</b>	A	41,380,387	17,460,638	26,432,257	20,703,964
Retiring gratuity paid	26	(201,139)	(121,086)	(110,165)	(68,732)
Interest expense paid		475,192	310,308	-	-
Income tax paid	25	(3,465,110)	(2,582,531)	(2,341,357)	(1,839,896)
Surcharge tax paid		(334,236)	(2,846,584)	-	(2,426,625)
<b>Net cash from operating activities</b>		37,855,094	12,220,745	23,980,735	16,368,711
<b>Cash flows from investing activities</b>					
Acquisition of financial investments	5.5	(79,469,152)	(72,425,369)	(77,243,702)	(70,252,132)
Proceeds from financial investments		59,269,353	34,772,728	59,269,353	34,672,728
Acquisition of subsidiary, net of cash		66,400	-	-	-
Proceeds from disposal of property, plant and equipment		110,655	34,243	38,336	21,553
Acquisition of property, plant and equipment	8	(1,180,642)	(983,700)	(371,582)	(515,245)
Acquisition of intangible assets	11.2	(153,759)	(27,564)	(101,062)	(17,809)
Acquisition of investment property	10	(4,975)	(3,743)	-	-
Expenditure incurred on capital work-in-progress	8	(142,898)	(727,680)	-	-
Staff loans granted		(1,554,365)	(1,064,562)	(1,471,393)	(1,043,000)
Staff loans recovered		834,978	254,317	716,657	171,927
Loan granted to policyholders	12	(1,876,443)	(1,540,297)	(1,876,443)	(1,540,297)
Settlement of loans by policyholders		1,893,380	1,385,027	1,893,380	1,385,027
<b>Net cash used in investing activities</b>		(22,207,468)	(40,326,600)	(19,146,456)	(37,117,248)
<b>Cash flows from financing activities</b>					
Share buyback		(33,424)	-	(33,424)	-
Dividend paid	22.2	(2,272,841)	(1,511,343)	(2,272,841)	(1,511,343)
Dividend paid to NCI		(327,093)	(326,611)	-	-
Lease rental paid	9.2	(498,120)	(640,761)	(249,621)	(220,888)
Proceeds from redeemable non-cumulative preference share		176,000	-	-	-
Acquisition of right-of-use assets		(8,920)	-	(8,920)	-
Loan repayments		(1,001,712)	-	-	-
Loans obtained		-	1,067,880	-	-



For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Net cash used in financing activities</b>		(3,966,110)	(1,410,835)	(2,564,806)	(1,732,231)
Effect of exchange rate changes on cash and cash equivalents		(2,594,770)	11,857,124	(2,587,778)	11,857,124
<b>Net increase/(decrease) in cash and cash equivalents</b>		9,086,744	(17,659,566)	(318,305)	(10,623,644)
<b>Cash and cash equivalents at the beginning of the year</b>		8,697,630	26,357,197	5,757,443	16,381,087
<b>Cash and cash equivalents at the end of the year (Note A)</b>	18	17,784,374	8,697,631	5,439,138	5,757,443
<b>Note A – Analysis of cash and cash equivalents</b>					
Cash at bank and in hand		5,908,869	3,632,707	1,320,851	928,069
Short-term investments		12,611,270	6,155,777	4,564,320	5,392,400
*Bank overdraft		(735,765)	(1,090,853)	(446,033)	(563,026)
		17,784,374	8,697,631	5,439,138	5,757,443

\*The reported bank overdraft balance as at the reporting date is used for the purpose cash management. The Company has a bank overdraft facility of Rs. 9.3 Mn.

Figures in brackets indicate deductions.

#### A) Reconciliation of operating profit with cash flow from operating activities

	Company	
	2023 Rs. '000	2022 Rs. '000
Profit from operations	5,392,465	8,082,483
Increase in long-term insurance fund	23,595,911	15,411,423
Depreciation charge	491,992	506,346
ROU asset cost	258,156	227,360
Profit on sale on property, plant and equipment	(12,588)	(21,493)
Investment income – unrealised gain/(loss)	(445,070)	6,718,045
Gratuity provision	325,068	322,599
Gain/(loss) on foreign exchange transaction	2,587,778	(11,857,124)
FV gain recorded in income statement	(204,348)	(141,040)
Impairment on SLDB	(2,676,150)	2,676,150
Increase/(decrease) in debtors	(1,881,765)	(1,019,839)
Increase/(decrease) in unearned premium	987,698	(1,496,219)
Increase/(decrease) in claims provisions	(2,317,110)	2,152,975
Increase/(decrease) in creditors	319,126	(867,538)
Increase/(decrease) in policyholder advance payments	11,096	9,837
<b>Net cash from operating activities</b>	<b>26,432,259</b>	<b>20,703,964</b>

The Accounting Policies and Notes on pages 140 to 258 form an integral part of these Financial Statements.

Colombo

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# Segmental Review: Statement of Financial Position

As at 31 December	2023							Total Rs. '000
	Non-Life Insurance Rs. '000	Life Insurance Rs. '000	Healthcare Rs. '000	Energy Rs. '000	Others Rs. '000	Eliminations Rs. '000		
<b>Assets</b>								
Financial investments	45,549,965	205,559,021	6,976,010	-	-	-	258,084,996	
Investment in subsidiaries	20,134,852	3,796,543	-	5,000,000	20,500,000	(49,431,395)	-	
Investment in associates	198,673	-	-	-	-	-	198,673	
Property, plant and equipment	12,551,299	92,962	5,384,711	19,164,199	37,615,267	-	74,808,439	
Right-of-use asset	24,493	476,543	550,363	62,392	36,002	-	1,149,793	
Investment properties	2,362,320	-	-	-	959,000	-	3,321,320	
Intangible assets	116,026	-	79,061	-	1,065	2,992,805	3,188,957	
Loans to policyholders	-	2,095,884	-	-	-	-	2,095,884	
Reinsurance receivable	1,813,217	55,520	-	-	-	-	1,868,737	
Premium receivable	5,578,337	712,597	-	-	-	-	6,290,934	
Deferred tax assets	-	-	-	-	403	-	403	
Other assets	615,961	5,074,790	2,329,069	14,153,468	2,010,658	(4,962,523)	19,221,424	
Deferred expenses	620,872	-	-	-	-	-	620,872	
Cash and cash equivalents	3,820,828	3,143,743	999,579	9,885,051	670,938	-	18,520,139	
<b>Total assets</b>	<b>93,386,843</b>	<b>221,007,603</b>	<b>16,318,793</b>	<b>48,265,110</b>	<b>61,793,333</b>	<b>(51,401,113)</b>	<b>389,370,571</b>	
<b>Liabilities and equity</b>								
<b>Liabilities</b>								
Insurance contract liabilities – life	-	183,784,492	-	-	-	-	183,784,492	
Insurance contract liabilities – non-life	20,496,192	-	-	-	-	-	20,496,192	
Right-of-use liabilities	18,739	548,486	249,095	31,050	191	-	847,561	
Reinsurance payable	1,183,597	-	-	-	-	-	1,183,597	
Current tax liabilities	543,315	1,576,133	483,706	406,905	-	-	3,010,059	
Deferred tax liabilities	3,923,072	-	1,134,821	2,647,203	237,428	-	7,942,524	
Retirement benefit obligation	1,070,190	668,199	369,817	176,170	189,267	-	2,473,643	
Other liabilities	4,162,319	3,011,186	1,192,662	14,518,073	7,044,959	(2,082,510)	27,846,688	
Financial liabilities	264,461	181,573	289,731	2,880,000	5,109,082	(2,880,000)	5,844,847	
<b>Total liabilities</b>	<b>31,661,885</b>	<b>189,770,069</b>	<b>3,719,832</b>	<b>20,659,401</b>	<b>12,580,927</b>	<b>(4,962,510)</b>	<b>253,429,603</b>	
<b>Equity</b>								
Stated capital	6,500,000	500,000	2,671,543	1,947,109	41,870,087	(47,488,739)	6,000,000	
Regulatory restricted reserves from one off surplus	-	98,237	-	-	-	-	98,237	
Revaluation reserve	8,339,227	71,672	1,306,247	5,078,752	12,875,568	(4,843,463)	22,828,004	
Available-for-sale reserve	4,082,926	5,495,208	-	-	-	-	9,578,134	
Revenue reserves	42,802,805	25,072,417	8,621,171	20,579,848	(5,533,249)	(7,339,866)	84,203,128	
Non-controlling interest	-	-	-	-	-	13,233,465	13,233,465	
<b>Total equity</b>	<b>61,724,958</b>	<b>31,237,534</b>	<b>12,598,961</b>	<b>27,605,709</b>	<b>49,212,406</b>	<b>(46,438,603)</b>	<b>135,940,968</b>	
<b>Total liabilities and equity</b>	<b>93,386,843</b>	<b>221,007,603</b>	<b>16,318,793</b>	<b>48,265,110</b>	<b>61,793,333</b>	<b>(51,401,113)</b>	<b>389,370,571</b>	

Non-Life Insurance Rs. '000	Life Insurance Rs. '000	Healthcare Rs. '000	2022			Eliminations Rs. '000	Total Rs. '000
			Energy	Others			
			Rs. '000	Rs. '000			
36,589,214	174,662,701	6,923,208	-	-	-	218,175,123	
19,634,852	3,296,543	-	5,000,000	20,500,000	(48,431,395)	-	
198,673	-	-	-	-	-	198,673	
12,667,642	95,450	5,125,086	19,859,549	37,679,078	-	75,426,804	
168,431	408,358	531,471	170,723	22,290	-	1,301,273	
2,083,640	-	-	-	890,000	-	2,973,640	
37,588	-	46,814	-	675	2,992,805	3,077,882	
-	1,867,624	-	-	-	-	1,867,624	
3,359,006	1,008,259	-	-	-	-	4,367,265	
5,935,715	675,082	-	-	-	-	6,610,797	
-	-	-	160,309	2,033	-	162,342	
1,209,209	3,840,197	1,995,760	15,146,438	1,730,483	(7,848,062)	16,074,026	
520,172	-	-	-	-	-	520,172	
3,418,906	2,901,563	711,591	2,301,902	454,521	-	9,788,483	
85,823,048	188,755,777	15,333,930	42,638,921	61,279,080	(53,286,652)	340,544,104	
-	159,769,323	-	-	-	-	159,769,323	
21,689,853	-	-	-	-	-	21,689,853	
17,741	474,777	239,031	144,662	190	-	876,401	
1,469,919	884,452	-	-	-	-	2,354,371	
267,443	1,419,380	353,794	327,935	3,751	-	2,372,303	
3,756,899	-	1,212,338	926,845	121,675	-	6,017,757	
759,575	770,576	254,261	145,181	158,657	-	2,088,250	
3,260,532	2,921,259	765,627	10,517,248	7,042,320	(1,498,049)	23,008,938	
312,304	250,722	527,827	7,351,712	4,979,602	(6,350,000)	7,072,167	
31,534,266	166,490,489	3,352,878	19,413,583	12,306,195	(7,848,049)	225,249,363	
6,000,000	-	2,671,543	1,947,109	41,870,087	(46,488,739)	6,000,000	
-	98,237	-	-	-	-	98,237	
8,444,617	71,672	1,361,085	5,099,559	12,866,136	(4,870,160)	22,972,908	
(921,825)	674,855	-	-	-	-	(246,970)	
40,765,990	21,420,524	7,948,424	16,178,670	(5,763,338)	(6,977,283)	73,572,987	
-	-	-	-	-	12,897,579	12,897,579	
54,288,782	22,265,288	11,981,052	23,225,338	48,972,885	(45,438,603)	115,294,741	
85,823,048	188,755,777	15,333,930	42,638,921	61,279,080	(53,286,652)	340,544,104	

# Segmental Review: Statement of Income

For the year ended 31 December	2023							Total Rs. '000
	Non-Life Insurance Rs. '000	Life Insurance Rs. '000	Healthcare Rs. '000	Energy Rs. '000	Others Rs. '000	Eliminations Rs. '000		
Gross written premium	23,145,056	21,079,689	-	-	-	(904,160)	43,320,585	
Change in reserves for gross unearned premium	(466,762)					-	(466,762)	
<b>Gross earned premium</b>	22,678,294	21,079,689	-	-	-	(904,160)	42,853,823	
Premium ceded to re-insurers	(5,700,815)	(673,867)	-	-	-	-	(6,374,682)	
Change in reserve for unearned re-insurance premium	(520,935)	-	-	-	-	-	(520,935)	
<b>Net earned premium</b>	16,456,544	20,405,822	-	-	-	(904,160)	35,958,206	
Revenue from other operations	-	-	12,418,608	92,936,009	119,013	(2,258,296)	103,215,334	
	16,456,544	20,405,822	12,418,608	92,936,009	119,013	(3,162,456)	139,173,540	
<b>Benefits and losses</b>								
Net benefits and claims	(10,017,691)	(11,760,383)	-	-	-	-	(21,778,074)	
Underwriting and net acquisition costs	(755,440)	(2,746,218)	-	-	-	-	(3,501,658)	
Change in contract liabilities – Life fund	-	(18,289,725)	-	-	-	-	(18,289,725)	
Cost of services of subsidiaries	-	-	(7,209,581)	(81,612,069)	(35,309)	2,050,302	(86,806,657)	
<b>Total benefits and losses</b>	(10,773,131)	(32,796,326)	(7,209,581)	(81,612,069)	(35,309)	2,050,302	(130,376,114)	
<b>Other revenue</b>								
Investment income	5,796,446	22,666,949	1,257,662	1,258,324	86,527	(1,575,769)	29,490,139	
Fees and commission income	-	57,571	-	-	-	-	57,571	
Net realised gains	(1,907,846)	(679,932)	(518,044)	1,471,534	805,071		(829,217)	
Other income	774,207	876,493	76,934	276,702	1,059,614	(171,151)	2,892,799	
	4,662,807	22,921,081	816,552	3,006,560	1,951,212	(1,746,920)	31,611,292	
<b>Expenses</b>								
Other operating, investment related and administrative expenses	(4,934,071)	(5,219,817)	(4,115,591)	(5,597,945)	(1,649,544)	1,066,765	(20,450,203)	
<b>Profit before taxation</b>	5,412,149	5,310,760	1,909,988	8,732,555	385,372	(1,792,309)	19,958,515	
Income tax expense	(1,068,416)	(1,861,703)	(564,759)	(2,583,997)	(124,465)	-	(6,203,340)	
<b>Net Profit after Taxation/ Transfer to Shareholders' Fund</b>	4,343,733	3,449,057	1,345,229	6,148,558	260,907	(1,792,309)	13,755,175	

Non-Life Insurance Rs. '000	Life Insurance Rs. '000	Healthcare Rs. '000	2022			Eliminations Rs. '000	Total Rs. '000
			Energy Rs. '000	Others Rs. '000			
20,341,448	20,930,125	-	-	-	(217,971)	41,053,602	
612,519					-	612,519	
20,953,967	20,930,125	-	-	-	(217,971)	41,666,121	
(5,180,941)	(562,829)	-	-	-	-	(5,743,770)	
883,699	-	-	-	-	-	883,699	
16,656,725	20,367,296	-	-	-	(217,971)	36,806,050	
-	-	10,697,888	81,426,349	127,623	(1,631,136)	90,620,724	
16,656,725	20,367,296	10,697,888	81,426,349	127,623	(1,849,107)	127,426,774	
						-	
(10,525,781)	(11,606,118)	-	-	-	-	(22,131,899)	
(740,074)	(2,561,761)	-	-	-	-	(3,301,835)	
-	(11,017,756)	-	-	-	-	(11,017,756)	
-	-	(5,993,026)	(72,544,066)	(30,573)	1,444,267	(77,123,398)	
(11,265,855)	(25,185,635)	(5,993,026)	(72,544,066)	(30,573)	1,444,267	(113,574,888)	
1,743,588	12,050,084	927,518	1,341,145	78,633	(770,688)	15,370,280	
-	67,211	-	-	-	-	67,211	
9,169,180	2,687,944	1,954,853	(3,634,883)	-		10,177,094	
585,855	589,563	86,061	130,799	2,537,463	(366,042)	3,563,699	
11,498,623	15,394,802	2,968,432	(2,162,939)	2,616,096	(1,136,730)	29,178,284	
(8,807,009)	(6,182,795)	(3,612,095)	(4,437,706)	(5,014,714)	1,187,396	(26,866,923)	
8,082,484	4,393,668	4,061,199	2,281,638	(2,301,568)	(354,174)	16,163,247	
(553,331)	(1,377,013)	(814,341)	(794,989)	(39,540)	-	(3,579,214)	
7,529,153	3,016,655	3,246,858	1,486,649	(2,341,108)	(354,174)	12,584,033	

# Notes to the Financial Statements

## 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 31 December 2023, comprise 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 have been prepared for a common financial year which ends on 31 December 2023.

599,655,816 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.

The Insurance Regulatory Commission of Sri Lanka (IRC SL) granted insurance licenses effective from 01 February 2024 to Sri Lanka Insurance Corporation Life Limited to carry out the Life Insurance business and Sri Lanka Insurance Corporation General Limited to carry out the non-life Insurance, respectively, while SLIC's license was terminated accordingly. (Refer Note 47 – Events after the Reporting Date)

### 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 Hospital Corporation PLC	Providing healthcare and laboratory services
Litro Gas Lanka Ltd	Importing, processing, storing, distributing and selling of Liquid Petroleum Gas (LPG) and providing other incidental services.
Litro Gas Terminal Lanka (Pvt) Ltd	Providing bulk storage facilities for Liquid Petroleum Gas (LPG)
Canowin Hotels and Spas (Pvt) Ltd	Providing office space on rent for commercial purposes and is also engaged in hospitality trade.
Canwill Holdings (Pvt) Ltd	Investment promotion related to leisure sector, controlling and monitoring subsidiaries as a holding company
Management Services Rakshana (Pvt) Ltd	Providing payroll management services to Sri Lanka Insurance Corporation Ltd
Sri Lanka Insurance Corporation General Ltd	Carrying out of general insurance business with effect from 01 February 2024
Sri Lanka Insurance Corporation Life Ltd	Carrying out of long-term Life Insurance business with effect from 01 February 2024

## 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 authorised for issue by the Board of Directors on 26 April 2024.

### 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' liabilities have been measured at actuarially-determined values
- The liabilities for defined benefit obligation are actuarially valued and recognised as the present value of defined benefit obligation
- Land and buildings 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 have been presented in Sri Lankan rupees which is the Group and Company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise it is indicated.

### 2.4 Use of Estimates and Judgements

In preparing these Financial Statements, Management has made judgements, estimates and assumptions that affect the application of the 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 recognised prospectively.

Information about assumption and estimation uncertainty that have significant effect on the amounts recognised in the Financial Statements is included under the following notes:

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

**Notes 5, 8, 13, 14 and 16** – Provision for impairment of non-financial assets and financial assets: key assumptions

**Note 23** – Actuarial valuation of long-term insurance; key actuarial assumptions

**Note 24** – Measurement of insurance provision for non-life including IBNR/IBNER and UPR

**Note 17** – Measurement of deferred acquisition cost (DAC)

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

**Note 10** – Fair valuation of investment properties

### Measurement of Fair Values

A number of the Group/Company's accounting policies and disclosures require measurement of fair values, for both the 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 the 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 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 categorised 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.

### Impact of Economic Crisis

The impact of economic crisis prevailed in the country is discussed further under the relevant notes to these Financial Statements wherever possible.

### 2.5 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 as permitted LKAS 1 – "Presentation of Financial Statements".

### 2.6 Comparative Information

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

### 2.7 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 a 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.

In preparing these Financial Statements, the Management has assessed the existing effects of the economic conditions, divestiture and segregation of Life and General business and the use of going concern basis of preparation. The Company has been evaluating the resilience of its businesses, considering a wide range of factors such as profitability, revenue streams, working capital management, capital expenditure, cash reserves, travel restrictions and cost management initiatives implemented by the Company in order to be able to continue business under current global and local economic conditions. Based on the analysis and future outlook based on available information, Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

## Notes to the Financial Statements

Therefore, the Financial Statements continue to be prepared on the going concern basis.

The additional information is disclosed in Note 48 to the Financial Statements.

### 3. Significant Accounting Policies

The Group and the 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 recognised in profit or loss immediately. Any gain on a bargain is recognised 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 Parent. Control exists when the Parent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the 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 Interest in Equity Accounted Investees

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 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 at cost less impairment in the Company's Financial Statements.

##### 3.1.6 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised 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 recognised 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 Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. 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 Company are insurance contracts and, therefore, classified as insurance contracts under the SLFRS 4 – "Insurance Contracts". Thus, the 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 shareholder comprises two forms as follows;

- Surplus profit attributable to shareholder from the Policyholder Fund
- Profit earned from the shareholder assets

#### **Surplus Profit Attributable to Shareholder from the Policyholder Fund**

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

#### **Profit Earned from the Shareholder Assets**

Profits earned from the shareholders' assets based on the recommendation of in-house actuarial department and 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 recognised as revenue when payable by the policyholder (policies within the 30-day grace period 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 recognised as income. Benefits and expenses are provided against such revenue to recognise profits over the estimated life of the policies.

For single premium business revenue is recognised 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 recognised on the date on which the policy commences. Upon inception of the contract, premium is 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 an 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-day 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, premium is 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 premium which is included under liabilities.

#### **3.4.1.2 Reinsurance Premium**

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

## Notes to the Financial Statements

### (a) Non-life Insurance Reinsurance Premium

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

### Unearned Reinsurance Premium Reserve

Unearned reinsurance premium is those proportions of premium written in an year that relate to periods of risk after the reporting date. Unearned reinsurance premium is 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, premium is earned over the period of risk in proportion to the amount of insurance protection provided).

### (b) Life Insurance Reinsurance Premium

Reinsurance premium on life is recognised as an expense on the earlier of the date when premium is 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 is recognised as the revenue when receivable. Subsequent to initial recognition, reinsurance commission income on outwards reinsurance contracts is deferred and amortised 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 recognised as revenue upon receipt or becoming due.

### 3.4.1.4 Investment Income

Investment 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 recognised 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 recognised when the right to receive income is established.

### 3.4.1.5 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.

### 3.4.1.6 Hospital Revenue

The Group recognises revenue from hospital services over time, using an input method to measure progress towards a 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 that do not form part of revenue are excluded from the revenue.

### 3.4.1.7 Revenue from Sale of Goods

Revenue from the 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 estimates the 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.

### **3.4.1.8 Rental Income from Investment Property**

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

### **3.4.1.9 Profit/loss on Disposal of Property, Plant and Equipment**

Profit/loss on disposal of property, plant and equipment is recognised 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 are 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 recognised when the related gross insurance claim is recognised 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 amortised over the period in which the related written premium is 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 an Independent Consultant Actuary following his annual investigation of the Life Insurance business. The actuarial valuation takes into account all liabilities and expenses are based on assumptions approved by the Independent Consultant Actuary.

### **3.4.2.5 Other Expenses**

Other expenses are recognised 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.

## Notes to the Financial Statements

### 3.4.3 Employee Benefits

#### (a) Short-term Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised 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 an 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 recognised as an employment benefit expense in the statement of profit or loss in the periods during which services are rendered by employees.

#### Employees 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 recognised 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 five years of continuous service. The liability is not externally funded.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. The Group recognises any gains and losses on the settlement of a defined benefit plan when settlement occurs.

The remeasurement of the net defined benefit obligation, which comprise actuarial gains and losses are recognised immediately in other comprehensive income.

### 3.4.4 Income Tax Expense

Income tax expense comprises the current and deferred tax. Current and deferred taxes are recognised in profit and loss except to the extent that it relates to items recognised 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 are aggregate of:

- Surplus distributed to shareholders from Life Insurance policyholders fund as certified by the actuary at the rate of 30%
- Investment income of shareholder fund less any expenses incurred in the production of such income at a rate of 30%
- Surpluses distributed to Life Insurance policyholders who share the profits of a person engaged in the business of life insurance at a rate of 30%
- But for Non-life Insurance business, all other sections are applicable and gain and profit of such business are taxed at 30%

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 recognised 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 recognised 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 utilised.

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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised 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 the legally enforceable right exists to set off the 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 Crop Insurance Levy (CIL)**

The Crop Insurance Levy was introduced under the provisions of Section 14 of the Finance Act No. 12 of 2013, and came into effect from 01 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 asset 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 recognised 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 recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### **3.5.1.3 Revaluation of Fixed Assets**

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at the 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 land and buildings are undertaken by professionally qualified valuers at a minimum of three years 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 recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss.

A decrease in the carrying amount as a result of revaluation, is recognised in profit and loss. However, the decrease is recognised 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 the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. This most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

## Notes to the Financial Statements

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 conditioning plant – 5-10 years
- Motor vehicles – 4-5 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 – 3-12 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-recognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognised.

### 3.5.1.6 Impairment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 December 2023 by considering the impact from the economic crisis as well. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of property, plant and equipment.

### 3.5.1.7 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 capitalisation.

## 3.5.2 Intangible Assets

An intangible asset is recognised 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 recognised 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 amortisation 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 capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

### Amortisation

Amortisation is calculated to write-off the cost of the intangible assets less estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. The estimated useful life of software is five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### Derecognition

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss from the de recognition of such intangible assets is included in profit or loss when the item is derecognised.

The Group has assessed potential impairment indicators of intangible assets including impact from economic crisis as at 31 December 2023. Based on the assessment, no impairment indicators were identified.

## 3.5.3 Right-of-Use Asset

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition,

measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using full retrospective method from 01 January 2019, without restating comparatives for 2018 reporting period, as permitted under the specific transitional provisions in the standard.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use-assets of the Group consist of branch premises taken on rent which were previously recognised as operating leases under LKAS 17.

#### **Initial Measurement**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Where a subsidiary company has right-of-use assets and lease liability as result of property rented out by the Company to the subsidiary, such right-of-use assets and lease liability are eliminated in the Consolidated Financial Statements.

#### **Subsequent Measurement**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

#### **Impairment of Right-of-Use Assets**

As at the reporting date, no impairment loss has been recognised by the Group in respect of impairment

of right-of-use assets due to the economic crisis since each business unit is operating under the business continuity plans as per the Company risk management strategy, to the extent possible, whilst strictly adhering to and supporting government directives.

#### **3.5.4 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 an annual basis with any change therein recognised in profit or loss.

Investment properties are derecognised 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 recognised 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 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".

#### **3.5.5 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

## Notes to the Financial Statements

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 recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised 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 amortisation, if no impairment loss had been recognised.

### 3.5.6 Inventories

Inventories include all consumable items which are stated at lower of cost and net realisable value.

Having evaluated the nature of the inventories held by the Group, the Group has assessed whether there is any impact to net realisable value of the inventories due to implications of the economic crisis and assessed whether it was required to adjust the carrying value of the inventory. The Group has not identified any circumstances where

adjustments are required to reduce the carrying value of the inventories.

### 3.5.7 Financial Instruments – LKAS 39

The Company classifies non-derivative financial assets into the 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.

#### 3.5.7.1 Non-derivative Financial Assets

The Company initially recognises 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 derecognises a financial asset when the contractual rights to the cash flows from the asset expire, 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 recognised 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 realise 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 recognised in other comprehensive income and accumulated in the available-for-sale reserve. When these assets are derecognised, 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 recognised 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 recognised 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 recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Held-to-maturity financial assets comprise Treasury Bills and Treasury Bond 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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised 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 recognised 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 derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

#### **Premium Receivable**

Insurance receivables are recognised 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 Regulatory Commission of Sri Lanka (IRCSL), Non-Life Insurance policies are issued subject to PPW and are cancelled upon the expiry of 60 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 recognised at each reporting date and will be reversed if the premiums are not settled during the subsequent month, and thus the policies will lapse as per the Company policy.

The Group has assessed the potential impairment loss of Premium Receivables as at 31 December 2023 considering economic implication of economic crisis. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of Premium Receivables.

#### **Other Receivables and Dues from Related Parties**

Other receivables and dues from related parties are recognised at cost less allowances for bad and doubtful receivables.

## Notes to the Financial Statements

### 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.

### 3.5.7.2 Non-derivative Financial Liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised 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 amortised cost using the effective interest rate method.

The Company derecognises 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.

### 3.5.8 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 the following:

- 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.

### 3.5.8.1 Financial Assets Carried at Amortised Cost

The evidence of impairment for these assets is considered at both an individual level 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 recognised 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 recognised, then the previously recognised impairment loss is reversed through profit or loss.

### 3.5.8.2 Available-for-Sale Financial Assets (AFS)

Impairment losses on available for sale financial assets are recognised 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 amortisation) and the current fair value, less any impairment loss previously recognised 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 recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

### 3.5.9 Financial Instruments – SLFRS 09

SLFRS 09 sets out requirements for recognising 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 09 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SLFRS 09 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 09 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 09.

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 except the Company's accounting policies related to financial liabilities.

### **3.5.10 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 amortised over the period in which the related revenues are earned. All other acquisition costs are recognised as an expense when incurred.

In line with the available regulatory guidelines from the Insurance Regulatory Commission of Sri Lanka (IRCSL), the DAC is calculated based on the 365 basis.

DAC is derecognised when the related contracts are either settled or disposed off.

### **3.5.11 Stated Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### **Repurchase of Shares**

Under Act No. 07 of 2007, a company has the ability to purchase or acquire its own shares, either in accordance with the provisions of the Act or based on a court order. This provision allows companies flexibility in managing their share capital and ownership structure, subject to legal and regulatory requirements.

### **3.5.12 Liabilities and Provisions**

#### **3.5.12.1 Insurance Contract Liabilities**

##### **Insurance Provision – Life Insurance**

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium method. The liability is determined as the sum of the discounted value of the expected future benefits and expenses 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.

Cash flows are discounted based on the rates provided by the IRCSL on monthly basis. Valuation assumptions are derived based on the best estimate experience with a prescribed risk appetite 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 non-guaranteed 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 04 – "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 (UPR) is performed 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 coverage provided.

The Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) claims reserve are actuarially computed.

No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

## Notes to the Financial Statements

As required by the SLFRS 04 – "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.

There is no material impact on the insurance contract liabilities due to economic crisis as at 31 December 2023 since insurance contract liabilities are not subject to discount rates and methodology as disclosed in Note 44.1.2.

### 3.5.12.2 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 five years or more. Thus, no profit is recognised in the first year of the policy given the higher probability of claims occurring in that year. From the second year onwards, profit is recognised by amortising 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 recognised in the second year and thereafter it is periodically recognised.

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 recognised in profit or loss upon confirmation of the same by the respective Bank.

### 3.5.12.3 Provisions (Except on Insurance Contracts)

A provision is recognised 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.

### 3.6 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, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised 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. Further notes are included in Note 47.

### 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 yet Effective as at the Reporting Date

### 4.1 Changes in Accounting Standards

The Company applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after 01 January 2023.

Accounting standard	Description	Effective Date
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to LKAS 12)	The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting the temporary differences – e.g. leases.	01 January 2023
Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates	01 January 2023
Amendments to IAS 01 Presentation of Financial Statements and IFRS practice Statement 2 Making Materiality Judgement.	Disclosure of Accounting Policies	01 January 2023

### 4.2. 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 01 January 2019 or at a later date.

The new and amended standards that are issued, but not yet effective at the date of issuance of these Financial Statements are disclosed below.

- Amendments to SLFRS 09, LKAS 39, SLFRS 07, SLFRS 04 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 and 2)
- SLFRS 17 – Insurance Contracts
- SLFRS 01 – Subsidiary as a first time adaptation

- LKAS 41 – Taxation for Fair value Measurement
- SLFRS 03 – Updating Reference to the Conceptual Framework
- LKAS 7 – Amendments to Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures
- LKAS 21 – Amendments to The Effects of Changes in Foreign Exchange Rates

None of the new or amended pronouncements are expected to have a material impact on the consolidated Financial Statements of the Group.

### Temporary Exception from SLFRS 09

#### SLFRS 09 – “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 09 is effective for annual reporting periods beginning on or after 01 January 2018, with early adoption permitted.

The Company (SLIC) is predominantly based on the proposed amendments to SLFRS 04 “Insurance contracts”, the entities whose predominant activity is issuing insurance contracts are permitted to defer the full application of SLFRS 09 until the adopting the revised SLFRS 04, which commenced in 2022. Consequent to the global deferment of IFRS 17 – Insurance Contract effective date from 01 January 2026, the Company is expected the temporary exemption to be deferred until 2026 January.

## Notes to the Financial Statements

An insurer may apply the temporary exemption from SLFRS 09 if, and only if:

- a. It has not previously applied any version of SLFRS 09, 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 01 April 2016, or at a subsequent annual reporting date.

In accordance with the amendments to SLFRS 04 – 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%; or
  - II. less than or equal to 90% but greater than 80%, and the insurer does not engage in a significant activity unconnected with insurance.

The temporary exemption from SLFRS 09 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 09 closer to the time of adopting the revised SLFRS 04 and so is not able to fully quantify the impact of adopting SLFRS 09 on its Financial Statements as at reporting date. It is anticipated however, that it may not significantly change the Company’s total equity.

### **SLFRS 15 – “Revenue from Contracts with Customers”**

SLFRS 04 – Insurance Contracts are scoped out from this standard. Therefore, the Company may not have a significant impact on insurance transactions from the standard. However, there could be an impact on other revenue transaction with the implementation of this standard. The Company is assessing the 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 01 January 2026. Early adoption is permitted along with the adoption of SLFRS 09 and SLFRS 15. SLFRS 17 supersedes SLFRS 04 Insurance Contracts. The Company intends to adopt the new standard on its mandatory effective date.

SLFRS 04 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 a new measurement model for all insurance contracts.

SLFRS 17 requires liabilities for insurance contracts to be recognised 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 recognised 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 policy-holders in the period (release of CSM), release from non-economic risk (release 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, needs 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 require 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 SLFRS 17, the shadow accounting to insurance related assets and liabilities will not be applicable.

The Company has an implementation programme underway to implement SLFRS 17. The programme 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.

## Notes to the Financial Statements

## 5. Financial Investment

As at 31 December	Note	Group				Company			
		2023		2022		2023		2022	
		Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Held to maturity (HTM) financial assets	5.1	72,571,731	66,961,669	71,832,664	43,232,680	72,571,731	66,961,669	71,832,664	43,232,680
Loans and receivables (L and R)	5.2	66,276,591	66,276,591	69,065,402	69,065,402	59,300,582	59,300,582	62,142,194	62,142,194
Available for sale (AFS) financial assets	5.3	102,644,036	102,644,036	51,513,246	51,513,246	102,644,036	102,644,036	51,513,246	51,513,246
Fair value through profit or loss (FVTPL) financial asset	5.4	16,592,638	16,592,638	25,763,811	25,763,811	16,592,638	16,592,638	25,763,811	25,763,811
<b>Total financial investments</b>		<b>258,084,996</b>	<b>252,474,934</b>	<b>218,175,123</b>	<b>189,575,139</b>	<b>251,108,987</b>	<b>245,498,925</b>	<b>211,251,915</b>	<b>182,651,931</b>

## 5.1 Held to Maturity (HTM) Financial Assets

As at 31 December	Group				Company			
	2023		2022		2023		2022	
	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Treasury bonds	66,528,073	60,918,011	69,802,527	41,202,543	66,528,073	60,918,011	69,802,527	41,202,543
Listed debentures	6,043,658	6,043,658	2,030,137	2,030,137	6,043,658	6,043,658	2,030,137	2,030,137
	<b>72,571,731</b>	<b>66,961,669</b>	<b>71,832,664</b>	<b>43,232,680</b>	<b>72,571,731</b>	<b>66,961,669</b>	<b>71,832,664</b>	<b>43,232,680</b>

## 5.2 Loans &amp; Receivables (L &amp; R)

As at 31 December	Note	Group				Company			
		2023		2022		2023		2022	
		Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Unlisted debentures		27,384,412	27,384,412	23,371,379	23,371,379	27,384,412	27,384,412	23,371,379	23,371,379
Term deposits		38,892,179	38,892,179	28,962,533	28,962,533	31,916,170	31,916,170	22,039,325	22,039,325
Development bonds	5.2.1	-	-	19,407,639	16,731,490	-	-	19,407,639	16,731,490
(-) Provision for impairment		-	-	(2,676,149)	-	-	-	(2,676,149)	-
		<b>66,276,591</b>	<b>66,276,591</b>	<b>69,065,402</b>	<b>69,065,402</b>	<b>59,300,582</b>	<b>59,300,582</b>	<b>62,142,194</b>	<b>62,142,194</b>



## 5. Financial Investment (Contd.)

### 5.2.1 Provision for Impairment

The Company has made an impairment provision on Sri Lanka Development Bonds for Rs. 2.7 Bn. This decision has been derived based on the unpredictability surrounding the receivable amount of SLDB as of 31 December 2022, due to the uncertainty over the policy and modality over restructuring of local Government Debts. this provision has been fully reversed during the year.

### 5.2.2 Litro Gas Terminal Lanka (Pvt) Ltd

Litro Gas Terminal Lanka (Pvt) Limited has entered into a lease agreement with Hambanthota International Port Group (Pvt) Limited to use the land (Refer Note 9.4). As per the agreement, the Company needs to provide a bank guarantee in order to use the lease land. Accordingly, to obtain the bank guarantee, the Company has pledged its term deposit amounting to Rs. 100 Mn. deposited in People's Bank.

### 5.3 Available for Sale (AFS)

As at 31 December	Group				Company			
	2023		2022		2023		2022	
	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Listed shares	26,067,713	26,067,713	12,688,898	12,688,898	26,067,713	26,067,713	12,688,898	12,688,898
Unlisted shares	5,926	5,926	7,850	7,850	5,926	5,926	7,850	7,850
Unit trusts	2,286,672	2,286,672	1,798,508	1,798,508	2,286,672	2,286,672	1,798,508	1,798,508
Listed debentures	29,948,862	29,948,862	33,756,794	33,756,794	29,948,862	29,948,862	33,756,794	33,756,794
Commercial papers	16,368,416	16,368,416	-	-	16,368,416	16,368,416	-	-
Treasury bonds	27,966,447	27,966,447	3,261,196	3,261,196	27,966,447	27,966,447	3,261,196	3,261,196
	102,644,036	102,644,036	51,513,246	51,513,246	102,644,036	102,644,036	51,513,246	51,513,246

### 5.4 Fair Value Through Profit or Loss (FVTPL)

As at 31 December	Group				Company			
	2023		2022		2023		2022	
	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Listed shares	14,299,067	14,299,067	23,031,279	23,031,279	14,299,067	14,299,067	23,031,279	23,031,279
Unit trusts	2,293,571	2,293,571	2,732,532	2,732,532	2,293,571	2,293,571	2,732,532	2,732,532
	16,592,638	16,592,638	25,763,811	25,763,811	16,592,638	16,592,638	25,763,811	25,763,811

Fair value through profit or loss investments and Available for sale investments have been measured at fair value. Held to Maturity Investment and loans and receivable are measured at amortised cost.

## Notes to the Financial Statements

### 5. Financial Investment (Contd.)

#### 5.5 Movement of Carrying Values in Financial Investments

Company	Available for Sale Financial Assets Rs. '000	Fair Value Through Profit or Loss Financial Assets Rs. '000	Held-to-maturity Financial Assets Rs. '000	Loans and Receivable Rs. '000	Total Rs. '000
As at 01 January 2023	51,513,246	25,763,811	71,832,664	62,142,194	211,251,915
Purchases	41,142,396	2,929,952	4,000,000	29,170,764	77,243,113
Maturities	(7,961,108)	(650,484)	(3,170,000)	(23,046,147)	(34,827,739)
Disposals	(22,500)	(11,836,683)	-	(12,293,684)	(24,152,867)
Fair value gain recorded in other comprehensive income	16,609,607	94,452	-	-	16,704,059
Realised capital gains/(losses)	(658,643)	(320,838)	-	-	(979,481)
Impairment of assets during the year	-	-	-	2,676,150	2,676,150
Interest amortisation	114,506	-	4,062	-	118,568
Foreign currency translation adjustments	(135,080)	16,222	-	(1,916,205)	(2,035,063)
Profit	-	586,717	-	(497,925)	88,792
Interest income	5,760,168	-	7,887,569	10,005,165	23,652,903
Interest/coupon receipts	(3,718,556)	9,490	(7,982,566)	(6,939,729)	(18,631,361)
<b>As at 31 December 2023</b>	<b>102,644,036</b>	<b>16,592,639</b>	<b>72,571,730</b>	<b>59,300,583</b>	<b>251,108,987</b>

Company	Available for Sale Financial Assets Rs. '000	Fair Value Through Profit or Loss Financial Assets Rs. '000	held-to maturity Financial Assets Rs. '000	Loans and Receivable Rs. '000	Total Rs. '000
As at 01 January 2022	65,429,537	22,859,816	60,916,652	46,691,301	195,897,306
Purchases	-	12,586,624	12,025,744	45,639,763	70,252,131
Maturities	(2,529,000)	(1,823,316)	(1,150,000)	(39,316,080)	(44,818,396)
Disposals	(131,973)	(1,341,816)	-	-	(1,473,789)
Fair value gain recorded in other comprehensive income	(9,206,870)	133,189	-	-	(9,073,681)
Realised capital gains/(losses)	66,437	(6,917,712)	-	-	(6,851,275)
Realised/unrealised capital gains/(losses)	-	-	6,325	-	6,325
Impairment of assets during the year	-	-	-	(2,676,149)	(2,676,149)
Interest amortisation	(3,192,627)	267,026	-	10,415,306	7,489,705
Foreign currency translation adjustments	805,080	-	-	-	805,080
Interest income	4,443,909	-	7,541,262	5,897,343	17,882,514
Interest/coupon receipts	(4,171,247)	-	(7,507,319)	(4,509,290)	(16,187,856)
<b>As at 31 December 2022</b>	<b>51,513,246</b>	<b>25,763,811</b>	<b>71,832,664</b>	<b>62,142,194</b>	<b>211,251,915</b>

## 5. Financial Investment (Contd.)

<i>Group</i>	<i>Available for Sale Financial Assets</i>	<i>Fair Value Through Profit or Loss Financial Assets</i>	<i>Held-to-maturity Financial Assets</i>	<i>Loans and Receivable</i>	<i>Total</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
As at 01 January 2023	51,513,246	25,763,811	71,832,664	69,065,402	218,175,123
Purchases	41,142,396	2,929,952	4,000,000	29,223,565	77,295,914
Maturities	(7,961,108)	(650,484)	(3,170,000)	(23,046,147)	(34,827,739)
Disposals	(22,500)	(11,836,683)	-	(12,293,684)	(24,152,867)
Fair value gain recorded in other comprehensive income	16,609,607	94,452	-	-	16,704,059
Realised capital gains/(losses)	(658,643)	(320,838)	-	-	(979,481)
Impairment of assets during the year	-	-	-	2,676,150	2,676,150
Interest amortisation	114,506	-	4,062	-	118,568
Foreign currency translation adjustments	(135,079)	16,222	-	(1,916,205)	(2,035,062)
Profit	-	586,717	-	(497,925)	88,792
Interest income	5,760,168	-	7,887,569	10,005,165	23,652,903
Interest/coupon receipts	(3,718,556)	9,490	(7,982,567)	(6,939,729)	(18,631,362)
<b>As at 31 December 2023</b>	<b>102,644,037</b>	<b>16,592,639</b>	<b>72,571,731</b>	<b>66,276,591</b>	<b>258,084,996</b>

<i>Group</i>	<i>Available for Sale Financial Assets</i>	<i>Fair Value Through Profit or Loss Financial Assets</i>	<i>held-to maturity Financial Assets</i>	<i>Loans and Receivable</i>	<i>Total</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
As at 01 January 2022	65,429,536	22,859,818	60,916,654	51,541,271	200,747,278
Purchases	-	12,586,624	12,025,744	47,813,002	72,425,370
Maturities	(2,529,000)	(1,823,316)	(1,150,000)	(39,416,080)	(44,918,396)
Disposals	(131,973)	(1,341,816)	-	-	(1,473,789)
Fair value gain recorded in other comprehensive income	(9,206,870)	133,188	-	-	(9,073,682)
Realised capital gains/(losses)	66,437	(6,917,712)	-	-	(6,851,275)
Realised/unrealised capital gains/(losses)	-	-	6,325	-	6,325
Impairment of assets during the year	-	-	-	(2,676,149)	(2,676,149)
Interest amortisation	(3,192,627)	267,025	-	10,415,306	7,489,704
Foreign currency translation adjustments	805,081	-	-	-	805,081
Interest income	4,443,909	-	7,541,262	5,897,343	17,882,514
Interest/coupon receipts	(4,171,247)	-	(7,507,320)	(4,509,290)	(16,187,857)
<b>As at 31 December 2022</b>	<b>51,513,246</b>	<b>25,763,811</b>	<b>71,832,664</b>	<b>69,065,402</b>	<b>218,175,123</b>

## Notes to the Financial Statements

### 6. Investment in Subsidiaries

As at 31 December	Sub Note	Company	
		2023 Rs. '000	2022 Rs. '000
<b>Investment in Subsidiaries</b>			
<b>At Cost</b>			
Listed subsidiaries	6.1	2,764,196	2,764,196
Unlisted subsidiaries	6.2	21,059,696	20,059,696
		23,823,892	22,823,892

#### 6.1 Listed Subsidiaries

	2023				2022			
	No. of Shares Rs. '000	Holding	Cost Rs. '000	Fair Value Rs. '000	No. of Shares Rs. '000	Holding	Cost Rs. '000	Fair Value Rs. '000
The Lanka Hospitals Corporation PLC	114,861,951	51.34%	2,764,196	13,783,434	114,861,951	51.34%	2,764,196	11,405,792
			2,764,196	13,783,434			2,764,196	11,405,792

#### 6.2 Unlisted Subsidiaries

As at 31 December	2023			2022		
	No. of Shares	SLIC Holding	Carrying Value Rs. '000	No. of Shares	SLIC Holding	Carrying Value 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 (Pvt) Ltd	5	100.00%	-	5	100%	-
Canwill Holdings (Pvt) Ltd	1,085,294,117	52.05%	10,399,358	1,085,294,117	52.05%	10,399,358
Canowin Hotels & Spas (Pvt) Ltd	87,008,686	100.00%	870,087	87,008,686	100%	870,087
Sri Lanka Insurance Corporation General Ltd	50,000,001	100.00%	500,000	-	-	-
Sri Lanka Insurance Corporation Life Ltd	50,000,000	100.00%	500,000	-	-	-
			21,059,696			20,059,696

On 29 August 2023, Sri Lanka Insurance Corporation Limited acquired 100% of the stake in Sri Lanka Insurance Corporation General Limited, a newly formed and previously held subsidiary of Sri Lanka Investment Holding Limited, and on 16 October 2023, Sri Lanka Insurance Corporation Limited invested an additional Rs. 400 Mn. in Sri Lanka Insurance Corporation General Limited. In addition, on 18 October 2023, Sri Lanka Insurance Corporation Limited established and invested Rs. 500 Mn. in Sri Lanka Insurance Corporation Life Limited.

## 6. Investment in Subsidiaries (Contd.)

### 6.2.1 Group Investment in Subsidiaries

<b>Sri Lanka Insurance Corporation General Ltd</b>	
Holding	100%
<i>Assets/Liabilities</i>	<i>Identified assets and liabilities assumed Rs. '000</i>
Other receivable	200
Amounts due from related party	508
Cash and cash equivalents	166,400
Income tax payable	(5,269)
Other payables	(302)
<b>Identified net assets as at acquisition date</b>	<b>161,537</b>
<b>Goodwill/(gain on bargain purchase) calculation</b>	
Consideration paid	100,000
Identified net assets as at acquisition date	(161,537)
<b>Gain on bargain purchase</b>	<b>(61,537)</b>

<i>As at 31 December</i>	<i>Holding Percentage</i>	<i>Company</i>	
		<i>2023 Rs. '000</i>	<i>2022 Rs. '000</i>
Sinolanka Hotels and Spa (Pvt) Ltd	100%	19,999,999,995	19,999,999,995
Helanco Hotels and Spa (Pvt) Ltd	100%	500,000,000	500,000,000
Nilyan Hotels and Spa (Pvt) Ltd	100%	10	10
		20,500,000,005	20,500,000,005
Provision for impairment		(10)	(10)
		20,499,999,995	20,499,999,995

The Board of Directors of Nilyan Hotels & Spa (Pvt) Ltd has been 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 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 in the year 2017.

## Notes to the 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	Group Interest		Non Controlling Interest	
			2023	2022	2023	2022
The Lanka Hospitals Corporation PLC	Healthcare and Laboratory Services	Ordinary	51.34%	51.34%	48.66%	48.66%
Lanka Hospital Diagnostics Ltd	Healthcare and Laboratory Services	Ordinary	51.34%	51.34%	48.66%	48.66%
Litro Gas Lanka Ltd	Import, Process, Store, Distribute and sell Liquid Petroleum Gas (LPG) and provide other incidental services.	Ordinary	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%	0.00%	0.00%
Canowin Hotels & Spa (Pvt) Ltd	Hoteliering	Ordinary	100.00%	100.00%	0.00%	0.00%
Canwill Holdings (Pvt) Ltd	Investment promotion in relation to leisure sector	Ordinary	76.01%	76.01%	23.99%	23.99%
Sinolanka Hotels & Spa (Pvt) Ltd	Hoteliering	Ordinary	76.01%	76.01%	23.99%	23.99%
Helanco Hotels & Spa (Pvt) Ltd	Hoteliering	Ordinary	76.01%	76.01%	23.99%	23.99%
Management Services Rakshana (Pvt) Ltd	Management Services	Ordinary	100.00%	100.00%	0.00%	0.00%
Sri Lanka Insurance Corporation General Ltd	Insurance	Ordinary	100.00%	-	0.00%	-
Sri Lanka Insurance Corporation Life Ltd	Insurance	Ordinary	100.00%	-	0.00%	-

### 6.4 Non-Controlling Interest

#### 6.4.1 Subsidiaries with Material Non-Controlling Interests

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interest to the Group. The Group has identified these non controlling interest on quantitative and qualitative bases.

Subsidiary Name	The Lanka Hospitals Corporation PLC Rs. '000	Litro Gas Lanka Ltd Rs. '000	Canwill Holdings (Pvt) Ltd Rs. '000
<b>NCI Holding Interest</b>	48.66%	0.06%	23.99%
<b>Summarised statement of financial position</b>			
Non-current assets	6,014,136	18,437,614	20,500,403
Current assets	10,304,655	15,208,548	783,872
Non-current liabilities	(1,664,682)	(13,897,036)	(614)
Current liabilities	(2,055,150)	(4,824,995)	(415,573)
<b>Net assets</b>	12,598,960	14,924,131	20,868,088
<b>Net assets attributable to NCI (Before any inter group eliminations)</b>	6,130,775	9,596	5,006,849

## 6. Investment in Subsidiaries (Contd.)

Subsidiary Name	The Lanka Hospitals Corporation PLC Rs. '000	Litro Gas Lanka Ltd Rs. '000	Canwill Holdings (Pvt) Ltd Rs. '000
<b>Summarised statement of comprehensive income</b>			
Revenue	12,418,608	90,936,964	-
Profit for the year	1,345,228	4,608,181	4,573
Other comprehensive income/(expenses)	(56,121)	(10,869)	(8)
<b>Total comprehensive income</b>	<b>1,289,107</b>	<b>4,597,312</b>	<b>4,565</b>
<b>Profit allocated to NCI</b>	<b>654,601</b>	<b>3,290</b>	<b>1,097</b>
<b>OCI allocated to NCI</b>	<b>(27,309)</b>	<b>(7)</b>	<b>(2)</b>
<b>Summarised statement of cash flows</b>			
Cash flows from/(used in) operating activities	1,510,744	8,366,327	(15,165)
Cash flows from/(used in) investment activities	(207,266)	(250,188)	308
Cash flows from/(used in) finance activities	(777,395)	(5,322,264)	-
<b>Net increase in cash and cash equivalents</b>	<b>526,083</b>	<b>2,793,875</b>	<b>(14,857)</b>

### 6.4.2 Movement of Non-Controlling Interest

	Group	
	2023 Rs. '000	2022 Rs. '000
Balance at the beginning of the year	12,897,579	9,125,663
Profit for the year	690,330	995,460
Other comprehensive income, net of tax	(27,352)	1,790,363
Dividends paid to NCI for the year	(327,092)	(326,611)
Effect of change in percentage holding in subsidiaries	-	1,312,704
Balance at the end of the year	13,233,465	12,897,579

## 7. Investment in Associates

Group/Company	2023				2022			
	No. of shares	SLIC Holding	Carrying Value Rs. '000	Fair Value Rs. '000	No. of shares	SLIC Holding	Carrying Value Rs. '000	Fair Value Rs. '000
Ceybank Asset Management Ltd	759,998	26.57%	191,295	191,295	759,998	26.57%	191,295	191,295
Ceylon Asset Management Company Ltd	1,250,000	18.95%	7,378	7,378	1,250,000	18.95%	7,378	7,378
			198,673	198,673			198,673	198,673

\* The above investments are measured at SLIC's share of Net Asset Value (NAV) of the investee (based on the unaudited Financial Statements) and change in values are recognised in OCI. There is no material impact on the Group's profit after tax or EPS, or cash.

## Notes to the Financial Statements

### 8. Property, Plant and Equipment

#### 8.1 Group

As at 31 December	Notes	2023 Rs. '000	2022 Rs. '000
Carrying amount		44,101,299	44,866,415
Work-in-progress	8.1.3	30,707,140	30,560,387
		74,808,439	75,426,802

As at 31 December	Land	Buildings on Freehold Land	Building on Leasehold Land	Equipment	Furniture and Fittings	Motor Vehicle
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000

#### Cost/Valuation

##### Freehold

Balance as at 01 January 2023	16,512,079	2,978,851	8,263,271	5,787,783	993,877	1,093,400
Additions during the year	-	146,402	90,773	687,547	124,639	-
Revaluation	-	-	-	1,976	1,303	7,750
Disposals	-	-	-	(72,838)	(19,376)	(56,556)
Transfers during the year	-	-	-	(32)	(12,402)	-
Adjustment to cost	-	-	-	-	-	33,513
Transfers from ROU	-	4,700	-	-	-	-
Transfers from working progress	-	-	-	8,717	16,348	-
<b>Balance as at 31 December 2023</b>	<b>16,512,079</b>	<b>3,129,953</b>	<b>8,354,044</b>	<b>6,413,152</b>	<b>1,104,389</b>	<b>1,011,081</b>

#### Accumulated depreciation

##### Freehold

Balance as at 01 January 2023	14,503	219,958	16,044	3,487,120	602,061	424,116
Depreciation charge during the year	1,741	156,164	207,698	466,601	78,473	260,997
Disposals	-	-	-	(50,757)	(8,947)	(26,370)
Transfers during the year	-	-	-	(3)	(241)	-
Adjustment to accumulated depreciation	-	-	-	-	-	(38,039)
Transfers from ROU	-	470	-	-	-	-
Revaluation	-	-	-	-	-	-
<b>Balance as at 31 December 2023</b>	<b>16,244</b>	<b>376,592</b>	<b>223,740</b>	<b>3,902,963</b>	<b>671,346</b>	<b>620,704</b>

#### Net book value

<b>As at 31 December 2022</b>	16,497,576	2,758,892	8,247,229	2,300,663	391,816	669,284
As at 31 December 2023	16,495,833	2,753,361	8,130,304	2,510,189	433,043	390,377



<i>Electrical Generators and Passenger Lifts</i>	<i>Fixtures and Fittings</i>	<i>Air-condition Plant</i>	<i>Plant and Machinery</i>	<i>Storage Tanks, Pipelines and Pumping Stations</i>	<i>LPG Cylinders</i>	<i>Others</i>	<b>Total 2023</b>	<b>Total 2022</b>
<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
86,993	14,857	160,651	1,507,423	3,812,339	18,009,229	452,340	59,673,093	60,043,976
8,621	281	39,660	-	-	-	82,320	1,180,242	983,892
-	3,631	-	-	-	-	2,626	17,286	673,894
-	(4,971)	(40)	-	-	(21,152)	(5,866)	(180,799)	(61,024)
-	-	-	-	-	-	12,434	-	-
-	-	-	-	-	-	-	(33,513)	(2,089,641)
-	-	-	-	-	-	-	4,700	-
-	(9,518)	-	110,271	11,110	172,567	-	309,495	121,996
95,614	4,280	200,271	1,617,694	3,823,449	18,160,644	543,854	60,970,504	59,673,093
25,551	5,223	46,353	497,033	812,361	8,328,738	327,615	14,806,678	15,107,879
10,384	205	20,906	78,275	224,605	654,903	56,335	2,217,285	2,126,874
-	(4,971)	(40)	-	-	(21,030)	(5,074)	(117,189)	(49,542)
-	-	-	-	-	-	244	-	-
-	-	-	-	-	-	-	(38,039)	(2,094,270)
-	-	-	-	-	-	-	470	-
-	-	-	-	-	-	-	-	(284,263)
35,935	457	67,219	575,308	1,036,966	8,962,611	379,120	16,869,205	14,806,678
61,442	9,634	114,298	1,010,390	2,999,978	9,680,491	124,725	-	44,866,415
59,679	3,823	133,052	1,042,386	2,786,483	9,198,033	164,734	44,101,299	-

## Notes to the Financial Statements

### 8. Property, Plant and Equipment (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 December 2023 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	31 December 2022	Estimated price per perch Rs. 4,226,044.25	43,739,559	37,271,112	6,468,447
Hathbodiya, Kirula Road, Narahenpita, Colombo 05.	10.00	Open market value method	Mr A A M Fathihu (FIV), Chartered Valuer	31 December 2022	Estimated price per perch Rs. 4,226,044.25	42,260,443	36,010,737	6,249,706
						86,000,002	73,281,849	12,718,153

##### Sinolanka Hotels & Spa (Pvt) Ltd

The Company has purchased three blocks of land with buildings attached to the land, with the intention of demolishing the buildings in 2014 to facilitate the expansion of the ballroom, car parking facilities, re-organisation 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 CWIP. 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.

In addition to the above freehold land, the Company occupies approximately 22.56p of land which was previously owned by Ceylinco Homes International Ltd and 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 24 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 07 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 field by Ceylinco Homes International Limited against Sinolanka Hotels & Spa (Pvt) Ltd connected to the same property. On

03 November 2022 court held the hearing of this case until the decision of below mentioned Court of Appeal CA (Writ) Application No. 219/18.

CA (Writ) Application No. 219/18, the acquisition process of this land has been initiated by the Line Ministry (Ministry of Public Enterprise Development), through an Extraordinary Gazette No. 2065/24, dated 04 April 2018 to obtain immediate possession of the land by the Ministry of Land and Parliamentary Reforms. However, CA (Writ) Application No. 219/18 was instituted in the Court of Appeal by the Ceylinco Homes International Ltd on 02 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 mentioned on 18 October 2023 to ascertain the status of the District Court matter.

## 8. Property, Plant and Equipment (Contd.)

The Attorney General's Department appeared for a few Respondents in this case and informed the court that all procedural steps have been taken to refer this matter to the District Court of Colombo. Therefore, the matter was fixed to be mentioned on 10 January 2024, to ascertain the status of the said District Court matter. On the said 10 January, the status prevailed the same and the matter is now fixed to be mentioned on the 20 March 2024 to ascertain the status of the said District Court matter. How the management intends to litigate this case is to seek out a court settlement.

### **Leasehold Land**

#### **Sinolanka Hotels & Spa (Pvt) Ltd**

The Company entered into an agreement dated 16 July 2012 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 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 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 No. 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. Out of the above referred Rs. 5.0 Bn., Rs. 4.8 Bn. has been paid 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.

Leasehold land was reclassified as right-of-use assets with effect from 01 January 2019 with adoption of SLFRS 16 – Leases. Initial pre-payment and rental paid in advance to acquire right to use land on lease are capitalised and then amortised over the lease term in accordance with the pattern of benefits provided.

#### **Helanco Hotels & Spa (Pvt) Ltd**

Helanco Hotels & Spa (Pvt) Limited entered into an agreement dated 01 September 2014 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 situated at Lewaya Road, Hambanthota, comprising in extent 3.812 Hectares, for a sum of Rs. 149,601,875/- 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 annual nominal ground rental for the period of 99 years in one lump sum of Rs. 4,950,000/-.

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 recognised as leasehold land in the Financial Statements for 2014. The Directors are of the view that the unamortised leasehold land value of Rs. 156,073,979/- as at 31 December 2023 could be recovered from the disposal of the property. Hence, no impairment provision had been considered necessary for the asset.

Leasehold land was reclassified as Right of Use Assets with effect from 01 January 2019 with adoption of SLFRS 16 – Leases. Initial pre-payment and rental paid in advance to acquire right to use land on lease are capitalised and then amortised over the lease term in accordance with the pattern of benefits provided.

### **8.1.2 Buildings on Leasehold Land**

#### **Details of the valuation of property, plant and equipment**

#### **The Lanka Hospitals Corporation PLC**

The building constructed on leasehold land of the Company was revalued by

## Notes to the Financial Statements

### 8. Property, Plant and Equipment (Contd.)

Mr A A M Fathihu (MRICS), Independent Chartered Valuer with appropriate experience in the valuation of properties in relevant location in December 2022 on current replacement cost basis.

Freehold land of the Company was revalued by Mr A A M Fathihu (MRICS), Chartered Valuer in December 2022 on current market value basis.

Location	Type of Property	Method of Valuation	Effective Date of Valuation	Property Valuer	Significant Unobservable Inputs	Cost as at 31 December 2023 Rs.	Cumulative Depreciation if Assets Were Carried at Cost Rs.	Net Carrying Value Rs.
No. 578, Etiviligala Mawatha, Colombo 05	Building	Current replacement cost basis	31 December 2022	Mr. A A M Fathihu (FIV), Chartered Valuer	Estimated value per square foot Rs. 7,500 – 17,500	1,902,584,868	493,103,352	1,409,481,516

#### 8.1.3 Capital Work-in-Progress

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
At the beginning of the year	30,560,388	20,455,410	–	–
Cost incurred during the year	464,780	1,877,813	–	–
Amount capitalised during the year	(318,028)	(126,624)	–	–
Revaluation of asset	–	8,353,788	–	–
At the end of the year	30,707,140	30,560,388	–	–

#### Sinolanka Hotels & Spa (Pvt) Ltd

Capital work in progress reflects the value of construction of the property at No 116, Galle Road, Colombo 03; Grand Hyatt Colombo which is under construction as of the reporting date.

The Cabinet of Ministers approval was granted to recommence the construction activities at the Cabinet of Ministers meeting dated 08 July 2020. Accordingly, construction works of the Grand Hyatt Colombo Project were recommenced during the year 2020. But, In May 2022 the Board of Directors resolved to suspend the construction activities of the project and as a result, project-related costs such as staff salaries, utility and other project costs were decided to be

identified as administrative costs through the profit or loss statement from June 2022.

#### 8.1.4 Impairment of Property, Plant and Equipment

##### Helanco Hotels & Spa (Pvt) Ltd

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 the Hyatt Hotel at Hambantota were capitalised. The Board of Directors of the Company had since resolved to discontinue the construction of the Hotel. As a consequence, the costs incurred 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, an impairment of Capital Works-in-progress of Rs. 111,103,548/- had been recorded in the Financial Statements of 2015.

#### 8.1.5 Fully Depreciated Assets

##### The Lanka Hospitals Corporation PLC

Property plant and equipment as at 31 December 2023 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 2.44 Bn. (2022 – Rs. 2.1 Bn.).

## 8. Property, Plant and Equipment (Contd.)

### Litro Gas Lanka Ltd

Property, plant and equipment include fully depreciated assets, which are still in use, the cost of which as at 31 December 2023 amounted to Rs. 1,961,833,099 (31 December 2022 – Rs. 1,954,295,880).

### Litro Gas Terminal Lanka (Pvt) Ltd

Property, plant and equipment as at 31 December 2023 include fully depreciated assets, still in use. The cost of which as of 31 December 2023, amounted to Rs. 9,209,640/- (2022 – Rs. 8,566,712/-).

Depreciation expenses of Rs. 309,275,142/- (2022 – Rs. 315,976,666/-) and Rs. 31,644,066/- (2022 – Rs. 32,261,051/-) have been charged in cost of sales and administrative expenses respectively.

### 8.1.6 Asset Requalification

#### Litro Gas Lanka Ltd

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 is derecognised. Subsequent to requalification, the previous written down value of the asset and the additional cost incurred to requalify the asset is capitalised, as it is expected that future economic benefits associated with asset will flow to the entity.

#### Litro Gas Terminal Lanka (Pvt) Ltd

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 is derecognised. Subsequent to requalification, the previous written down value of the asset and the additional cost incurred to requalify the asset is capitalised, as it is expected that future economic benefits associated with asset will flow to the entity.

### 8.1.7 Revaluation gain/(impairment)

#### Litro Gas Lanka Ltd

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

All assets under property, plant and equipment, except lands, building, and motor vehicle have been revalued in the year 2016. 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.

Lands, building, and motor vehicle have been revalued as at 31 December 2021 by IJVR Consultancy (Pvt) Ltd an external independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued.

Asset Category	Date of Revaluation	Cost Rs. '000	Net Book Value Under Cost Model Rs. '000
Land	December 2021	36,652	36,652
Building, site development	December 2021	315,098	186,074
Motor vehicles	December 2021	344,102	-
LPG storage tanks, pipes and fittings	December 2016	116,435	2,946
Plant and machinery	December 2016	299,709	1,340
Workshop equipment	December 2016	464	-
Other equipment	December 2016	34,166	-
Furniture, fittings and computers	December 2016	151,517	-
LPG cylinders	December 2016	4,120,298	-

#### Litro Gas Terminal Lanka (Pvt) Ltd

Building site development and all other assets under property, plant and equipment have been revalued during the year 2016. 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. Building, and Motor Vehicle have been revalued as at 31 December 2021 by IJVR Consultancy (Pvt) Ltd an external independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued.

## Notes to the Financial Statements

### 8. Property, Plant and Equipment (Contd.)

Asset Category	Date of Revaluation	Cost Rs. '000	Net Book Value Under Cost Model Rs. '000
Freehold land	December – 2021	2,618,801	2,618,801
Building and site development	December – 2021	258,540	64,224
Motor vehicles	December – 2021	3,288	–
Plant and machinery	December – 2016	247,656	27,342
Storage tanks, pipeline and pumping stations	December – 2016	3,175,167	48,663
Instrumentation equipment	December – 2016	736,798	10,246
Office equipment and computers	December – 2016	47,347	–

#### Sinolanka Hotels & Spa (Pvt) Ltd

Due to the stressful economic conditions that prevailed during the entire financial year 2022, the rapid depreciation of the rupee value, and the project was moving towards divestment, an independent valuation was conducted on 31 December 2022. This valuation reflected a significant appreciation of the property value referring to the market conditions especially linked with changes in exchange rates. Accordingly, the company has recognised the appreciation of Freehold Land value to Rs. 2,507,050,000/- and appreciation of the Capital Work in Progress (partly constructed building) amounting to Rs. 29,609,760,000/- in the financial year ended 31 December 2022.

#### Canowin Hotels and Spas (Pvt) Ltd

During the financial year 2023, the company has revalued its property, plant and equipment to an aggregated fair value of Rs. 17,285,912 and has removed the aggregated cost of Rs. 21,071,822 and aggregated accumulated depreciation of Rs. 13,215,594 for revaluation purposes.

Disposed Rs. 1,654,747 worth missing PPE items at cost & at accumulated depreciation which has been recognized via the asset verification performed by an independent valuer. Furniture, Computers, Office Equipments and Air conditioners existed in subway outlets have been reclassified as "Other Subway Assets"

and it has been restated for the prior period.

#### 8.1.8 Property, Plant and Equipment – Contractual Commitments

##### The Lanka Hospitals Corporation PLC

Contractual commitments of property, plant and equipment as at the reporting date is Rs. 168 Mn.

#### 8.1.9 Property, Plant and Equipment Acquired

##### Canowin Hotels & Spas (Pvt) Ltd

During the financial year, the company acquired property, plant and equipment to the aggregate value of Rs. 1.8 Mn. in the year 2023.

#### 8.1.10 Assets Revaluation

##### Sri Lanka Insurance Corporation Ltd – Company

Location	Extent of the Land	Land Rs. '000	Building Rs. '000	Total Carrying Value 31 December 2023 Rs. '000
Land situated at No. 288, Union Place, Colombo 2	A 01 R 00 P 20.35	3,065,950	–	3,065,950
Land and Building situated at No. 21, Vauxhall Street, Colombo 2	A 02 R 00 P 17.52	4,219,000	1,665,706	5,884,706
Land and Building situated at Thelawala, Katubedda, Moratuwa	A 02 R 00 P 13	249,750	64,670	314,420
Land and Building situated at Lake Road, 4th Lane, Anuradhapura	A 0 R 0 P 30	24,498	2,378	26,876

## 8. Property, Plant and Equipment (Contd.)

Location	Extent of the Land	Land	Building	Total Carrying Value 31 December 2023 Rs. '000
		Rs. '000	Rs. '000	
Land and Building situated at Main Street, 2nd Lane Anuradhapura	A O R O P 34.9	108,090	49,064	157,154
Land and Building situated at 571, Hospital Road, Jaffna	A O R 1 P 26.38	154,000	-	154,000
Land and Building situated at No. 25, Kande Veediya, Kandy	A O R O P 16.45	139,740	48,855	188,595
Land and Building situated at No. 20, Rajapaksha Broadway, Negombo	A O R O P 19	99,550	33,782	133,332
Land and Building situated at No. 07, Hakmana Road, Matara	A O R O P 47.89	185,682	26,716	212,398
Land and Building situated at Waterfield Drive, Nuwara-Eliya	A O R 02 P 23.01	158,816	22,662	181,478
Building situated at No. 60/1, Park Road, Nuwara Eliya		-	14,033	14,033
Building situated at No. 16/1, Dambulla Road, Kurunegala		-	78,609	78,609
Land and Building situated at No. 14A, Pulathisigama, Hingurakgoda	A O R O P 49.42	4,909	470	5,379
Land and Building situated at No. 46, Main Street, Trincomalee	A O R 01 P 37.65	124,610	95,266	219,876
Land situated at Baudhdhaloka Mawatha, Gampaha	A O R O P 24.54	98,160	69,020	167,180
Land and Building situated at No. 14, River Side Road, Kalutara	A O R O P 61.9	46,400	-	46,400
Land and Building situated at No. 32, Negombo Road, Marawila	A O R O P 10	30,300	52,479	82,779
Land and Building situated at No. 195, Bowela Village, Heerassagala, Kandy	A O R 01 P 02	37,800	-	37,800
Land and Building situated at No. 97, New Road, Ambalangoda	A O R 01 P 02	137,832	32,279	170,111
Land and Building situated at No. 211/C, Colombo Road, Pilimatalawa	A O R O P 08	26,000	12,928	38,928
Land situated at No. 42, Kurunegala Road, Chilaw	A O R O P 15.63	37,100	-	37,100
Land and Building situated at No. 38, Miyugunagama, Mahiyanganaya.	A O R O P 09.96	5,976	351	6,327
Land and Building situated at Bogahahena, Dikwella Road, Beliatta	A O R 01 P 24.047	60,700	-	60,700
Land and Building situated at No. 68, Ragala Road, Rikillagaskada.	A O R O P 6.832	20,579	8,557	29,136
Land and Building situated at No. 69, Kothmale Road, Nawalapitiya.	A O R O P 05	16,250	12,323	28,573
Land and Building situated at No. 157, Thangalla Road, Thawaluwila, Ambalantota.	A O R 1 P 02.41	10,200	-	10,200
Land and Building situated at No. 06, Wadugodapitiya Veediya, Kandy.	A O R O P 08.50	63,750	25,805	89,555
Land and Building situated at No. 389, Main Street, Kegalle	A O R O P 07.51	31,917	32,472	64,389
Land situated at Kachchery Junction, Kandy Road, Jaffna	A O R O P 37.6	11,200	-	11,200
Land and Building situated at Badulla	A O R O P 22.06	40,800	-	40,800
Land situated at Mapalagama-Elpitiya Road, Thalgaswala.	A O R 1 P 0.1078	4,005	-	4,005
Land and Building situated at No. 176/B, Kandy Rd. Gampola	A O R O P 12.355	23,329	5,126	28,455
Land and Building situated at No. 284/1, Main Street, Ratnapura	A O R O P 25	226,199	30,721	256,920
		9,463,092	2,384,272	11,847,364

## Notes to the Financial Statements

### 8. Property, Plant and Equipment (Contd.)

#### 8.2 Company

	2023 Rs. '000	2022 Rs. '000
Carrying amount	12,644,259	12,763,092
	12,644,259	12,763,092

	Land Rs. '000	Buildings on Freehold Land Rs. '000	Building on Leasehold Land Rs. '000	Equipment Rs. '000
<b>Cost/valuation</b>				
Balance as at 01 January 2023	9,463,092	2,411,446	69,700	704,389
Additions during the year	-	146,403	-	114,990
Disposals	-	4,700	-	(9,774)
<b>Balance as at 31 December 2023</b>	9,463,092	2,562,549	69,700	809,607
<b>Accumulated depreciation</b>				
Balance as at 01 January 2023	-	123,375	-	372,782
Depreciation charge for the year	-	124,132	-	109,828
Disposals	-	470	-	(9,774)
<b>Balance as at 31 December 2023</b>	-	247,977	-	472,836
<b>Net book value</b>				
<b>As at 31 December 2022</b>	9,463,092	2,288,071	69,700	331,609
<b>As at 31 December 2023</b>	9,463,092	2,314,572	69,700	336,771

During the year the Company acquired property, plant and equipment amounting to Rs. 371.5 Mn. (2022 - Rs. 515.2 Mn.) At the end of year 2023, there were fully depreciated assets amounting to Rs. 597.2 Mn. (2022 - Rs. 400.2 Mn.) There were no assets pledged against the borrowings.



<i>Furniture and Fittings</i>	<i>Motor Vehicle</i>	<i>Electrical Generators and Passenger Lift</i>	<i>Fixtures and Fittings</i>	<i>Air-condition Plant</i>	<i>Others</i>	<i>Total 2023</i>	<i>Total 2022</i>
<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
226,448	513,121	86,993	368	160,651	100,337	13,736,546	13,230,316
42,468	-	8,621	281	39,660	19,160	371,582	515,245
(1,514)	(48,806)	-	-	(40)	(141)	(55,575)	(9,015)
267,402	464,315	95,614	649	200,271	119,356	14,052,554	13,736,546
147,883	208,686	25,029	252	46,353	49,094	973,454	492,681
16,872	164,484	10,384	54	20,906	22,708	469,368	489,728
(1,514)	(23,528)	-	-	(40)	(141)	(34,527)	(8,955)
163,241	349,642	35,413	306	67,219	71,661	1,408,295	973,454
78,565	304,435	61,963	116	114,298	51,243	-	12,763,092
104,161	114,673	60,201	343	133,052	47,695	12,644,259	-

## Notes to the Financial Statements

### 9. Right of Use Assets/Lease Liabilities

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. 01 January 2019. Previously, these leases were classified as operating leases under LKAS 17 – “Leases”.

#### 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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Cost</b>				
<b>Balance as at 01 January</b>	2,915,602	2,429,145	1,187,997	1,001,889
Additions	370,680	514,018	255,252	186,108
Revaluation	14,054	-	-	-
Disposals/write-offs during the year	(5,112)	(27,560)	-	-
Transfer to revaluation reserve	(77,303)	-	(77,303)	-
Transfers to PPE	(6,105)	-	(6,105)	-
Transfers to investment property	(74,332)	-	(74,332)	-
<b>Balance as at 31 December</b>	<b>3,137,484</b>	<b>2,915,603</b>	<b>1,285,509</b>	<b>1,187,997</b>
<b>Amortisation</b>				
<b>Balance as at 01 January</b>	1,614,328	1,113,633	611,208	443,237
Charge for the year	462,067	506,785	180,159	167,971
Adjustment for ROU asset depreciation due to transfer	(84,302)	-	(6,895)	-
Disposal during the year	(4,402)	(6,089)	-	-
<b>Balance as at 31 December</b>	<b>1,987,691</b>	<b>1,614,329</b>	<b>784,472</b>	<b>611,208</b>
<b>Net balance as at 31 December</b>	<b>1,149,793</b>	<b>1,301,274</b>	<b>501,037</b>	<b>576,789</b>

The property of Paradise Island has been transferred from right-of-use asset to investment property as of 31 December 2023 amounting to Rs. 74,332,000.

## 9. Right of Use Assets/Lease Liabilities (Contd.)

### 9.2 Right of Use Liability

The carrying amounts of lease liability recognised and its movements during the year are as follows:

	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Balance as at 01 January</b>	1,049,303	1,029,172	665,420	560,396
Lease liability relating to new/renewed contracts during the year	494,926	654,005	373,737	326,095
Lease rent paid	(532,056)	(670,695)	(250,546)	(221,071)
Disposal during the year	(5,112)	(21,818)	-	-
Gain on disposals	185	(4,200)	-	-
Interest charged during the year	61,700	62,839	-	-
<b>Balance as at 31 December</b>	1,068,946	1,049,303	788,611	665,420
Adjustment on interest in suspense at initial application	172,902	92,486	172,902	92,486
Interest recognised in income statement	(77,997)	(59,572)	(77,997)	(59,572)
Interest in suspense relating to the new contracts recognised	126,480	139,987	126,480	139,987
<b>Interest in suspense at the end of the period</b>	221,385	172,902	221,385	172,902
<b>Balance as at 31 December</b>	847,561	876,401	567,226	492,518

The amounts are recognised in the Statement of Comprehensive Income for the year ended 31 December 2023.

### 9.3 Amounts recognised in Statement of Profit or Loss

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Amortisation expenses on right-of-use assets	462,067	506,785	180,159	167,971
Interest expenses on lease liabilities	139,697	122,411	77,997	59,572
<b>Net charge to P &amp; L</b>	601,764	629,196	258,156	227,543

## Notes to the Financial Statements

### 9. Right of Use Assets/Lease Liabilities (Contd.)

#### 9.4 Maturity Analysis – Contractual Undiscounted Cashflows

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Less than 3 months	142,719	108,513	1,640	508
3 months to 6 months	36,195	42,669	2,678	773
6 months to 1 year	69,721	94,796	19,425	31,931
1 to 5 years	907,400	584,442	527,155	307,656
More than 5 years	179,729	85,954	178,049	83,314
	1,335,764	916,374	728,947	424,182

#### Sri Lanka Insurance Corporation Ltd

The Company has entered into the 99 year agreement with the government of Sri Lanka and leasehold properties previously recognised under LKAS 17 were reclassified as Right of Use Assets – Leasehold with adoption of SLFRS 16 – Lease, with effect from 01 January 2019. Prior period amount has not been restated.

Sri Lanka Insurance Corporation Ltd obtained leasehold rights to lands situated in Puttalam, Paradise Island – Bentota, Nuwara-Eliya and Monaragala for 99 and 30 years from the 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”.

The building amounting (Rs. 6,105,000) situated in Puttalam land which is a right-of-use asset has been transferred from Right of Use Asset to property plant and equipment as at 31 December 2023.

The property of Paradise Island has been transferred from right-of-use asset to investment property as of 31 December 2023 amounting to Rs. 74,332,000.

#### The Lanka Hospitals Corporation PLC

The company is a lessee entered into 99 years lease agreement with the Urban Development Authority in 1999. In terms of this agreement a sum of Rs. 18,546,548/- 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. There are other lease facilities entered by the company for corporate office and hostels. In addition, The Lanka Hospitals Diagnostic Pvt Ltd, the subsidiary of The Lanka Hospitals Corporation PLC has entered into lease agreements for the purpose of Laboratory services and company sample collection centers.

#### Litro Gas Terminal Lanka (Pvt) Ltd

The last two years lease rental of Hambanthota lease agreement have been held due to service dispute. The Company has one lease arrangement signed with Sri Lanka Ports Authority and from 2019 it was novated with Hambanthota International Port Group (HIPG) for the balance period for Hambanthota terminal, where the lease term is 10 years from 2013 to November 2023 and the rental is increased by different rates annually. Renewal of lease has not been implemented after end of novation period of 10 Years. However, owing to a breakdown in the LPG pipeline, it remained non-functional starting from

the year 2021. Consequently, due to this dispute, the Company withheld the annual rent payment of Rs. 233.84 Mn. (Rs. 114.07 Mn. in 2021/22 and Rs. 119.77 Mn. in 2022/23), with the entire sum being recognised under accrued expenses against the respective years. Furthermore, the Company has formally communicated with HIPG, seeking their response regarding the withheld payments.

#### Canowin Hotels & Spas (Pvt) Ltd

The leasehold property in Welipenna has been leased from the Road Development Authority (RDA) for a period of 99 years starting from 19 August 2011. On 01 March 2014 the Company acquired two leasehold plots in Welipenna from the Road Development Authority, 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 have been constructed. This property is currently being utilised by Litro Gas Lanka Ltd.

## 10. Investment Properties

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January	2,973,640	2,806,480	2,083,640	1,942,600
Transfer from right-of-use asset	74,332	-	74,332	-
Additions during the year	4,975	3,743	-	-
Fair value gains/(loss)	268,373	163,417	204,348	141,040
<b>Balance as at 31 December</b>	<b>3,321,320</b>	<b>2,973,640</b>	<b>2,362,320</b>	<b>2,083,640</b>

### Sri Lanka Insurance Corporation Ltd

Investment property held by Sri Lanka Insurance Corporation Limited is located at No. 06, Sir Baron Jayathilake Mawatha, Colombo 1. Extent of land is A0 R0 P38.88 and extent of the building is 40,000 sq. ft. 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 and the bare land located at Gorkadeniya Rd, Yatinuwara, Extent of A0 R0 P118.47 and Land located in Walalgoda, Aluthgama is A17 R0 P13.47 and property under the name of "Club benthota", depicted as lot No. 1 in P. Plan No. Ga 1789 and Lot Nos. 1,2,3,4,5,6 in P. Plan No. K 1902 located at Kaluwamodara and Walalgoda, Aluthgama.

The property of Paradise Island has been transferred from right-of-use asset to investment property as of 31 December 2023 amounting to Rs. 74,332,000.

### Canowin Hotels & Spas (Pvt) Ltd

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 19 August 2011.

## 10.1 Measurement of Fair Values

### 10.1.1 Fair Value Hierarchy

The fair value of investment property was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement of investment property has been categorised as a Level 2 based on the SLFRS 13 – Fair Value Measurement.

## Notes to the Financial Statements

### 10.1.2 Valuation technique and significant unobservable inputs

Valuation Technique	Company Name	Significant Unobservable Inputs	Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
<p><b>Welipenna, Southern Expressway and buildings (rest area and food arcade)</b></p> <p>Investment basis of valuation which considered 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.</p>	Canowin Hotels & Spas (Pvt) Ltd	<ol style="list-style-type: none"> <li>1. Future rental and other income</li> <li>2. Future operational expenses</li> <li>3. Discount rates</li> </ol>	<p>Estimated fair value would increase/(decrease) if:</p> <ol style="list-style-type: none"> <li>1. Future rental and related income changes</li> <li>2. Future operational expenses change</li> <li>3. Discount rate changes</li> </ol>
<p><b>Alhamra Property</b></p> <p>The market value arrived based on the investment method of valuation doesn't reflect the true potential of the subject land in its current use. Even though the building is refurbished it is old and economically obsolete. This results in an inadequate return on the investment. Recognising the highest and best use and the potential of the subject property, in its commercial use and the market value is arrived based on cost approach.</p>	SLIC	<ol style="list-style-type: none"> <li>1. Future rental</li> <li>2. Future operational expenses</li> <li>3. Discount rates</li> </ol>	<p>Estimated fair value would increase/(decrease) if:</p> <ol style="list-style-type: none"> <li>1. Future rental and related income changes</li> <li>2. Future operational expenses change</li> <li>3. Discount rate changes</li> </ol>
<p><b>Property situated in 267, Union Place</b></p> <p>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 and outgoing expenses. Under the income approach it also considered the out going expense to determine the net future cash flows.</p>	SLIC	<ol style="list-style-type: none"> <li>1. Future rental</li> <li>2. Future operational expenses</li> <li>3. Discount rates</li> </ol>	<p>Estimated fair value would increase/(decrease) if:</p> <ol style="list-style-type: none"> <li>1. Future rental and related of income changes</li> <li>2. Future operational expenses changes</li> <li>3. Discount rate changes</li> </ol>
<p><b>Yatinuwara Bare Land</b></p> <p>Market approach based valuation is used for the SLIC Yatinuwara Bare Land. Value is determined by using the direct comparison approach, whereby the subject property is compared to the recent comparable land sales values and the necessary adjustment is made to determine the fair value of the bare land.</p>	SLIC	<ol style="list-style-type: none"> <li>1. Value per perch of the land</li> <li>2. Interest rates</li> </ol>	<p>Estimated fair value would increase/(decrease) if:</p> <ol style="list-style-type: none"> <li>1. Value per perch of land changes</li> <li>2. Interest rate fluctuates</li> </ol>
<p><b>Paradise Island – Club Benthota</b></p> <p>The fair value arrived based on the investment method of valuation. This is based on level 3 inputs of fair value hierarchy since level 1 and 2 inputs are not available. As level 3 inputs market value of a similar land has been considered to measure the fair value of the property.</p>	SLIC	<ol style="list-style-type: none"> <li>1. Value per perch of the land</li> <li>2. Interest rates</li> </ol>	<p>Estimated fair value would increase (decrease) if:</p> <ol style="list-style-type: none"> <li>1. Value per perch of Land</li> <li>2. Interest Rate Fluctuations</li> </ol>

## 11. Intangible Assets

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Goodwill on acquisition	11.1	2,992,805	2,992,805	-	-
Computer software	11.2	196,152	85,077	116,025	37,588
		3,188,957	3,077,882	116,025	37,588

### 11.1 Goodwill on Acquisition

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Cost</b>				
Balance as at 01 January	2,992,805	2,992,805	-	-
Balance as at 31 December	2,992,805	2,992,805	-	-

The aggregated carrying amount of goodwill allocated to each unit is as follows:

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
The Lanka Hospitals Corporation PLC	1,577	1,577	-	-
Litro Gas Lanka Ltd	842	842	-	-
Litro Gas Terminal Lanka (Pvt) Ltd	574	574	-	-
	2,993	2,993	-	-

There has been no permanent impairment of intangible assets that requires a provision.

## Notes to the Financial Statements

### 11. Intangible Assets (Contd.)

#### 11.2 Computer Software

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Cost</b>				
Balance as at 01 January	646,391	618,827	455,872	438,063
Additions	153,759	27,564	101,062	17,809
Revaluation	581	-	-	-
Cost adjustment due to revaluation	(1,013)	-	-	-
<b>Balance as at 31 December</b>	<b>799,718</b>	<b>646,391</b>	<b>556,934</b>	<b>455,872</b>
<b>Amortisation</b>				
Balance as at 01 January	561,314	526,400	418,284	401,665
Amortisation charge	42,685	34,914	22,625	16,619
Depreciation adjustment due to revaluation	(433)	-	-	-
<b>Balance as at 31 December</b>	<b>603,566</b>	<b>561,314</b>	<b>440,909</b>	<b>418,284</b>
<b>Net balance as at 31 December</b>	<b>196,152</b>	<b>85,077</b>	<b>116,025</b>	<b>37,588</b>

#### Canowin Hotels & Spas (Pvt) Ltd

The intangible assets comprises the costs incurred in the designing of Canowin website, purchase of Quickbook license and the "Subway" franchise have been recognised as intangible assets and amortised over 4-20 years.

#### Canwill Holdings (Pvt) Ltd

The intangible assets comprises accounting system, payroll system and communication solutions acquired and used for the purpose of Group companies which have been fully depreciated to the reporting date.

#### The Lanka Hospitals Corporation PLC

Intangible assets include software used by the Group and the Company. There were no restrictions on the title of the intangible assets of the Group and the Company as at the reporting date. Further, there were no items pledged as securities for liabilities.

There were no capitalised borrowing costs related to the acquisition of intangible assets during the year 2023 (2022 – Nil).

During the year 2023, the Company acquired Rs. 461,250 worth of computer software for Subway outlets and revalued the QB system, website, and Subway franchise to the aggregated fair value of Rs. 581,331.

The Lanka Hospitals Corporation PLC has removed the aggregated cost of Rs. 1,013,141 and the aggregated accumulated depreciation of Rs. 432,948 in intangible assets for the revaluation.



## 12. Loan to Policyholders

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January	1,867,624	1,637,187	1,867,624	1,637,187
Loans granted during the year	1,876,443	1,540,297	1,876,443	1,540,297
Interest receivable on loans	383,543	350,231	383,543	350,231
Loans settled during the year (against claims)	(2,031,726)	(1,660,091)	(2,031,726)	(1,660,092)
<b>Balance as at 31 December</b>	<b>2,095,884</b>	<b>1,867,624</b>	<b>2,095,884</b>	<b>1,867,624</b>

The surrender value of the loans granted to policyholders as at 31 December 2023 amounted to Rs. 3,417 Mn. (2022 – Rs. 2,966 Mn.).

The Company grants policy loans at the market rate and hence initial recognition is at fair value.

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 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.

## 13. Reinsurance Receivables

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Reinsurance receivables on settled claims	213,010	305,233	213,010	305,233
Reinsurance receivables on outstanding claims	1,711,982	4,112,690	1,711,982	4,112,690
Impairment on reinsurance receivables	(56,255)	(50,658)	(56,255)	(50,657)
<b>Balance as at 31 December</b>	<b>1,868,737</b>	<b>4,367,265</b>	<b>1,868,737</b>	<b>4,367,265</b>

### 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.

## Notes to the Financial Statements

## 14. Premium Receivable

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Premium receivable from policyholders	14.1	4,026,394	4,470,534	4,026,394	4,470,534
Premium receivable from agents and brokers	14.2	2,264,540	2,140,263	2,264,540	2,140,263
		6,290,934	6,610,797	6,290,934	6,610,797

## 14.1 Premium Receivable from Policyholders

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Premium receivable from policyholders	4,194,124	4,828,821	4,194,124	4,828,821
	4,194,124	4,828,821	4,194,124	4,828,821
<b>Impairment on premium receivable</b>				
As at the beginning of the year	(358,287)	(234,542)	(358,287)	(234,542)
Charge made during the year	190,557	(123,745)	190,557	(123,745)
As at the end of the year	(167,730)	(358,287)	(167,730)	(358,287)
<b>Premium receivable from policyholders</b>	4,026,394	4,470,534	4,026,394	4,470,534

## 14.2 Premium Receivable from Agents, Brokers, and Intermediaries

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Premium receivable from agents, brokers, and intermediaries	2,382,542	2,424,720	2,382,542	2,424,720
	2,382,542	2,424,720	2,382,542	2,424,720
<b>Impairment on premium receivable</b>				
As at the beginning of the year	(284,458)	(113,136)	(284,458)	(113,136)
Reversal/(charge) made during the year	166,456	(171,322)	166,456	(171,322)
As at the end of the year	(118,002)	(284,458)	(118,002)	(284,458)
<b>Premium receivable from agents, brokers, and intermediaries</b>	2,264,540	2,140,263	2,264,540	2,140,263

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.

## 15. Deferred Tax Assets and Liabilities

### 15.1 Recognised Deferred Tax Assets and Liabilities

#### 15.1.1 Movement in Deferred Tax Balances

Deferred tax assets and liabilities are attributable to the following:

Group – 2023	Net Balance as at 01 January 2023	Recognised in Profit or Loss	Impact due to Tax Rate Change Recognised in Profit or Loss	Recognised in OCI	Impact due to Tax Rate Change Recognised in OCI	Net balance at 31 December 2023	Deferred Tax Asset	Deferred Tax Liability
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Property, plant and equipment	8,804,970	(103,606)	-	(45,167)	-	8,656,197	-	8,656,197
Intangible assets	3,931	(569)	-	-	-	3,362	-	3,362
Investment property	535,860	110,259	-	-	-	646,119	-	646,119
Employee benefits	(323,509)	(49,015)	-	(89,446)	-	(461,970)	(461,970)	-
Carry forward tax losses	(2,627,137)	2,003,298	-	-	-	(623,839)	(623,839)	-
Available-for-sale financial assets	(3,321)	-	-	115,602	-	112,281	112,281	-
Provisions on inventory	(286,199)	351	-	-	-	(285,848)	(285,848)	-
Provisions on trade receivables, related party and fixed deposits	79,570	133,200	-	-	-	212,770	212,770	-
Right-of-use assets	-	14,100	-	-	-	14,100	-	14,100
	6,184,165	2,108,018	-	(19,011)	-	8,273,172	(1,046,606)	9,319,778

## Notes to the Financial Statements

## 15. Deferred Tax Assets and Liabilities (Contd.)

Group – 2022	Net Balance as at 01 January 2022 Rs '000	Recognised in Profit or Loss Rs '000	Impact due to Tax Rate Change Recognised in Profit or Loss Rs '000	Recognised in OCI Rs '000	Impact due to Tax Rate Change Recognised in OCI Rs '000	Net balance at 31 December 2022 Rs '000	Deferred Tax Asset Rs '000	Deferred Tax Liability Rs '000
Property, plant and equipment	6,547,104	1,163,407	-	125,330	969,129	8,804,970	-	8,804,970
Intangible assets	(1,015)	4,946	-	-	-	3,931	-	3,931
Investment property	330,056	205,804	-	-	-	535,860	-	535,860
Employee benefits	(294,829)	(112,850)	-	84,170	-	(323,509)	(323,509)	-
Carry forward tax losses	(2,249,485)	(377,652)	-	-	-	(2,627,137)	(2,627,137)	-
Available-for-sale financial assets	(66,071)	-	-	(262,681)	-	(328,752)	(328,752)	-
Provisions on inventory	(9,500)	6,179	-	-	-	(3,321)	(3,321)	-
Provisions on trade receivables, related party and fixed deposits	(143,791)	(142,408)	-	-	-	(286,199)	(286,199)	-
Right-of-use assets	(13,469)	93,039	-	-	-	79,570	-	79,570
	4,099,001	840,465	-	(53,181)	969,129	5,855,413	(3,568,918)	9,424,331

Company – 2023	Net Balance as at 01 January 2023 Rs '000	Recognised in Profit or Loss Rs '000	Impact due to Tax Rate Change Recognised in Profit or Loss Rs '000	Recognised in OCI Rs '000	Impact due to Tax Rate Change Recognised in OCI Rs '000	Net balance at 31 December 2023 Rs '000	Deferred Tax Asset Rs '000	Deferred Tax Liability Rs '000
Property, plant and equipment	4,356,299	(35,249)	-	(45,167)	-	4,275,883	-	4,275,883
Realisation of revaluation of reserve on land disposal	-	-	-	-	-	-	-	-
Right-of-use assets	(575)	2,301	-	-	-	1,726	-	1,726
Investment property	198,787	83,604	-	-	-	282,391	-	282,391
Employee benefits	(227,873)	(32,784)	-	(60,400)	-	(321,057)	(321,057)	-
Available-for-sale financial assets	(328,752)	-	-	115,602	-	(213,150)	(213,150)	-
Provisions on trade receivables	(240,987)	138,265	-	-	-	(102,722)	(102,722)	-
	3,756,899	156,137	-	10,035	-	3,923,071	(636,929)	4,560,000

## 15. Deferred Tax Assets and Liabilities (Contd.)

Company – 2022	Net Balance as at 01 January 2022 Rs '000	Recognised in Profit or Loss Rs '000	Impact due to Tax Rate Change Recognised in Profit or Loss Rs '000	Recognised in OCI Rs '000	Impact due to Tax Rate Change Recognised in OCI Rs '000	Net balance at 31 December 2022 Rs '000	Deferred Tax Asset Rs '000	Deferred Tax Liability Rs '000
Property, plant and equipment	3,490,881	106,425	-	-	758,993	4,356,299	-	4,356,299
Right-of-use assets	(238)	(337)	-	-	-	(575)	(575)	
Investment property	52,158	146,629	-	-	-	198,787	-	198,787
Employee benefits	(240,135)	(45,047)	-	57,309	-	(227,873)	(227,873)	-
Available-for-sale financial assets	(66,071)	-	-	(262,681)	-	(328,752)	(328,752)	
Provisions on trade receivables	(121,813)	(119,174)	-	-	-	(240,987)	(240,987)	-
	3,114,782	88,496	-	(205,372)	758,993	3,756,899	(798,187)	4,555,086

The amounts shown in the statement of financial position represent the following:

Group	2023 Rs '000	2022 Rs '000
<b>Deferred tax assets</b>		
Canwill Holdings (Pvt) Ltd	(403)	(2,033)
Litro Gas Lanka Ltd	-	(160,309)
	(403)	(162,342)
<b>Deferred tax liabilities</b>		
Sri Lanka Insurance Corporation Ltd – Non-life	3,923,071	3,756,899
The Lanka Hospitals Corporation PLC	1,134,821	1,212,337
Litro Gas Lanka Ltd	1,798,107	-
Litro Gas Terminal Lanka (Pvt) Ltd	849,096	926,844
Canowin Hotels & Spas (Pvt) Ltd	237,429	121,675
	7,942,524	6,017,757
	7,942,121	5,855,413

## Notes to the Financial Statements

### 15. Deferred Tax Assets and Liabilities (Contd.)

Non-life deferred tax assets and liabilities are originated due to temporary timing differences on the following asset and liability bases:

Non-life	2023		2022	
	Temporary Difference Rs. '000	Deferred Tax Rs. '000	Temporary Difference Rs. '000	Deferred Tax Rs. '000
<b>Deferred tax asset</b>				
Retirement benefit obligation	(1,070,190)	(321,057)	(759,575)	(227,873)
AFS negative reserve – Treasury bonds	(1,153,934)	(213,150)	(1,095,841)	(328,752)
Right-of-use-asset	-	-	(1,917)	(575)
Provision for doubtful debtors	(342,405)	(102,722)	(803,288)	(240,987)
	(2,566,529)	(636,929)	(2,660,621)	(798,187)
<b>Deferred tax liability</b>				
Property, plant and equipment and revaluation reserve	1,753,628	526,087	1,871,123	561,337
Right-of-use-asset	5,754	1,726	-	-
Available-for-sale reserve	-	-	-	-
Investment property	941,303	282,391	662,623	198,787
Revaluation reserve – Land	12,499,319	3,749,796	12,649,876	3,794,962
	15,200,004	4,560,000	15,183,622	4,555,086
<b>Net deferred tax (asset)/liability</b>	12,633,475	3,923,071	12,523,001	3,756,899

#### Litro Gas Terminal Lanka (Pvt) Ltd

Deferred tax liabilities are calculated on all temporary differences under the liability method using an effective tax rate of 30% (30% – 2022).

#### 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 entitle for income tax.

#### Canowin Hotels and Spas (Pvt) Ltd

Deferred taxes are calculated on all temporary differences under the liability method using the principal tax rate of 30%.

## 16. Other Assets

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Inventories	16.1	5,598,340	4,170,375	287,788	286,195
Trade and other receivables	16.3	8,826,466	7,669,253	548,607	1,098,593
Amounts due from related parties		677	-	-	-
Amount due from Distilleries Company of Sri Lanka PLC		140,317	136,479	140,317	136,479
Other financial assets		235,164	174,938	-	-
Staff loans	16.2	2,527,123	2,185,138	2,317,707	1,944,247
Prepaid staff cost		989,616	706,891	984,096	695,822
Other loans		835,222	946,835	834,962	846,575
Advance on fixed assets		-	19,073	-	19,073
Value added tax receivable		21,532	23,572	-	-
Income tax recoverable		46,967	41,472	-	-
		19,221,424	16,074,026	5,113,477	5,026,984

### 16.1 Inventories

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Insurance		287,788	286,195	287,788	286,195
Healthcare	16.1.1	861,832	979,996	-	-
Energy	16.1.2	4,448,720	2,904,184	-	-
		5,598,340	4,170,375	287,788	286,195

#### 16.1.1 Healthcare

There were no inventories pledge as a securities for liabilities by the Group and the Company as at the reporting date.

#### Free Goods Received

The Company has received free goods with a cost totalling Rs. 47,817,469 during the reporting period ending 31 December 2023. The receipt of these free goods has been accounted for in accordance with LKAS 02. These goods are recognised at "Zero" cost in the Financial Statements based on the cost and net realisable value whichever is lower. The Company believes that the receipt of these free goods has

positively impacted its operations by reducing certain expenses and enhancing the overall value proposition to customers.

#### 16.1.2 Energy

##### Litro Gas Lanka Ltd

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 9.47 Mn. (2022 – No expenses). The cost of inventories recognised as an expense includes Rs. 9.47 Mn. (2022 – Rs. 339.5 Mn.) in respect of writedowns of inventory to net realisable value, and has not been reduced in respect of the reversal of such write downs in 2023 (2022 – Rs. 339.5 Mn.).

#### Goods in Transit

Goods in transit consists of LPG stock shipment which was in transit as at the year end.

The cost of inventories recognised as expense and included in cost of sales amounted to Rs. 78,172,973,339 (2022 – Rs. 69,807,148,659).

##### Litro Gas Lanka Terminal (Pvt) Ltd

#### Other consumables

Other consumables mainly consist of spare parts and maintenance items at Hambantota storage facility.

**Notes to the Financial Statements****16. Other Assets (Contd.)****16.2 Staff Loans – Loans due from Employees**

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
At the beginning of the year	2,185,137	1,860,627	1,944,246	1,697,813
Loans granted during the year	1,471,393	1,124,543	1,471,393	1,043,000
Recoveries during the year	(748,132)	(175,393)	(716,657)	(171,927)
Fair value adjustment on staff loan	(381,275)	(624,639)	(381,275)	(624,639)
<b>At the end of the year</b>	<b>2,527,123</b>	<b>2,185,138</b>	<b>2,317,707</b>	<b>1,944,247</b>

**16.3 Trade and Other Receivables**

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Trade receivables	1,677,516	1,227,373	–	–
Provision for doubtful debt	(131,099)	(121,042)	–	–
Total trade receivables – Net	1,546,417	1,106,331	–	–
Deposit and prepayments	4,757,853	3,869,884	–	–
Advances and other receivables	1,446,145	1,060,949	–	–
Other receivables	1,103,484	1,762,922	549,026	1,208,479
Impairment on other receivables	(27,433)	(130,833)	(419)	(109,886)
	<b>8,826,466</b>	<b>7,669,253</b>	<b>548,607</b>	<b>1,098,593</b>



## 16. Other Assets (Contd.)

### **Canowin Hotels & Spas (Pvt) Ltd**

Management has carried out an impairment provision based on simplified approach of ECL method. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment. Before 2022, the Company made general provisions for all the debtors without compiling specific provisions. Therefore, from 2022 onwards, management considered to establish 100% ECL for debtors aged more than 360 days and for non-operating tenants in determining the provision matrix for ECL. Following ECL provisions are allotted as general provisions. For tenants aging 1 to 90 days; 0%. For tenants aging 91 to 180 days; 5% – 10%. For tenants aging 181 to 270 days; 15% – 30%. For tenants aging 271 to 360 days; 40% – 100%. 100% provision has been made for advances paid for suppliers aged more than 360 days.

### **Helanco Hotels & Spa (Pvt) Ltd**

Sinolanka Hotels & Spa (Pvt) Ltd, the owner of Grand Hyatt Colombo project had continuously experienced a short-fall in liquidity from January 2018. This was mainly attributed to the delay in the proposed loan programme and the execution of the project divestiture programme approved by the Cabinet of Ministers in August 2017.

Accordingly, a short-term funding arrangement of Rs. 400 Mn. was made by Helanco Hotels & Spa (Pvt) Ltd in January 2018 to Sinolanka Hotels & Spa (Pvt) Ltd. This was allocated from idling funds within the company at an interest rate of 8.79% per annum.

The Board of Directors has considered the financial constraints currently being experienced by the companies at the Group level at the Board meeting held on 13 February 2024. The Board has assessed the likelihood of the cash settlement against the Rs. 400 Mn. loan and accumulated interest Rs. 126,075,753 as of 31 December 2022 as very low due to the current situation of the Grand Hyatt Colombo Project. As a result, it was resolved by the Board of Directors of Sinolanka Hotels & Spa (Pvt) Ltd to capitalise Rs. 400 Mn. loan liability of the Company by issuing ordinary shares at a consideration of Rs. 10/- per share. It was resolved by the Board of Canwill Holdings (Pvt) Ltd to buy back shares being held by Canwill under Helanco Hotels & Spa (Pvt) Ltd and reinvest under Sinolanka Hotels & Spa (Pvt) Ltd to facilitate the said arrangement. The Board of Helanco Hotels & Spa (Pvt) Ltd has also resolved to write-off the interest receivable from Sinolanka Hotels & Spa (Pvt) Ltd Rs. 126,075,753 as of 31 December 2022.

Referring to the aforesaid approvals granted by the Board, the short-term loan receivable from Sinolanka Rs. 400 Mn. has been recognised under Note No. 13. Amounts due from related companies until the share buyback is executed and interest receivable Rs. 126,075,753 has been adjusted through the statement of changes in equity.

### **Litro Gas Lanka Ltd**

The Company apply the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 01 January 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjust the historical loss rates based on expected changes. On that basis, the loss allowance as at 31 December 2023 and 01 January 2023 was determined as follows for trade receivables:

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments for a period greater than 60 days from the due date.

## Notes to the Financial Statements

### 17. Deferred Expenses – Insurance Contract

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Net deferred acquisition expenses</b>				
Balance as at 01 January	656,092	599,866	656,092	599,866
Increase in deferred acquisition expenses	91,063	56,226	91,063	56,226
<b>Balance as at 31 December</b>	<b>747,155</b>	<b>656,092</b>	<b>747,155</b>	<b>656,092</b>
<b>Deferred reinsurance commission</b>				
Balance as at 01 January	(135,919)	(116,044)	(135,919)	(116,044)
Increase in deferred acquisition expenses	9,636	(19,876)	9,636	(19,876)
Balance as at 31 December	(126,283)	(135,920)	(126,283)	(135,920)
<b>Net deferred acquisition expenses</b>	<b>620,872</b>	<b>520,172</b>	<b>620,872</b>	<b>520,172</b>

### 18. Cash and Cash Equivalents

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Cash and cash equivalents</b>					
Cash in hand and at bank		5,908,869	3,632,707	1,320,851	928,069
Short-term investments		12,611,270	6,155,777	4,564,320	5,392,400
<b>Total cash and cash equivalents</b>		<b>18,520,139</b>	<b>9,788,484</b>	<b>5,885,171</b>	<b>6,320,469</b>
Bank overdraft used for cash management purposes	28	(735,765)	(1,090,853)	(446,033)	(563,026)
<b>Cash and cash equivalents in the statement of cash flow</b>		<b>17,784,374</b>	<b>8,697,631</b>	<b>5,439,138</b>	<b>5,757,443</b>

#### 18.1 Litro Gas Lanka Ltd

##### Fixed Deposits, Repo and Savings Accounts

(a) Investments in fixed deposits and repo's with a maturity period of less than three months have been classified as cash and cash equivalents.

(b) The weighted average effective interest rate on short-term deposits was 16% (2022 – 12.1%).

##### Litro Gas Terminal Lanka (Pvt) Ltd

Fixed deposits and treasury bills

(a) Investments in fixed deposits and treasury bills with a maturity period of less than three months have been classified as cash and cash equivalents.

(b) The weighted average effective interest rate on short-term deposits was 16 % (2022 – 12%).

## 19. Stated Capital

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Issued and fully paid</b>					
Ordinary shares (599,655,816 shares)	19.1	6,000,000	6,000,000	6,000,000	6,000,000
		6,000,000	6,000,000	6,000,000	6,000,000

### 19.1 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.

## 20. Revaluation Reserve

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Revaluation reserve	20.1	22,828,004	22,972,908	8,410,899	8,516,289
		22,828,004	22,972,908	8,410,899	8,516,289

### 20.1 Revaluation Reserve

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January	22,972,908	18,414,228	8,516,289	9,275,282
Depreciation transfer on surplus on revaluation of building	(101,735)	(26,592)	(73,582)	-
Realisation of revaluation surplus on disposal	(20,793)	-	-	-
Surplus on revaluation of land and building	9,432	5,852,266	-	-
Deferred tax on revaluation (Surplus)/deficit	-	(125,330)	-	-
Effect on deferred tax due to rate change	-	(969,129)	-	(758,993)
Deferred tax effects on realisation of revaluation of reserve on land disposal	45,167	-	45,167	-
Changes in interest while retaining control	-	(172,535)	-	-
Transfer of revaluation reserve to retained earnings	(76,975)	-	(76,975)	-
<b>Balance as at 31 December</b>	<b>22,828,004</b>	<b>22,972,908</b>	<b>8,410,899</b>	<b>8,516,289</b>

## Notes to the Financial Statements

### 21. Available-for-sale Reserve

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January	(246,970)	6,008,859	(246,970)	6,008,859
Other comprehensive income for the year	15,801,903	(12,320,354)	15,801,903	(12,320,354)
Deferred tax effect on fair value of available for sale reserve	(115,602)	262,681	(115,602)	262,681
Transferred AFS reserves – Life fund	(5,861,197)	5,801,844	(5,861,197)	5,801,844
<b>Balance as at 31 December</b>	<b>9,578,134</b>	<b>(246,970)</b>	<b>9,578,134</b>	<b>(246,970)</b>

Available-for-sale reserves comprise 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 provision Life.

### 22. Revenue Reserves

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
General reserve		643,442	643,442	643,442	643,442
Surplus from life insurance	22.1	24,153,337	20,708,853	24,153,337	20,708,853
Retained earnings	22.2	58,940,170	51,754,512	42,429,005	40,260,537
Transferred to one off surplus-unrestricted reserve	22.3	466,179	466,179	466,179	466,179
		84,203,128	73,572,987	67,691,963	62,079,011

#### 22.1 Surplus from Life Insurance

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January	20,708,853	17,920,276	20,708,853	17,920,276
Adjustment for surcharge tax levied under the Surcharge Tax Act No. 14 of 2022	-	(228,077)	-	(228,077)
<b>Adjusted balance as at 01 January</b>	<b>20,708,853</b>	<b>17,692,199</b>	<b>20,708,853</b>	<b>17,692,199</b>
Surplus attributable to shareholders from life insurance	3,444,484	3,016,654	3,444,484	3,016,654
<b>Balance as at 31 December</b>	<b>24,153,337</b>	<b>20,708,853</b>	<b>24,153,337</b>	<b>20,708,853</b>

## 22. Revenue Reserves (Contd.)

### 22.2 Retained Earnings

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January	51,754,512	46,686,714	40,260,537	34,775,158
Impact from prior period error corrections	-	373	-	-
Adjustment for surcharge tax levied under the Surcharge Tax Act No. 14 of 2022	(334,236)	(1,536,511)	-	(1,116,579)
<b>Adjusted balance as at 01 January</b>	<b>51,420,276</b>	<b>45,150,576</b>	<b>40,260,537</b>	<b>33,658,579</b>
Profit for the year	13,064,845	11,588,573	7,778,571	10,545,807
Other comprehensive income	5,863	656,937	67,065	584,148
Depreciation transfer of surplus on revaluation of building	101,735	26,592	73,581	-
Surplus attributable to shareholders from life insurance	(3,444,484)	(3,016,654)	(3,444,484)	(3,016,654)
Changes in interest while retaining control	-	(1,140,169)	-	-
Share buyback	(33,424)	-	(33,424)	-
Dividend declared and paid	(2,272,841)	(1,511,343)	(2,272,841)	(1,511,343)
Realisation of revaluation reserve on land disposal	20,793	-	-	-
Right-of-use asset depreciation transfer	77,407	-	-	-
<b>Balance as at 31 December</b>	<b>58,940,170</b>	<b>51,754,512</b>	<b>42,429,005</b>	<b>40,260,537</b>

### 22.3 Transferred to One off Surplus-Unrestricted Reserve

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January	466,179	466,179	466,179	466,179
<b>Balance as at 31 December</b>	<b>466,179</b>	<b>466,179</b>	<b>466,179</b>	<b>466,179</b>

## Notes to the Financial Statements

### 23. Insurance Contract Liabilities – Life

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Life insurance fund as at 01 January	157,936,457	148,000,670	157,936,457	148,000,670
Total profit transfer to life fund	21,734,208	14,034,410	21,734,208	14,034,410
Surcharge tax – life fund	-	(1,081,969)	-	(1,081,969)
Surplus distributed to shareholders	(3,444,484)	(3,016,654)	(3,444,484)	(3,016,654)
<b>Life insurance fund as at 31 December excluding one-off surplus</b>	176,226,181	157,936,457	176,226,181	157,936,457
<b>AFS reserves</b>				
<b>Balance as at 01 January</b>	(1,217,455)	4,584,389	(1,217,455)	4,584,389
Net change in the AFS reserve	5,861,197	(5,801,844)	5,861,197	(5,801,844)
Balance as at 31 December	4,643,742	(1,217,455)	4,643,742	(1,217,455)
<b>Life insurance funds as at 31 December including AFS reserves</b>	180,869,923	156,719,002	180,869,923	156,719,002
Policyholders' outstanding claims	2,914,569	3,050,321	2,914,569	3,050,321
	183,784,492	159,769,323	183,784,492	159,769,323

Long duration contract liabilities included in the Life Insurance Fund, result primarily from traditional participating and non-participating life insurance products. The insurance provision has been established based upon the following.

- **Investment return:** Risk free rate structure proposed by Insurance Regulatory Commission of Sri Lanka (IRCSL as at 31 December 2023)
- **Mortality:** Factored A67/70 for non-annuity business to allow best estimate experience rate and for annuity business, weighted a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants

- **Lapse rate:** As per the average during current year and preceding two years
- **Expense assumptions:** Based on the expenses recorded in financial for the year 2023 expenses split into Participating and Non-participating business
- **Morbidity:** Based on the Company internal experience and actual vs expected analysis. Expected rates are based on the reinsurance rate tables
- **Reinsurance assumptions:** Based on the company internal experience studies with respect to reinsurance

The amount of policyholder's revisionary bonus to be paid is determined annually by the company. The bonus includes life policyholders share of net income that are required to be allocated by the insurance contract or, by insurance regulations.

"From 01 January 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 December 2015. This change in valuation basis has resulted an one-off surplus in life insurance policy liabilities as at 01 January 2016.

### 23. Insurance Contract Liabilities – Life (Contd.)

IRCSL 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 No. 16 – Section 964 of the Regulation of Insurance Industry Act No. 43 of 2000” dated 20 March 2018 where minimum One-Off Surplus computation is recommended. Accordingly, SLICL has quantified the One-Off Surplus as at 01 January 2016, and it stands out that the amounts are Rs. 6,281 Mn. and Rs. 98 Mn. within 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 IRCSL, 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 December 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 IRCSL and can only be released upon receiving approval from the IRCSL. SLICL maintains the same amounts in one-off surplus in Participating Fund and Restricted Regulatory Reserve in Shareholders Fund as at 31 December 2023. The One-Off Surplus in the Shareholder Fund will remain invest in Repo at Commercial Bank PLC [Fitch Ratings A(Ika)] as per the Direction of the IRCSL”

	<i>Rs. Mn.</i>
Long-term Insurance Fund excluding one-off surplus	174,589
Surplus created due to change in valuation method from NPV to GPV (Participating)	6,281
<b>Long-term insurance Fund as at 31 December 2023</b>	<b>180,870</b>

	<i>Rs. Mn.</i>
<b>Restricted regulatory reserve (One-Off surplus Non-Participating Fund)</b>	<b>98</b>

The valuation of the Insurance Provision – Life Insurance Business, as at 31 December 2023 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. 2,359 Mn. (in 2022 Rs. 972 Mn.), is included as the liability in respect of policyholders' bonus. In the opinion of the appointed actuary, the admissible assets of the Life insurance fund as at 31 December 2023 is adequate to cover the liabilities of the Fund and the solvency margin requirement prescribed under Section 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 December 2023 is Rs. 184,314 Mn. (2022 – Rs. 159,736 Mn.). The Board of Directors decided to transfer Rs. 3,444 Mn. (2022: Rs. 3,017 Mn.) to the Shareholders' Funds in the statement of financial position in life insurance. Subsequent to this transfer, the Life insurance fund stands Rs. 180,870 Mn. (2021 – Rs. 156,719 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 31 December 2023 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 31 December 2023.

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 31 December 2023. No additional provision is required against the LAT as at 31 December 2023.

## Notes to the Financial Statements

### 24. Insurance Contract Liabilities – Non-Life

The non-life insurance reserves as shown in the statement of financial position represent the following:

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Reserves for net unearned premium	24.1	10,172,029	9,188,361	10,172,029	9,188,361
Reserves for title insurance and unexpired risk reserve	24.2	649,590	645,561	649,590	645,561
Reserves for gross outstanding claims	24.3	9,674,573	11,855,931	9,674,573	11,855,931
		20,496,192	21,689,853	20,496,192	21,689,853

#### 24.1 Reserve for Net Unearned Premium

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Reserve for unearned premium</b>				
Balance as at 01 January	11,603,737	12,229,437	11,603,737	12,229,437
Transfer during the year	462,733	(625,700)	462,733	(625,700)
<b>Balance as at 31 December</b>	12,066,470	11,603,737	12,066,470	11,603,737
<b>Reserve for unearned reinsurance premium</b>				
Balance as at 01 January	(2,415,376)	(1,531,677)	(2,415,376)	(1,531,677)
Transfer during the year	520,935	(883,699)	520,935	(883,699)
<b>Balance as at 31 December</b>	(1,894,441)	(2,415,376)	(1,894,441)	(2,415,376)
<b>Total reserve for net unearned premium</b>	10,172,029	9,188,361	10,172,029	9,188,361

#### 24.2 Reserve for Title Insurance and Unexpired Risk Reserve

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Reserve for title insurance</b>				
Balance as at 01 January	645,561	632,380	645,561	632,380
Transfer during the year	4,029	13,181	4,029	13,181
Balance as at 31 December	649,590	645,561	649,590	645,561
<b>Total reserve for title insurance and unexpired risk reserve</b>	649,590	645,561	649,590	645,561



## 24. Insurance Contract Liabilities – Non-Life (Contd.)

### 24.3 Reserves for Gross Outstanding Claims

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January	8,898,763	6,677,738	8,898,763	6,677,738
Claims Incurred during the year	2,702,140	13,047,591	2,702,140	13,047,591
Claims paid during the year	(4,628,472)	(10,826,566)	(4,628,472)	(10,826,566)
<b>Balance as at 31 December</b>	<b>6,972,431</b>	<b>8,898,763</b>	<b>6,972,431</b>	<b>8,898,763</b>
IBNR/IBNER balance as at 01 January	2,957,169	2,871,670	2,957,169	2,871,670
Increase/decrease in IBNR/IBNER	(255,027)	85,498	(255,027)	85,498
<b>IBNR/IBNER balance as at 31 December</b>	<b>2,702,142</b>	<b>2,957,168</b>	<b>2,702,142</b>	<b>2,957,168</b>
<b>Total reserves for gross outstanding claims</b>	<b>9,674,573</b>	<b>11,855,931</b>	<b>9,674,573</b>	<b>11,855,931</b>

Significant delays occur in the notification of claims and a substantial measure of experience and judgement 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.

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Reconciliation between insurance contract liabilities non-life and technical reserves</b>				
Insurance contract liabilities non-life	20,496,192	21,689,852	20,496,192	21,689,852
Reserve for net deferred acquisition expenses	(620,872)	(520,172)	(620,872)	(520,172)
Reinsurance on claims reserves	(1,656,462)	(3,104,431)	(1,656,462)	(3,104,431)
<b>Technical reserves</b>	<b>18,218,858</b>	<b>18,065,249</b>	<b>18,218,858</b>	<b>18,065,249</b>

## Notes to the Financial Statements

### 24. Insurance Contract Liabilities – Non-Life (Contd.)

#### 24.4 Claims Development Information

The 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.

As at 31 December	2018 Rs. '000	2019 Rs. '000	2020 Rs. '000	2021 Rs. '000	2022 Rs. '000	2023 Rs. '000
Gross reserves for losses and loss adjustment expenses	8,776,040	7,310,845	7,861,686	9,549,407	11,855,930	9,674,573
Reinsurance recoverable	(1,589,981)	(1,060,735)	(1,395,321)	(1,888,143)	(3,104,431)	(1,656,462)
<b>Net reserves for losses and loss adjustment expenses</b>	<b>7,186,059</b>	<b>6,250,110</b>	<b>6,466,366</b>	<b>7,661,264</b>	<b>8,751,500</b>	<b>8,018,111</b>
<b>Cumulative paid</b>						
One year later	7,589,783	7,723,147	5,370,767	6,994,929	6,790,213	7,948,365
Two years later	9,631,805	9,451,250	7,043,437	9,312,011	9,271,432	–
Three years later	9,772,476	9,589,406	7,092,891	9,537,176	–	–
Four years later	9,996,134	9,666,070	7,169,932	–	–	–
Five years later	10,045,912	9,723,979	–	–	–	–
Six years later	10,099,949	–	–	–	–	–
<b>Cumulative Reported</b>						
One year later	9,466,947	9,152,921	6,492,661	8,980,052	8,892,648	9,650,801
Two years later	9,907,086	9,718,009	7,255,303	10,014,973	9,681,923	–
Three years later	10,288,268	9,851,857	7,321,827	10,029,949	–	–
Four years later	10,199,725	9,898,280	7,366,908	–	–	–
Five years later	10,198,488	9,881,032	–	–	–	–
Six years later	10,208,304	–	–	–	–	–

## 25. Current Tax Liabilities

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January	2,372,303	2,216,343	1,686,823	1,684,872
Income tax charge for the year	4,141,537	2,695,824	2,769,105	1,841,847
Acquisition of subsidiary	5,269	-	-	-
Income tax settlements made during the year	(3,465,110)	(2,582,531)	(2,341,357)	(1,839,896)
Under/(over) provision in respect of previous year	(43,940)	42,667	-	-
<b>Balance as at 31 December</b>	<b>3,010,059</b>	<b>2,372,303</b>	<b>2,114,571</b>	<b>1,686,823</b>

## 26. Retirement Benefit Obligation

As at 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January	2,088,250	2,523,520	1,530,151	1,917,741
<b>Recognised in the statement of profit or loss</b>				
Current service cost	132,018	171,886	80,243	111,648
Interest cost	343,579	277,226	244,824	210,951
<b>Recognised in the statement of other comprehensive income</b>				
Actuarial (gain)/loss	110,935	(763,296)	(6,665)	(641,457)
	2,674,782	2,209,336	1,848,553	1,598,883
Benefit paid by the plan	(201,139)	(121,086)	(110,165)	(68,732)
Benefits payable for those who left during the year/ transferred to other payables	-	-	-	-
<b>Balance as at 31 December</b>	<b>2,473,643</b>	<b>2,088,250</b>	<b>1,738,388</b>	<b>1,530,151</b>

## Notes to the Financial Statements

### 26. Retirement Benefit Obligation (Contd.)

#### 26.1 Description of the Valuation Method Used and the Information About the Valuer

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.

As at 31 December 2023 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 for Rs. 1,738.39 Mn. The actuarial valuation is performed annually. Principal actuarial assumptions used:

#### **Litro Gas Lanka Ltd**

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd, as at 31 December 2023. The present value of the retirement benefits as at 31 December 2023 amounted to Rs. 154,357,648. The liability is not externally funded.

#### **Litro Gas Terminal Lanka (Pvt) Ltd**

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd, as at 31 December 2023. The actuarial present value of the promised retirement benefits as at 31 December 2023 amounted to Rs. 21,812,670. This liability is not externally funded.

#### **Canwill Holdings (Pvt) Ltd**

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd, as at 31 December 2023. The actuarial present value of the promised retirement benefits as at 31 December 2023 amounted to Rs. 4,991,339. The liability is not externally funded.

#### **Sinolanka Hotels & Spa (Pvt) Ltd**

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd, as at 31 December 2023. The actuarial present value of the promised retirement benefits as at 31 December 2023 amounted to Rs. 4,377,795. The liability is not externally funded.

#### **Canowin Hotels and Spas (Pvt) Ltd**

The provision for Retirement Benefits Obligations for the year was based on the actuarial valuation carried out by professionally qualified actuaries, as at 31 December 2023 amounted to Rs. 5,567,890 Mn.

#### **The Lanka Hospitals Corporation PLC**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date.

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Actuarial and Management Consultants (Pvt) Ltd, as at 31 December 2023 amounted to Rs. 318,883,389. The liability is not externally funded.

#### **Lanka Hospitals Diagnostics (Pvt) Ltd**

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd, as at 31 December 2023. The actuarial present value of the promised retirement benefits as at 31 December 2023 amounted to Rs. 50,933,525. The liability is not externally funded.

## 26. Retirement Benefit Obligation (Contd.)

### 26.2 Principal Actuarial Assumptions used

	Group		Company	
	2023	2022	2023	2022
Discount rate	12% - 16%	16% - 20%	12%	16%
Salary increment rate	6% - 12%	6% - 14%	7%	10%
Staff turnover factor	5% - 22%	5% - 36%	0%-5%	0%-4%
Retirement age; Male (years)	60	60	60	60
Retirement age; Female (years)	60	60	60	60
Retirement age; Minor staff (years)	57	57	57	57

The Group's gratuity liability is not externally funded.

### 26.3 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	2023		2022	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Discount rate 1%	2,216,450	2,495,724	1,424,699	1,633,189
Future salary growth 1%	2,515,973	2,195,927	1,649,139	1,408,723

Company	2023		2022	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Discount rate 1%	1,638,225	1,823,581	1,440,194	1,609,078
Future salary growth 1%	1,835,466	1,626,202	1,620,268	1,429,042

## 27. Other Liabilities

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Policyholder advance payments		595,623	606,495	595,623	606,495
<b>Payables</b>					
Agency commission payable		1,263,574	1,135,166	1,263,574	1,135,166
Others including accrued expenses	27.1	11,974,569	11,251,802	4,738,268	4,417,708
Trade payable		4,233,256	464,611	-	-
VAT payable		-	20,887	-	-
Other payables		561,328	402,312	-	-
Advance received		103,363	86,894	-	-
Customer deposit payable	27.2	9,114,723	9,040,498	-	-
Professional fees payable		252	273	-	-
<b>Total other liabilities</b>		<b>27,846,688</b>	<b>23,008,938</b>	<b>6,597,465</b>	<b>6,159,369</b>

## Notes to the Financial Statements

### 27. Other Liabilities (Contd.)

#### 27.1 Sinolanka Hotels & Spa (Pvt) Ltd

After a tender exercise and a period of negotiations, Interna Contract Spa (now herein referred to as Interna) was awarded by Sinolanka Hotels & Spa (Pvt) Ltd (now herein referred to as Sinolanka) the contract to provide Interior Fit Out and Furnishing Works for the Grand Hyatt Colombo Project. Subsequently, Sinolanka terminated the contract with Interna on several grounds.

Arbitration award was in favour of Interna and Sinolanka was ordered to pay EURO 7,432,062.79 as damages with 2% simple interest per annum from 14 August 2015 to the date of full payment, USD 483,500.00 with 2% simple interest per annum from the date of award to the date of full payment as costs of arbitration fixed by the ICC court and EURO 516,597.16 with 2% simple interest per annum from the date of award to the date of full payment as additional costs of arbitration.

Sinolanka had applied to the Singapore High Court seeking an order setting aside the said Arbitral Award on the basis that it lacked jurisdiction to hear the dispute. In the meantime, Interna Contract had made an application to the High Court of Sri Lanka seeking to enforce the said Arbitral Award. The proceedings of the said application made by Interna Contract to the High Court of Sri Lanka had been adjourned pending the delivery of the judgment of the Singapore High Court on the application made by Sinolanka seeking the setting aside of the said Arbitral Award. Subsequently, the Singapore High Court had pronounced its judgment dismissing the said application made by Sinolanka, and further thereto, the High Court of Sri Lanka had delivered its judgment in favour of Interna Contract granting judgment in accordance with the said Arbitral Award, and granting costs in a sum of Rs. 500,000.

Sinolanka has preferred this application (SC/HC/LA 16/2020) to the Supreme Court seeking leave to appeal from the said judgment of the High Court of Sri Lanka in terms of Section 37(2) of the Arbitration Act, No. 11 of 1995.

#### Litro Gas Lanka Ltd

- (a) Accrual expenses consist of provisions made for Employee related expenses, Sales Related expenses, Operational Expenses including utilities and contract labour and provisions made for LPG related expenses.
- (b) Advances and overpayments of trade debtors are showed under trade payables.

#### Litro Gas Terminal Lanka (Pvt) Ltd

Accrued expenses mainly consist of provision of income tax payment for 2019 and 2020 Rs. 266,209,981.20 and provision of VAT payment for 2019 and 2020 Rs. 67,901,164 in 2023.

#### 27.2 Litro Gas Lanka Ltd

The refundable deposit is a liability collected with an agreement to refund at the time of request by the holder of the cylinder to terminate the agreement together with the deposit voucher (deposit slip issued by the Company) or with an affidavit as per common law. The refund the deposit payable for the 37.5Kg, 12.5Kg, 5Kg and 2.3Kg cylinders are subject to a maximum refund of Rs. 2,476, Rs. 1,500, Rs. 700, and Rs. 550 respectively at the time of return of the cylinders.

## 28. Financial Liabilities

As at 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Bank overdraft	18	735,765	1,090,853	446,033	563,026
Long term loan – Litro Gas Terminal Lanka (Pvt) Ltd		-	-	-	-
Redeemable non-cumulative preference share	28.1	176,000	-	-	-
USD bridging loan facility – Peoples Bank	28.2	4,933,082	4,979,602	-	-
Term loan – Bank of Ceylon		-	1,001,712	-	-
<b>Total financial liabilities</b>		<b>5,844,847</b>	<b>7,072,167</b>	<b>446,033</b>	<b>563,026</b>

The reported bank Overdraft balance as at the reporting date is used for the purpose cash management and this is only a book overdraft balance. The Company has a bank overdraft facility of Rs. 9.3 Mn.

### 28.1 Canwill Holdings (Pvt) Ltd – Group

Subsequent to the decision of the Cabinet of Ministers to divestiture of Canwill Holdings (Pvt) Ltd. The State-Owned Enterprise Restructuring Unit (SOERU) has reviewed the financial situation of the Grand Hyatt Project and has recommended immediate financing arrangement through General Treasury as a short-term measure until such time the proposed divestiture programme is completed.

As per the Cabinet Memorandum No. MP/PE/005/CM/2023/071 dated 20 March 2023, the Cabinet of Ministers' approval has been granted to the secretary to the treasury to invest Rs. 176 Mn. in the company based on the Cabinet of Ministers Decision No. 23/0568/604/062 dated 21 March 2023. Accordingly,

the Company has issued 20,705,882 redeemable non-cumulative preference shares at Rs. 8.50 per share dated 21 September 2023 to the Secretary to the treasury of following terms.

- The preferential dividend applicable to a preference share shall be 77 cents per share per annum (prorated where applicable) on a non-cumulative basis.
- The preference share shall not carry any voting rights.
- The redemption dates of preference shares shall be determined by the company after the Grand Hyatt Project is completed from funds available after disposal.

### 28.2 USD Bridging Loan Facility – Peoples Bank

#### Sinolanka Hotels & Spa (Pvt) Ltd

Sinolanka Hotels & Spa (Pvt) Ltd, the owner of Grand Hyatt Colombo project, is continuously experiencing a short-fall in liquidity from January 2018. This is mainly attributed to the delay in the proposed loan programme and the execution of the project divestiture programme approved by the Cabinet of Ministers in August 2017.

Accordingly, a short term funding arrangement of Rs. 400 Mn. was made by Helanco Hotels & Spa (Pvt) Ltd in January 2018 to Sinolanka Hotels & Spa (Pvt) Ltd. This was allocated from idling funds within the company at an interest rate of 8.79% per annum.

The Board of Directors has considered the financial constraints currently being experienced by the companies at the group level at the board meeting held on 13 February 2024. The board has assessed the likelihood of the cash settlement against the Rs. 400 Mn. loan and accumulated interest Rs. 126,075,753 as of 31 December 2022 as very low due to the current situation of the Grand Hyatt Colombo Project. As a result, it was resolved by the Board of Directors of Sinolanka Hotels & Spa (Pvt) Ltd to capitalise Rs. 400 Mn. loan liability of the company by issuing ordinary shares at a consideration of Rs 10/- per share. It was resolved by the board of Canwill Holdings (Pvt) Ltd to buy back shares being held by Canwill under Helanco Hotels & Spa (Pvt) Ltd and reinvest under Sinolanka Hotels & Spa (Pvt) Ltd to facilitate the said arrangement. The board of Helanco Hotels & Spa (Pvt) Ltd has also resolved to write off the interest receivable from Sinolanka Hotels & Spa (Pvt) Ltd Rs. 126,075,753 as of 31 December 2022.

## Notes to the Financial Statements

### 28. Financial Liabilities (Contd.)

Further to the above, a short-term loan facility of USD 12 Mn. was approved to part finance the Construction of the Grand Hyatt Colombo Project that was subject to the Pending Divestiture and out of which USD 8.25 Mn. was disbursed in the year 2019. The interest rate applicable for this loan facility was 6 months LIBOR+5%. The initial tenure of the facility was one year from the first drawdown and it was due on 18 April 2020. However, since the company was not in a position to

settle the loan on or before the due date, an extension of the tenure of the facility was done for a further period up to 18 July 2024. The interest rate applicable for the extended tenure of the facility is 3 months LIBOR +7% per annum from 18 June 2022 subject to quarterly review and it will be charged 3 months LIBOR + 9% per annum for the amount in arrears during the overdue period in case of default. Notwithstanding the rates specified as

such, a 12% floor rate per annum will be applicable at the regular repayment of the loan.

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.

### 29. Revenue

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Gross written premium	30	43,320,585	41,053,602	44,224,745	41,271,573
Net change in reserve for unearned premium	31.2	(466,762)	612,519	(466,762)	612,519
<b>Gross earned premium</b>		<b>42,853,823</b>	<b>41,666,121</b>	<b>43,757,983</b>	<b>41,884,092</b>
Premium ceded to reinsurers	31.3	(6,374,682)	(5,743,770)	(6,374,682)	(5,743,770)
<b>Net change in reserve for unearned reinsurance premium</b>	31.4	<b>(520,935)</b>	<b>883,699</b>	<b>(520,935)</b>	<b>883,699</b>
Net earned premium	31.1	35,958,206	36,806,050	36,862,366	37,024,021
Revenue from other operations	30.1	103,215,334	90,620,724	-	-
Investment income	32	29,490,139	15,370,280	28,443,595	13,793,670
Other income	33,34,35	2,121,153	13,808,004	(1,112,195)	12,867,065
		170,784,832	156,605,058	64,193,766	63,684,756



### 30. Gross Written Premium

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Life insurance</b>				
Group and non-group	18,738,637	18,461,618	19,642,797	18,679,589
Group term life assurance	1,436,892	2,250,536	1,436,892	2,250,536
<b>Gross written premium – Life insurance</b>	<b>20,175,529</b>	<b>20,712,154</b>	<b>21,079,689</b>	<b>20,930,125</b>
<b>Non-life insurance</b>				
Fire and engineering risk	2,951,485	3,123,352	2,951,485	3,123,352
Motor	13,508,448	12,780,151	13,508,448	12,780,151
Marine	942,988	943,001	942,988	943,001
General accident	5,742,135	3,494,944	5,742,135	3,494,944
<b>Gross written premium – Non-life insurance</b>	<b>23,145,056</b>	<b>20,341,448</b>	<b>23,145,056</b>	<b>20,341,448</b>
<b>Total gross written premium</b>	<b>43,320,585</b>	<b>41,053,602</b>	<b>44,224,745</b>	<b>41,271,573</b>

#### 30.1 Revenue from Other Operations

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Hospital revenue	9,655,350	7,781,288	-	-
Laboratory revenue	2,707,611	2,729,731	-	-
Room rental and services charges	(84,591)	127,623	-	-
Revenue from Liquid Petroleum Gas (LPG) activities	90,936,964	79,982,082	-	-
<b>Total revenue from other operations</b>	<b>103,215,334</b>	<b>90,620,724</b>	<b>-</b>	<b>-</b>

#### Litro Gas Lanka Ltd

Litro Gas is the largest importer and supplier of LP Gas in Sri Lanka. The principal activity of the Company is to import, process, store, distribute and sell Liquid Petroleum Gas (LPG) and provide other incidental services.

Entry and handling fees of the Company consist of the fees collected at the time of issuing new cylinders. Income from Installation is generated from the LPG pipeline installation and maintenance work for new and existing customers.

Income from fuel consist retail fuel sales generated from the fuel stations in Southern Highway operated by the Company.

#### Litro Gas Terminal Lanka (Pvt) Ltd

##### Throughput fee:

- (a) Revenue consists of throughput fee invoiced to Litro Gas Lanka Limited, For the year 2022, USD 20 is charged per metric ton for both domestic and bulk segment at the exchange rate of 1 USD = Rs. 196.00 for first six month and at 1 USD = Rs. 370.00 for the balance Six months.
- (b) Revenue consists of throughput fee invoiced to Litro Gas Lanka Limited, For the year 2023, USD 20 is charged per metric ton for both domestic and bulk segment at the Monthly Average Spot Exchange rate + Market Adjustment.

#### Canowin Hotels & Spas (Pvt) Ltd

Main revenue of the Company is the ground rent income from the tenants of the Southern Expressway Service Area Arcade.

#### Canwill Holdings (Pvt) Ltd

The Company is the parent entity of Sinolanka Hotels & Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd Sinolanka Hotels & Spa (Pvt) Ltd has undertaken the development of the Grand Hyatt Hotel in Colombo and there were no commercial operations during the year 2022.

## Notes to the Financial Statements

## 31. Net Earned Premium

## 31.1 Net Earned Premium

For the year ended 31 December	2023			2022		
	Non-Life Rs. '000	Life Rs. '000	Total Rs. '000	Non-Life Rs. '000	Life Rs. '000	Total Rs. '000
Gross written premium	23,145,056	21,079,689	44,224,745	20,341,448	20,930,125	41,271,573
Change in reserve for unearned premium	(462,733)	-	(462,733)	625,700	-	625,700
<b>Gross earned premium</b>	<b>22,682,323</b>	<b>21,079,689</b>	<b>43,762,012</b>	<b>20,967,148</b>	<b>20,930,125</b>	<b>41,897,273</b>
Premiums ceded to reinsurers	(5,700,815)	(673,867)	(6,374,682)	(5,180,941)	(562,829)	(5,743,770)
Change in reserve for unearned reinsurance premium	(520,935)	-	(520,935)	883,699	-	883,699
<b>Gross reinsurance premium</b>	<b>(6,221,750)</b>	<b>(673,867)</b>	<b>(6,895,617)</b>	<b>(4,297,242)</b>	<b>(562,829)</b>	<b>(4,860,071)</b>
Transfer to title insurance reserve	(4,029)	-	(4,029)	(13,181)	-	(13,181)
	(6,225,779)	(673,867)	(6,899,646)	(4,310,423)	(562,829)	(4,873,252)
<b>Net earned premium</b>	<b>16,456,544</b>	<b>20,405,822</b>	<b>36,862,366</b>	<b>16,656,725</b>	<b>20,367,296</b>	<b>37,024,021</b>

## 31.2 Net Change in Reserve for Unearned Premium

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Non-life insurance</b>					
Change in reserve for unearned premium	24.1	(462,733)	625,700	(462,733)	625,700
Transfer to title insurance reserve	24.2	(4,029)	(13,181)	(4,029)	(13,181)
		(466,762)	612,519	(466,762)	612,519

### 31. Net Earned Premium (Contd.)

#### 31.3 Premiums Ceded to Reinsurers

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Life insurance	673,867	562,829	673,867	562,829
	673,867	562,829	673,867	562,829
<b>Non-life insurance</b>				
Fire	2,079,701	2,776,846	2,079,701	2,776,846
Motor	433,238	360,296	433,238	360,296
Marine	219,515	735,644	219,515	735,644
Miscellaneous	2,968,361	1,308,155	2,968,361	1,308,155
	5,700,815	5,180,941	5,700,815	5,180,941
<b>Total premium ceded to reinsurers</b>	<b>6,374,682</b>	<b>5,743,770</b>	<b>6,374,682</b>	<b>5,743,770</b>

#### 31.4 Net Change in Reserve for Unearned Reinsurance Premium

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Non-life Insurance</b>					
Change in reserve for unearned premium	24.1	(520,935)	883,699	(520,935)	883,699
		(520,935)	883,699	(520,935)	883,699

### 32. Investment Income

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Interest income	32.1	28,561,808	20,739,544	25,939,495	18,799,125
Dividend income	32.2	479,503	1,348,781	2,055,272	1,712,590
Capital gains/(losses)	32.3	448,828	(6,718,045)	448,828	(6,718,045)
		29,490,139	15,370,280	28,443,595	13,793,670

**Notes to the Financial Statements****32. Investment Income (Contd.)****32.1 Interest Income**

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Financial investment at held-to-maturity (HTM)</b>				
Treasury bonds	7,328,111	7,511,125	7,328,111	7,511,125
Treasury bills	567,904	30,137	567,904	30,137
<b>Financial investments at loans and receivables (L&amp;R)</b>				
Development bonds	689,925	1,217,259	689,925	1,217,259
Unlisted debentures	3,991,943	2,331,088	3,991,943	2,331,088
Term deposits	7,595,053	3,414,515	5,313,807	2,348,996
Commercial Paper	868,416	-	868,416	-
<b>Financial investments at available for sale (AFS)</b>				
Treasury bonds	1,635,737	294,595	1,635,737	294,595
Treasury bills	17,206	6,545	17,206	6,545
Corporate debt-listed	3,522,183	4,142,769	3,522,183	4,142,769
<b>Cash and cash equivalents</b>				
Reverse repurchase agreements	1,990,752	903,866	1,979,377	889,499
Call and savings accounts	26,472	36,646	18,840	26,313
Short-term deposits-Interest income	322,060	850,200	-	-
<b>Other fee based income</b>				
Commission on investments	6,046	800	6,046	800
<b>Total interest income</b>	<b>28,561,808</b>	<b>20,739,544</b>	<b>25,939,495</b>	<b>18,799,125</b>

## 32. Investment Income (Contd.)

### 32.2 Dividend Income

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Financial investments at cost</b>				
Listed subsidiaries	-	-	1,575,769	363,809
<b>Financial investments at NAV</b>				
Associates	5,700	5,700	5,700	5,700
<b>Financial investments at available for sale (AFS)</b>				
Listed shares	510	771,643	510	771,643
Unlisted shares	19,656	4,206	19,656	4,206
<b>Financial investments at fair value through profit or loss (FVTPL)</b>				
Listed shares	453,637	567,232	453,637	567,232
<b>Total dividend income</b>	<b>479,503</b>	<b>1,348,781</b>	<b>2,055,272</b>	<b>1,712,590</b>

### 32.3 Capital Gains/(Losses)

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Financial investments at available for sale (AFS)</b>				
Unit trusts	4,005	78,387	4,005	78,387
Treasury bonds	-	43	-	43
Listed Debentures	14	-	14	-
Treasury Bill	26,372	-	26,372	-
<b>Financial investments at fair value through profit or loss (FVTPL)</b>				
Listed shares	(114,988)	(6,930,062)	(114,988)	(6,930,062)
Unit trust	533,426	133,587	533,426	133,587
<b>Total capital gains/(losses)</b>	<b>448,828</b>	<b>(6,718,045)</b>	<b>448,828</b>	<b>(6,718,045)</b>

## Notes to the Financial Statements

### 32. Investment Income (Contd.)

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Realised gain/losses</b>				
Unit trust	4,005	78,387	4,005	78,387
Treasury bonds	-	43	-	43
Listed shares	609,014	315,997	609,014	315,997
	613,019	394,427	613,019	394,427
<b>Unrealised gain/losses</b>				
Listed shares	(697,617)	(7,246,060)	(697,617)	(7,246,060)
Unit trust	533,426	133,588	533,426	133,588
	(164,191)	(7,112,472)	(164,191)	(7,112,472)
<b>Total capital gains/(losses)</b>	448,828	(6,718,045)	448,828	(6,718,045)

### 33. Fees and Commission Income

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Reinsurance commission	57,571	67,211	57,571	67,211
	57,571	67,211	57,571	67,211

### 34. Net Realised/Unrealised Gains

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Foreign currency gains/(losses)	(829,217)	10,177,094	(2,587,778)	11,857,124
	(829,217)	10,177,094	(2,587,778)	11,857,124

## 35. Other Income

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Rent income		201,531	21,353	187,042	141,321
Interest on policy holders and other loans		725,553	434,256	725,553	434,256
Sundry income	35.1	1,580,095	1,247,354	301,069	226,113
Non refundable deposit income		-	-	-	-
Net gain from change in fair value of investment property		268,373	163,417	204,348	141,040
Net gain from change in fair value of right-of-use-assets		14,054	-	-	-
Gain/(loss) on disposal of property, plant and equipment		41,841	1,268	-	-
Revaluation gain on CWIP		-	1,691,504	-	-
Gain on bargain purchase on acquisition of subsidiary	6.2.1	61,537	-	-	-
Gain/(loss) on disposal of ROU assets	35.2	(185)	4,547	-	-
		2,892,799	3,563,699	1,418,012	942,730

### 35.1 Sundry Income

Sundry Income mainly comprises income generated from ethyl mercaptain injection and stock out losses claimed from LPG Supplier and interest on employee loans and other receivables.

### 35.2 Gain on Disposal of ROU Assets

#### **The Lanka Hospitals Corporation PLC**

The Lanka Hospitals Corporation PLC has made a rearrangement of lease agreements for laboratories located in Karapitiya, Mahiyanganaya and Panadura which are functioning under their fully owned subsidiary, Lanka Hospital Diagnostics (Pvt) Ltd. This resulted in a loss of Rs. 185,203 Mn. (2022 – gain of Rs. 4,547 Mn.) from derecognition of right-to-use asset.

**Notes to the Financial Statements****36. Net Benefits and Claims**

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>(A) Gross benefits and claims paid</b>				
<b>Non-life insurance</b>				
Fire	(1,531,987)	(1,442,970)	(1,531,987)	(1,442,970)
Motor	(6,716,336)	(7,508,104)	(6,716,336)	(7,508,104)
Marine	(111,436)	(797,580)	(111,436)	(797,580)
Miscellaneous	(1,528,033)	(3,298,937)	(1,528,033)	(3,298,937)
<b>Total</b>	<b>(9,887,792)</b>	<b>(13,047,591)</b>	<b>(9,887,792)</b>	<b>(13,047,591)</b>
<b>Life Insurance</b>				
Death claims	(2,018,813)	(1,901,334)	(2,018,813)	(1,901,334)
Policy maturities	(6,152,221)	(6,003,093)	(6,152,221)	(6,003,093)
Surrenders	(1,717,790)	(2,065,321)	(1,717,790)	(2,065,321)
Disability, ex-gratia, annuities, hospitalisation and mortgage protection	(2,304,285)	(2,002,686)	(2,304,285)	(2,002,686)
<b>Total</b>	<b>(12,193,109)</b>	<b>(11,972,434)</b>	<b>(12,193,109)</b>	<b>(11,972,434)</b>
<b>Total gross benefits and claims paid</b>	<b>(22,080,901)</b>	<b>(25,020,025)</b>	<b>(22,080,901)</b>	<b>(25,020,025)</b>
<b>(B) Claims ceded to reinsurers</b>				
Claims recovered from reinsurers	1,495,768	1,757,337	1,495,768	1,757,337
<b>Total claims ceded to reinsurers</b>	<b>1,495,768</b>	<b>1,757,337</b>	<b>1,495,768</b>	<b>1,757,337</b>
<b>(C) Gross change in contract liabilities</b>				
Change in non-life insurance contract outstanding claims provision	255,027	(85,499)	255,027	(85,499)
<b>Total gross change in contract liabilities</b>	<b>255,027</b>	<b>(85,499)</b>	<b>255,027</b>	<b>(85,499)</b>
<b>(D) Change in contract liabilities ceded to reinsurers</b>				
Change in non-life insurance contract outstanding claims provision	(1,447,968)	1,216,288	(1,447,968)	1,216,288
<b>Total change in contract liabilities ceded to reinsurers</b>	<b>(1,447,968)</b>	<b>1,216,288</b>	<b>(1,447,968)</b>	<b>1,216,288</b>
<b>Total net benefits and claims</b>	<b>(21,778,074)</b>	<b>(22,131,899)</b>	<b>(21,778,074)</b>	<b>(22,131,899)</b>



### 37. Underwriting and Net Acquisition Costs (Including Reinsurance)

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Acquisition cost	4,113,831	3,768,299	4,113,831	3,768,299
Net change in reserve for deferred acquisition cost (DAC)	(91,063)	(56,226)	(91,063)	(56,226)
	4,022,768	3,712,073	4,022,768	3,712,073
Reinsurance commission received	511,474	430,114	511,474	430,114
Net change in reserve for unearned commission (UCR)	9,636	(19,876)	9,636	(19,876)
	521,110	410,238	521,110	410,238
	3,501,658	3,301,835	3,501,658	3,301,835

### 38. Profit Before Tax

Profit before taxation is stated after charging all expenses including the following;

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Auditor remuneration</b>					
Fees for the assigned auditors		6,534	4,520	4,971	4,520
Fees for Auditor General		6,021	5,406	678	678
Non audit service		10,113	4,315	10,113	4,315
Depreciation of property, plant and equipment	8	2,217,285	2,126,874	469,368	489,728
Amortisation of intangible assets	11.2	42,685	34,914	22,625	16,619
Amortisation of right-of-use asset	9.1	462,067	506,785	180,159	167,971
Amortisation of leasehold land		2,923	2,162	2,923	2,162
Impairment loss of trade receivables	16.3	10,057	16,847	-	-
Impairment loss of inventories		(1,169)	(19,113)	-	-
Legal expenses		1,861	(1,000)	-	-
Staff related cost		11,089,596	9,992,646	7,603,605	6,981,056
Marketing and business promotion expenses		664,711	643,135	560,748	543,543

### Litro Gas Lanka Ltd & Litro Gas Terminal Lanka (Pvt) Ltd

#### Common Cost Sharing

During the year 2017, the Board signed a MOU with Litro Gas Terminal Lanka (Pvt) Ltd to share common cost incurred by each Company to show fair view of its financial performances. Operational cost of 2023 excluding the common cost transferred from LGTLL on MOU is amounts to Rs. 107.8 Mn. (2022 – Rs. 77.5 Mn.).

**Notes to the Financial Statements****39. Income Tax Expense****39.1 Amounts Recognised in Profit or Loss**

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
<b>Current tax expenses</b>					
Current tax year		4,141,537	2,699,101	2,769,105	1,841,847
Under/(over) provision in previous year		(43,914)	39,390	-	-
		4,097,623	2,738,491	2,769,105	1,841,847
<b>Deferred tax expenses</b>					
Origination/(reversal) of temporary differences	15.1.1	2,105,717	840,723	156,137	88,496
		2,105,717	840,723	156,137	88,496
<b>Income tax expenses reported in the income statement</b>					
		6,203,340	3,579,214	2,925,242	1,930,343

**39.2 Amounts Recognised in OCI**

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Remeasurement of defined benefit liability	15.1.1	89,446	(84,170)	60,400	(57,309)
Revaluation of property, plant and equipment	15.1.1	45,167	(125,330)	45,167	-
Fair value changes in available for sale financial assets	15.1.1	(115,602)	262,681	(115,602)	262,681
Effect on deferred tax due to rate change	15.1.1	-	(969,129)	-	(758,993)
		19,011	(915,948)	(10,035)	(553,621)

### 39.3 Analysis of Brought Forward Tax loss

For the year ended 31 December	Notes	Group		Company	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01 January		15,350,069	12,244,541	-	-
Adjustment for brought forward losses		(4,060,199)	-	-	-
Tax loss incurred during the year		684,624	4,156,518	-	-
Tax loss claimed during the year		(179,195)	(1,050,990)	-	-
Losses expired		(3,582)	-	-	-
<b>Balance as at 31 December</b>		<b>11,791,717</b>	<b>15,350,069</b>	<b>-</b>	<b>-</b>

#### **Sri Lanka Insurance Corporation Ltd**

The Company is liable to income tax of 30% 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 surplus of Life Insurance.

#### **Litro Gas Terminal Lanka (Pvt) Ltd**

Provision for income tax for the year ended 31 December 2023 in respect of Litro Gas Terminal Lanka (Pvt) Ltd has been made in the Financial Statements, in terms of the provisions of the Inland Revenue Act No. 24 of 2017, as amended. The Company is liable for income tax at 30%.

#### **The Lanka Hospitals Corporation PLC**

The Lanka Hospitals Corporation PLC is liable to income tax at 30% for the year ended 31 December 2023.

#### **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 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 the expiry of tax exemption period, profits and income of the company 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 Company 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 company and the Helanco Hotels and Spa (Pvt) Ltd have been calculated on their adjusted profits at 30% in terms of the Inland Revenue Act No. 24 of 2017 and amendments thereto.

#### **Litro Gas Lanka Ltd**

Provision for income tax for the year ended 31 December 2023 in respect of Litro Gas Lanka Limited has been made in the Financial Statements, in terms of the provisions of the Inland Revenue Act No. 24 of 2017, as amended. The Company is liable for income tax at a rate of 30% (2022 – 30%).

## Notes to the Financial Statements

### 40. Basic/Diluted Earnings 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.

For the year ended 31 December	Group		Company	
	2023	2022	2023	2022
<b>Amounts used as the numerators</b>				
Net profit attributable to ordinary shareholders (Rs. '000)	13,064,845	11,588,574	7,778,571	10,545,807
<b>Number of ordinary shares used as denominators</b>				
Weighted average number of ordinary shares in issue (Rs. '000)	599,656	599,743	599,656	599,743
Basic/diluted earnings per share (Rs.)	21.79	19.32	12.97	17.58

### 41. Dividend Paid and Proposed

For the year ended 31 December	Group		Company	
	2023	2022	2023	2022
Dividend paid/proposed (Rs. '000)	2,272,841	1,001,571	2,272,841	1,001,571
Weighted average number of ordinary shares in issue (Rs. '000)	599,656	599,743	599,656	599,743
<b>Dividend per share (Rs.)</b>	3.79	1.67	3.79	1.67

## 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 Group	Notes	2023					
		Fair Value Through Profit or Loss Rs. '000	Available for Sale Rs. '000	Held to Maturity Rs. '000	Loans and Receivables Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
<b>Financial assets measured at fair value</b>							
Listed shares	5	14,299,067	26,067,713	-	-	40,366,780	40,366,780
Unlisted shares	5	-	5,926	-	-	5,926	5,926
Unit trusts	5	2,293,571	2,286,672	-	-	4,580,243	4,580,243
Listed debentures	5	-	29,948,862	-	-	29,948,862	29,948,862
Commercial Paper		-	16,368,416	-	-	16,368,416	16,368,416
Treasury bonds	5	-	27,966,447	-	-	27,966,447	27,966,447
<b>Financial assets not measured at fair value</b>							
Treasury bills and bonds	5	-	-	66,528,073	-	66,528,073	60,918,011
Listed debentures	5	-	-	6,043,658	-	6,043,658	6,043,658
Unlisted debentures	5	-	-	-	27,384,412	27,384,412	27,384,922
Term deposits	5	-	-	-	38,892,179	38,892,179	38,892,179
Development bonds	5	-	-	-	-	-	-
Loans to life policyholders	12	-	-	-	2,095,884	2,095,884	2,095,884
Reinsurance receivable	13	-	-	-	1,868,737	1,868,737	1,868,737
Premium receivable	14	-	-	-	6,290,934	6,290,934	6,290,934
Other receivables	16	-	-	-	12,633,468	12,633,468	12,633,468
Cash and cash equivalents	18	-	-	-	18,520,139	18,520,139	18,520,139
<b>Total financial assets</b>		<b>16,592,638</b>	<b>102,644,036</b>	<b>72,571,731</b>	<b>107,685,753</b>	<b>299,494,158</b>	<b>293,884,096</b>
<b>Financial liabilities not measured at fair value</b>							
Reinsurance payable		-	-	-	1,183,597	1,183,597	1,183,597
Bank overdraft	28	-	-	-	735,764	735,764	735,764
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,919,361</b>	<b>1,919,361</b>	<b>1,919,361</b>

**Notes to the Financial Statements****42. Financial Assets and Liabilities (Contd.)**

As at 31 December Group	Notes	Fair Value Through Profit or Loss Rs. '000	Available for Sale Rs. '000	2022		Carrying Value Rs. '000	Fair Value Rs. '000
				Held to Maturity Rs. '000	Loans and Receivables Rs. '000		
<b>Financial assets measured at fair value</b>							
Listed shares	5	23,031,279	12,688,898	-	-	35,720,177	35,720,177
Unlisted shares	5	-	7,850	-	-	7,850	7,850
Unit trusts	5	2,732,532	1,798,508	-	-	4,531,040	4,531,040
Listed debentures	5	-	33,756,794	-	-	33,756,794	33,756,794
Treasury bonds	5	-	3,261,196	-	-	3,261,196	3,261,196
<b>Financial assets not measured at fair value</b>							
Treasury bills and bonds	5	-	-	69,802,527	-	69,802,527	41,202,543
Listed debentures	5	-	-	2,030,137	-	2,030,137	2,030,137
Unlisted debentures	5	-	-	-	23,371,379	23,371,379	23,371,379
Term deposits	5	-	-	-	28,962,533	28,962,533	28,962,533
Development bonds	5	-	-	-	16,731,490	16,731,490	16,731,490
Loans to life policyholders	12	-	-	-	1,867,624	1,867,624	1,867,624
Reinsurance receivable	13	-	-	-	4,367,265	4,367,265	4,367,265
Premium receivable	14	-	-	-	6,610,797	6,610,797	6,610,797
Other receivables	16	-	-	-	11,177,687	11,177,687	11,177,687
Cash and cash equivalents	18	-	-	-	9,788,484	9,788,484	9,788,484
<b>Total financial assets</b>		<b>25,763,811</b>	<b>51,513,246</b>	<b>71,832,664</b>	<b>102,877,259</b>	<b>251,986,980</b>	<b>223,386,996</b>
<b>Financial liabilities not measured at fair value</b>							
Reinsurance payable		-	-	-	2,354,371	2,354,371	2,354,371
Bank overdraft	28	-	-	-	1,090,853	1,090,853	1,090,853
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,445,224</b>	<b>3,445,224</b>	<b>3,445,224</b>

## 42. Financial Assets and Liabilities (Contd.)

As at 31 December Company	Notes	2023					
		Fair Value Through Profit or Loss Rs. '000	Available for Sale Rs. '000	Held to Maturity Rs. '000	Loans and Receivables Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
<b>Financial assets measured at fair value</b>							
Listed shares	5	14,299,067	26,067,713	-	-	40,366,780	40,366,780
Unlisted shares	5	-	5,926	-	-	5,926	5,926
Unit trusts	5	2,293,571	2,286,672	-	-	4,580,243	4,580,243
Listed debentures	5	-	29,948,862	-	-	29,948,862	29,948,862
Treasury bonds	5	-	44,334,863	-	-	44,334,863	44,334,863
<b>Financial assets not measured at fair value</b>							
Treasury bills and bonds	5	-	-	66,528,073	-	66,528,073	60,918,011
Listed debentures	5	-	-	6,043,658	-	6,043,658	6,043,658
Unlisted debentures	5	-	-	-	27,384,412	27,384,412	27,384,412
Term deposits	5	-	-	-	31,916,170	31,916,170	31,916,170
Development bonds	5	-	-	-	-	-	-
Loans to life policyholders	12	-	-	-	2,095,884	2,095,884	2,095,884
Reinsurance receivable	13	-	-	-	1,868,737	1,868,737	1,868,737
Premium receivable	14	-	-	-	6,290,934	6,290,934	6,290,934
Other receivables	16	-	-	-	4,136,765	4,136,765	4,136,765
Cash and cash equivalents	18	-	-	-	5,885,171	5,885,171	5,885,171
<b>Total financial assets</b>		16,592,638	102,644,036	72,571,731	79,578,073	271,386,478	265,776,416
<b>Financial liabilities not measured at fair value</b>							
Reinsurance payable		-	-	-	1,183,597	1,183,597	1,183,597
Bank overdraft	28	-	-	-	446,033	446,033	446,033
<b>Total financial liabilities</b>		-	-	-	1,629,630	1,629,630	1,629,630

## Notes to the Financial Statements

### 42. Financial Assets and Liabilities (Contd.)

As at 31 December Company	Notes	Fair Value Through Profit or Loss Rs. '000	Available for Sale Rs. '000	2022			
				Held to Maturity Rs. '000	Loans and Receivables Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
<b>Financial assets measured at fair value</b>							
Listed shares	5	23,031,279	12,688,898	–	–	35,720,177	35,720,177
Unlisted shares	5	–	7,850	–	–	7,850	7,850
Unit trusts	5	2,732,532	1,798,508	–	–	4,531,040	4,531,040
Listed debentures	5	–	33,756,794	–	–	33,756,794	33,756,794
Treasury bonds	5	–	3,261,196	–	–	3,261,196	3,261,196
<b>Financial assets not measured at fair value</b>							
Treasury bills and bonds	5	–	–	69,802,527	–	69,802,527	41,202,543
Listed Debentures	5	–	–	2,030,137	–	2,030,137	2,030,137
Unlisted debentures	5	–	–	–	23,371,379	23,371,379	23,371,379
Term deposits	5	–	–	–	22,039,325	22,039,325	22,039,325
Development bonds	5	–	–	–	16,731,490	16,731,490	16,731,490
Loans to life policyholders	12	–	–	–	1,867,624	1,867,624	1,867,624
Reinsurance receivable	13	–	–	–	4,367,265	4,367,265	4,367,265
Premium receivable	14	–	–	–	6,610,797	6,610,797	6,610,797
Other receivables	16	–	–	–	4,025,894	4,025,894	4,025,894
Cash and cash equivalents	18	–	–	–	6,320,469	6,320,469	6,320,469
Total financial assets		25,763,811	51,513,246	71,832,664	85,334,243	234,443,964	205,843,980
<b>Financial liabilities not measured at fair value</b>							
Reinsurance payable		–	–	–	2,354,371	2,354,371	2,354,371
Bank overdraft	28	–	–	–	563,026	563,026	563,026
Total financial liabilities		–	–	–	2,917,397	2,917,397	2,917,397

#### 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



## 42. Financial Assets and Liabilities (Contd.)

As at 31 December	2023							
	Group				Company			
	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total fair value Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Fair Value Rs. '000
<b>Available for sale (AFS) financial assets</b>								
Listed shares	26,067,713	-	-	26,067,713	26,067,713	-	-	26,067,713
Unlisted shares	(8)	-	5,934	5,926	(8)	-	5,934	5,926
Unit trusts	3,628,444	-	-	3,628,444	3,628,444	-	-	3,628,444
Listed debentures	11,314,389	18,634,473	-	29,948,862	11,314,389	18,634,473	-	29,948,862
Treasury bonds	27,966,447	-	-	27,966,447	27,966,447	-	-	27,966,447
Commercial Papers	16,368,416	-	-	16,368,416	16,368,416	-	-	16,368,416
<b>Total</b>	<b>85,345,401</b>	<b>18,634,473</b>	<b>5,934</b>	<b>103,985,808</b>	<b>85,345,401</b>	<b>18,634,473</b>	<b>5,934</b>	<b>103,985,808</b>
<b>Fair value through profit or loss (FVTPL) financial assets</b>								
Listed shares	14,289,578	-	-	14,289,578	14,289,578	-	-	14,289,578
Unit trusts	2,293,571	-	-	2,293,571	2,293,571	-	-	2,293,571
<b>Total</b>	<b>16,583,149</b>	<b>-</b>	<b>-</b>	<b>16,583,149</b>	<b>16,583,149</b>	<b>-</b>	<b>-</b>	<b>16,583,149</b>
<b>Held to maturity (HTM) financial assets</b>								
Treasury bills	-	-	-	-	-	-	-	-
Treasury bonds	60,918,011	-	-	60,918,011	60,918,011	-	-	60,918,011
Listed debentures	6,043,658	-	-	6,043,658	6,043,658	-	-	6,043,658
<b>Total</b>	<b>66,961,669</b>	<b>-</b>	<b>-</b>	<b>66,961,669</b>	<b>66,961,669</b>	<b>-</b>	<b>-</b>	<b>66,961,669</b>
<b>Loans and receivables (L and R) financial assets</b>								
Unlisted debentures	-	27,384,412	-	27,384,412	-	27,384,412	-	27,384,412
Commercial papers	-	-	-	-	-	-	-	-
Term deposits	-	38,892,179	-	38,892,179	-	31,916,170	-	31,916,170
Development bonds	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>66,276,591</b>	<b>-</b>	<b>66,276,591</b>	<b>-</b>	<b>59,300,582</b>	<b>-</b>	<b>59,300,582</b>
<b>Total financial assets</b>	<b>168,890,227</b>	<b>84,911,064</b>	<b>5,934</b>	<b>253,807,217</b>	<b>168,890,219</b>	<b>77,935,055</b>	<b>5,934</b>	<b>246,831,209</b>

**Notes to the Financial Statements****42. Financial Assets and Liabilities (Contd.)**

As at 31 December	2022							
	Group			Total Fair Value Rs. '000	Company			Total Fair Value Rs. '000
	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000		Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	
<b>Available for sale (AFS) financial assets</b>								
Listed shares	12,688,898	-	-	12,688,898	12,688,898	-	-	12,688,898
Unlisted shares	-	-	7,850	7,850	-	-	7,850	7,850
Unit trust	1,798,508	-	-	1,798,508	1,798,508	-	-	1,798,508
Listed debentures	13,485,905	20,270,890	-	33,756,795	13,485,905	20,270,890	-	33,756,795
Treasury bonds	3,261,196	-	-	3,261,196	3,261,196	-	-	3,261,196
<b>Total</b>	<b>31,234,507</b>	<b>20,270,890</b>	<b>7,850</b>	<b>51,513,247</b>	<b>31,234,507</b>	<b>20,270,890</b>	<b>7,850</b>	<b>51,513,247</b>
<b>Fair value through profit or loss (FVTPL) financial assets</b>								
Listed shares	23,031,279	-	-	23,031,279	23,031,279	-	-	23,031,279
Unit trusts	2,732,532	-	-	2,732,532	2,732,532	-	-	2,732,532
<b>Total</b>	<b>25,763,811</b>	<b>-</b>	<b>-</b>	<b>25,763,811</b>	<b>25,763,811</b>	<b>-</b>	<b>-</b>	<b>25,763,811</b>
<b>Held to maturity (HTM) financial assets</b>								
Treasury Bills	-	-	-	-	-	-	-	-
Treasury Bonds	41,202,543	-	-	41,202,543	41,202,543	-	-	41,202,543
Listed debentures	2,030,137	-	-	2,030,137	2,030,137	-	-	2,030,137
<b>Total</b>	<b>43,232,680</b>	<b>-</b>	<b>-</b>	<b>43,232,680</b>	<b>43,232,680</b>	<b>-</b>	<b>-</b>	<b>43,232,680</b>
<b>Loans and receivables (L and R) financial assets</b>								
Unlisted debentures	-	23,371,379	-	23,371,379	-	23,371,379	-	23,371,379
Term deposits	-	28,962,533	-	28,962,533	-	22,039,325	-	22,039,325
Development bonds	-	16,731,490	-	16,731,490	-	16,731,490	-	16,731,490
<b>Total</b>	<b>-</b>	<b>69,065,402</b>	<b>-</b>	<b>69,065,402</b>	<b>-</b>	<b>62,142,194</b>	<b>-</b>	<b>62,142,194</b>
<b>Total financial assets</b>	<b>100,230,998</b>	<b>89,336,292</b>	<b>7,850</b>	<b>189,575,140</b>	<b>100,230,998</b>	<b>82,413,084</b>	<b>7,850</b>	<b>182,651,932</b>

## 42. Financial Assets and Liabilities (Contd.)

### 42.3 Valuation Techniques Used in Determining Fair Values

1. The fair values of Listed Shares, 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 amortised cost.
3. The fair values of Term Deposits are estimated to be equal to their amortised 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 of 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 December 2022	Total Gains/ (Losses) in Income Statement	Total Gains/ (Losses) in OCI	Purchases	Sales	Transfers from Level 1 and 2	As at 31 December 2023	Total gains/ (losses) for the Period Included in Profit or Loss for Assets Held at 31 December 2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Available for sale (AFS) financial assets</b>								
Unlisted stocks	7,850	23,992	(1,921)	–	–	–	5,929	22,071

	As at 31 December 2023	Total Gains/ (Losses) in Income Statement	Total Gains/ (Losses) in OCI	Purchases	Sales	Transfers from Level 1 and 2	As at 31 December 2023	Total Gains/ (Losses) for the Period Included in Profit or Loss for Assets Held at 31 December 2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Available for sale (AFS) financial assets</b>								
Unlisted stocks	7,850	4,206	–	–	–	–	7,850	4,206

## Notes to the Financial Statements

### 42. Financial Assets and Liabilities (Contd.)

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 2023

Nature of the Transaction/Name of the Company/Entity	Bank of Ceylon Rs. '000	People's Bank Rs. '000	National Savings Bank Rs. '000	People's Leasing and Finance PLC Rs. '000	Sri Lanka Telecom PLC Rs. '000	HDFC Bank Rs. '000	Associated Newspapers of Ceylon Ltd Rs. '000	Ceylon Electricity Board Rs. '000
Reverse repos	200,645	-	-	-	-	-	-	-
Listed debentures	-	-	-	2,211,639	2,445,499	163,906	-	4,763,514
Unlisted debentures	7,109,946	13,533,303	2,860,756	-	-	-	-	-
Fixed deposits	6,981,025	4,520,593	5,778,733	1,973,361	-	-	-	-
Unlisted shares	-	-	-	-	-	-	3,615	-
Listed shares	-	-	-	97,122	1,837,240	-	-	-
	14,291,616	18,053,896	8,639,489	4,282,122	4,282,739	163,906	3,615	4,763,514

#### Outstanding Balances as at 31 December 2022

Nature of the Transaction/Name of the Company/Entity	Bank of Ceylon Rs. '000	People's Bank Rs. '000	National Savings Bank Rs. '000	People's Leasing and Finance PLC Rs. '000	Sri Lanka Telecom PLC Rs. '000	HDFC Bank Rs. '000	Associated Newspapers of Ceylon Ltd Rs. '000	Ceylon Electricity Board Rs. '000
Reverse repos	1,947,973	-	1,052,130	-	-	-	-	-
Listed debentures	71,885	-	-	3,014,497	2,445,499	163,906	-	4,763,514
Unlisted debentures	1,001,589	10,482,437	2,860,756	-	-	-	-	-
Fixed deposits	6,755,266	2,289,328	5,088,687	1,524,590	-	-	-	-
Unlisted shares	-	-	-	-	-	-	3,615	-
Listed shares	-	-	-	185,504	778,358	-	-	-
	9,776,713	12,771,765	9,001,574	4,724,591	3,223,857	163,906	3,615	4,763,514

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.

## 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 Ronald C Perera	Bank of Ceylon
Mr Anil Koswatte	None
Mr Sinhalage Aruna Nishantha Dayananda	Canwin Hotels & Spas (Pvt) Ltd
Mr Dushmantha Thotawatte	Canwill Holdings (Pvt) Ltd
Dr Sudasin Manchanayake Appuhamilage Kithsiri Manchanayakke	None
Mr Naomal Michael Pelpola	None
Mr Ravindra Pathmapriya	None

#### 43.1.1 Key Management Personnel Compensation

Key Management Personnel compensation comprised of the following:

For the year ended 31 December	Group		Company	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Salaries and short term employee benefits	139,674	130,943	6,050	3,126
Director fees and allowances	25,481	16,358	-	-
Attendance fees	975	1,050	-	-

Post employment benefits accrued are not included in the above as it cannot be identified separately due to the actuarial valuation.

## Notes to the Financial Statements

### 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	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Management Services Rakshana (Pvt) Ltd	Loan granted	46,307	40,829	46,307	40,829
	Payment of emoluments	894,279	783,149	894,279	783,149
The Lanka Hospital Corporation PLC	Insurance premium	72,573	60,245	72,573	60,245
	Amount paid	72,573	(60,245)	72,573	(1,627,295)
	Dividend received	318,742	344,586	318,742	344,586
	Services	(197,805)	(156,071)	(197,805)	(1,584,655)
	Amount received from services	184,686	146,755	184,686	170,331
	Other medical services	(41,527)	(20,063)	(41,527)	(20,063)
	Other medical services paid	41,527	18,464	41,527	18,464
Litro Gas Lanka Ltd	Rent charged	120,929	133,339	120,929	129,531
	Insurance premium	777,377	136,448	777,377	136,448
	Cash settlement	(884,952)	(274,891)	(876,974)	(269,210)
	Throughput fee	-	-	(2,357,848)	(1,636,648)
	Reimbursement of expenses	-	-	740,912	133,502
	Repayment for the services	-	-	1,797,045	(1,611,298)
	Term loan	-	-	(3,470,000)	(2,750,000)
	Interest for long term loan	-	-	(449,633)	(240,317)
	Sales of goods/services	-	-	(7,833)	-
	Purchase of goods/services	-	-	3,102	6,865
	Dividend received	637,090	-	637,090	-
	Payment received	-	-	109,343	(9,138)
Litro Gas Terminal Lanka (Pvt) Ltd	Insurance premium	35,507	6	35,507	6
	Throughput fee	-	-	2,357,848	1,636,648
	Reimbursement of expenses	-	-	(740,912)	(2,133,502)
	Repayment for the services	-	-	(1,797,045)	(1,290,485)
	Repayment for the expenses	-	-	112,454	-
	Repayment of loan	-	-	(3,470,000)	-
	Dividend payment	637,500	-	750,000	-
	Interest for long term loan	-	-	-	28,110
	Rent charged	29,650	-	29,650	-
Payments	(61,456)	(2,989)	(61,456)	(28,339)	
Canwill Holdings (Pvt) Ltd	Insurance premium	2,454	5,603	2,454	5,603
	Staff salaries and allowances	-	-	(664)	(5,739)
	Insurance service cost	-	-	(1,840)	6,631
	Cash settlement	(3,896)	(4,169)	(3,896)	(4,169)
	Reimbursement of expenses	-	-	-	65
	Settlements	-	-	-	(1,079)
	Other expenses	-	-	43,565	(41)

### 43. Related Party Disclosures (Contd.)

Name of the Company	Nature of Transactions	Transactions with SLIC		Transactions with Group Companies	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Canowin Hotels & Spas (Pvt) Ltd	Insurance premium	4,153	3,037	4,153	3,037
	Claim paid	(2,623)	-	(2,623)	-
	Purchase of goods/services	-	-	-	(8,664)
	Sales of goods/services	1,768	15	1,768	5,893
	Cash receipts	-	-	-	(5,410)
	Cash settlement	2,991	(3,063)	2,374	5,698
	Utility expenses	-	-	(2,583)	-
	Supply of fuel	-	-	3,102	-
	Rent of fuel station	-	-	(4,800)	-
	Payment received	-	-	(3,040)	(170)
	Payments	-	-	7,255	511
	Dividend received	9,743	19,223	9,743	19,223
Sinolanka Hotels & Spa (Pvt) Ltd	Insurance premium	12,095	12,632	12,095	12,632
	Foreign currency transactions	196	813	196	813
	Fund transfer/cash settlement	-	-	-	6042
	Staff related cost	-	-	58,307	6,609
	Insurance service cost	-	-	1,840	(6,631)
	Other expenses	-	-	(43,591)	41
	Expenses paid	-	-	-	2,213
	Consideration for investments in ordinary share	-	-	400,000	-
	Interest payable	-	-	-	(19,000)
	Cash settlement	24,044	(663)	(502,032)	(2,876)
Helanco Hotels & Spa (Pvt) Ltd	Expenses paid	-	-	25	(2,213)
	Allocation of staff cost	-	-	664	(870)
	Settlement	-	-	526,076	2,886
	Interest receivable	-	-	-	19,000
	Consideration for share buyback	-	-	(400,000)	-
Lanka Hospitals Diagnostics (Pvt) Ltd	Reimbursement of expenses/ rent income received	-	-	185,268	(163,581)
	Amounts received	-	-	(100,000)	(1,587,540)
	Laboratory services provided	(14,120)	(10,735)	(1,085,601)	1,317,849
	Amounts paid	14,120	8,307	923,280	148,312
Ceybank Asset Management Ltd	Insurance premium received	215	1,110	215	1,110
	Dividends received	5,700	5,700	5,700	5,700
Ceylon Asset Management Company Ltd	Sale of unit trust	1,181,589	131,973	1,181,589	131,973
	Investments in unit trusts	250,000	-	250,000	-

## Notes to the Financial Statements

### 43. Related Party Disclosures (Contd.)

#### 43.3 Transactions with Other Related Companies

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Capital Alliance Investments Ltd	Dividend received	23,992	4,206	23,992	4,206
Sri Lanka Insurance Corporation Life Ltd	Investment in subsidiaries	500,000	-	-	-
Sri Lanka Insurance Corporation General Ltd	Investment in subsidiaries	500,000	-	-	-

#### 43.4 Amount Due from Subsidiaries

	Balances with SLIC		Balances with Group Companies	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Sri Lanka Insurance Corporation Life Ltd	640	-	640	-
Sri Lanka Insurance Corporation General Ltd	21	-	21	-
Litro Gas Lanka Ltd	20,187	17,146	313,044	34,581
Litro Gas Terminal Lanka (Pvt) Ltd	539	-	14,293	539,120
Canwill Holdings (Pvt) Ltd	-	1,442	400,000	358,192
Canowin Hotels & Spas (Pvt) Ltd	-	606	3,696	1,799
Sinolanka Hotels & Spa (Pvt) Ltd	1,620	13,784	774,082	15,973
Helanco Hotels & Spa (Pvt) Ltd	-	-	1,534	526,076
	23,007	32,978	1,507,310	1,475,741

#### 43.5 Amount due to Related Parties

	Balances with SLIC		Balances with Group Companies	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
The Lanka Hospital Corporation PLC	9,743	-	9,743	-
Litro Gas Lanka Ltd	-	-	13,754	13,754
Litro Gas Terminal Lanka (Pvt) Ltd	-	-	1,009,503	539,445
Sri Lanka Insurance Corporation General Ltd	-	-	677	-
Canwill Holdings (Pvt) Ltd	224	224	774,220	356,974
Canowin Hotels & Spas (Pvt) Ltd	-	-	1,838	1,983
Sinolanka Hotels & Spa (Pvt) Ltd	-	-	2,247	2,222
Helanco Hotels & Spa (Pvt) Ltd	-	-	400,000	526,076
	9,967	224	2,211,982	1,440,454

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.



## 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.

### 44.1 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 we have 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 behavior 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 Company's balance sheet 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 fulfill their financial obligations, which is analysed in the "Credit Risk" section in the Risk Review.

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 that, all life financial streams are modelled and profit testing is produced by the Actuary thus mitigating product design and pricing risk. Also SLICL 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 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).

## Notes to the Financial Statements

### 44. Insurance and Financial Risk Management (Contd.)

#### Sensitivity analysis for life insurance risk

The main assumptions used in determining life insurance contract liability are below tabulated

Assumption	Description
Mortality	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
	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
Expenses	Based on the company 2023 internal expenses studies and expenses split into Participating and Non-participating business
Lapses/surrenders	Based on internal experience studies and exercising actuarial judgement as appropriate. When exercising judgement, for instance where credible data is not available or one-off events, the company has taken into account the knowledge of the general market expectations and practice relevant to the underlying product types and target market where appropriate.
Morbidity	Based on the company internal experience and actual vs expected analysis. Expected rates are based on the reinsurance rate tables
Reinsurance	Based on the company internal experience studies with respect to reinsurance
Investment return	Risk Free Rate structure proposed by IRCSL as at 31 December 2023

SLIC maintained steady and strong solvency ratio over the year 2023 for its Life Insurance business and as at 31 December 2023 the Risk-based Capital Adequacy Ratio, CAR, stands at 425% and it was 316% as at 31 December 2022. This is well above the regulatory minimum requirement which is 120%.

Assumption	Change in Assumption	Impact on liability
Mortality	+10%	725 Mn.
	-10%	(728) Mn.
Expense	+10%	2,696 Mn.
Persistency	+20%	1,942 Mn.
	-20%	(1,746) Mn.
Discount Rate	Up shock scenario under RBC	(19,267) Mn.
	Down shock scenario under RBC	26,802 Mn.

#### 44. Insurance and Financial Risk Management (Contd.)

##### 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.

#### Segregation of Policy Liability based on Product Category

31 December	2023			2022		
	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	14,074	3,740	17,813	14,181	2,612	16,793
Endowment assurance	73,856,974	6,373,566	80,230,540	71,656,329	4,501,657	76,157,986
Term assurance	-	2,563,886	2,563,886	-	2,170,962	2,170,962
Annuity	12,774,746	3,258,587	16,033,333	11,841,459	2,515,694	14,357,153
Rider benefits	85,050	3,235,029	3,320,079	74,309	3,080,047	3,154,356
<b>Total</b>	<b>86,730,844</b>	<b>15,434,808</b>	<b>102,165,651</b>	<b>83,586,278</b>	<b>12,270,972</b>	<b>95,857,250</b>

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
2023	164,885,291	15,984,632	180,869,924
Percentage	91.16%	8.84%	
2022	142,112,355	14,606,647	156,719,002
Percentage	90.68%	9.32%	

## Notes to the Financial Statements

### 44. Insurance and Financial Risk Management (Contd.)

#### 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 the occurrence of the 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.

The Company's underwriting strategy is to take advantage of the diversification of general insurance risks across industries and geographic regions in which the Company operates. The Company seeks to optimise 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 Company's underwriting is a robust governance process.

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.

2023 Class	GWP Rs. '000	Reinsurance Rs. '000	NWP Rs. '000	%
Motor	13,508,448	433,238	13,075,211	74.95%
Fire	2,951,485	2,079,701	871,784	5.00%
Marine	942,988	219,515	723,473	4.15%
Other	5,742,135	2,968,361	2,773,774	15.90%
	23,145,056	5,700,815	17,444,242	100.00%

2022 Class	GWP Rs. '000	Reinsurance Rs. '000	NWP Rs. '000	%
Motor	12,780,151	360,296	12,419,855	81.92%
Fire	3,123,352	2,776,846	346,505	2.29%
Marine	943,001	735,644	207,357	1.37%
Other	3,494,944	1,308,155	2,186,789	14.42%
	20,341,448	5,180,941	15,160,506	100.00%

#### 44. Insurance and Financial Risk Management (Contd.)

##### Reinsurance Risk

The Company purchases reinsurance as a part of its risks mitigation programme. Reinsurance ceded is placed on both proportional and non-proportional basis. Proportional reinsurance arrangement includes both Quota Share and surplus Treaty programmes which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance programmes, which are primarily excess-of-loss reinsurance arrangements, are designed to mitigate the Company net exposure to large single and catastrophic losses. Retention limits on the excess-of-loss reinsurance programmes vary by product line.

The following table shows the credit ratings of the reinsurance Companies with whom the Group has arrangements.

<i>Name of the Company</i>	<i>Credit Rating</i>	<i>Financial Strength Rating</i>	<i>Name of the Rating Agency</i>
A F Beazley and others	a+	A	A.M. Best
Abu Dhabi National Insurance	a	A	A.M. Best
AIG MEA Ltd	a	A	A.M. Best
Allianz Global Corporate and Specialty SE,	aa	A+	A.M. Best
Antares Managing Agency Ltd	a+	A	A.M. Best
Aon Underwriting Managers	a+	A	A.M. Best
Apollo Syndicate Management Ltd	a+	A	A.M. Best
Arch Syndicate 1955	a+	A	A.M. Best
Arch Insurance (UK) Ltd	aa-	A+	A.M. Best
Arch Managing Agency Ltd	a+	A	A.M. Best
Argo Managing Agency Ltd	a+	A	A.M. Best
Assicurazioni Generali S.p.A.	a+	A	A.M. Best
AXA XL (XL Insurance Company SE, Singapore Branch)	aa-	A+	A.M. Best
AXIS Speciality Ltd	a+	A	A.M. Best
Beazley Furlonge Ltd	a+	A	A.M. Best
Berkshire Hathaway Specialty Insurance Company	aaa	A++	A.M. Best
Best Meridan International Insurance Company	a-	A-	A.M. Best
British Marine/QBE Insurance Group	a+	A	A.M. Best
Canopus Managing Agency Ltd	a+	A	A.M. Best
Castel Underwriting Agencies Ltd	a+	A	A.M. Best
CCR Re	a	A	A.M. Best
Chaucer Syndicates Ltd	a+	A	A.M. Best
China Pacific Property Insurance Co. Ltd, Shenzhen Branch (CPIC)	A	A	S&P
China Reinsurance (Group) Corporation	a	A	A.M. Best
Chubb European Group SE	aa+	A++	A.M. Best
Convex Insurance UK Ltd, London, England	a-	A-	A.M. Best
ERGO Versicherung AG	AA-	AA-	S&P
Gard Marine & Energy Ltd, Singapore Branch	A+	A+	S&P
Gard Marine & Energy Ltd	A+	A+	S&P
General Insurance Corporation of India, India	bbb+	B++	A.M. Best

**Notes to the Financial Statements****44. Insurance and Financial Risk Management (Contd.)**

<i>Name of the Company</i>	<i>Credit Rating</i>	<i>Financial Strength Rating</i>	<i>Name of the Rating Agency</i>
Hannover Re, Singapore	aa	A+	A.M. Best
Hannover Rück SE	aa	A+	A.M. Best
Hardy (Underwriting Agencies) Ltd	a+	A	A.M. Best
HDI Global Specialty SE, Stockholm, Sweden	aa-	A+	A.M. Best
Huatai Property & Casualty Insurance Company Ltd	A	A	Fitch
India International Insurance Pte Ltd, Singapore	A-	A-	S&P
International General Insurance Company (UK) Ltd	a	A	A.M. Best
IQUW Syndicate Management Ltd	a+	A	A.M. Best
Korean Reinsurance Company	a	A	A.M. Best
Labuan Reinsurance (L) Ltd	a-	A-	A.M. Best
Liberty Specialty Market	A	A	S&P
Mapfre Re Compania de Reaseguros SA, Madrid, Spain	a+	A	A.M. Best
Markel International Insurance Company Ltd, London	a+	A	A.M. Best
Markel Syndicate Management Ltd	a+	A	A.M. Best
MENA Re Underwriting Ltd	A-	A-	S&P
MS Amlin Underwriting Ltd	a+	A	A.M. Best
MS First Capital Insurance Ltd	a+	A	A.M. Best
Munich Re Syndicate Ltd	a+	A	A.M. Best
Munich Re Syndicate Singapore Pte Ltd	a+	A	A.M. Best
Navigators Underwriting Agency Ltd	a+	A	A.M. Best
Navium Marine Ltd/Fidelis Underwriting Ltd	a	A	A.M. Best
Nexus Underwriting Ltd, London/Accredited Insurance (Europe) Ltd	a-	A-	A.M. Best
Ocean International Reinsurance Company Ltd	a-	A-	A.M. Best
Oman Insurance Company, PSC, United Arab Emirates	a	A	A.M. Best
Optio Un.Ltd/Optio Europe Ltd	a+	A	A.M. Best
Orient Insurance PJSC	a+	A	A.M. Best
PICC Property & Casualty Company Ltd	A-	A-	S&P
Ping An Property & Casualty Insurance Company of China	A-	A-	S&P
QBE Europe SA/NV trading as British Marine	a+	A	A.M. Best
Rokstone Underwriting Managers	a+	A	A.M. Best
Royal & Sun allianz Insurance Plc	a+	A	A.M. Best
New Reinsurance Company Ltd	aa	A+	A.M. Best
Singapore Reinsurance Corporation Ltd	a	A	A.M. Best
Sinopec Insurance Ltd	A+	A+	S&P
SiriusPoint International Ins. Corp.	a-	A-	A.M. Best
Starr International (Europe) Ltd	a+	A	A.M. Best
Starr Property & Casualty Insurance (China) Co. Ltd	a	A	A.M. Best

#### 44. Insurance and Financial Risk Management (Contd.)

Name of the Company	Credit Rating	Financial Strength Rating	Name of the Rating Agency
Steamship Mutual Underwriting Association Ltd	A	A	S&P
Swiss Re Asia Pvt Ltd	aa	A+	A.M. Best
Swiss Re International SE – Singapore Branch	aa	A+	A.M. Best
Taiping Reinsurance Company Ltd	a	A	A.M. Best
Talbot Risk Services Pte Ltd	a+	A	A.M. Best
The Shipowners' Mutual Protection & Indemnity Association	A	A	S&P
Tokio Marine & Nichido Fire In. Co. Ltd	aa+	A++	A.M. Best
Tokio Marine Combined Syndicate 510	a+	A	A.M. Best
Tokio Marine Kiln Syndicate No. 1880 (TMK)	a+	A	A.M. Best
Travelers Syndicate Management Ltd	a+	A	A.M. Best
Triglav Re Reinsurance Company d.d	A	A	S&P
Wiener Städtische Versicherung AG Vienna Insurance Group	A+	A+	S&P
XL Catlin Insurance Company UK Ltd	aa-	A+	A.M. Best
Zurich Insurance Company	aa-	A+	A.M. Best

#### Overview

The Company is mainly exposed to the Financial Risks, Insurance Risks and Regulatory Risks. This notes provides the Company's policies and procedures in measuring, managing and mitigating such risks. The Company has implemented a risk management framework and Board of Directors has overall responsibility for establishment and oversight of the Company's risk management functions.

#### Financial Risks

The Investment activities of the Company are exposed to the financial risks which include the Credit Risks, Liquidity Risks and Market Risks. The Investment Committee is responsible in mitigating those risks and optimising the investment returns.

Investment risk management is of paramount importance in current turbulent markets characterised 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 Risks 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.

#### 44.2 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 optimising the return.

The Group is 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.

## Notes to the Financial Statements

### 44. Insurance and Financial Risk Management (Contd.)

#### Equity Market Sensitivity

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 2023				
<b>Shock Level:</b>				
5%	714,479	1,303,386	(714,479)	(1,303,386)
10%	1,428,958	2,606,771	(1,428,958)	(2,606,771)
	2,143,437	3,910,157	(2,143,437)	(3,910,157)

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 2022				
<b>Shock Level:</b>				
5%	1,151,564	634,445	(1,151,564)	(634,445)
10%	2,303,128	1,268,890	(2,303,128)	(1,268,890)
	3,454,692	1,903,335	(3,454,692)	(1,903,335)

#### 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.)

##### 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.

As at 31 December	Company	
	2023 Rs. '000	2022 Rs. '000
<b>Fixed rate instruments</b>		
<b>Held to maturity (HTM)</b>		
Treasury bonds	66,528,073	69,802,527
<b>Loans and receivable (L&amp;R)</b>		
Unlisted debentures	19,791,084	15,870,218
Term deposits	31,916,170	22,039,325
Development bonds	-	14,679,930
<b>Available for sale (AFS)</b>		
Listed debentures	13,790,893	33,756,794
Treasury bond	27,966,447	3,261,196
	159,992,667	159,409,991
<b>Floating rate instruments</b>		
<b>Loans and receivables (L&amp;R)</b>		
Development bonds	-	4,727,709
Unlisted debentures	7,583,838	7,501,161
	7,583,838	12,228,870
	167,576,505	171,638,861

## Notes to the Financial Statements

### 44. Insurance and Financial Risk Management (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.

As at 31 December 2023	Company			
	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
<b>Financial Investments</b>				
Loans and receivable (L&R)	892,978	-	(892,978)	-
Available for sale (AFS)	-	32,275,861	-	37,413,811
	892,978	32,275,861	(892,978)	37,413,811

As at 31 December 2022	Company			
	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
<b>Financial Investments</b>				
Loans and receivable (L&R)	753,063	-	(753,063)	-
Available for sale (AFS)	-	35,815,129	-	37,413,811
	753,063	35,815,129	(753,063)	37,413,811

**\* 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 L&R
- An impact to the Interest Income but no impact to the Equity for the floating rate debt instruments classified under HTM and L&R
- 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.)

### 44.2.2 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	
	2023 Rs. '000	2022 Rs. '000
<b>Development Bonds:</b>		
USD	-	19,407,639
<b>Fixed Deposits:</b>		
USD	3,376,092	2,368,012
	3,376,092	21,775,651

The following significant exchange rates were applicable during the year;

	Average Rate		Reporting Date Spot Rate	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
USD	341.36	280.11	321.00	361.71
GBP	350.08	350.08	433.49	433.49
AUD	192.28	192.28	242.26	242.26
EUR	305.57	305.57	385.79	385.79

#### Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD,GBP,EURO,AUD at 31 December 2023 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.

Company	Exchange Rate Shock Level		
	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000
<i>As at 31 December 2023</i>			
<b>Impact on Foreign Exchange gain/loss</b>			
<b>Fixed rate instruments</b>			
USD	33,761	50,641	67,522
	33,761	50,641	67,522

**Notes to the Financial Statements****44. Insurance and Financial Risk Management (Contd.)**

As at 31 December 2023	Exchange Rate Shock Level		
	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000
<b>Impact on interest income</b>			
<b>Floating rate instruments</b>			
USD	6,899	10,349	13,799
	6,899	10,349	13,799

Company As at 31 December 2022	Exchange Rate Shock Level		
	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000
<b>Impact on Foreign Exchange gain/loss</b>			
<b>Floating rate instruments</b>			
USD	194,076	291,115	388,153
<b>Fixed rate instruments</b>			
USD	23,680	35,520	47,360
	217,756	326,635	435,513

As at 31 December 2022	Exchange Rate Shock Level		
	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000
<b>Impact on interest income</b>			
<b>Floating rate instruments</b>			
USD	12,173	18,259	24,345
<b>Fixed rate instruments</b>			
USD	-	-	-
	12,173	18,259	24,345

## 44. Insurance and Financial Risk Management (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	2023		2022	
		Market Value Rs. '000		Market Value Rs. '000	
Financials	Banks	17,038,254	63.37%	8,467,724	31.54%
	Diversified financials	1,128,383	4.20%	1,507,512	5.62%
<b>Financials</b>		18,166,637	67.57%	9,975,236	37.16%
Consumer discretionary	Consumer services	955,614	3.55%	1,747,775	6.51%
	Consumer durables and apparel	–	0.00%	–	0.00%
	Retailing	30,582	0.11%	26,308	0.10%
	Automobiles and components	–	0.00%	–	0.00%
<b>Consumer discretionary</b>		986,196	3.67%	1,774,083	6.61%
<b>Industrials</b>	Capital goods	2,637,752	9.81%	9,411,952	35.06%
<b>*Health care</b>	Health care equipment and services	193,939	0.72%	204,147	0.76%
<b>Telecommunication services</b>	Telecommunication services	1,647,377	6.13%	1,202,763	4.48%
<b>Materials</b>	Materials	1,088,325	4.05%	1,688,554	6.29%
<b>Consumer staples</b>	Food and staples retailing	–	0.00%	–	0.00%
	Food, beverage and tobacco	1,075,234	4.00%	1,417,031	5.28%
<b>Real estate</b>	Real estate	69,738	0.26%	69,273	0.26%
<b>Energy</b>	Energy	811,545	3.02%	919,772	3.43%
<b>Information technology</b>	Utilities	208,759	0.78%	182,664	0.68%
<b>Total</b>		26,885,502	100%	26,845,475	100%

\* Including the The Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

## Notes to the Financial Statements

### 44. Insurance and Financial Risk Management (Contd.)

#### Sri Lanka Insurance Corporation Limited – General Insurance Business

Sector	Industry Group	2023		2022	
		Market Value Rs. '000		Market Value Rs. '000	
Financials	Banks	10,552,942	78.33%	5,542,689	62.45%
	Diversified financials	501,125	3.72%	827,888	9.33%
<b>Financials</b>		11,054,067	82.05%	6,370,577	71.78%
Consumer discretionary	Consumer durables and apparel	4,106	0.03%	36,577	0.41%
	Retailing	–	0.00%	–	0.00%
<b>Consumer discretionary</b>		4,106	0.03%	36,577	0.41%
<b>Consumer staples</b>	Food, beverage and tobacco	361,792	2.69%	–	0.00%
<b>*Health care</b>	Health care equipment and services	69,343	0.51%	72,993	0.82%
<b>Industrials</b>	Capital goods	870,302	6.46%	1,392,271	15.69%
<b>Materials</b>	Materials	317,967	2.36%	350,049	3.94%
<b>Utilities</b>	Utilities	385,690	2.86%	166,635	1.88%
<b>Real estate</b>	Real estate	–	0.00%	–	0.00%
<b>Telecommunication services</b>	Telecommunication services	189,863	1.41%	138,620	1.56%
<b>Energy</b>	Energy	218,655	1.62%	346,980	3.91%
<b>Total</b>		13,471,785	100%	8,874,703	100%

\*Including The Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

#### 44.3 Credit Risk

The credit risk is the risk of investee companies, reinsurers and other debtors defaulting payments due. Accordingly it refers to the risk that a borrower will default on any type of debt by failing to make payments which it is obligated to do. The risk is primarily that of the lender and include lost principal and interest, disruption to cash flows, and increased collection costs.

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 Specialised Banks.

Investment grade credit rating for both the entity and the instrument by a recognised 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.)

##### 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	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Held-to-maturity (HTM)	5	72,571,731	71,832,664	72,571,731	71,832,664
Loans and receivable (L&R)	5	27,384,412	42,779,018	27,384,412	42,779,018
Available for sale (AFS)	5	28,354,385	14,487,406	28,354,385	14,487,406
Loans to policyholders	12	2,095,884	1,867,624	2,095,884	1,867,624
Reinsurance receivable	13	1,868,737	4,367,265	1,868,737	4,367,265
Premium receivable	14	6,290,934	6,610,797	6,290,934	6,610,797
Other assets	16	13,623,084	11,903,651	4,825,689	4,740,789
Cash and cash equivalents	18	18,520,139	9,788,484	5,885,171	6,320,469
		170,709,306	163,636,909	149,276,943	153,006,032

##### Government Securities

Government securities consist of investments in treasury bills, treasury bonds, 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. 2,096 Mn. (2022 – Rs. 1,868 Mn.) and the related surrender value is Rs. 3,417 Mn. (2022 – Rs. 2,966 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.

##### 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.

## Notes to the Financial Statements

### 44. Insurance and Financial Risk Management (Contd.)

#### 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. 18,520 Mn. as at 31 December 2023 (Rs. 9,788 Mn. as at 31 December 2022) which represent its maximum credit exposure on these assets.

#### Credit Risk Exposure – Life Insurance Business

As at 31 December	2023 Rs. '000	% of Allocation	2022 Rs. '000	% of Allocation
<b>Financial investments</b>				
Debt securities – Loans and receivables	49,582,419	64%	39,067,063	56%
Debt securities – Available for sale	27,711,207	36%	31,058,539	44%
	77,293,626	100%	70,125,601	100%

#### Credit Risk Exposure – General Insurance Business

As at 31 December	2023 Rs. '000	% of Allocation	2022 Rs. '000	% of Allocation
<b>Financial investments</b>				
Debt securities – Loans and receivables	9,708,673	81%	6,343,641	69%
Debt securities – Available for sale	2,339,599	19%	2,799,165	31%
	12,048,272	100%	9,142,807	100%



#### 44. Insurance and Financial Risk Management (Contd.)

##### Debt Securities Allocation according to Credit Ratings

###### Life Insurance Business

As at 31 December Rating	2023		2022	
	Rs. Mn.	% of Total	Rs. Mn.	% of Total
AAA	26,914	33%	15,208	31%
AA+	–	0%	2,186	4%
AA	–	0%	72	0%
AA-	12,283	15%	12,120	24%
A+	11,958	15%	10,262	21%
A	22,338	28%	6,459	13%
A-	1,737	2%	2,395	5%
BBB+	5,825	7%	841	2%
BBB	161	0%	164	0%
BBB-	–	0%	–	0%
BB+	–	0%	–	0%
BB-	–	0%	–	0%
Unrated	–	0%	–	0%
<b>Total</b>	<b>81,216</b>	<b>100%</b>	<b>49,707</b>	<b>100</b>

\*Credit Risk on Fixed Deposits is based on Credit risk of the Bank.

###### General Insurance Business

As at 31 December Rating	2023		2022	
	Rs. Mn.	% of Total	Rs. Mn.	% of Total
AAA	1,900	14%	1,824	22%
AA+	2,300	16%	2,256	28%
AA	–	0%	–	0%
AA-	4,117	29%	2,582	32%
A+	626	4%	104	1%
A	2,023	14%	25	0%
A-	2,585	18%	1,321	16%
BBB+	507	4%	–	0%
BBB-	–	0%	–	0%
<b>Total</b>	<b>14,058</b>	<b>100%</b>	<b>8,112</b>	<b>100%</b>

\*Credit Risk on Fixed Deposits is based on Credit risk of the Bank.

#### 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.

## Notes to the Financial Statements

### 44. Insurance and Financial Risk Management (Contd.)

#### Maturity Analysis

The table below summarises 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 2023 Company	Carrying Value Rs. '000	No Fixed Tenure Year Rs. '000	Up to 1 Years 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
<b>Financial assets</b>								
Held-to-maturity (HTM)	72,571,730	-	5,250,000	6,420,990	11,157,717	29,300,000	10,250,000	62,378,707
Loans and receivables (L & R)	59,300,582	-	23,495,157	29,477,873	6,500,000	9,100,000	-	68,573,030
Available for sale (AFS)	102,644,036	29,702,091	9,454,439	9,659,552	27,384,034	11,628,656	-	87,828,772
Fair value through profit or loss (FVTPL)	16,592,639	16,583,149	-	-	-	-	-	16,583,149
Loans to policyholders	2,095,883	-	2,095,883	-	-	-	-	2,095,883
Reinsurance receivable	1,868,737	-	884,068	216,251	509,334	171,407	87,676	1,868,736
Premium receivable	6,290,935	-	6,290,935	-	-	-	-	6,290,935
Other assets	5,113,478	-	5,113,478	-	-	-	-	5,113,478
Cash and cash equivalents	5,885,171	-	5,885,171	-	-	-	-	5,885,171
	272,363,191	46,285,240	58,469,131	45,774,666	45,551,085	50,200,063	10,337,676	256,617,861
<b>Liabilities</b>								
Reinsurance payable	1,183,597	-	1,065,197	77,009	37,756	3,485	-	1,183,447
Current tax liabilities	2,114,571	-	2,114,571	-	-	-	-	2,114,571
Other liabilities	6,597,465	-	6,597,465	-	-	-	-	6,597,465
Financial liabilities	446,033	-	446,033	-	-	-	-	446,033
	10,341,666	-	10,223,266	77,009	37,756	3,485	-	10,341,516

#### 44. Insurance and Financial Risk Management (Contd.)

As at 31 December 2022 Company	Carrying Value Rs. '000	No fixed Tenure Year Rs. '000	Up to 1 Years 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
<b>Financial investments</b>								
Held-to-maturity (HTM)	71,832,664	-	15,770,000	4,800,000	10,178,707	18,300,000	16,250,000	65,298,707
Loans and receivables (L & R)	62,142,195	-	37,182,413	4,102,315	20,767,714	-	-	62,052,442
Available for sale (AFS)	51,513,251	14,495,262	8,211,108	8,204,439	18,680,110	5,804,520	-	55,395,439
Fair value through profit or loss (FVTPL)	25,763,811	25,763,811	-	-	-	-	-	25,763,811
Loans to policyholders	1,867,624	-	1,867,624	-	-	-	-	1,867,624
Reinsurance receivable	4,367,265	-	2,475,563	1,373,917	281,084	189,872	46,830	4,367,265
Premium receivable	6,610,797	-	6,610,797	-	-	-	-	6,610,797
Other assets	5,026,983	-	5,026,983	-	-	-	-	5,026,983
Cash and cash equivalents	6,320,469	-	6,320,469	-	-	-	-	6,320,469
	235,445,059	40,259,073	83,464,956	18,480,671	49,907,614	24,294,392	16,296,830	232,703,537
<b>Liabilities</b>								
Reinsurance payable	2,354,371	-	2,255,144	59,486	38,715	1,026	-	2,354,371
Current tax liabilities	1,686,823	-	1,686,823	-	-	-	-	1,686,823
Other liabilities	6,159,369	-	6,159,369	-	-	-	-	6,159,369
Financial liabilities	563,026	-	563,026	-	-	-	-	563,026
	10,763,589	-	10,664,362	59,486	38,715	1,026	-	10,763,589

## Notes to the Financial Statements

### 45. Commitments, Contingencies and Guarantees

#### 45.1 Commitments

The Group does not have significant capital commitments as at the reporting date other than that are described below:

##### **The Lanka Hospitals Corporation PLC**

Capital commitments of Group and Company in respect of the on going projects but not incurred as at the financial year end 31 December 2023 amounted to Rs. 168 Mn. (2022: Rs. 87.3 Mn.)

##### **Litro Gas Lanka Ltd**

Capital expenditure approved by the Board as at 31 December 2023 is Rs. 2,018 Mn. (Rs. 104 Mn. – 2022). There is an ongoing legal matter for the advance payment of Rs. 20 Mn. paid for purchase of Oxygen Cylinders.

##### **Sino Lanka Hotels & Spa (Pvt) Ltd & Helanco Hotels & Spa (Pvt) Ltd**

The total estimated cost for the construction of Grand Hyatt Colombo is Rs. 51.1 Bn.

The following commitments for capital expenditure approved by the Directors as at 31 December 2023.

	2023 Rs. '000	2022 Rs. '000
Approximate amount contracted for but not incurred	27,597,250	30,771,790

##### **Canowin Hotels & Spas (Pvt) Ltd**

There is a significant contingency as at the reporting date from Gills Food Products (Pvt) Ltd who was a tenant. The case (SPL 05/19) was filed in 2023. Having discussed with an independent legal consultant and filed papers to vacate but still it is unfavourable since it has already given an expert judgement.

#### 45.2 Contingent Liabilities and Guarantees

There were no significant Contingent Liabilities and 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 Add Tax. Accordingly Company received a Value added Tax (VAT) Assessment on the Reinsurance Claims outstanding to Rs. 318,099,913/- and Rs. 26,903,739 years of assessments 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 as a General Insurance Industry view of that, they are not liable for the VAT on Reinsurance Claim.

The Company has filed valid appeals against these assessments with the consultation of tax consultants. The Board of Review by letter dated 21 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. 345 Mn. pending the decision of the Court of Appeal.

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 31 December 2012,2013,2017 and 2019 amounting to Rs. 192 Mn., Rs. 232 Mn., Rs. 509 Mn., and Rs. 665 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 2012 and 2013 are valid from their letter dated 27 August 2020 and 27 January 2023 respectively. Company has appealed against the said decisions in the Court of Appeal and further Company has Applied for a Writ order to cease the decision of Tax Appeal Commission to encashment of Bank guarantee in the Court of Appeal. States of each Case and assessments are as follows.

#### 45. Commitments, Contingencies and Guarantees (Contd.)

Year of Assessment	Status of Assessment	Nature of Contingent Liability	Measurement of Contingent Impact to the Company
2012/2013	Pending decision from Court of Appeal	VAT on Financial Services	An additional Tax Liability of Rs. 192 Mn.
2013/2014	Pending decision from Court of Appeal	VAT on Financial Services	An additional Tax Liability of Rs. 232 Mn.
2017/2018	Pending decision from Tax Appeal Commission	VAT on Financial Services	An additional Tax Liability of Rs. 509 Mn.
2019/2020	Pending decision from Commission General	VAT on Financial Services	An additional Tax Liability of Rs. 665 Mn.

However, the same matters regarding VAT on financial services that were assessed for the years 2010 and 2011 were determined by the Court of Appeal in favour of the Company. Subsequently, three assessments relating to the years 2014, 2015, and 2016 were resolved in favour of the company by the Tax Appeal Commission, and one assessment for the year 2018 was ruled in favour of the Company by the Inland Revenue Department, amounting to Rs. 4.4 Bn. Consequently, no additional provision has been made in the Financial Statements for these pending matters.

#### Income Tax

The Company received Income Tax Assessment for the year of assessment from 2011/2012 to 2019/2020 with respect to taxation of Life Insurance and assessment amounts of the said periods are shown in the following table. This assessment was issued by the Inland Revenue Department in contrary to the Section 92 of the Inland Revenue Act, No 10 of 2016. Further this is a common Income Tax assessment that has been issued by the Inland Revenue Department for the Life Insurance companies in the insurance Industry. The view of the industry, Company and Company's tax consultants are those assessment will not materialise. Therefore, no additional provision has been made in the Financial Statements.

The Company has duly appealed against these assessments with the consultation of company tax consultants. The Tax Appeal Commission has determined that the assessments issued for Income Tax for the periods 2011/2012, 2012/2013, and 2013/2014 are valid, as per their letters dated 18 August 2020, 14 December 2021, and 27 January 2023, respectively. The Company has appealed against the said decision in the Court of Appeal. Additionally, the Tax Appeal Commission has determined the assessment issued for Income Tax for the period 2014/2015 by their letter dated 27 February 2024, partly allowing the appeal, and the Company is in the process of appealing to the Court of Appeal. Furthermore, the Tax Appeal Commission has determined the assessment issued for Income Tax for the period 2016/2017 in favour of the company by their letter dated 12 September 2023. The Inland Revenue Department has appealed against the said decision in the Court of Appeal, and further the bank guarantee has been released to the company by the Tax Appeal Commission by their letter dated 22 November 2023. States of each assessment are provided in table below.

Year of Assessment	Status of Assessment	Nature of Contingent Liability	Measurement of Contingent Impact to the Company
2011/2012	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 524 Mn.
2012/2013	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 296 Mn.
2013/2014	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 786 Mn.
2014/2015	Request made to TAC to state a case to Court of Appeal	Income Tax	An additional Tax Liability of Rs 1,036 Mn.
2015/2016	Pending decision from Tax Appeal Commission	Income Tax	An additional Tax Liability of Rs. 1,374 Mn.
2016/2017	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 1,823 Mn.
2017/2018	Pending decision from Commission General	Income Tax	An additional Tax Liability of Rs. 2,170 Mn.
2018/2019	Pending decision from Tax Appeal Commission	Income Tax	An additional Tax Liability of Rs. 626 Mn.
2019/2020	Pending decision from Tax Appeal Commission	Income Tax	An additional Tax Liability of Rs. 576 Mn.

## Notes to the Financial Statements

### 45. Commitments, Contingencies and Guarantees (Contd.)

#### The Lanka Hospitals Corporation PLC

##### Liabilities

Pending litigations against The Lanka Hospitals Corporation PLC with a maximum liability of Rs. 106 Mn. exists as at the reporting date. Based on the information currently available the 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.

##### Assets

There were no material contingent assets as at the reporting date which require adjustments to or disclosure in the Financial Statements.

#### Canwill Holdings (Pvt) Ltd

1. After a tender exercise and a period of negotiations, Interna Contract Spa (now herein referred to as Interna) was awarded by Sinolanka Hotels & Spa (Pvt) Ltd (now herein referred to as Sinolanka) the contract to provide Interior Fit Out and Furnishing Works for the Grand Hyatt Colombo Project. Subsequently, Sinolanka terminated the contract with Interna on several grounds.

Interna Contract, by reference dated 10 August 2015, had referred a dispute arising out of the termination of a contract between Interna Contract and Sinolanka to arbitration in Singapore under the ICC Rules. The Arbitral Award had been delivered on 29 September 2017 in favour of Interna Contract granting;

- Damages for EUR 7,432,062.79 together with simple interest thereon at the rate of 2% p.a. from 14 August 2015 to the date of full payment.
- Costs in sums together with simple interest thereon at the rate of 2% p. a. from the date of the Award to the date of full payment; USD 483,500 as costs of the arbitration fixed by the ICC Court; and EUR 516,597.16.

Sinolanka had applied to the Singapore High Court seeking an order setting aside the said Arbitral Award on the basis that it lacked jurisdiction to hear the dispute. In the meantime, Interna Contract had made an application to the High Court of Sri Lanka seeking to enforce the said Arbitral Award. The proceedings of the said application made by Interna Contract to the High Court of Sri Lanka had been adjourned pending the delivery of the judgment of the Singapore High Court on the application made by Sinolanka seeking the setting aside of the said Arbitral Award. Subsequently, the Singapore High Court had pronounced its judgment dismissing the said application made by Sinolanka, and further thereto, the High Court of Sri Lanka had delivered its judgment in favor of Interna Contract granting judgment in accordance with the said Arbitral Award, and granting costs in a sum of Rs. 500,000/-.

Sinolanka has preferred this application (SC/HC/LA 16/2020) to the Supreme Court seeking leave to appeal from the said judgment of the High Court of Sri Lanka in terms of Section 37(2) of the Arbitration Act, No. 11 of 1995.

#### The progress of the case to date

The Supreme Court granted leave to appeal to Sinolanka against the said judgment on or around 12 December 2022. The application is pending before the Supreme Court at the stage of argument. The argument has been fixed for 10 May 2024.

#### How the Management is responding or intends to respond to the litigation

The Management is attempting to negotiate a favourable settlement with Interna Contract and has given instructions to canvass the order of the High Court before the Supreme Court in the event of the failure or inability of the parties to reach a settlement relating to the subject matter of the action.

#### An evaluation of the likelihood of an unfavourable outcome

The said appeal has been preferred by Sinolanka to the Supreme Court from a judgment of the High Court delivered pursuant to holding an inquiry into an application made by Interna Contract in terms of Section 31 of the Arbitration Act seeking to enforce the said Arbitral Award. During the course of such an inquiry, the High Court does not have the jurisdiction to consider the merits of the Arbitral Award sought to be enforced and is entitled to consider whether such Arbitral Award is liable to be refused recognition and enforcement on the limited number of grounds enunciated in Section 34 of the Arbitration Act. Therefore, in a judgment delivered by the High Court holding that an Arbitral Award is not liable to be refused recognition and enforcement on any of the grounds enunciated in the said Section 34 of the Arbitration Act, such as the one in this instance, the grounds of appeal available to assail such a judgment are inherently limited.

## 45. Commitments, Contingencies and Guarantees (Contd.)

In the aforesaid circumstances, despite Sinolanka initially have been successful in obtaining leave to appeal from the Supreme Court, the prospects of prevailing at the final determination of the appeal are limited.

The company has made a provision of Rs. 1,848,102,857/- in the financial year ended 31 December 2019 and no expenditure has been recognised thereafter since the matter has been opened up to negotiate for amicable settlement which is in favour of the company as at the reporting date.

2. Mr D R P Abeyasinghe, who was the Managing Director of Canwill Holdings (Pvt) Ltd, ceased holding that post on 23 July 2019 as per the decision of the Board of Directors subject to the concurrence given by the Ministry of Finance. Further, he was also removed from the office of Director of Canwill Holdings (Pvt) Ltd in accordance with section 206 of the companies Act No. 7 of 2007, read with Article 25 (4) of the Articles of association of the company at the Extra ordinary General Meeting held on 06 August 2019.

Accordingly, Mr Abeyasinghe has filed a case at the Labour Tribunal (case No LT2/907/2019) against the company on the grounds that his termination was unlawful. Furthermore, other complaints have also been made to the Department of Labour and to the Employees Trust Fund Board. The aforesaid case No LT2/907/2019 was a verdict in favour of the applicant as per the decision of the Hon. President of the Labour Tribunal dated 20 January 2021 and the company was ordered to deposit Rs. 1,600,000/- on Assistant Commissioner of Labour, Colombo East enabling the aforesaid applicant to be compensated. Subsequently, having legal counsel with regard to the case, the management appealed

to the Provincial High Court of the Western Province, Colombo dated 19 February 2021. On 22 June 2022 The High Court allowing the appeal of Respondent-Appellant (Canwill) and dismissed the decision dated 20 January 2021 of the Chairman of Labour Tribunal at Col. 08. A notice received from the Supreme Court on 04 August 2022 against the judgment of the High Court WP held in Colombo on 22 June 2022. The management of the company appointed Ms. Marian Chambers through Mr Ruwantha Cooray for this matter and filed the proxy forms and Cavite on 17 August 2022. This matter was taken up for argument on 07 February 2024 and both parties concluded the argument and written Submissions were filed on behalf of Canwill Holdings (Pvt) Ltd. Accordingly, the matter was reserved for Judgement, where the Supreme Court will notify the date on which the judgment will be delivered in the future.

Further Mr D R P Abeyasinghe has filled a complaint dated 15 August 2019 demanding Rs. 8,064,999.75 for statutory benefits of Employee Provident Fund (EPF) in labour department. The matter was represented with company lawyers and the commissioner of labour department has requested for written submission to be presented on January 2022 and that is not accept the request and Notice received stating to settle the amount on or before 08 March 2022. Company submitted written appeal against the notice on 07 March 2022.

### **Sinolanka Hotels & Spa (Pvt) Ltd**

The Greenery Company (Pvt) Ltd, who was the Landscape (Softscape) works and maintenance contractor of the Grand Hyatt Project has breached their contractual obligations in execution of the said contract. Accordingly,

SHSL intended to demand for the full value of the performance bond Rs. 3,629,274/74 that they have submitted. However, The Greenery Company (Pvt) Ltd has instituted a case to obtain an Enjoining Order and Interim Injunction against SHSL to prevent encashing the Performance Bond. Initially the court had granted the enjoining order prayed by the Greenery Company (Pvt) Ltd. The Learned Counsel for Defendant raised objection to the said enjoining order since the validity of the said bond was about to expire on 19 July 2019. Hence, the Greenery Company agreed to extend the period by executing a similar Performance Bond for a period of 3 months from 22 July 2019. After tendering written submissions by both parties, the Court made an order refusing the interim injunction prayed by the Greenery Company (Pvt) Ltd and claimant has withdrawn the matter from the court on 20 October 2022.

## 46. Segregation and Divestiture of Sri Lanka Insurance Corporation Limited and the Subsidiaries

### Group

#### 46.1 Duly incorporating Sri Lanka Insurance Corporation General Limited and Sri Lanka Insurance Corporation Life Ltd

The regulations of Insurance Industry (Amendment) Act No. 3 of 2011 and letter dated 17 March 2023, references Cabinet Decision No. 23/0431/604/046 dated 14 March 2023 and Cabinet Memorandum No. MF/018/CM/2023/055 dated 27 February 2023 require the existing insurer to segregate the long term and general insurance into two separate Companies. Hence, the existing insurer in the name of

## Notes to the Financial Statements

### 46. Segregation and Divestiture of Sri Lanka Insurance Corporation Limited and the Subsidiaries (Contd.)

Sri Lanka Corporation Limited will be segregated to Life and General Insurance business with effect from 01 February 2024. Even though, the Company was incorporated in order to carry out the business of General Insurance in 2024, the Company commenced its operations with effect from 01 February 2024.

#### Company

#### 46.2 The Segregation of the Life and General Insurance Business

Provisions of Section 53 of the Regulation of Insurance Industry (Amendment) to the insurance Act, No. 03 of 2011, stated composite insurance entity should segregate the long term insurance business and the general insurance business being carried on by it into two separate companies. However, IRCSL granted SLIC an extension until 31 December 2020 to segregate its Life and General Insurance Business, in response to SLIC's repeated requests for additional time to comply with the regulatory requirement.

Subsequently, by a letter dated 17 March 2023, the Ministry of Finance, Economic Stabilisation and National Policies has communicated the Government policy pertaining to the divestiture of SLIC, based on Cabinet Decision No. 23/0431/604/046 of 14 March 2023. Thereby, the company has been instructed to fully comply with the provisions of the Regulation of Insurance Industry (Amendment) Act, No. 03 of 2011, by placing its Life and General insurance businesses under separate legal entities to facilitate the divestment process.

During the segregation process, the State Owned Enterprises Restructuring Unit (SOERU) proposed a model involving the establishment of two wholly-owned subsidiaries of Sri Lanka Insurance Corporation Limited (SLIC) to accommodate the segregated businesses. This was a departure from the initial model where SLIC would maintain the life business, and the general business would be transferred to a wholly-owned subsidiary. Subsequently, the segregation process adhered to the model approved by Cabinet Memorandum MF/LA/022/CM/2023/305, dated 05 December 2023, which involved the transfer of SLIC's life and general insurance businesses to the two wholly-owned subsidiaries. On 22 December 2023, a case was filed in the District Court and obtained a court order for segregation on 02 January 2024.

Subsequently on 19 January 2024 SLIC petitioned the Commercial High Court of Colombo as per Section 256 of the Companies Act No. 7 of 2007 and obtained approval for the Scheme of Arrangements. An Extraordinary General Meeting was held on 16 January 2024 on order to approve the major transaction arising from segregation. With the requisite Cabinet, court, and shareholder approvals obtained, SLIC has complied with the regulatory requirement mandating the separation of its insurance businesses. Consequently, the Insurance Regulatory Commission of Sri Lanka (IRCSL) granted insurance licenses effective from 01 February 2024 to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited, respectively. Sri Lanka Insurance Corporation Limited operates as the parent company providing shared services to two subsidiary companies.

Accordingly, license of Sri Lanka Insurance Corporation Limited to carry out insurance business will be terminated, there will be a change of the company name, and it has obtained an extension from IRCSL until 20 August 2024 to make the name change.

#### 46.3 Divestiture of Sri Lanka Insurance Corporation Limited and the Subsidiaries

As per the Cabinet memorandum dated 27 February 2023 and subsequent Cabinet decision 23/0431/604/046 and letter form Ministry of Finance, Economic Stabilization and National Policies on 17 March 2023, the Cabinet of Ministers has granted the approval in principle for the divestment of Sri Lanka Insurance Corporation Ltd. The subsequent letter from the Secretary to the Treasury (S/T) dated 17 March 2023 to the SLIC Board of Directors (BOD) is required to provide fullest cooperation to State Owned Enterprises Restructuring Unit (SOERU) and Transaction Advisors for the divestiture of SLIC. M/s Alvarez & Marsal acts as the Transaction Advisor for the Divestiture of shares held by Government of Sri Lanka (GoSL) in Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited.

At the special meeting of the Board of Directors of SLIC held on, 23 August 2023, it was resolved to release information as may be requested by the Transaction Advisors in respect of the divestiture of SLIC through the information sharing mechanism already in place.

For the development of this information subsequent to the reporting date, please refer Note No. 47.5.



## 46. Segregation and Divestiture of Sri Lanka Insurance Corporation Limited and the Subsidiaries (Contd.)

### 46.4 Transfer of employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Pvt) Ltd

The employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Pvt) Limited have been transferred to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited with the implementation of the segregation of Sri Lanka Insurance Corporation Limited effective from 01 February 2024. Although the employees have been transferred, the Company still exists, and no decision has been made to wind up the Company as of the date of the signing of the Financial Statements.

Further details are mentioned in Note 48.5.

## 47. Events After the Reporting Date

There were no significant events after reporting date other than what is disclosed below, which require adjustments or disclosure in the Financial Statements.

### Group

#### 47.1 Litro Gas Lanka Ltd

Dividends declared after the reporting period but before the Financial Statements are authorised for issue are not recognised as a liability at the end of the reporting period, as no obligation exists at that time.

In accordance with LKAS 1, such dividends are disclosed in the Notes to the Financial Statements. The disclosure includes the nature and amount of the dividend, the entity that declared the dividend, and any other relevant details.

#### **Nature and amount of dividends:**

As of the date of authorization for the issuance of these Financial Statements, dividends totaling Rs. 750 Mn. have been declared subsequent to the reporting period.

**Entity declaring dividends:** The dividends were declared by Litro Gas Lanka Ltd on 18 January 2024.

**Disclosure timing:** These dividends were declared after the reporting period but before the Financial Statements were authorised for issue.

#### **Impact on Financial Statements:**

As per LKAS 1, the dividends are not recognised as a liability in the Financial Statements as of the reporting period end.

#### **Total dividend declared for the financial year:**

The Company has declared total dividends totaling Rs. 1,500 Mn., including the Rs. 750 Mn. disclosed herein, for the financial year 2023.

This disclosure complies with the requirements of LKAS 1 – Presentation of Financial Statements.

#### 47.2 Litro Gas Terminal Lanka (Pvt) Ltd

Dividends declared after the reporting period but before the Financial Statements are authorised for issue are not recognised as a liability at the end of the reporting period, as no obligation exists at that time.

In accordance with LKAS 1, such dividends are disclosed in the notes to the Financial Statements. The disclosure includes the nature and amount of the dividend, the entity that declared the dividend, and any other relevant details.

#### **Nature and Amount of Dividends:**

As of the date of authorisation for the issuance of these Financial Statements, dividends totaling Rs. 750 Mn. have been declared subsequent to the reporting period.

**Entity Declaring Dividends:** The dividends were declared by Litro Gas Terminal Lanka (Pvt) Ltd on 18 January 2024.

**Disclosure Timing:** These dividends were declared after the reporting period but before the Financial Statements were authorised for issue.

#### **Impact on Financial Statements:**

As per LKAS 1, the dividends are not recognised as a liability in the Financial Statements as of the reporting period end.

#### **Total Dividend Declared for the Financial Year:**

The Company has declared total dividends totaling Rs. 1,500 Mn., including the Rs. 750 Mn. disclosed herein, for the financial year 2023.

This disclosure complies with the requirements of LKAS 1 – Presentation of Financial Statements.

#### 47.3 The Lanka Hospitals Corporation PLC

Pursuant to the actions initiated by the Government of Sri Lanka to divest their shareholding interest in the company held through Sri Lanka Insurance Corporation Limited, the buyers due diligence process is currently in progress.

## Notes to the Financial Statements

### 47. Events After the Reporting Date (Contd.)

#### Company

#### 47.4 The Segregation of Sri Lanka Insurance Corporation Limited Life and General Insurance Businesses

As per Section 53 of the Regulation of Insurance Industry (Amendment) to the insurance Act, No. 03 of 2011, as stated in note No. 46.1, composite insurance companies are required to segregate the Non-life insurance business and Life insurance business carried on by it, into two separately established companies.

On 02 January 2024, District Court order has been obtained for segregation of SLIC and subsequently, SLIC petitioned the Commercial High Court of Colombo as per Section 256 of the Companies Act No. 7 of 2007 and obtained approval for the Scheme of Arrangements on 19 January 2024. The shareholders also approved the major transaction arising from segregation at an Extraordinary General Meeting convened on 16 January 2024. With the requisite Cabinet, court, and shareholder approvals obtained, SLIC has complied with the regulatory requirement mandating the separation of its insurance businesses with effect from 01 February 2024. Consequently, the Insurance Regulatory Commission of Sri Lanka (IRCSL) granted insurance licenses effective from 01 February 2024 to Sri Lanka Insurance Corporation Life Limited to carry out the Life insurance business and Sri Lanka Insurance Corporation General Limited to carry out the Non-life insurance, respectively. Sri Lanka Insurance Corporation Limited operates as the parent company providing shared services to two subsidiary companies. Accordingly, license of Sri Lanka Insurance Corporation Limited to carry out insurance business will be

terminated and there will be a change of the company name, and it has obtained an extension from IRCSL until 20 August 2024 to make the name change.

#### 47.5 Divestiture of Sri Lanka Insurance Corporation Limited and Subsidiaries

As per the Cabinet Decisions 23/1899/604/187 communicated by the Department of Public Enterprises on their letter dated 21 March 2024 and 01 April 2024 relating to the transfer of investments in subsidiaries to Secretary to the Treasury highlighting the steps for the share transfer process of Canwill Holdings (Pvt) Ltd, Litro Gas Lanka (Pvt) Ltd and Litro Terminal Lanka (Pvt) Ltd. The proposed share transfer of above stated companies will be executed at the cost of the investments as indicated in the Section 2 of the Cabinet Decision on Cabinet Memorandum No 23/1899/604/187 dated 09 October 2023.

In addition to that, Secretary to the Treasury has requested to initiate the share transfer process of The Lanka Hospitals Corporation PLC, a listed company and treat it at cost.

The share transfer mechanism of The Lanka Hospitals Corporation PLC will be considered based on Section 84 – Transfer of Securities of a Public Company Listed with the Colombo Stock Exchange Outside the Trading System (Off the Floor Share Transactions), of Securities and Exchange Commission Act. The Management is currently in the process of submission the duly executed transfer forms to the Secretary to the Treasury in order to proceed with the formalities with the share transaction process.

The employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Pvt) Limited have been transferred to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited with the implementation of the segregation of Sri Lanka Insurance Corporation Limited effective from 01 February 2024. Although the employees have been transferred, the Company still exists, and no decision has been made to wind up the Company as of the date of the signing of the Financial Statements.

### 48. 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.

In preparing these Financial Statements, the management has assessed the existing effects of the economic conditions, divestiture and segregation of Life & General business and the use of going concern basis of preparation. The Company has been evaluating the resilience of its businesses, considering a wide range of factors such as profitability, revenue streams, working capital management, capital expenditure, cash reserves, travel restrictions, ESG considerations, and cost management initiatives implemented by the Company in order to be able to continue business under current global & local economic conditions. Based on the analysis and

## **48. Going Concern (Contd.)**

future outlook based on available information, Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

### **48.1 The Lanka Hospitals Corporation PLC**

The Directors have made an assessment of the Company's/ Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration current economic developments in order to make projections for future economic conditions of the environment in which it operates. The main factors that cause uncertainties regarding the application of this principle relate to the unstable economic environment in the Country, the existing and potential continuing implications of COVID-19 pandemic and uncertain volatile Macro economic conditions on the business operations, performance of the Group and the measures adopted by the Government to support the recovery of the economy. Based on the above and taking into account the Company's capital management and the ability of the Company to access the liquidity mechanisms, the Group estimates that the conditions for the application of the going concern principle for the preparation of its Financial Statements are met. The Board is not aware of any material uncertainties that may cast significant doubt on the Company's/ Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

### **48.2 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 of Helanco Hotels & Spa (Pvt) Ltd has resolved to discontinue the project to construct the Hotel in Hambantota in the year 2015. As a consequence, the hotel construction activities of the project have come to an end. Further, In May 2022 the Board of Directors of the Company of Sinolanka Hotels & Spa (Pvt) Ltd resolved to suspend the construction works of the Grand Hyatt project since the proposed Debt/Equity financing arrangement was not proceeding as planned due to the announcement of Sri Lanka's pre-emptive default status by CBSL on 12 April 2022, and as such from May 2022 the construction activities of the Grand Hyatt project was suspended. Accordingly, Deloitte Touche Tohmatsu India LLP (Deloitte) has been appointed as transaction advisor for the proposed divestiture process. The due diligence concerning technical, financial, legal, etc, that supports the said divestiture program has been initiated and the process of Expression of Interest (EOI) has already been completed. Following the due procedure, the prospective bidders have been shortlisted for the issuance of Request for Proposals (RFP). As per the aforesaid Cabinet of Ministers approval, Canwill Holdings (Pvt) Ltd and its subsidiary companies of Sinolanka Hotels & Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd have been considered for the proposed divestiture.

### **48.3 Helanco Hotels and Spa (Pvt) Ltd**

The Board of Directors of the Company of Helanco Hotels & Spa (Pvt) Ltd has resolved to discontinue the project to construct the Hotel in Hambantota in the year 2015. As a consequence, the hotel construction activities of the project have come to an end. Further, the Ministry of Public Enterprise Development has given their instructions to transfer the company's stake in the proportion of shareholding in Canwill Holdings (Pvt) Ltd (Parent Company), in accordance with the Cabinet Decision No. 17/1613/733/029 dated 01 August 2017. This program has not been executed as of the reporting date. The Management of the company is currently working on the proposed divestiture programme which is explained in detail under note number 15 hereunder. The Company has not resolved to liquidate the Company in the foreseeable future and the Financial Statements of Helanco Hotels & Spa (Pvt) Limited continue to be prepared on the Going Concern basis.

### **48.4 Sinolanka Hotel and Spa (Pvt) Ltd**

The company is in the process of constructing the Grand Hyatt Hotel in Colombo and there were no commercial operations during the year. Further, In May 2022 the Board of Directors resolved to suspend the construction works of the Grand Hyatt project since the proposed Debt/Equity financing arrangement was not proceeding as planned due to the announcement of Sri Lanka's pre-emptive default status by CBSL on 12 April 2022, and as such from May 2022 the construction activities of the Grand Hyatt project was suspended.

## Notes to the Financial Statements

### 48. Going Concern (Contd.)

The State-Owned Enterprise Restructuring Unit (SOERU) that was established under the Ministry of Finance, Economic Stabilisation, and National Policies has identified Canwill Holdings (Pvt) Ltd (Grand Hyatt) to divestiture on a priority basis. The Cabinet of Ministers, at their meeting held on 13 March 2023, has granted approval for the Cabinet Memorandum No: MF/018/CM/2023/055, to start the process of divestiture of the Canwill Holdings (Pvt) Ltd among the other SOEs.

Accordingly, Deloitte Touche Tohmatsu India LLP (Deloitte) has been appointed as transaction advisor for the proposed divestiture process. The due diligence concerning technical, financial, legal, etc, that supports the said divestiture programme has been initiated and the process of Expression of Interest (EOI) has already been completed. Following the due procedure, the prospective bidders have been shortlisted for the issuance of Request for Proposals (RFP). Sinolanka Hotels & Spa (Pvt) Ltd will be considered for the proposed divestiture as the subsidiary company under Canwill Holdings (Pvt) Ltd. The Company has not resolved to liquidate the Company in the foreseeable future and the management of the Company follows the necessary directives of the line Ministry on the way forward.

### 48.5 Management Service Rakshana (Pvt) Ltd

The employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Pvt) Ltd have been transferred to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited with the implementation of the segregation of Sri Lanka Insurance Corporation Limited effective from 01 February 2024. Although the employees have been transferred, the Company still exists, and no decision has been made to wind up the Company as of the date of signing of the Financial Statements. Accordingly, the Financial Statements have been prepared based on the principle of the going concern assumption.

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# ***Supplementary Information***

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# Statement of Financial Position of the Life Insurance

	Note	2023 Rs. '000	2022 Rs. '000
<b>Assets</b>			
Financial investments	A	205,559,021	174,662,702
Investments in subsidiaries	B	3,796,543	3,296,543
Property, plant and equipment	E	92,962	95,451
Right-of-use asset		476,543	408,358
Loans to policyholders	C	2,095,884	1,867,624
Reinsurance receivable		55,520	1,008,259
Premium receivable from policyholders		712,597	675,082
Other assets	D	5,074,790	3,840,195
Cash and cash equivalents		3,143,743	2,901,563
<b>Total assets</b>		<b>221,007,603</b>	<b>188,755,777</b>
<b>Equity</b>			
Stated capital		500,000	-
Available-for-sale reserve	F	5,495,208	674,855
Revenue reserves	G	25,072,417	21,420,524
Restricted regulatory reserves		98,237	98,237
Revaluation reserve		71,672	71,673
<b>Total equity attributable to equity holders of the Company</b>		<b>31,237,534</b>	<b>22,265,289</b>
<b>Liabilities</b>			
Insurance contract liabilities (provision) – Life	H	183,784,492	159,769,324
Right-of-use liabilities		548,486	474,777
Reinsurance creditors		-	884,452
Tax liability		1,576,133	1,419,380
Provision for retirement benefits		668,199	770,576
Other liabilities	I	3,011,186	2,921,259
Financial liabilities (bank overdraft)		181,573	250,722
<b>Total liabilities</b>		<b>189,770,069</b>	<b>166,490,488</b>
<b>Total equity and liabilities</b>		<b>221,007,603</b>	<b>188,755,777</b>

# Notes to the Financial Statements – Life Insurance Fund

## A. Financial Investment

As at 31 December	Note	2023		2022	
		Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Held-to-maturity (HTM)	A.1	69,060,564	44,103,811	69,332,871	41,093,784
Loans and receivables (L&R)	A.2	49,582,419	49,582,419	43,326,871	43,326,871
Available-for-sale (AFS)	A.3	74,023,030	74,023,030	40,611,027	40,611,027
Fair value through profit or loss (FVTPL)	A.4	12,893,008	12,893,008	21,391,932	21,391,932
		205,559,021	180,602,266	174,662,702	146,423,614

### A.1 Held-to-Maturity (HTM)

As at 31 December	2023		2022	
	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Quoted debentures	4,024,821	4,024,821	1,014,795	1,014,795
Treasury bonds	65,035,743	40,078,990	68,318,076	40,078,990
	69,060,564	44,103,811	69,332,871	41,093,784

### A.2 Loans and Receivables (L & R)

As at 31 December	2023		2022	
	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Unlisted debentures	24,515,141	24,515,141	21,308,612	21,308,612
Fixed deposits	25,067,278	25,067,278	17,758,451	17,758,451
Development bonds	–	–	4,259,808	4,259,808
	49,582,419	49,582,419	43,326,871	43,326,871

### A.3 Available-for-Sale (AFS)

As at 31 December	2023		2022	
	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Listed stocks	15,483,013	15,483,013	7,212,380	7,212,380
Unit trusts	1,042,048	1,042,048	886,205	886,205
Listed debentures	27,609,263	27,609,263	30,941,800	30,941,800
Treasury bonds	13,622,922	13,622,922	1,570,642	1,570,642
Commercial papers	16,265,784	16,265,784	–	–
	74,023,030	74,023,030	40,611,027	40,611,027

## Notes to the Financial Statements – Life Insurance Fund

### A.4 Fair Value Through Profit or Loss (FVTPL)

As at 31 December	2023		2022	
	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Listed stocks	11,402,491	11,402,491	19,633,095	19,633,095
Unit trusts	1,481,027	1,481,027	1,758,838	1,758,838
Investment receivable	9,490	9,490	–	–
	12,893,008	12,893,008	21,391,933	21,391,932

FVTPL investments and AFS investments are valued at fair value. HTM and L&R investments are valued at amortised cost.

### B. Investment Subsidiaries

As at 31 December	Note	2023		2022	
		Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
<b>At cost</b>					
Listed Subsidiaries	B.1	1,296,543	7,053,757	1,296,543	5,836,984
Unlisted Subsidiaries	B.2	2,500,000	2,500,000	2,000,000	–
		3,796,543	3,796,543	3,296,543	5,836,984

#### B.1 Listed Subsidiaries

As at 31 December	2023			2022		
	No. of Shares Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000	No. of Shares Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
The Lanka Hospitals Corporation PLC	58,781,308	1,296,543	7,053,757	58,781,308	1,296,543	5,836,984
	58,781,308	1,296,543	7,053,757	58,781,308	1,296,543	5,836,984

#### B.2 Unlisted Subsidiaries

As at 31 December	2023		2022	
	No. of Shares Rs. '000	Carrying Value Rs. '000	No. of Shares Rs. '000	Carrying Value Rs. '000
Canwill Holdings (Pvt) Ltd.	235,294,117	2,000,000	235,294,117	2,000,000
Sri Lanka Insurance Corporation Life Limited	50,000,000	500,000	–	–
	285,294,117	2,500,000	235,294,117	2,000,000



### C. Loans Life Policyholders

As at 31 December	2023 Rs. '000	2022 Rs. '000
Policyholder loans	2,095,884	1,867,624
	2,095,884	1,867,624

### D. Other Assets

As at 31 December	2023 Rs. '000	2022 Rs. '000
Inventories	44,100	95,312
Other debtors and receivables	322,140	255,177
Other loans	3,152,669	2,790,822
Amount due from general business	571,785	3,064
Prepaid benefit on loans	984,096	695,822
	5,074,790	3,840,195

### E. Property, Plant and Equipment

As at 31 December	Land Rs.'000	Building Rs.'000	Total Rs.'000
<b>Freehold</b>			
<b>Cost</b>			
<b>Balance as at 01 January 2023</b>	48,168	49,772	97,940
<b>Balance as at 31 December 2023</b>	48,168	49,772	97,940
<b>Accumulated depreciation</b>			
Balance as at 01 January 2023	-	2,489	2,489
Depreciation charge for the period	-	2,489	2,489
<b>Balance as at 31 December 2023</b>	-	4,978	4,978
<b>Carrying amount</b>			
<b>As at 31 December 2023</b>	48,168	44,794	92,962

### F. Available for Sale Reserve

Life Policyholders are entitled to Rs. (1,277 Mn.) and Shareholders are entitled for Rs. 675 Mn. respectively.

**Notes to the Financial Statements – Life Insurance Fund****G. Revenue Reserve**

<i>As at 31 December</i>	<i>Note</i>	<b>2023</b> <i>Rs. '000</i>	<b>2022</b> <i>Rs. '000</i>
General reserve		42,100	42,100
Reserve on actuarial gain/(loss) on retirement benefit		411,392	203,393
Surplus from life insurance	G.1	24,618,925	21,175,031
		25,072,417	21,420,524

**G.1. Surplus from Life Insurance**

<i>As at 31 December</i>	<b>2023</b> <i>Rs. '000</i>	<b>2022</b> <i>Rs. '000</i>
<b>Balance as at 01 January</b>	21,175,032	18,386,454
Surplus attributable to shareholders from life insurance	3,444,484	3,016,654
Impact of last year AFS reserve transfer to shareholders	-	(228,077)
<b>Balance as at 31 December</b>	24,618,925	21,175,031

**H. Insurance Contract Liabilities – Life**

<i>As at 31 December</i>	<b>2023</b> <i>Rs. '000</i>	<b>2022</b> <i>Rs. '000</i>
Life assurance fund	157,936,457	148,000,670
Movement of the fund	21,734,208	14,034,410
Transfers of surplus from long-term insurance business	(3,444,484)	(3,016,654)
Surcharge tax – Life fund	-	(1,081,969)
	176,226,181	157,936,458
<b>AFS reserves</b>		
AFS reserves – Life fund	4,643,742	(1,217,455)
Policyholder outstanding claims	2,914,569	3,050,321
	183,784,492	159,769,324

## I. Other Liabilities

As at 31 December	2023 Rs. '000	2022 Rs. '000
Agency commission payable	213,652	264,869
Premium received in advance	308,518	297,423
Trade creditors and accrued expenses	2,489,016	2,358,968
	3,011,186	2,921,259

## Fund Wise Investment Income – Life Insurance Business

As at 31 December	2023				2022			
	Participative Fund Rs. '000	Non Participative Fund Rs. '000	Shareholder Fund Rs. '000	Total Rs. '000	Participative Fund Rs. '000	Non Participative Fund Rs. '000	Shareholder Fund Rs. '000	Total Rs. '000
Dividends	337,294	37,551	180,631	555,476	580,104	48,190	489,670	1,117,963
Listed stocks – realised/unrealised gains/(losses)	(406,989)	108,520	339,737	41,268	(3,904,070)	(706,047)	(975,064)	(5,585,181)
Profit on sale of unit trusts	–	5,228	297,308	302,535	6,640	116,764	174,748	298,152
Profit on sale of listed deb	14	–	–	14	–	–	–	–
Interest on treasury bills	41,530	–	2,049	43,579	6,545	–	–	6,545
Interest on treasury bonds	7,069,249	760,978	32,420	7,862,646	6,677,732	794,145	48,911	7,520,787
Interest on fixed deposit	1,278,312	1,780,781	1,289,574	4,348,666	288,375	571,404	1,015,384	1,875,163
Interest on call deposit	10,693	–	–	10,693	14,501	1,727	–	16,227
Interest on debentures	6,894,029	203,885	12,384	7,110,297	3,581,139	188,112	11,132	3,780,383
Interest on commercial papers	475,416	–	390,367	865,784	–	–	–	–
Interest on development bond	715,368	–	–	715,368	222,477	–	–	222,477
Interest on unquoted debenture	–	–	–	–	2,104,677	38,274	–	2,142,951
Interest on reverse repo	738,594	67,301	508,790	1,314,685	391,770	103,503	158,556	653,828
Commission on investment	6,046	–	–	6,046	789	–	–	789
	17,159,555	2,964,243	3,053,258	23,177,057	9,970,677	1,156,072	923,335	12,050,083

# Ten Year Summary Statement of Income

	2023 Rs. '000	2022 Rs. '000
<b>Non-life</b>		
Gross written premium	23,145,056	20,341,448
Premium cede to reinsurers	5,700,815	5,180,941
Net change in reserve for unearned premium	(987,698)	1,496,218
Net earned premium	16,456,544	16,656,725
Net benefits and claims	(10,017,691)	(10,525,781)
Underwriting and net acquisition cost	(755,440)	(740,074)
Other operation and administration expenses	(4,933,958)	(8,807,009)
Investment and other income	(4,643,010)	11,498,623
Profit before tax	5,392,465	8,082,484
Income tax expense	(1,063,540)	(553,331)
<b>Net profit for the year</b>	<b>4,328,925</b>	<b>7,529,153</b>
<b>Long-term</b>		
Gross written premium	21,079,689	20,930,125
Net written premium	20,405,822	20,367,296
Investment and other income	22,921,080	15,394,802
Net benefits and claims	(11,760,383)	(11,606,118)
Underwriting and net acquisition cost	(2,746,218)	(2,561,761)
Other operating and administration expenses	(5,224,388)	(6,182,795)
Change in contract liabilities – life fund	(18,289,725)	(11,017,756)
Profit before tax	5,306,187	4,393,668
Income tax expense	(1,861,703)	(1,377,013)
<b>Net profit for the year</b>	<b>3,444,484</b>	<b>3,016,655</b>
<b>Company</b>		
Revenue	64,193,766	63,684,756
Gross written premium	44,224,745	41,271,573
Net earned premium	36,862,366	37,024,021
Net benefits and claims	(21,778,074)	(22,131,899)
Change in contract liabilities – Life fund	(18,289,725)	(11,017,756)
Investment and other income	27,331,400	26,660,735
Underwriting and net acquisition cost	(3,501,658)	(3,301,835)
Other operating and administrative expenses	(9,920,496)	(14,757,116)
Profit before tax	10,703,813	12,476,150
Income tax expense	(2,925,242)	(1,930,343)
<b>Net profit for the year</b>	<b>7,778,571</b>	<b>10,545,807</b>

2021 Rs. '000	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000
21,255,023	20,163,296	18,974,323	18,532,092	18,920,562	15,720,793	14,049,933	12,544,828
(4,029,008)	(3,133,728)	(3,358,526)	(2,989,790)	(4,542,029)	(2,556,737)	(2,427,362)	(2,709,017)
(325,424)	(1,667,533)	(306,793)	(450,954)	(726,188)	(830,098)	(1,536,333)	15,662
16,900,591	15,362,035	15,309,003	15,091,348	13,652,345	12,333,958	10,086,238	9,820,149
(10,206,589)	(7,786,221)	(9,290,432)	(10,028,386)	(9,127,011)	(8,605,127)	(6,628,963)	(6,205,796)
(653,821)	(864,830)	(967,782)	(661,317)	(636,080)	(634,481)	(345,480)	(485,323)
(5,457,312)	(5,047,881)	(4,546,109)	(4,173,489)	(3,502,864)	(3,181,514)	(2,532,021)	(3,492,049)
4,655,818	3,159,227	4,483,050	4,168,839	2,189,129	9,322,418	2,472,765	2,224,732
5,238,687	4,822,331	4,987,730	4,396,994	2,575,519	9,235,252	3,052,539	1,861,713
(181,339)	(1,179,070)	(330,151)	(840,326)	(391,642)	(308,911)	(538,488)	(217,101)
5,057,348	3,643,261	4,657,579	3,556,668	2,183,878	8,926,341	2,514,051	1,644,612
21,975,988	19,257,997	14,820,025	13,205,802	12,517,120	11,893,640	10,470,079	8,121,159
21,496,234	18,844,423	14,463,057	12,913,268	12,285,325	11,679,336	10,307,236	7,984,758
21,082,101	15,321,245	14,425,899	12,278,853	11,272,939	8,772,049	8,290,528	9,272,341
(9,978,828)	(7,986,076)	(7,333,265)	(7,726,263)	(6,899,558)	(5,871,667)	(6,304,646)	(5,733,524)
(2,566,486)	(2,131,963)	(2,018,406)	(1,836,556)	(1,688,772)	(1,560,526)	(1,240,955)	(1,127,919)
(4,697,086)	(4,779,473)	(4,660,164)	(4,721,492)	(3,981,540)	(3,265,087)	(2,443,684)	(2,507,814)
(18,849,187)	(16,118,705)	(11,659,844)	(8,154,201)	(7,673,707)	(5,198,390)	(6,840,241)	(5,376,416)
6,486,748	3,149,451	3,217,278	2,753,606	3,314,688	4,555,715	1,768,238	2,511,426
(1,502,959)	(1,004,178)	(845,900)	(1,065,480)	(929,414)	(740,739)	(842,932)	(899,025)
4,983,789	2,145,273	2,371,377	1,688,126	2,385,274	3,814,976	925,306	1,612,400
64,062,308	52,614,495	48,608,571	44,379,869	39,399,736	42,107,761	31,156,766	29,301,980
43,231,011	39,421,293	33,794,347	31,737,894	31,437,682	27,614,433	24,520,012	20,665,985
38,396,825	34,206,458	29,772,061	28,004,616	25,937,670	24,013,294	20,393,474	17,804,905
(20,185,417)	(15,772,297)	(16,623,696)	(17,754,649)	(16,026,569)	(14,476,794)	(12,933,609)	(11,939,320)
(18,849,187)	(16,118,705)	(11,659,844)	(8,154,201)	(7,673,707)	(5,198,390)	(6,840,241)	(5,376,416)
25,665,483	18,408,038	18,836,510	16,375,253	13,462,067	18,094,467	10,763,292	11,497,075
(3,220,308)	(2,996,793)	(2,986,189)	(2,497,873)	(2,324,852)	(2,195,008)	(1,586,435)	(1,613,242)
(10,081,963)	(9,754,918)	(9,133,838)	(8,822,546)	(7,484,404)	(6,446,601)	(4,975,705)	(5,999,863)
11,725,433	7,971,782	8,205,004	7,150,600	5,890,205	13,790,968	4,820,776	4,373,139
(1,684,297)	(2,183,249)	(1,176,052)	(1,905,805)	(1,321,055)	(1,049,651)	(1,381,420)	(1,116,126)
10,041,136	5,788,533	7,028,955	5,244,795	4,569,150	12,741,317	3,439,356	3,257,013

# Ten Year Summary Balance Sheet – Group

	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000
<b>Non-life Assets</b>					
Property, plant and equipment	74,808,439	75,426,802	65,391,507	56,752,233	52,346,702
Investments	258,283,669	218,373,796	200,945,951	173,678,452	164,880,936
Other assets	56,278,462	46,743,506	59,536,732	59,286,109	47,550,609
<b>Total assets</b>	<b>389,370,571</b>	<b>340,544,104</b>	<b>325,874,190</b>	<b>289,716,794</b>	<b>264,778,247</b>
<b>Equity and liabilities</b>					
Share capital	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Capital reserve	22,828,004	22,972,908	18,414,228	13,112,599	13,058,735
Regulatory restricted reserves from one off surplus	98,237	98,237	98,237	98,237	98,237
General reserve	643,442	643,442	643,442	643,442	643,442
Available for sale reserve	9,578,134	(246,970)	6,008,859	5,704,652	9,472,363
Revenue reserve	83,559,686	72,929,545	65,073,169	58,671,046	53,068,008
Non-controlling interest	13,233,465	12,897,579	9,125,663	8,985,168	8,767,718
<b>Total capital and reserves</b>	<b>135,940,968</b>	<b>115,294,741</b>	<b>105,363,599</b>	<b>93,215,144</b>	<b>91,108,503</b>
<b>Liabilities</b>					
Insurance provision – Long-term	183,784,492	159,769,323	155,788,928	137,129,036	119,167,865
Insurance provision – Non-life	20,496,192	21,689,853	20,879,547	18,866,402	16,648,028
Other liabilities	49,148,919	43,790,187	43,842,117	40,506,213	37,853,852
<b>Total liabilities</b>	<b>253,429,603</b>	<b>225,249,363</b>	<b>220,510,591</b>	<b>196,501,651</b>	<b>173,669,744</b>
<b>Total equity and liabilities</b>	<b>389,370,571</b>	<b>340,544,104</b>	<b>325,874,190</b>	<b>289,716,794</b>	<b>264,778,247</b>

2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000
52,381,971	49,598,222	44,033,232	38,265,273	35,754,938
152,975,185	147,069,847	132,453,391	133,912,388	119,156,967
38,431,876	35,114,339	37,311,013	34,308,328	40,171,009
243,789,031	231,782,408	213,797,636	206,485,989	195,082,914
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
11,109,100	10,442,923	11,623,290	8,523,861	8,681,951
98,237	98,237	-	-	-
643,442	643,442	643,442	643,442	643,442
12,267,184	16,227,399	21,055,304	22,390,664	26,525,252
49,970,064	44,600,992	39,514,579	44,611,274	37,499,812
8,226,474	8,077,450	7,961,626	7,509,450	7,246,077
88,314,502	86,090,443	86,798,241	89,678,691	86,596,534
108,005,959	101,671,180	90,010,165	80,650,581	77,254,496
17,806,430	17,128,395	16,517,151	14,916,652	13,195,783
29,662,140	26,892,390	20,472,078	21,240,065	18,036,101
155,474,529	145,691,965	126,999,395	116,807,298	108,486,380
243,789,031	231,782,408	213,797,636	206,485,989	195,082,914

# Ten Year Summary

## Balance Sheet – Company

	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000
<b>Non-life</b>					
<b>Assets</b>					
Property, plant and equipment	12,551,299	12,667,642	12,639,695	10,781,351	10,985,571
Investments	65,883,490	56,422,739	55,176,583	51,492,092	50,817,353
Other assets	14,370,745	16,732,667	16,376,469	14,127,105	9,622,380
<b>Total assets</b>	<b>92,805,534</b>	<b>85,823,048</b>	<b>84,192,747</b>	<b>76,400,548</b>	<b>71,425,304</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Capital reserve	8,339,227	8,444,617	9,203,609	7,301,747	7,296,794
Revenue/other reserves	46,809,384	39,844,165	38,279,454	33,899,514	32,900,723
<b>Total equity</b>	<b>61,148,612</b>	<b>54,288,782</b>	<b>53,483,063</b>	<b>47,201,261</b>	<b>46,197,517</b>
<b>Liabilities</b>					
Insurance contract liabilities – Non-life	20,496,192	21,689,853	20,879,547	18,866,402	16,648,028
Other liabilities	11,160,730	9,844,413	9,830,137	10,332,885	8,579,759
<b>Total liabilities</b>	<b>31,656,922</b>	<b>31,534,266</b>	<b>30,709,684</b>	<b>29,199,287</b>	<b>25,227,787</b>
<b>Total equity and liabilities</b>	<b>92,805,534</b>	<b>85,823,048</b>	<b>84,192,747</b>	<b>76,400,548</b>	<b>71,425,304</b>
<b>Long-term</b>					
<b>Assets</b>					
Property, plant and equipment	92,962	95,450	97,939	86,004	88,364
Investments	209,355,564	177,959,244	163,850,792	139,910,761	132,412,578
Other assets	11,059,025	10,701,083	20,666,367	20,054,747	8,380,566
<b>Total assets</b>	<b>220,507,552</b>	<b>188,755,777</b>	<b>184,615,098</b>	<b>160,051,512</b>	<b>140,881,508</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	-	-	-	-	-
Capital reserve	71,672	71,673	71,673	57,378	57,378
Revenue/other reserves	30,666,451	22,193,616	21,740,200	15,970,387	16,125,602
<b>Total equity</b>	<b>30,738,123</b>	<b>22,265,289</b>	<b>21,811,873</b>	<b>16,027,765</b>	<b>16,182,980</b>
<b>Liabilities</b>					
Insurance contract liabilities – Life	183,784,492	159,769,323	152,788,928	137,129,036	119,167,865
Other liabilities	5,984,936	6,721,166	7,014,299	6,894,710	5,530,662
<b>Total equity and liabilities</b>	<b>220,507,552</b>	<b>188,755,777</b>	<b>184,615,098</b>	<b>160,051,512</b>	<b>140,881,508</b>



2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000
11,075,190	10,072,272	10,187,556	8,070,735	8,543,067
50,194,451	51,222,698	47,386,662	48,020,073	44,903,556
9,584,542	7,860,467	9,929,691	8,551,152	9,848,360
70,854,183	69,155,437	67,503,909	64,641,960	63,294,983
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
8,291,124	7,633,144	8,115,786	5,822,625	5,805,655
31,289,889	31,466,484	32,487,296	32,758,403	33,891,594
45,581,013	45,099,628	46,603,082	44,581,028	45,697,249
17,806,430	17,128,395	16,517,151	14,916,652	13,195,783
7,466,740	6,927,414	4,383,676	5,144,280	4,401,951
25,273,170	24,055,809	20,900,827	20,060,932	17,597,734
70,854,183	69,155,437	67,503,909	64,641,960	63,294,983
90,724	66,048	61,343	41,658	42,172
121,200,379	114,714,700	104,129,909	96,996,254	92,914,464
7,126,908	6,958,990	5,333,967	6,055,405	6,140,882
128,418,011	121,739,738	109,525,219	103,093,317	99,097,518
-	-	-	-	-
57,378	31,128	43,296	27,877	27,877
15,552,996	16,005,085	16,382,071	19,175,713	18,598,687
15,610,374	16,036,213	16,425,367	19,203,590	18,626,564
108,005,959	101,671,181	90,010,165	80,650,581	77,254,496
4,801,678	4,032,344	3,089,687	3,239,146	3,216,458
128,418,011	121,739,738	109,525,219	103,093,317	99,097,518

**Ten Year Summary Balance Sheet – Company**

	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000
<b>Company</b>					
<b>Assets</b>					
Property, plant and equipment	12,644,259	12,763,092	12,737,635	10,867,358	11,073,931
Investments	275,131,553	234,274,480	218,919,871	191,295,350	183,122,430
Other assets	24,854,456	27,411,328	36,778,463	33,467,642	17,503,383
<b>Total assets</b>	<b>312,630,268</b>	<b>274,448,900</b>	<b>268,435,968</b>	<b>235,630,350</b>	<b>211,699,744</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Capital reserve	8,509,136	8,516,289	9,275,282	7,359,125	7,354,173
Revenue/other reserves	77,270,097	61,930,278	59,912,151	49,762,399	48,918,824
<b>Total equity</b>	<b>91,779,233</b>	<b>76,446,567</b>	<b>75,187,433</b>	<b>63,121,524</b>	<b>62,272,997</b>
<b>Liabilities</b>					
Insurance provision – Life	183,784,492	159,769,323	155,788,928	137,129,036	119,167,865
Insurance provision – Non-life	20,496,192	21,689,853	20,879,547	18,866,402	16,648,028
Other liabilities	16,570,351	16,543,157	16,580,061	16,513,388	13,610,854
<b>Total liabilities</b>	<b>220,851,035</b>	<b>198,002,333</b>	<b>193,248,535</b>	<b>172,508,826</b>	<b>149,426,747</b>
<b>Total equity and liabilities</b>	<b>312,630,268</b>	<b>274,448,900</b>	<b>268,435,968</b>	<b>235,630,350</b>	<b>211,699,744</b>

2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000
11,165,910	10,138,320	10,248,900	8,112,393	8,585,240
171,287,329	165,829,896	151,409,066	144,908,826	137,710,517
16,205,038	14,575,233	15,144,599	13,926,245	15,896,611
198,658,277	190,543,449	176,802,565	166,947,464	162,192,368
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
8,348,502	7,762,509	8,159,082	5,850,502	5,971,570
46,735,383	47,265,831	48,761,861	51,826,612	52,244,740
61,083,885	61,028,340	62,920,943	63,677,114	64,216,310
108,005,959	101,671,180	90,010,165	80,650,581	77,242,496
17,806,429	17,128,394	16,517,151	14,916,652	13,195,783
11,762,004	10,715,535	7,354,306	7,703,117	7,537,779
137,574,392	129,515,109	113,881,622	103,270,350	97,976,058
198,658,277	190,543,449	176,802,565	166,947,464	162,192,368

# Branch Network

No.	Region	#	Branch	Province	Branch Code	Branch Address	Phone	Fax
1.	Central	1	<b>Kandy Main (Regional Office)</b>	CP	16	No. 25, Hill Street, Kandy	081-2234296 081-2234954	081-2228172 081-2201685
		2	Digana	CP	172	No. 64, Gonawala Road, Digana, Rajawella	081-5630744 081-2376814	081-2376814
		3	Gampola	CP	86	No. 176/B, Kandy Road, Gampola	081-2351709 081-5675128	081-2351709
		4	Kandy City	CP	173	No. 06, Wadugodapitiya Road, Kandy	081-2224246	037-2299861
		5	Katugasthota	CP	414	No. 431, Katugastota Road, Kandy	081-2229938	081-2229938
		6	Kegalle	SG	17	No. 389, Kandy Road, Kegalle	035-2222531 035-2222531	035-2222531
		7	Matale	CP	35	No. 134, Dharmapala Mawatha, Matale	066-2233989 066-2224735	066-5671653 066-222417
		8	Mawanella	SG	76	No. 288 1/1, Kandy Road, Mawanella	035-2249335 035-5672981	035-2249335
		9	Mawathagama	NW	415	No. 54/A, Walawwawatta, Mawathagama	037-2299861	037-2299861
		10	Nawalapitiya	CP	69	No. 79, Kothmale Road, Nawalapitiya	054-2222019	054-2222019
		11	Pilimathalawa	CP	171	No. 211/C, Colombo Road, Pilimathalawa	081-5630070 081-2575444	081-2575444
		12	Rikillagaskada	CP	88	No. 68, Ragala Road, Rikillagaskada	081-2365279 081-5674793	081-2365279
		13	Aranayaka – ABDC	CP	543	No. 839-D, Dippitiya, Aranayake	035-2249335	N/A
		14	Bulathkohupitiya – ABDC	CP	504	No. 63/4, Avissawella Road, Bulathkohupitiya	035-2222531	N/A
		15	Galagedara – ABDC	CP	502	No. 125/A/1/2, Sanasa [Sanasa (Pvt) Ltd] Rambukkana Road, Galagedara	081-2234954	N/A
		16	Peradeniya – ABDC	CP	503	No. 159, Colombo Road, Peradeniya	081-2229938	N/A
		17	Wattegama – ABDC	CP	215	No. 73/C, Kandy Road, Wattegama	081-5630744	N/A
2.	Eastern	18	<b>Batticaloa (Regional Office)</b>	EP	22	No. 64, Bar Road, Batticaloa	065-2224470	065-2222331
		19	Akkaraipattu	EP	343	No. 143/1, Main street Akkaraipattu – 2, Akkaraipattu	067-2279627	065-2222331
		20	Kalmunai	EP	49	No. 152/90-1/1, Batticaloa Road, Kalmunai	067-2229912 067-5670168	067-2229912
		21	Kanthale	EP	161	No. 62/P, Main Street, Kantale	026-2234043	026-2234043
		22	Trincomalee	EP	36	No. 46, Main Street, Trincomalee	026-2222434 026-5675025	026-2223123
		23	Kaluwanchikudy – ABDC	EP	514	Main Road, Kaluwanchikudy	067-2229912	N/A
		24	Muthur – ABDC	EP	220	Trincomalee Road Periyapalam, Mutur	026-2222434	N/A
		25	Pothuwil – ABDC	EP	513	Main Street, Pothuwil	067-2279627	N/A
3.	Northern	26	<b>Jaffna (Regional Office)</b>	NP	23	No. 600, Hospital Road, Jaffna	021-2222023	021-2224526
		27	Chankanai	NP	191	No. 45, Ponnalai Road (Main Street), Chankanai	021-2250462 021-2250463	021-2250463
		28	Chavakachcheri	NP	355	No. 267, Kandy Road, Chavakachcheri	021-2270711	021-2270711
		29	Kilinochchi	NP	362	No. 31, A-09 Road, Karadippokku, Kilinochchi	021-2280031	021-2280032
		30	Mannar	NP	187	No. 60/2, Railway Station Road, Panankakaddikoddu, Mannar	023-2223236	023-2223235

No.	Region	#	Branch	Province	Branch Code	Branch Address	Phone	Fax
		31	Mullaitivu	NP	188	No. 41, Main Street, Mullaitivu	021-2290089	021-2290089
		32	Nelliady	NP	101	No. 146/2, Jaffna Road, Nelliady	021-2264686	021-2264686
		33	Vavunia	NP	24	No. 119/1, Kandy Road, Vavniya	024-2222380 024-5670021	024-2222380
		34	Chunnakam – ABDC	NP	531	No. 122, KKS Road, Chunnakam	021-2250462	N/A
		35	Mallavi – ABDC	NP	532	Thunukkai Road, Anichiyam Kulam, Mallavi	021-2290089	N/A
		36	Kodikamam – ABDC	NP	210	1st Floor, A9 Road, Kodikamam	021-2270711	N/A
		37	Kaithady – ABDC	NP	210	No. 1/1, Kaithady	0212270711	N/A
		38	Visuwamadu – ABDC	NP	222	Mullaitivu Road, Visuwamadu, Mullaitivu	021-2290089	N/A
		39	Puthukudyiruppu – ABDC	NP	209	Paranthan Mullai Road, Puthukudyiruppu East, Mullaitivu	021-2290089	N/A
		40	Point Pedro – ABDC	NP	223	No. 411, Main Street, Point Pedro	021-2264686	N/A
4.	North Central	41	<b>Anuradhapura (Regional Office)</b>	NC	18	No. 61, Main Street, 2nd Lane, Anuradhapura.	025-2222167 025-5673819	025-2235258
		42	Aralaganwila	NC	407	No. 208/14, New Town, Aralaganwila	027-2050830	027-2050830
		43	Bakamuna	NC	406	No. 10, Samupakara Mawatha, Bakamuna	066-2256550	066-2256550
		44	Dehiattakandiya	EP	186	No. 256, Garment Place, Dehiattakandiya	027-2250318	027-2250318
		45	Hingurakgoda	NC	37	No. 31, Main Street, Hingurakgoda	027-2246345 027-2246295	027-2246345
		46	Horowpothana	NC	203	Rest House Junction, Horowpothana	025-2278600	025-2278600
		47	Kaduruwela	NC	96	No. 25, Batticaloa Road, Polonnaruwa	027-2222954 027-5672041	027-2222954
		48	Kekirawa	NC	91	No. 43, Dissanayake Building, Thalawa Road, Kekirawa	025-2264573 025-5673430	025-2264573
		49	Medawachchiya	NC	427	Kandy Road, Medawachchiya	074-1967978 077-7325443	N/A
		50	Padavi Parakramapura	NC	408	Padavi Parakramapura, Padaviya	025-2254115	025-2254115
		51	Habarana – ABDC	NC	529	Dambulla Road, Habarana	027-2246345	N/A
		52	Mahaoya – ABDC	EP	530	Block B, Wijethunga Building, Mahaoya	027-2050830	N/A
		53	Galenbindunuwewa – ABDC	NC	218	No. 96/1, Kannimaduwa Road, Galenbindunuwewa	025-2278600	N/A
		54	Medirigiriya – ABDC	NC	164	Fair Road, Medirigiriya	027-3125370	N/A
5.	Upper Western	55	Nittambuwa	WP	34	New Super Market Complex, Nittambuwa	033-2289709 033-5671351	033-2289709
		56	Veyangoda	WP	64	No. 166/1/1, Negombo Road, Veyangoda	033-2288027 033-5676037	033-2288027
		57	<b>Gampaha (Regional Office)</b>	WP	66	No. 116, Baudhaloka Mw, Gampaha	033-2222676 033-2224710	033-5675786 033-2222676
		58	Yakkala	WP	128	No. 80, Colombo Road, Yakkala	033-2225522	033-2225522
		59	Minuwangoda	WP	122	No. 21, M P Z Siriwardena Road, Minuwangoda	011-2280870 011-5667822	011-2280870
		60	Negombo	WP	19	No. 20, Rajapaksha Broadway, Negombo	031-2231374 031-2235235	031-2224426 031-2233498
		61	Ja-Ela	WP	29	No. 205/1/1, Negombo Road, Ja-Ela	011-2233169 011-5639270	011-2233169

## Branch Network

No.	Region	#	Branch	Province	Branch Code	Branch Address	Phone	Fax
62			Marawila	NW	43	Erik Sooriyasena Mawatha, Marawila	032-2254297 032-5672090	032-2254297
63			Wennappuwa	NW	62	No. 236 /3/ A, Main Street, Wennappuwa	031-2253319 031-5672447	031-2253319
64			Kandana	WP	158	No. 54, Negombo Road, Kandana	011-2228848 011-5649536	011-2228848
65			Kochchikade	WP	184	No. 18/1/4, Negombo Road, Kochchikade	031-2274626 031-5677135	031-2274626
66			Dankotuwa – ABDC	WP	519	No. 96/1, Pannala Road, Dankotuwa	031-2274626	N/A
67			Divulapitiya – ABDC	WP	120	No. 60-5, Circular Road, In Front Bodiya, Divulapitiya	031-5674774	N/A
68			Ganemulla – ABDC	WP	182	No. 187/A/8, Main Street, Ganemulla	033-5621208	N/A
69			Kirillawala – ABDC	WP	520	No. 122/6/5, Pahala Imbulgoda, Imbulgoda, Kirillawala	033-2225522	N/A
70			Kirindiwela – ABDC	WP	130	No. 157/1, Colombo Road, Kirindiwela	033-5621192	N/A
71			Mahabage – ABDC	WP	518	No. 562, 1st Floor, Negombo Road, Mahabage	011-2228848	N/A
72			Mirigama – ABDC	WP	131	No. 100, Sri Lanka Insurance, Pasyala Road, Mirigama	033-2273441	N/A
73			Pugoda – ABDC	WP	129	No. 40/1, Kospitiyana, Pugoda	033-5621223	N/A
74			Udugampola – ABDC	WP	517	No. 14, Pradeshiya Sabha Shopping Complex, Minuwangoda Road, Udugampola	011-2280870	N/A
75			Urapola – ABDC	WP	516	No. 29/G, Urapola	033-2289709	N/A
76			Weliweriya – ABDC	WP	515	No. 480/46/1 A, Palliyawatta, Weliweriya	033-2224710	N/A
6.	Ratnapura	77	<b>Ratnapura (Regional Office)</b>	SG	13	No. 284/1, Main Street, Ratnapura	045-2222433 045-5674250	045-2231517
		78	Avissawella – GI	WP	51	No. 77, Ratnapura Road, Avissawella	036-2222311 036-5672324	036-2222311
		79	Avissawella – Life	WP	51	No. 31, Kudagama Road, Avissawella	036-2222311	N/A
		80	Balangoda	SG	93	No. 115, Old Road, Balangoda	045-2287670 045-5678445	045-2287670
		81	Eheliyagoda	SG	110	No. 334/1, Main Street, Eheliyagoda	036-2259014	036-2259014
		82	Embilipitiya	SG	75	No. 67, Pallegama, Nonagama, Embilipitiya	047-2230389 047-5672205	047-2230389
		83	Kahawatta	SG	94	No. 46/1, 46/1A, Walawwatte Road, Kahawatta	045-2270160 045-5674248	045-2270160
		84	Kalawana	SG	109	No. 56, Matugama Road, Manana, Kalawana	045-2255930	045-2255930
		85	Pallebedda	SG	411	Near the Temple, Main Street, Pallebedda	045-2241717	045-2241717
		86	Ruwanwella	SG	416	No. 197, Avissawella Road, Ruwanwella	036-2267737	036-2267737
		87	Deraniyagala – ABDC	SG	533	No. 104/G, Dehiowita Rd, Deraniyagala	036-2222311	N/A
		88	Hanwella – ABDC	WP	534	No. 133D, Main Street, Hanwella	036-2239201	N/A

No.	Region	#	Branch	Province	Branch Code	Branch Address	Phone	Fax
7.	Sothern – 01	89	<b>Galle (Regional Office)</b>	SP	14	No. 54, 50 1/2, Havlock Road, Galle	091-2234531 091-2224029	091-5676528 091-2241981
		90	Aluthgama	WP	95	No. 433-1/1, 1st Floor, Depot Junction Galle Road, Aluthgama	034-2276409 034-5674655	034-2276409
		91	Ambalangoda	SP	30	No. 97, New Road, Ambalangoda	091-2258339 091-5678298	091-2255855
		92	Baddegama	SP	151	No. 60 1/1, Galle Road, Baddegama	091-2292303 091-5624502	091-2292303
		93	Bandaragama	WP	121	No. 72, Jayakody Building, Horana Road, Bandaragama	038-2293940	038-2293940
		94	Elpitiya	SP	77	No. 18/12, 2nd Lane, lhalagoda, Elpitiya	091-2291365 091-5673672	091-2291365
		95	Horana	WP	67	No. 50/09, Graceland Circular Road, Horana	034-2261351 034-5674512	034-2261351
		96	Kalutara	WP	12	No. 326/2/2/1, Galle Road, Kalutara South	034-2222474 034-5674535	034-2236616 034-2228696
		97	Mathugama	WP	84	No. 79/1, Kalutara Road, Mathugama	034-2247510 034-5674654	034-2247510
		98	Panadura	WP	83	No. 534, Galle Road, Panadura	038-2234736 038-5671547	038-2234736
		99	Thalgaswala	SP	74	New Town, Thalgaswala	091-2296268	091-2296344
		100	Udugama	SP	78	Mavidola, Bar Junction, Udugama	091-5674987	091-2285097
		101	Baduraliya – ABDC	WP	522	Ratnapura Road, Baduraliya	034-2247510	N/A
		102	Habaraduwa – ABDC	SP	159	Near the Petrol Shed, Habaraduwa	091-2282605	091-2282604
		103	Karapitiya – ABDC	SP	163	No. 86 B, Hirimbura Cross Road, Karapitiya	091-5620286	N/A
		104	Pitigala – ABDC	SP	521	No. 66B , 1st Floor, (Upper Floor of DSI Showroom), Main Street, Pitigala	091-2296268	N/A
		105	Thanipolgaha – ABDC	SP	179	No. 45, H K Edman Mawatha, Galle	091-2227041	N/A
106	Uragaha – ABDC	SP	523	Main Street. Uragasmanhandiya	091-2291365	N/A		
8.	Southern – 02	107	<b>Matara (Regional Office)</b>	SP	15	No. 5A, Hakmana Road, Matara	041-2227962 041-2222352	041-2221472
		108	Akuressa	SP	85	No. 49 2/1, Matara Road, Akuressa	041-2283590 041-5674482	041-2283590
		109	Ambalantota	SP	31	No. 195, Main Steet, Ambalantota	047-2223235 047-5670906	047-2223235
		110	Beliatta	SP	32	No. 74, Tangalle Road, Beliatta	047-2243211 047-5670908	047-2243211
		111	Deniyaya	SP	33	No. 06, Pallegama Road, Deniyaya	041-2273565 041-5674483	041-2273565
		112	Dikwella	SP	90	No. 95, Matara Road, Dikwella	041-2255630 041-5674476	041-2255630
		113	Hakmana	SP	189	No. 5A, Hakmana Road, Matara	041-5670600	041-2287616
		114	Hambantota	SP	357	No. 145/1/1, Hambantota Road, Wellawaya	047-2222572	047-2222571
		115	Neluwa	SP	413	2nd Floor, Manuka Building, Delwala Road, Neluwa	091-2285140	091-2285140
		116	Tangalle	SP	127	No. 85, Beliatta Road, Thangalle	047-2242514 047-5676144	047-2242514
		117	Tissamaharama	SP	97	No. 211, Hambantota Road, Kachcheriyagama, Tissamaharama	047-2237152 047-5670905	047-2237152

## Branch Network

No.	Region	#	Branch	Province	Branch Code	Branch Address	Phone	Fax
		118	Weligama	SP	89	No. 352/2,Galle/Matara Middle Road, Weligama	041-2250647 041-5673167	041-2250646
		119	Deyyandara – ABDC	SP	525	No. 01 A, The Court, Deyyandara	041-5670600	N/A
		120	Imaduwa – ABDC	SP	116	New Shopping Complex, Imaduwa	091-5678781	N/A
		121	Kamburupitiya – ABDC	SP	117	No. 154A/1, Matara Road, Kamburupitiya	041-5670291	N/A
		122	Kekanadura – ABDC	SP	526	No. 01, Yatiyana Road, Kekanadura	041-2227962	N/A
		123	Middeniya – ABDC	SP	118	Walasmulla Road, Middeniya	047-5670437	N/A
		124	Morwaka – ABDC	SP	527	Commercial Bank Building, Morawaka	041-2273565	N/A
		125	Suriyawewa – ABDC	SP	150	Moraketiya Road, Sooriyawewa	047-2222572	N/A
		126	Urubokka – ABDC	SP	125	2nd Floor, Shopping Complex, Main Street, Urubokka	041-5670420	N/A
		127	Walasmulla – ABDC	SP	524	No. 14/B, 1st Floor, Weeraketiya Road, Walasmulla	047-2243211	N/A
9.	Wayamba – 01	128	<b>Kurunegala Main (Regional Office)</b>	NW	20	No. 16/1, Dambulla Road, Kurunegala	037-2222376 037-2227433	037-2224053
		129	Giriulla	NW	68	No. 101, Negombo Road, Giriulla	037-2288304 037-5673405	037-2288304
		130	Kuliyapitiya	NW	41	No. 74/A 1/1, Hettipola Road, Kuliyapitiya	037-2281304 037-5673401	037-2281304
		131	Kurunegala City	NW	138	No. 11 1/2, Rajapihilla Road, Kurunegala	037-2234176	037-2234176
		132	Malsiripura	NW	102	Dambulla Road, Welipathwala, Malsiripura	037-2250459	037-2250459
		133	Narammala	NW	108	No. 159/A, Super City Building, U B Wijekoon Mawatha, Kurunegala Road, Narammala	037-2248920	037-2248920
		134	Polgahawela	NW	430	No. 130, Godawela, Polgahawela	037-2244040	037-2244040
		135	Rambukkana	SG	426	Thomas Silva Mawatha, Rambukkana	035-2262708	035-2262708
		136	Rideegama	NW	428	No. 107-A, Kappetigala Road, Rideegama	037-2251399	037-2251399
		137	Warakapola	SG	60	No. 23, Kandy Road, Warakapola	035-2267747 035-5671938	035-2267747
		138	Alawwa – ABDC	NW	107	No. 29, Narammala Road, Alawwa	037-2222376	N/A
		139	Hettipola – ABDC	NW	541	No. 112, Kurunegala Road, Hettipola	037-2281304	037-5673401
		140	Katupotha – ABDC	NW	540	Munamaldeniya, Katupotha	037-2248920	N/A
		141	Pannala – ABDC	NW	421	No. 38C, Rajapaksha Building, Pannala	037-2245100	N/A
		142	Polpithigama – ABDC	NW	539	Kudawewa Junction, Polpithigama	037-2250459	N/A
10.	Wayamba – 02	143	<b>Wariyapola (Regional Office)</b>	NW	82	No. 10, Puttalam Road, Wariyapola	037-2267451 037-5673407	037-2267451
		144	Anamaduwa	NW	44	No. 63, Puttalam Road, Anamaduwa	032-2263033 032-5675227	032-2263033
		145	Chilaw	NW	40	No. 43/1, Kurunegala Road, Chilaw	032-2222371 032-5671749	032-2222371
		146	Dambulla	CP	63	No. 738A, Anuradhapura Road, Dambulla	066-2284616 066-5671624	066-2284616
		147	Galewela	CP	39	No. 59-A, Kurunegala Road, Galewela	066-2289285 066-5671651	066-2289285



No.	Region	#	Branch	Province	Branch Code	Branch Address	Phone	Fax
		148	Galgamuwa	NW	65	No. 121, Main Street, Galgamuwa	037-2254141 037-5673406	
		149	Maho	NW	429	No. 97, Nikaweratiya Road, Mahawa	037-2050226	037-2050226
		150	Nikaweratiya	NW	50	No. 196, Pttalam Road, Nikaweratiya	037-2260279 037-5673441	037-2260279
		151	Puttalam	NW	42	No. 80, Kurunegala Road, Puttalam	032-2265324 032-5672749	032-2265324
		152	Tambuttegama	NC	123	Mahaweli H Zone, Thambuttegama	025-2275088	025-2275088
		153	Norochcholai – ABDC	NW	216	Kalpitiya Road, Pulachchena, Norochcholai	032-2265324	N/A
		154	Ambanpola – ABDC	NW	214	No. 06, Anuradhapura Road, Ambanpola	037-2254141	N/A
11.	Western – 01	155	<b>Nugegoda (Regional Office)</b>	WP	79	No. 310A, High Level Road, Colombo 06	011-2817739 011-2826364	011-2826365
		156	Battaramulla	WP	28	No. 119, Pannipitiya Road, Battaramulla	011-2866357 011-5634629	011-2866357
		157	City Office	WP	11	No. 50, Hyde Park Corner, Colombo-02 (1st Floor)	011-2357562 011-2303914	011-5677136 011-2303914
		158	Dehiwala	WP	165	No. 121,1/1, Galle Road, Dehiwala	011-2713702 011-5744962	011-2713702
		159	Kirulapone	WP	156	No. 88, 1st Floor, High Level Road, Kirulapone	011-2514348 011-5649541	011-2514348
		160	Moratuwa	WP	111	No. 710, Galle Road, Idama, Moratuwa	011-2648581 011-5644634	011-5554451
		161	Pitakotte	WP	162	No. 467, Kotte Road, Pitakotte	011-2866755	011-2866755
		162	Ratmalana	WP	72	No. 143-2/4, Galle Road, Ratmalana	011-5635475 011-2715992	011-2715982
		163	Lanaka Hospital Counter	WP	436	No. 578, Elvitigala Mawatha, Colombo 05	011-2357562 011-2303914	011-5677136 011-2303914
12.	Western – 02	164	<b>Kiribathgoda (Regional Office)</b>	WP	81	No. 318 1/1, Kandy Road, Kiribathgoda	011-2912776 011-5635483	011-2912742
		165	Colombo Metro 1	WP	353	No. 125, Kynsey road, Colombo 07	011-2692118 077-2663971	N/A
		166	Colombo Metro 2	WP	140	No. 125, Kynsey road, Colombo 07	011-2692118 077-2663975	N/A
		167	Colombo Metro 3	WP	141	No. 125, Kynsey road, Colombo 07	011-2692118 077-2663975	N/A
		168	Colombo Metro 4	WP	147	No. 125, Kynsey road, Colombo 07	011-2692118	N/A
		169	Colombo Metro 6	WP	350	No. 125, Kynsey road, Colombo 07	011-2692118 077-2663973	N/A
		170	Colombo Metro 10	WP	354	No. 125, Kynsey road, Colombo 07	011-2692118 077-2015890	N/A
		171	Colombo Metro 11	WP	170	No. 125, Kynsey road, Colombo 07	011-2692118 077-2663975	N/A
		172	Kadawatha	WP	114	No. 151/5, Kandy Road, Kadawatha	011-2921567	011-2921567
13.	Western – 03	173	<b>Maharagama (Regional Office)</b>	WP	26	No. 128, Opposite Elhena Road, High Level Road, Maharagama	011-2843563 011-5635465	011-2843010
		174	Athurugiriya	WP	412	No. 39/8, Malabe Road, Athurugiriya	011-2077868	011-2077868
		175	Homagama	WP	98	No. 96, High Level Road, Homagama	011-2893426 011-5634670	011-2893200

## Branch Network

No.	Region	#	Branch	Province	Branch Code	Branch Address	Phone	Fax
		176	Ingiriya	WP	423	Padukka Road, Ingiriya	034-2268270	034-2268270
		177	Kaduwela	WP	27	No. 482/8, Colombo Road, Kaduwela	011-2579976 011-5628269	011-2579976
		178	Kottawa	WP	424	No. 101, 1st Floor, High Level Road, Kottawa	011-2172273	011-2172273
		179	Malabe	WP	154	No. 821/3C, New Kandy Road, Malabe	011-2762312 011-5651612	011-2762312
		180	Piliyandala	WP	80	No. 36/1, Vidyalaya Mawatha, Piliyandala	011-2613976	011-2613976
		181	Padukka – ABDC	WP	417	No. 56F, Colombo-Road, Padukka	011-2579976	N/A
14.	Western – 04	182	<b>Bambalapitiya (Regional Office)</b>	WP	58	No. 22, Duplication Road, Colombo 04	011-5632790 011-5673296	011-5332427
		183	Borella	WP	144	No. 27, D. S. Senanayake Mawatha, Colombo 08	011-2678480	011-2678480
		184	Kotahena	WP	59	No. 178, Gold Tower, George R De Silva Mawatha, Colombo 13	011-5673345 011-2335254	011-2335254
		185	Kotikawatta	WP	422	No. 257/7/5/1, IDH Road, Kotikawatta	011-2568502	011-2568502
		186	Pettah	WP	181	No. 101, 2nd Floor, Olcott Mawatha, Colombo 11	011-5741820	011-2423752
		187	Ragama	WP	405	No. 36 1/1, Mahabage Road, Ragama	011-2956371	011-2956371
		188	Wattala	WP	106	No. 398/2/1, Negombo Road, Wattala	011-5355531 011-5355532	011-5635480
		189	Wellawatta – ABDC	WP	545	No. 9 1/1, Fussels Lane, 1st Floor, New Market Building, Colombo 06	011-5632790	N/A
15.	Uva	190	<b>Badulla (Regional Office)</b>	UP	21	No. 175, Keppetipola Road, Badulla	055-2230972 055-5670251	055-2224777 055-2222372
		191	Ampara	EP	48	No. 01, Inginiyagala Road, Ampara	063-2222073 063-5670307	063-2222073
		192	Bandarawela	UP	70	No. 193, Badulla Road, Bandarawela	057-2223526 057-5670703	057-2223526
		193	Bibila	UP	136	No. 68, Badulla Rd. Bibile	055-5675673	055-5675673
		194	Hatton	CP	87	01,1/1, Sunday Fair Road, Hatton	051-2222196 051-5670202	051-2222196
		195	Mahiyangana	UP	38	Rideethotaliyagama, Mahiyanganaya	055-2257179 055-5670344	055-2257179
		196	Monaragala	UP	47	No. 114/1, Wellawaya Road, Monaragala	055-2276145 055-5670525	055-2276145
		197	Nuwara-Eliya	CP	45	No. 60/1, Park Road, Nuwara Eliya	052-2222759 052-5670529	052-2222759
		198	Welimada	UP	46	No. 13 2/8, Badulla Road, Welimada	057-2245174 057-5670702	057-2245174
		199	Wellawaya	UP	73	No. 145, Hambantota Road, Wellawaya	055-2274133 055-5673345	055-2274874
		200	Passara – ABDC	UP	135	Jayanthipura Junction, 11th Mile Post, Badulla Road, Passara	055-2230972	N/A
		201	Hettipola – ABDC (Uva)	UP	500	No. 500, Hettipola, Mahiyangana	055-2257179	N/A
		202	Siyambalanduwa – ABDC	UP	501	Main Street, Siyambalanduwa	055-2276145	N/A

# Corporate Information

## Name of the Company

Sri Lanka Insurance Corporation Ltd.

## Registered Office

No. 21, Vauxhall Street, Colombo 2.

## Contact Details

Tel : +94 11 2357457

Fax : +94 11 2447742

Web : www.srilankainsurance.com

## Company Registration Number

Company was incorporated on 03 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 17 April 2008 bearing No. PB 289.

## Board of Directors

1. Mr Ronald Chithranjan Perera, PC
2. Mr Anil Koswatte
3. Mr S A Nishantha Dayananda
4. Mr Dushmantha Thotawatte
5. Dr S M A Kithsiri Manchanayakke
6. Mr Naomal Pelpola
7. Mr K Ravindra Pathmapriya

## 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 privatisation programme of the Government, the Company was privatised 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 04 June 2009, annulling the privatization, 99.98 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

(Appointed w.e.f. 02 April 2024)

**Ms Shiromi C M Kodagoda**  
BA (University of Peradeniya),  
Attorney at Law  
Commissioner of Oaths,  
Notary Public, Justice of the Peace  
(All Island)

## Subsidiaries

(As at 31 December 2023)

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.  
Sri Lanka Insurance Corporation General Limited  
Sri Lanka Insurance Corporation Life Limited

## Sub-Subsidiaries

(As at 31 December 2023)

Lanka Hospitals Diagnostics (Pvt) Ltd.  
Helanco Hotels & Spa (Pvt) Ltd.  
Sinolanka Hotels & Spa (Pvt) Ltd.

## Auditors

Auditor General  
Auditor General's Department

## 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  
Pan Asia Bank  
Development Finance Corporation of Ceylon  
Cargills Bank Limited  
Bank of China Limited

## Actuary

### (i) Appointed Actuary – Sri Lanka Insurance Life Limited

**Name of Appointed Actuary:**

Kunj Behari Maheshwari, FIA

**Appointed Actuary since (date):**

February 2019

**The Company:** Wills Towers Watson India Pte. Ltd.

**Address:** Emaar Capital Tower 2, Mehrauli-Gurgaon Road, Sector 26, Gurugram – 122002, India

**Tel/Fax:** (91) 124 4322 2800

**Email:** Kunj.Maheshwari@wtwco.com

### (i) Appointed Actuary – Sri Lanka Insurance Corporation General Ltd.

**Name of Appointed Actuary:**

Roberto Malattia, FIA

**Appointed Actuary since (date):**  
August 2022

**The Company:**

NMG Financial Services Consulting Pte Limited

**Address:** 109 North Bridge Road, No. 05-21, Singapore 179097

**Tel/Fax:** +65 8920 9234

**Email:** Rob.Malattia@NMG-Group.com

# Notice of Annual General Meeting

Notice is hereby given that the fiftieth (50th) Annual General Meeting (AGM) of SRI LANKA INSURANCE CORPORATION LIMITED will be held on Wednesday 26 June 2024, at 2.30pm. at its registered office (the Auditorium – 07th Floor), No. 21, Vauxhall Street, Colombo 02 for the following purposes:

- (1) To receive and consider the Report of the Directors and the Financial Statements for the year ended 31 December 2023 and the Report of the Auditors thereon.
- (2) To re-elect Mr Anil Koswatte, a Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company
- (3) To re-elect Mr Ronald C Perera, PC, a Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company
- (4) To re-elect Mr Dushmantha Totawatte, a Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company
- (5) To authorise the Directors to determine donations for the year 2024 and up to the date of the next Annual General Meeting.
- (6) 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
- (7) Any other business of which is due notice has been given.

By order of the Board,



Company Secretary  
05 June 2024

# Form of Proxy

I/We\* ..... of .....

..... being a member/members\* of Sri Lanka Insurance Corporation Ltd. hereby appoint:

..... of ..... or failing him/her\*

Mr Ronald Chithranjan Perera, PC – of Colombo or failing him

Mr Anil Koswatte – of Colombo or failing him

Mr S A Nishantha Dayananda – of Colombo or failing him

Mr Dushmantha Thotawatte – of Colombo or failing him

Dr S M A Kithsiri Manchanayakke – of Colombo or failing him

Mr Naomal Michael Pelpola – of Colombo or failing him

Mr K Ravindra Pathmapriya – 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 Fiftieth (50th) Annual General Meeting (AGM) of Sri Lanka Insurance Corporation Limited will be held on Wednesday 26 June 2024, at 2.30pm. at its registered office (the Auditorium – 07th Floor) 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 31 December 2023 and the Report of the Auditors thereon	<input type="checkbox"/>	<input type="checkbox"/>
2. To elect Mr Anil Koswatte, a Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr Ronald Chithranjan Perera, PC, a Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4. To re- elect Mr Dushmantha Thotawatte, a Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the Directors to determine donations for the year 2025 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
7. 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	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2024.

.....  
**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 Limited  
No. 21, Vauxhall Street  
Colombo 02

[www.srilankainsurance.com](http://www.srilankainsurance.com)