

A Winning Culture

A Winning Culture

It would be true to say that the year gone by was not the most supportive for enterprise. However, SLIC has consciously sought to establish a winning culture – a platform that could generate the drive and dynamism to place Company and stakeholders on a winning path. By proliferating a performance based culture, SLIC has been able to provide unparalleled career growth and personal development opportunities for its people. This has led to success in performance with the Company awarding its highest ever bonus payment to policy holders whilst welcoming and serving new business in both the life and the general segments.



Contents

03

ABOUT US

- 04 About Sri Lanka Insurance Corporation Ltd
- 06 Board of Directors
- 10 Leadership Team
- 24 SLIC Group Structure
- 25 Financial Highlights 2022
- 26 Non-Financial Highlights 2022

27

LEADERSHIP REVIEWS

- 28 Chairman's Message
- 31 Chief Executive Officer's Review

35

REPORT PROFILE

37

STRATEGY AND FOCUS

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

44

MANAGEMENT COMMENTARY

- 45 Operating Environment
- 46 Financial Capital
- 50 Manufactured Capital
- 54 Intellectual Capital
- 57 Human Capital
- 64 Social and Relationship Capital
- 77 Natural Capital

79

GOVERNANCE AND RISK OVERSIGHT

- 80 Corporate Governance Report
- 84 Audit and Compliance Committee Report
- 86 Investment Committee Report
- 90 Risk Management Report
- 98 Compliance Report
- 106 Statement of Internal Control

107

FINANCIAL REPORTS

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

241

SUPPLEMENTARY INFORMATION

- 242 Statement of Financial Position of the Life Insurance
- 243 Notes to the Financial Statements – Life Insurance Fund
- 248 Ten Year Summary Statement of Income
- 250 Ten Year Summary Balance Sheet – Group
- 252 Ten Year Summary Balance Sheet – Company
- 256 Branch Network
- 265 Corporate Information
- 266 Notice of Annual General Meeting

Enclosed – Form of Proxy



Scan to view this Annual Report

Online at <https://www.srilankainsurance.com/en/about-us/annual-reports>

03-26

ABOUT US



> **04** About Sri Lanka Insurance Corporation Ltd

> **06** Board of Directors

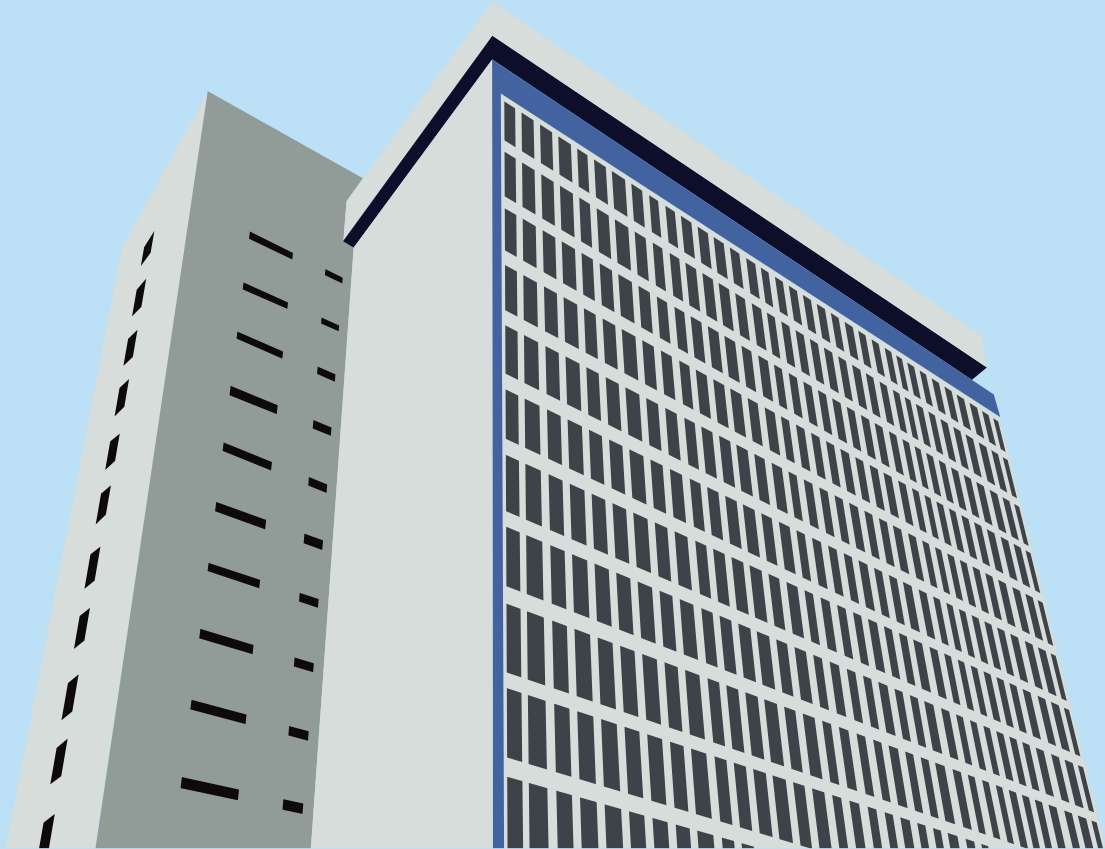
> **10** Leadership Team

> **24** SLIC Group Structure

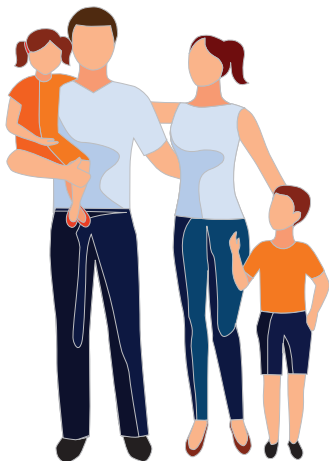
> **25** Financial Highlights 2022

> **26** Non-Financial Highlights 2022

About Sri Lanka Insurance Corporation Ltd



Our reputation is built on a highly skilled and seasoned team of insurance experts manning a network of 142 branches, and 53 ABDC centres across Sri Lanka, utilising a rich and perfected technical knowledge base that is unrivalled to date in Sri Lanka. Over the decades, we have progressed from strength to strength with diversified interests and investments across many key industries such as banking and finance, healthcare, power and energy, and hospitality industry.



We have imbued a culture of financial independence in Sri Lanka, as we successfully continue the journey towards achieving our Company's overarching vision to be the trusted insurer to the nation.

We are the largest state-owned insurer in Sri Lanka, also the pioneer insurance Company, with a history of over six decades. SLIC was established in 1962 as a state-owned corporation. **Today we manage an asset base of Rs. 274 Bn and a life fund of Rs. 156.7 Bn, both of which are the largest in the country.**

→ 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 life investment

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 RONALD C PERERA, PC
Chairman

Renowned President's Counsel, Mr Ronald Perera assumed duties on 01 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 has been instrumental in shaping BOC as a major player in the financial sector. Mr Perera currently also serves as the Chairman of BOC.

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 was the former Chairman and Chief Executive Officer at Litro Gas Lanka Limited and Litro Gas Terminal Lanka (Private) Limited (From 26 January 2020 to 15 July 2021) and he serves as a Member of the Board of Directors at Sri Lanka Insurance Corporation Limited.

Mr Koswatte, is also a well-known Sales and Marketing professional, a leading entrepreneur and the founder, Chief Executive Officer and Managing Director of LAKARCADE (Pvt) Ltd. He also counts over 25 years of Marketing and Strategic experience at Nestle Lanka PLC, the leading multinational company as well as over 15 years of distinguished track record in leading a number of public sector service corporations, including the Sri Lanka Export Development Board (EDB) and the Gem & Jewellery Authority (NGJA). Mr Koswatte also served in the capacity of an Advisor to Hon. Minister Prof. G L Pieris – Economic Development, 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).

Board of Directors



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 College.

His academic prowess was evident at an early age as he secured a scholarship at the year 5 scholarship from the Mawathagama Central College to the Maliyadeva College in Kurunegala, where he reached his goal of university entrance. His character is always 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 well-being 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 & 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 30 years’ experience in the IT industry and he is the Chairman of AIMS group of Companies.

He has earned two Doctoral degrees from the 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 degrees 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.

Board of Directors



MR DUSHMANTHA THOTAWATTE

Director

Mr Dushmantha Thotawatte was appointed to the Board of Directors with effect from 22 August 2022.

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

He is an accomplished leader who has extensive experience in the field of Financial Management, Corporate Governance, Strategic Management and Public Relations, together a successful track record as Chief Executive Officer, Chief Financial Officer and Chief Internal Auditor in many state owned enterprises and private organisations and counts over 38 years of experience. Mr Thotawatte serves as a Board Member of the People's Bank and also he is the Chairman of Canwill Holdings (Pvt) Ltd.



MR NAOMAL PELPOLA

Director

Mr Naomal Pelpola was appointed to the Board of Directors with effect from 30 September 2022.

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 (SLIC). 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.



MR RAVINDRA PATHMAPRIYA
Director

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

Mr Ravindra Pathmapriya is an eminent public servant who has experience over 23 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 RUWANI DHARMAWARDANA
Company Secretary

Ms Dharmawardana is an astute Corporate Law professional with a diverse educational background. She obtained a Bachelor of Law degree (LLB) from the University of Colombo and is an Attorney-at-Law. Additionally, she is an Associate Member of the Chartered Institute for Securities and Investments in the UK. She has pursued further studies and holds a Master of Business Administration degree from Cardiff Metropolitan University in the UK. She also possesses a Postgraduate Diploma in Business Management from ICAI University in India, a Diploma in Certified Management Accountancy from the Institute of Certified Management Accountants of Sri Lanka, and a Diploma in Human Resources Management from Wigan and Leigh College in the UK.

Ms Dharmawardana is an accomplished professional specialising in Corporate Law. Her commitment to this field is evident in her publication titled "Principles and Practice of Company Law in Sri Lanka," which was released in 2008. She is also an author who writes about contemporary business law topics and corporate governance.

With over 18 years of experience, Ms Dharmawardana has worked in both the Government and Private sectors, focusing on company secretarial practices, compliance and risk. Since 2007, she has been employed at Sri Lanka Insurance Corporation and she also functions as the Deputy General Manager (DGM) – Compliance and Risk, other than being the Company Secretary.

Leadership Team



MR CHANDANA L ALUTHGAMA

Chief Executive Officer

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

Mr Aluthgama counts over 30 years of experience across diverse facets within the Insurance Industry.

During his illustrious career, he has held many senior roles in organizations such as Eagle insurance PLC, HNB Assurance PLC, etc. Further, he has held many leadership positions outside his insurance career in both local and international associations.

Mr Aluthgama has conducted lectures as a visiting lecturer at the Postgraduate Unit of the University of Colombo – Management and Finance Faculty. He holds a Master's Degree in Business Administration from the University of Colombo, a Bachelor of Commerce Degree from the University of Kelaniya, a fellow and Chartered Manager of the Chartered Management Institute of UK CMgr FCMI and is a member of the Australian and New Zealand Institute of Insurance and Finance ANZIIF (Snr. Associate).

He 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, Vienna, Austria and NUS Business School, Singapore.

Prior to taking up this appointment, Mr Aluthgama functioned as the Chief Business Officer and the Principal Officer of HNB General Insurance Ltd. Mr Aluthgama also serves as the Principal Officer for Sri Lanka Insurance Corporation Ltd and is the President of the Insurance Association of Sri Lanka.



MR ALOKA JAYAWARDANE

Chief Information Officer

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

Mr Aloka Jayawardane is a professional Executive in Information Technology, ERP and Project Management with 23 years of experience in business domains like Telecommunications, Manufacturing, Sales & Distributions, Capital Markets, and Insurance.

He holds a BSc in Management Information Systems from University College Dublin, Ireland and MBA from the University of Southern Queensland, Australia. Also he has obtained a Post Graduate 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. Currently he is reading for a Doctoral in Business Administration at Asia e University, Malaysia and a MSc in Data Science at Cardiff Metropolitan University, UK.



MR PRIYANTHA PERERA

Chief Officer – General Insurance

MBA, ACII, Chartered Insurer

Mr Priyantha joined Sri Lanka Insurance on 01 September 2021 as Chief Officer – General Insurance. He is a long-standing professional in the General Insurance Business, who counts over 35 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 organizations within the industry. During his illustrious career, he has held various Senior Managerial positions covering Underwriting, Claims, Re-insurance & 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 Associate Membership of the Chartered Insurance Institute UK. He obtained his MBA from Cardiff Metropolitan University UK.

Leadership Team



MR MALAKA BANDARA

Chief Financial Officer

BSc. – Accountancy (Sp.), FCA, MBA (Colombo)

Mr Bandara counts over 22 years of experience in both Audit and Finance sectors. He joined Sri Lanka Insurance Corporation Ltd in 2007 as an Accountant and promoted as the Assistant General Manager-Finance and Deputy General Manager-Finance in 2012 and 2018 respectively. Mr Bandara has been serving in the capacity of the Acting Chief Financial Officer, from November 2021, until his appointment as the Chief Financial Officer.

Mr Bandara was a Director of the Ceybank Asset Management Limited from 2017-2019 and has been functioning as the Chairman of the Ceylon Asset Management Company Ltd since 2020.

Mr Bandara holds a BSc Accountancy degree from the University of Sri Jayawardenapura and a Master of Business Administration – General from the University of Colombo. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and has gained his preliminary professional exposure with the renowned audit firm, M/s. Ernst & Young.



MR DAYARATNE PERERA

Chief Officer – Life

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

Mr Dayaratne Perera began his career in the Insurance Industry in the year 1998 as a Management Trainee. He graduated from the University of Colombo and he holds a Special degree in Physics with a second class (Upper division) honors – BSc. (Hons). After graduation, he was privileged to be a part of the Academic staff of the same university in the capacity of an Assistant Lecturer, but he left the position on his own accord and joined the corporate sector.

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 Master of Business Administration degree (MBA) from the Post Graduate Institute of Management (PIM), University of Sri Jayawardenapura and at present he is reading for a Doctor of Business Administration Degree at the same University.

Currently he is a Non-Executive Director of the Board of Directors of the Ceybank Asset Management Ltd and he also serves as the Specified Officer-Life of the Sri Lanka Insurance Corporation Ltd.

He is the immediate past Chairperson of Life Insurance Forum (LIF) of Insurance Association of Sri Lanka (IASL).

Leadership Team

Deputy General Managers



DR (MRS) SHERICA FERNANDO
DGM – Medical
MBBS (SL), MSc – Community Medicine (SL), ACII (UK), MRCGP (INT)(UK), Ad. Dip in Insurance-CII, Dip in Life and Disability claims



MR LALITH DE SILVA
Head of Distribution – General
MBA, PG. in Finance and Bus. Administration, Executive Dip. in Accounting and Finance



MR ROHITHA AMARAPALA
DGM – Human Resources and Employee Relations
CFCIPM (SL), FCFI (UK), MBA (Uni. of Western Sydney Aus.)



MS NMALEE A SILVA
DGM – Marketing and Distribution (Life)
MBA, MCIM (UK), Chartered Marketer, Prof. Dip. in Marketing-CIM, ACIB (UK)



MR CHAMINDA GUNASINGHE
DGM – Administration
B.B.Mgt. (Accountancy) Sp. (Hons), FCA, ACMA, MBA-Finance (Colombo), ACCA, CERT (UK)



MR SARATH FERNANDO
DGM – Motor
B.Sc. Engineering – (Mechanical) Sp., AMIE (SL)



MR SRILAL RATHNAYAKE
Head of Internal Audit
(Appointed w.e.f. 01 March 2023)
BSc. – Accountancy (Sp.), FCA, FCMA, MBA (USJ)

Leadership Team

ABOUT US

LEADERSHIP REVIEWS
REPORT PROFILE
STRATEGY AND FOCUS
MANAGEMENT COMMENTARY
GOVERNANCE AND RISK OVERSIGHT
FINANCIAL REPORTS
SUPPLEMENTARY INFORMATION

Assistant General Managers



MR CHAMINDA ATHAUDA

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



MR ROSHAN COLLAS

**AGM – Bancassurance,
Alternate Distribution &
Business Retention (GI)**
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, AMCIPI (SL)



MR PRIYAWANSHA DESHAPRIYA

**AGM – Special
Projects**
FCA, B.Com (Spl.),
FCMA

MR JAGATH WELGAMA

Head of National Sales (Life)
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)



MS MADHUBHASHINI BAKMEDENIYA

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



MR MAHESH GAMAGE

**AGM – General Insurance
Category Marketing**
MBA (AUS), CMA (AUS),
PGD in Marketing (SL),
MSLIM, CPM (ASIA)

AGM – Non Motor Insurance
BSc (Hon), MBS (Col),
MBA (PIM/University of Canberra),
FII, Sp. Dip in Marine (III), ACII (UK),
Chartered Insurer



MR SHASHIKA RANASINGHE

AGM – Investments
CFA, FRM,
B.Sc (Eng.), ACMA, AIB



Leadership Team

Assistant General Managers



MR KASUN SAMEERA
**AGM – Category Marketing
(Life Insurance)**
Chartered Marketer, Pgd Dip
in Marketing (CIM, UK),
CPM (Asia Pacific), MCIM,
Pgd Dip in Management
(UoW UK), MBA (UWTSD, UK)



MS SRIYANI KULASINGHE
AGM – Finance
FCA, ACMA, MBA – Finance
(Colombo), B.Com (Hons.) Spl.



**MR AMANDA
PERERA**
Head of Procurement
HND (ISMM), Dip. in Hardware Eng.,
Msc in Supply Chain Management,
Lean Six Sigma Professional,
BCs Fellow Member
(Appointed w.e.f. 01 April 2023)



**MR CHANDIMA
SUMANATHUNGA**
Head of Reinsurance
(Appointed w.e.f.
17 April 2023)
FCII, MBA (Wales), AllI,
Chartered Insurer

Leadership Team

- ABOUT US
- LEADERSHIP REVIEWS
- REPORT PROFILE
- STRATEGY AND FOCUS
- MANAGEMENT COMMENTARY
- GOVERNANCE AND RISK OVERSIGHT
- FINANCIAL REPORTS
- SUPPLEMENTARY INFORMATION

Senior Managers

MR CHANDANA VITHANAGE

Senior Manager – Head office
Business Development



MR PRIMAL RODRIGO

Senior Manager – Security



MR DUMINDA KANDEGAMA

Senior
Manager –
IT Data Center



MR JAGATH MAITHIRATNE

Senior Manager – Casualty



MR KAPILA BANDARA

Senior Regional Engineer
(Retired w.e.f.
04 February 2023)



MR ARUNA RAJAPAKSHA

Deputy Chief Motor
Engineer – Area 2



MR MILANGA CHANDIRAM

Senior Manager – CBD



MR NALIN PATABENDIGE

Senior Manager – Club Members
Sales Department



Leadership Team

**MR DEEPTHI
NARANGAMMANA** ▶
Senior Manager –
Agent Recruitment



MR ARUNA SIRIMANNA ▶
Senior Manager –
Business Retention



◀ **MR NIHAL SENADHEERA**
Deputy Chief Motor Engineer



**MS DAMAYANTHI
ATTANAYAKE** ▶
Senior Manager – Legal (Life)
(Retired w.e.f. 24 February 2023)



**MR MADHURA
GUNATHILAKE** ▶
Senior Manager –
Network and Communication



MR RUWAN DE SILVA ▶
Senior Manager – Life



**MR SUNENS
DABARERA** ▶
Senior Manager –
Bancassurance
(Life)
(Retired w.e.f.
21 April 2023)



◀ **MS SUJEEWA
NANAYAKKARA**
Senior Manager – Life

Leadership Team

ABOUT US

LEADERSHIP REVIEWS
REPORT PROFILE
STRATEGY AND FOCUS
MANAGEMENT COMMENTARY
GOVERNANCE AND RISK OVERSIGHT
FINANCIAL REPORTS
SUPPLEMENTARY INFORMATION



MS DESHANI JAYATILAKA
Senior Manager –
Legal (Litigation)



MS DILSHANI DEP
Senior Manager – SHE and PA



MR JAGATH JAYAWARDANA
Senior Manager – HR



MR ANJANA DHARMASENA
Senior Manager – Life



MS NISHANTHI PERERA
Senior Manager – Life



MR SUMITH RANATHUNGA
Senior Manager – Re-insurance
(Resigned w.e.f. 31 May 2023)



MR AMILA RAJAPAKSHA
Senior Manager –
Financial Operations
(Resigned w.e.f.
27 May 2023)



MR CHATHURA PERERA
Senior Manager –
Fire and Engineering
Claims

Leadership Team



**MR CHAMEERA
DE LIVERA**
Senior Risk Engineer



**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
GUNWARDENA**
Senior Motor
Engineering



**MR MILANTHA
WEERAKKODY**
Senior Manager –
Distribution Operation
(Personal Lines –
General)



Leadership Team

ABOUT US

LEADERSHIP REVIEWS
REPORT PROFILE
STRATEGY AND FOCUS
MANAGEMENT COMMENTARY
GOVERNANCE AND RISK OVERSIGHT
FINANCIAL REPORTS
SUPPLEMENTARY INFORMATION



**MS MANEESHA
GUNASEKARA**
Senior Manager – Marine



MR PRIYANTHA PEIRIS
Senior Manager –
Colombo Circle
Corporate Unit



MR JANAKA ALWIS
Senior Manager –
Business Analytics and
Administration

**MR VIBUSHAN
BULATHSINHALA**
Senior Manager –
General Insurance
Sales Training



MR SAMITHA PERERA
Senior Manager –
Actuarial (Life)
(Appointed w.e.f.
01 March 2022)



**MR ERANDA
RANASINGHE**
Senior Manager –
Equity Investments
(Appointed w.e.f.
01 June 2022)



**MR THILANKA
GEEGANAGE**
Senior Manager –
Fixed Income
Investments
(Appointed w.e.f.
01 February 2023)



MR NAMAL KANCHANA
Senior Manager –
Information Security
(Appointed w.e.f.
01 February 2023)



MR DINUSHA NUWAN
Senior Manager –
Bancassurance (Life)
(Appointed w.e.f.
07 February 2023)

Leadership Team

Regional Managers



MR BANDARA WEERASURIYA
Regional Manager – General
(Wayamba 1)



MR SANATH FERNANDO
Regional Manager – General
(Upper Western)

MR DEEPAL NAWAGAMUWA
Regional Manager – General
(Western 2)



MR DUMINDA PEIRIS
Regional Manager – Life
(Southern 1)



MR UPUL GAMAGE
Regional Manager – Life
(Western 1)

MR AJITH KULASENA
Regional Manager – Life
(Ratnapura)



MR RANJITH HEWAPATHIRANAGE
Regional Manager – General
(Western – 3)



Leadership Team

- ABOUT US
- LEADERSHIP REVIEWS
- REPORT PROFILE
- STRATEGY AND FOCUS
- MANAGEMENT COMMENTARY
- GOVERNANCE AND RISK OVERSIGHT
- FINANCIAL REPORTS
- SUPPLEMENTARY INFORMATION



MR SUDESH NARANGALA
Regional Manager – Life
(Western 4)



MR P SATHIAN
Regional Manager – Life
(Northern)



MR JAGATH MENDIS
Regional Manager – General
(Southern 1)



MR KELUM JAYASINGHE
Regional Manager – General
(Uva)



MR SAMANTHA PEIRIS
Regional Manager – General
(Western 1)



MR HEMAKUMARA ADIKARI
Regional Manager – General
(Central)



MR GAMINI SARATHCHANDRA
Regional Manager – Life
(Central)



MR DAMMIKA BANDARA
Regional Manager – Life
(Uva)



Leadership Team

**MR AJITH
THILAKARATHNA** ▶
Regional Manager – Life
(North Central)



◀ **MR MAHINDA
DISSANAYAKE**
Regional Manager – Life
(Wayamba 1)



◀ **MR PONNIAH
PUVANENDRAN**
Regional Manager – Life
(Eastern)



▶ **MR NAMAL LIYANAGE**
Regional Manager – Life
(Upper Western)

MR R LINGESHWARAN ▶
Regional Manager – General
(Eastern)



MS N S S LAXANA ▶
Regional Manager – General
(Western 4)



▶ **MR SUSANTHA
DISSANAYAKE**
Regional Manager – General
(Ratnapura)



Leadership Team

ABOUT US

LEADERSHIP REVIEWS
REPORT PROFILE
STRATEGY AND FOCUS
MANAGEMENT COMMENTARY
GOVERNANCE AND RISK OVERSIGHT
FINANCIAL REPORTS
SUPPLEMENTARY INFORMATION



**MS UTHTHARA
DISSANAYAKE**
Regional Manager – General
(Southern 2)



MR ANURA BASNAYAKA
Regional Manager – General
(Wayamba 2)



MR SUNIL SENADEERA
Regional Manager – Life
(Western 2)

MR PRASANNA KUMARA
Regional Manager – Life
(Wayamba 2)



MR INDIKA WELGAMA
Regional Manager – General
(North Central)

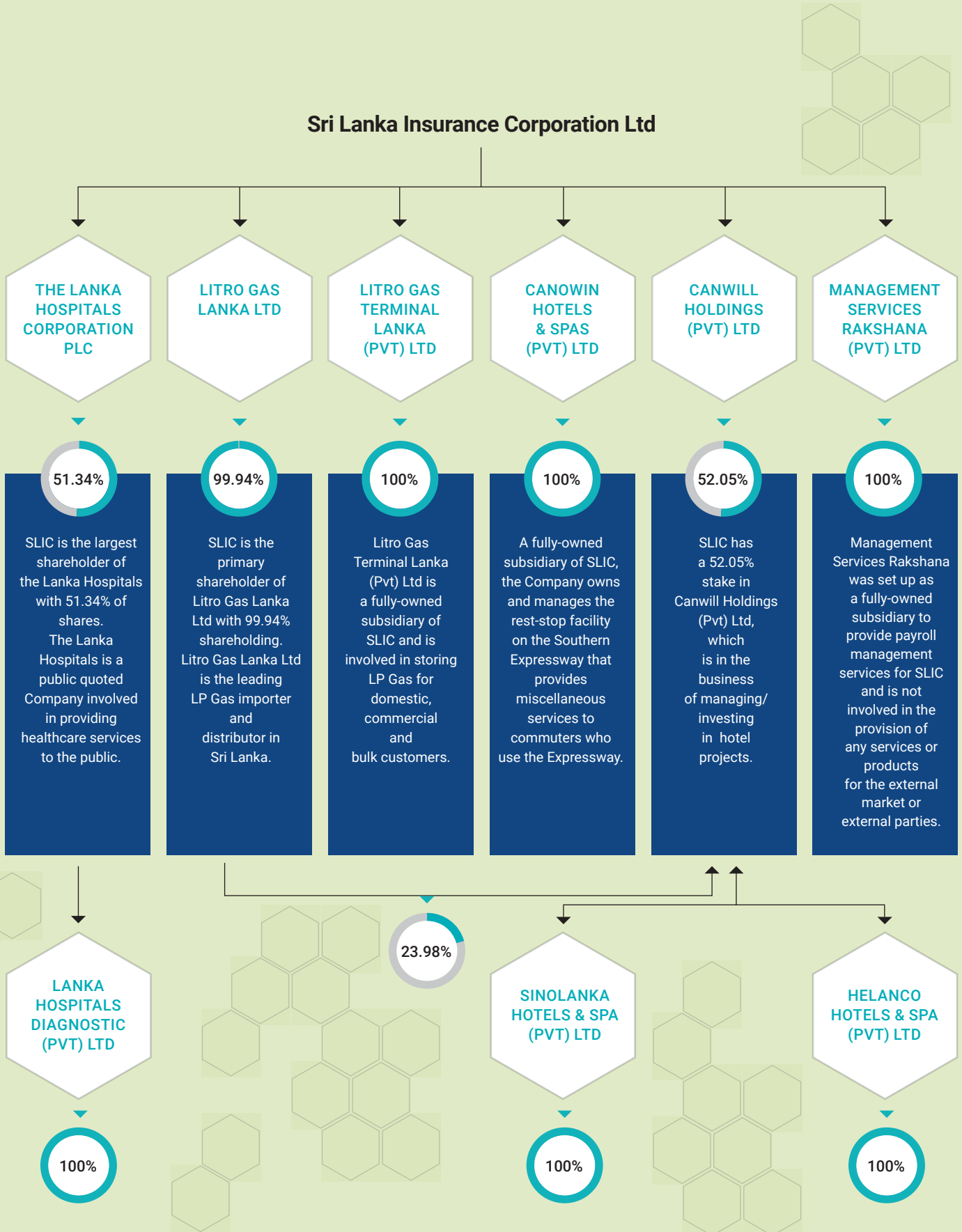


MR S KARNAN
Regional Manager – General
(Northern)



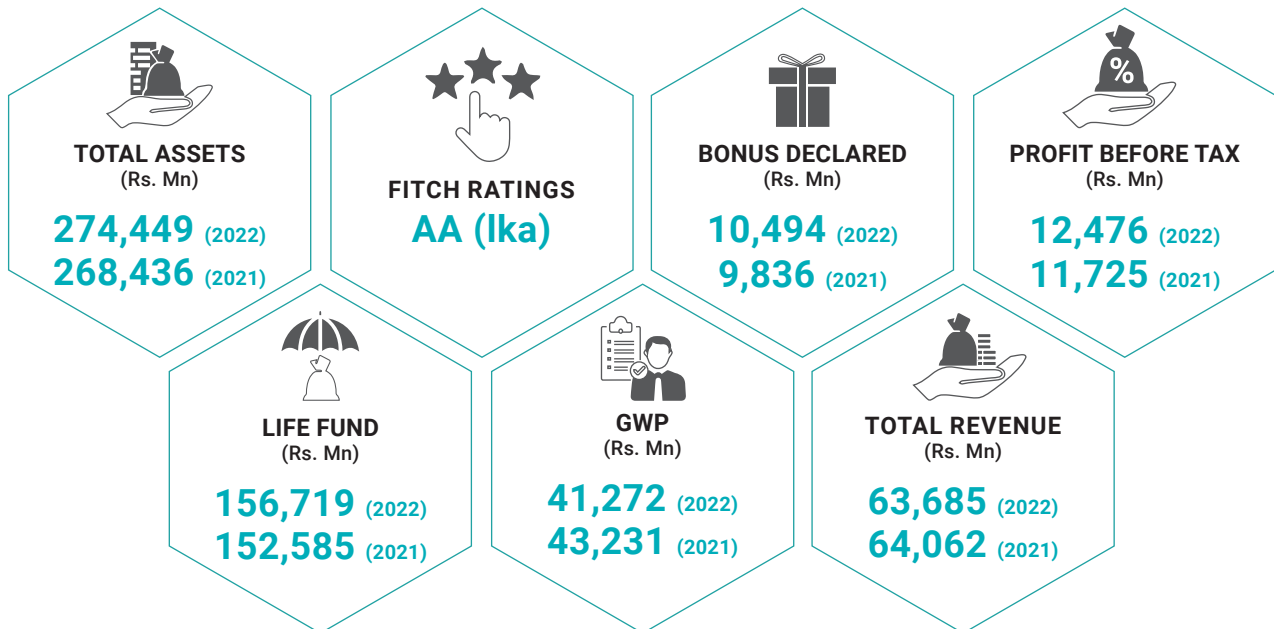
MS SULATHA ANDRAMANAGE
Regional Manager – Life (Western 3)
(Appointed w.e.f. 01 November 2022)

SLIC Group Structure



Financial Highlights 2022

	2022 Rs. Mn	2021 Rs. Mn
Results for the year		
Total revenue	63,685	64,062
Gross written premium	41,272	43,231
Net earned premium	37,024	38,397
Investment and other income	26,661	25,665
Profit before tax (PBT)	12,476	11,725
Profit after tax (PAT)	10,546	10,041
Benefits/claims, operating, admin and other expenses	40,191	33,487
General insurance		
General insurance fund	21,690	20,880
Net claim ratio	63%	60%
Expense ratio	42%	35%
Life insurance		
Life insurance fund	156,719	152,585
Expense ratio	41%	34%
Face value bonus	10,494	9,836

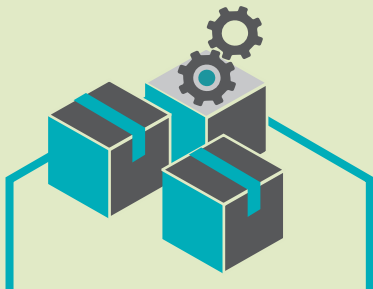


Non-Financial Highlights 2022



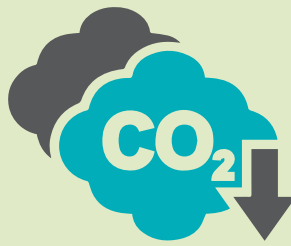
ACCOLADES

- ▶ Awarded Most Loved Insurance Brand for the 5th consecutive year for Life Insurance and General Insurance
- ▶ Among the Top 5 companies for the highest brand value growth in the life insurance sector
- ▶ Awarded the Most Valuable General Insurance Brand for the 5th consecutive year
- ▶ Insurance, Finance and Investment Sector Award at the "Great HR Quiz"
- ▶ CIMA Satyn Women-Friendly Workplace Award
- ▶ Re-certified the ISO 9001:2015 quality standard
- ▶ National Business Excellence Awards 2021 – Runner Up – Insurance Sector, Presented by National Chamber of Commerce
- ▶ Great Place to Work certified



NEW PRODUCTS AND SERVICES

- ▶ Introduced "Medi Plus" Health Insurance Plan, a one-click health insurance solution
- ▶ Sri Lanka Insurance introduces "Motor Plus Pinnacle", an exclusive motor insurance experience reserved for premium vehicle owner market segment
- ▶ Introduced "Jana Rakuma", Individual Personal Accident Cover to extend the benefits of insurance to the general public of Sri Lanka
- ▶ Introduced "Medi 60", an exclusive medical insurance for senior citizens to cover a range of health insurance needs
- ▶ Introduced "School Fee Protector" education plan, which ensures uninterrupted education for the children in case of an untimely demise or disability of the parents



ENVIRONMENTAL STANDARDS

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



PARTNERSHIPS

- ▶ Entered into MOUs with Driveline, Ceylon Motor Traders Association (CMTA), Three Sinha Industries (Pvt) Ltd and Glitz Park (Pvt) Ltd etc.
- ▶ Entered into partnership with NTB Bank, to provide a comprehensive Cash Management and Collection solution, with the installation of a "Smart ATM" at the Sri Lanka Insurance Head Office premises



GOVERNANCE, RISK AND COMPLIANCE

- ▶ Effective implementation of "Governance, Risk and Compliance" (GRC) framework
- ▶ Up-to-date policies incorporating the latest compliance requirements including data protection legal framework
- ▶ Augmenting technology to improve effectiveness in relation to digital meetings and anti-money laundering framework etc.



EVENTS

- ▶ SLIC held MDRT Day to award and recognise the MDRT achievers of Sri Lanka Insurance for the year 2021
- ▶ SLIC held MDRT Day to award and recognise the MDRT achievers of Sri Lanka Insurance for the year 2021
- ▶ **Life Congress** – residential training program and award ceremony was held at Sheraton Kosgoda rewarding the top performers of the Life Insurance category during the first 6 months of 2021
- ▶ **Star Awards** – Annual Awards Ceremony was held recognising the exceptional performers of Life and General Insurance categories who worked tirelessly to deliver over and above the expectation during the year 2021

27-34

LEADERSHIP REVIEWS

> **28** Chairman's Message

> **31** Chief Executive Officer's Review



Chairman's Message



“

I am pleased to announce that our company not only weathered the storm, but emerged stronger than ever, achieving healthy results and surpassing all expectations.

”

Chairman's Message

It is with great pleasure and a sense of accomplishment that I present to you this year's Annual Report, reflecting the resilience and determination of our Company in the face of unprecedented challenges. The year 2022 tested the mettle of our business. Despite the turbulent times, I am pleased to announce that our company not only weathered the storm, but emerged stronger than ever, achieving healthy results and surpassing all expectations. This success is a testament to the unwavering commitment of our employees, the trust and support of our valued customers, and the strategic decisions made by our dedicated leadership team. In this communication, I wish to focus on the pivotal elements that played a significant role in our achievements and elucidate the course of action we adopted to sustain our upward growth trajectory.



SLIC has maintained its position as the market leader in Motor Insurance for several consecutive years. In FY2022, SLIC recorded a Gross Written Premium (GWP) value of Rs. 12,780 Mn, surpassing the previous year's GWP of Rs. 11,673 Mn.



Adverse macro economic elements naturally brought severe stresses on the Company and the industry in general as well. High interest rates and reduced confidence led to contraction in financial services. With the economy going into a tailspin, insurers were forced to rethink their societal purpose and risk-taking. The developments had multiple impacts on SLIC. Nevertheless the Company turned in a salutary performance considering the social, economic, and financial backdrop.

The Company's Gross Written Premium (GWP) was adversely affected by the reduced disposable income of customers being squeezed by inflationary pressure and the ban on vehicle imports. The soaring inflation resulted in rapidly rising operating costs.

In the year 2022, Sri Lanka Insurance showcased impressive performance and achieved notable milestones, despite challenging economic and social conditions. During the year 2022, Sri Lanka Insurance recorded a profit before taxation of Rs. 12.47 Bn, showcasing a strong financial performance. The combined GWP for Sri Lanka Insurance reached Rs. 41.2 Bn in 2022, reflecting the Company's significant market presence and business growth. Out of the total GWP, life insurance business recorded Rs. 20.9 Bn and general insurance business recorded Rs. 20.3 Bn.

SLIC has maintained its position as the market leader in Motor Insurance for several consecutive years. In FY2022, SLIC recorded a GWP value of Rs. 12,780 Mn, surpassing the previous year's GWP of Rs. 11,673 Mn. This indicates a significant growth of 9.5% in the motor insurance category. It is noteworthy that SLIC's growth in motor insurance outperformed the industry growth rate, which was recorded at 7.3%. This demonstrates SLIC's ability to effectively capture market share and outpace the overall industry growth in the motor insurance segment.

Sri Lanka Insurance increased its asset base to Rs. 274 Bn in 2022, demonstrating financial stability and strength as the largest insurer in the country. The Life Fund of Sri Lanka Insurance reached Rs. 156.7 Bn in 2022, indicating the company's ability to efficiently manage and grow its life insurance portfolio.

The Company declared a sum of Rs. 10.49 Bn as Life Insurance bonus to its policyholders, surpassing previous records and demonstrating a strong commitment to customer satisfaction and value.

There were both positive and negative impacts of the socio-economic environment on the life insurance business. The COVID-19 pandemic has brought about increased awareness of the importance of life and health insurance; the aging population of the country was another favourable factor. On the other hand, reduced disposable income dampened customers' desire to take on life insurance policies. Further the opportunities to earn high interest rates on deposits weaned customers away from life insurance. Regarding general insurance, the ban on vehicle imports was a major blow to motor insurance, which also increased competition among insurers. There was also a trend for customers to move away from full cover to third party policies.

The Company had to adapt its strategies, products, and services to cope with the turbulent environment. Several new products were launched keeping in mind the needs of the times and the gaps in the existing product range. Some examples are the School Fee Protector for students of international and private schools; the *Jana Rekuma* personal accident insurance cover; the Medi 60 senior citizens insurance cover; and the Motor Plus Drive60 insurance cover for senior citizens. A life insurance focused sales team was developed to achieve the high level KPIs. Alternate channels were also strengthened to the same end. In the general insurance segment we strove to drive the topline with sustainable growth, while improving cost of reinsurance and thereby the bottom line.

Chairman's Message



Our human resources policies have been developed to align with our broad corporate strategy. Corporate values have been integrated into our performance appraisals. These include mutual trust and respect, togetherness, ethics and integrity, professional commitment, and striving for excellence.



We also innovated to keep pace with the changing customer preferences and behavior. The increasing use of smart devices and social media has been drivers of the change. SLIC sought to provide unique value added services to increase customer convenience. A step in this direction was the introduction of the SLIC Consumer App that assists customers in viewing product and policy details, making premium payments, initiating motor insurance claims, and accessing roadside and emergency assistance. SLIC also entered into partnerships with Mobitel, BOC, and People's Bank to smoothen premium payments for customers. There were other developments in digitalization such as simplifying the customer onboarding process by introducing a new user friendly interface. The claim process was also made more convenient by introducing a digital platform that enabled customers to submit their claim documents electronically.

Our human resources policies have been developed to align with our broad corporate strategy. Corporate values have been integrated into our performance appraisals. These include mutual trust and respect, togetherness, ethics and integrity, professional commitment, and striving for excellence.

In conclusion I wish to express my gratitude to all those who contributed to the continued success of SLIC. This includes the Board members, senior management, employees, and agents. They all pulled together to keep the wheels turning in stressful times. I also thank all Government institutions including the Ministry of Finance and the Department of Public Enterprises who guided us in complying with all legal and administrative requirements. I do not forget our customers whose continued loyalty and trust enabled SLIC retain its position as the leading insurer in Sri Lanka.

Ronald C Perera, PC
Chairman

10 May 2023

Chief Executive Officer's Review



“

SLIC has gone through a transformational period marked by resilience, innovation, and a commitment to driving sustainable future growth.

”

Chief Executive Officer's Review

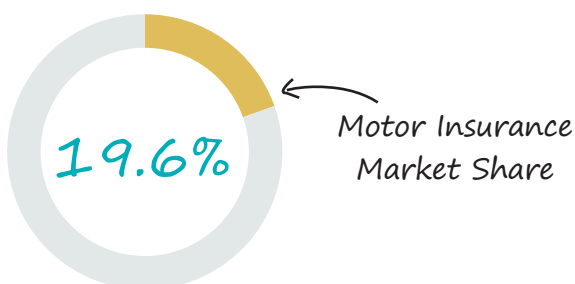
I am pleased to present the CEO Statement for our 2022 Annual Report, which reflects on the remarkable progress and accomplishments we have made this year.

SLIC has gone through a transformational period marked by resilience, innovation, and a commitment to driving sustainable future growth. We sustained our profitability and simplified our business in a year during which we walked right into an economic meltdown soon after a recovery from a deadly pandemic. The nation dealt with devastating blows in 2022; economically, socially, and politically. Forex shortages led to scarcities of gas, fuel, pharmaceuticals, and industrial raw materials. The Rupee rapidly depreciated from 200 to over 350 against the Dollar. Inflation and interest rates spiralled and further squeezed the liquidity of the Rupee.

Despite the economic challenges, we have maintained our commitment to excellence. One important learning from the COVID-19 pandemic was on how to face unexpected challenges. This experience proved its worth in 2022. We have quickly adapted to changing market dynamics, capitalising on our strengths and seising new opportunities. We have continued to deliver results by maintaining an unwavering focus on customer satisfaction, operational efficiency, and protecting our investments.

FINANCIAL PERFORMANCE

Despite the adverse socio-economic environment, SLIC still ended the year with a financial performance which is commendable, when viewed in the context of the economic backdrop. The Company recorded a profit after tax of Rs. 10.55 Bn, which was an increase of 5% over 2021. Nevertheless, there were inevitable constraints of the reduced disposable income among the population. The revenue and gross written premiums were Rs. 63.68 Bn and Rs. 41.27 Bn which were a negative growth of 0.5% and 4.5% respectively. The Life Insurance business recorded a decline YoY in the GWP of 4.8% to Rs. 20.93 Bn. SLIC's general insurance business recorded a GWP of Rs. 20.34 Bn which was a reduction of 4.3% over the previous year. The Motor Insurance segment emerged as the market leader recording a Rs. 12.78 Bn premium value securing a market share of 19.6%. Investment income suffered a decline of 41% to Rs. 13.8 Bn, which is attributable to the fact that the equity market was reeling due to the general economic climate. The Company achieved a ROE of 13.8% in 2022 compared to the previous year's figure of 13.4%. A landmark achievement was that the Company declared the Life Insurance Industry's biggest bonus to date of Rs. 10.49 Bn, which surpassed the previous largest bonus of Rs. 9.84 Bn by 6.7%. The total assets of the Company grew by 2.3% YoY, to reach Rs. 274 Bn. SLIC also retained its position as the largest player in the industry in terms of assets.



MARKETING INITIATIVES

A number of new products were launched during the year some of which were targeted at specific market segments. Two important products were launched to cater to the needs of senior citizens. One was the Medi 60 which provides essential health coverage for senior citizens with a range of value added benefits targeted at them. Similarly, the Motor Plus Drive60 offers a wide array of motor insurance features which are very attractive to those over 60 years of age. The Motor Plus Pinnacle, as its name implies, caters to customers who have desiring lifestyles and high expectations. It includes features such as accidental death cover for both insured and passengers, emergency accommodation cover and other value-added benefits that suit the lifestyle of the target audience. Our medical insurance package Medi Plus, has been revamped with a range of health insurance products, and can now be purchased online.

An important initiative in the life insurance sector was the School Fee Protector which ensured financial assistance for the uninterrupted education of children in the event of loss or disability of a breadwinner. This is an important product in view of the fact that increasing numbers of parents are now seeking alternatives to the state education system for their children's education.

The above initiatives demonstrate how SLIC has not been cowed by the turbulent situation but has instead sought out opportunities for growth.



An important initiative in the life insurance sector was the School Fee Protector which ensured financial assistance for the uninterrupted education of children in the event of loss or disability of a breadwinner.



CUSTOMER RELATIONS

We were very cognisant of the fact that in a constraining environment customer convenience and closeness to the customer was paramount. For general insurance customers our Contact Centre provides round-the-clock assistance. The Centre provides prompt service in answering queries, guidance on policy options, and facilitating claims.

For life insurance customers, SLIC Life Loyalty Rewards was introduced, offering SLIC Life customers a range of offers and benefits, providing higher value for our loyal customers throughout the policy term. Processing of claims and policy holder servicing has also been improved.

SLIC values client feedback and has provided a number of avenues through which customers can communicate and voice any concerns directly with the Company. These include a 24-hour call centre, our

Chief Executive Officer's Review

corporate website, and social media outlets. To be in line with the new generation of customers, we have also introduced WhatsApp as a communication channel.

We view all client concerns about our service constructively, and view it as an opportunity to improve our services and our business processes. Our well-trained staff make 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 start to end. The procedure is published in the corporate website.

OUR INTERMEDIARIES

In the general insurance sector, our training programs for intermediaries were revamped to cater to the market requirements in the prevailing conditions. It also helped them leverage new technology. The agency force was categorised according to their income levels, and special monitoring programmes were carried out at Branch/Regional level. Recruitment and reactivation of agency force was also carried out at branch level with close supervision. Regarding life insurance segment, initiatives were taken to establish a "Life Only" sales force.

HUMAN RESOURCES

Our corporate culture, which is built on integrity, trust, and professional commitment whilst striving for excellence has remained a pillar of our success. We have created an environment in which everyone is encouraged to contribute their unique perspectives and talents. We unlock innovation, creativity, and a competitive advantage that propels us forward by embracing diversity. The performance driven culture brought in by our previous corporate plan has today paved the way for the entire staff to be driven and rewarded by a work environment which is objective-focused. Moreover, the policies and procedures we have adapted and the transparency in our practices have demonstrated that our discipline is paying off.

VALUE ADDITION FROM DIGITALISATION

In the general insurance sector, customer on-boarding was simplified, by introducing a user-friendly interface which clients can easily navigate, submit information, and complete documentation without a hassle. The underwriting process was also smoothed out by facilitating the uploading of documents online. Similarly, claims processing was simplified by enabling the submitting of claims documents online. This has reduced the claims processing time and improved customer convenience. Direct communication with our customers has been facilitated through automated communication systems which enable continuous engagement with customers.

For the life insurance sector, a WhatsApp chat solution was introduced as a channel for customer inquiries. The bonus declaration was fully digitalised where customers received a digital bonus certificate.

A number of IT applications also came on stream to improve efficiency of our internal processes. This included migration of sales force of several products, renewal notices, and bonus information to a digital platform. The digital platform connectivity was extended to People's Bank and DFCC. Sri Lanka's first API based digital signature platform with Lanka Pay was launched and we commenced the Workflow automation process as a part of our internal process automation journey.



A number of IT applications also came on stream to improve efficiency of our internal processes. This included migration of sales force of several products, renewal notices, and bonus information to a digital platform.



OUR COMMUNITY

As a responsible corporate citizen we ensure that we add value to enrich and elevate the community we operate in. During the year we have invested in number of initiatives that have been beneficial to the community at large. One of the main CSR calendar events of the year is the "Suba Pathum Scholarship Program". During the year we awarded Rs. 50 Mn worth of scholarships to 375 students of our policyholders who excelled at the Grade 5 scholarship, GCE Ordinary Level and GCE Advance Level examinations held in 2020/21. Another initiative was offering "A Free Life Insurance cover" to parents of all the children born on 01 October 2022 in commemoration of the World Children's Day 2022. 1,000 children were benefited with this special cover. Furthermore, through the "Call to Donate" – cancer awareness program, we facilitated the construction of two isolation units at the paediatric ward and donated essential medicine to the Apeksha Cancer Hospital.

The community projects we engage demonstrates SLIC's commitment to adding value to the community for a better tomorrow.

LOOKING AHEAD

We are excited about the opportunities that lie ahead of us. We are well-positioned to capitalise on the digital revolution, which is reshaping industries. We will continue to invest in emerging technologies, strive for operational excellence, and expand our true potential.

Building on our six-decade long experience, SLIC is well poised to focus on key customer segments, understand their needs, and tailor our product and service experience accordingly. Increased digitalisation will enable us minimise our carbon footprint, and adopt sustainable practices throughout our operations. We also aim to optimise our delivery channels to further increase the efficiency and effectiveness of service delivery to our stakeholders.

Chief Executive Officer's Review

We have embarked on building a life insurance focused advisory force, which will upgrade the professionalism of the sales force. We are also targeting developing new innovative products which will cater to the needs of the millennial generation. The focus in 2023 and beyond for the life insurance segment will be on business transformation, people transformation, technological transformation, and customer centricity.

The General Insurance business drive will be focused on optimising customer retention through enhancing service levels and standards to achieve sustainable growth with long term value creation to all stakeholders.

Moving forward all members of staff will be rewarded based on performance scores moving away from the traditional practices. With the proposed segregation of the two business lines we also aim to have more focus in each line of business.

We stand at a pivotal juncture in the country and particularly the insurance sector, where technological advancements, changing customer expectations, evolving risks, and re insurance present both challenges and opportunities. Moving forward as an organisation we are certain that our commitment remains unwavering in providing our customers with an exceptional experience when it comes to products and services.

Furthermore, we recognise the significance of innovation in this ever-changing landscape. We will strengthen significantly in research and development and data analytics to develop innovative insurance solutions that address emerging risks and meet our customers' changing needs. The use of technologies such as artificial intelligence to improve and streamline processes and improve claims management efficiency will be expanded.

“

We have embarked on building a life insurance focused advisory force, which will upgrade the professionalism of the sales force. We are also targeting developing new innovative products which will cater to the needs of the millennial generation

”

ACKNOWLEDGEMENTS

The fact that we were able to face such challenges as we did in 2022, is an indication of the commitment and capabilities of our staff. I thank our dedicated employees for their outstanding work during such defining and challenging moments.

I would like to thank our customers for their faith in our promise and delivery, shareholders for their unwavering support, our business partners including intermediaries and re insurers for their contribution. Last but not least, I thank the Chairman and the Board of Directors, for their unstinted guidance and support. We will continue to work together to create a prosperous and sustainable future.



Chandana L Aluthgama
Chief Executive Officer

10 May 2023

35-36

**REPORT
PROFILE**



Report Profile

We are glad to present to you the 5th Integrated Annual Report of Sri Lanka Insurance Corporation Ltd (SLIC), which follows the core guidelines of the International Integrated Reporting Council (IIRC) framework. In line with the integrated reporting principles, the Report is targeted at a diverse audience that encompasses customers, employees, investors, Government and regulatory authorities in Sri Lanka, and any other stakeholders who have an interest in SLIC and play a vital role in sustainable value creation, both for SLIC and for themselves.

Sri Lanka Insurance Corporation is the largest Government-owned Insurance Company in Sri Lanka. The Company consistently provides innovative insurance solutions to its customers and serves them through an extensive network of branches and service locations across the nation. The previous Integrated Annual Report of SLIC (for the year 2021) was published in 2022 and all our Annual Reports can be accessed through our Corporate Website – www.srilankainsurance.com

SCOPE AND BOUNDARY

The Report covers the period from 01 January 2022 to 31 December 2022 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 2022. This report includes both quantitative and qualitative data covering all the six capitals of the integrated reporting framework.

REPORTING FRAMEWORK

SLIC has considered 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 (SDG's)

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

The principle of Materiality – the economic, environmental, and social aspects that substantially impact the Company's ability to create value over the short, medium, and long-term – have been used to determine the non-financial content of this report. This concept is promoted by Global Reporting Initiative (GRI) for the presentation of sustainability information (non-financial content) that may be of relevance to the stakeholders. Accordingly, we provide the context for what we have deemed our Material matters – those have influenced or could influence, our ability to create value over the short, medium, and long-term. The report discusses how we address these Material matters by crafting our strategy and realigning our resources 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, by their nature, involve risk and uncertainty because they relate to events and depend on 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, among other things. As such, forward-looking statements mentioned in the report are deemed applicable only as of the date on which they are made, and 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:

B A Ruwani Dharmawardana,
DGM-Compliance and Risk/Company Secretary
Sri Lanka Insurance Corporation Ltd
"Rakshana Mandiraya",
No. 21, Vauxhall Street, Colombo 02.
Phone: +94 11 235 7741

37-43

STRATEGY AND FOCUS



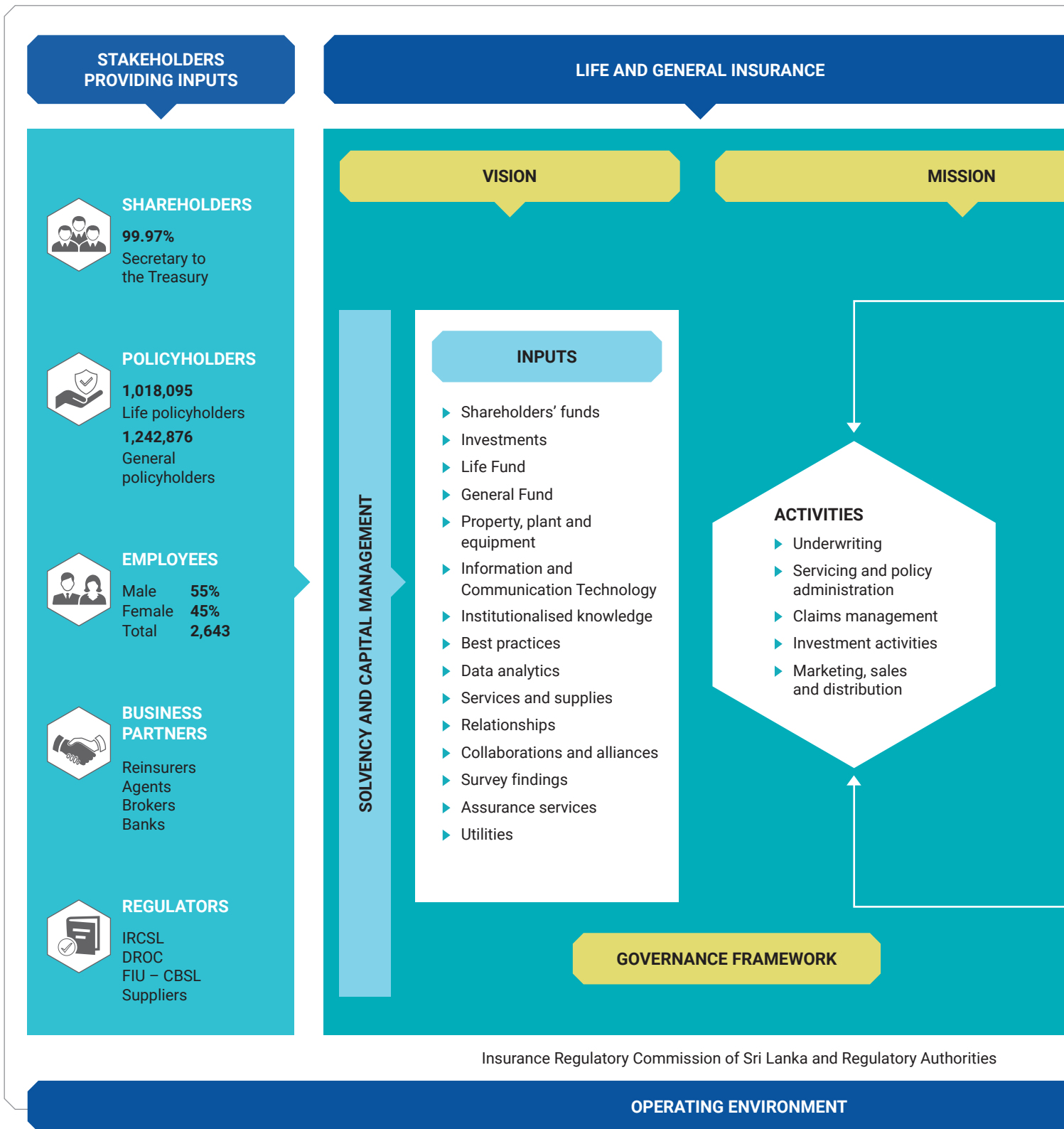
> **38** Business Model

> **40** Material Issues

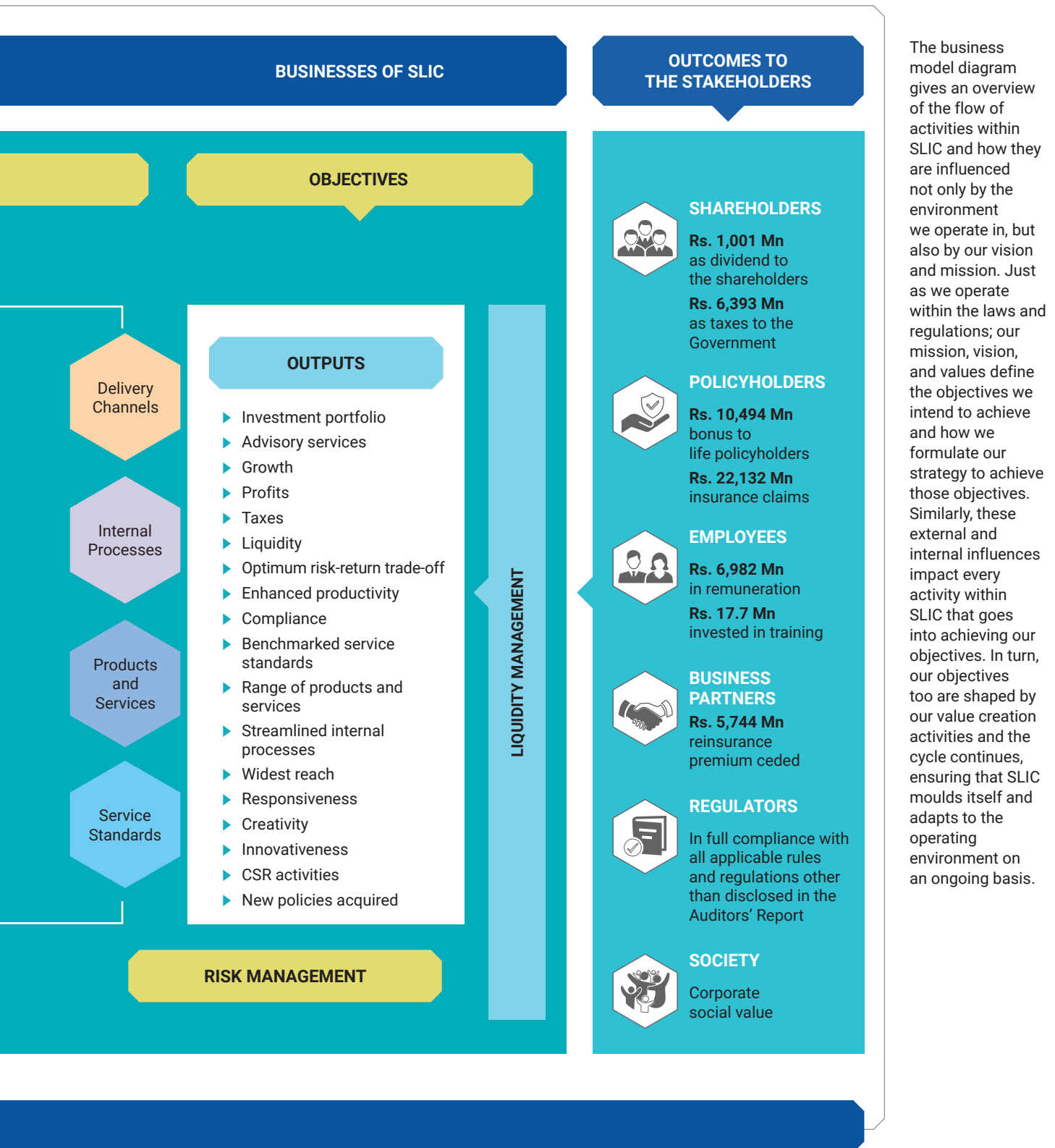
> **41** Stakeholder Relationships

> **43** Strategic Priorities

Business Model



Insurance Regulatory Commission of Sri Lanka and Regulatory Authorities



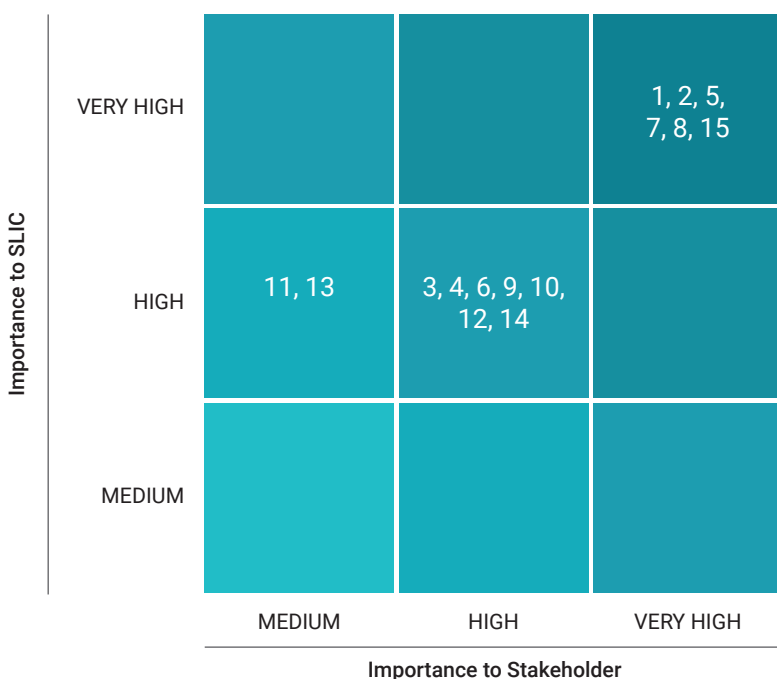
Material Issues

MATERIALITY

The concept of materiality originates from the Global Reporting Initiative (GRI) Standards. There is a range of non-financial factors which impact SLIC's stakeholders, and which in turn impact SLIC's performance. These factors are known as the material issues, and the materiality analysis maps the degree of impact both-ways. Company growth and stakeholder value creation is a two-way process. To create economic, social, and environment values SLIC effectively engages with the stakeholders in various ways.

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 remain the leading insurer in the Country and the one most trusted by all Sri Lankans. To attain this, we seek to strengthen relationships with our stakeholders in the short, medium, and long-term. Engagement is an integral and essential part of developing strong relationships.

Our diverse stakeholder groups hold a range of views on issues that impact our business, and we are aware that paying attention to these different perspectives offers valuable insights to guide and support SLIC's long-term success, profitability, and sustainability. We follow a systematic approach to stakeholder engagement, commencing with a highly streamlined stakeholder identification process.

STAKEHOLDER IDENTIFICATION

Stakeholders are those 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 differ according to 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

Stakeholder engagement is decentralised at SLIC and there is no single team responsible for it. All employees bear the responsibility of handling the stakeholders, both internal and external, whom they interact with in the course of their duties. Through the internal channels of communication, the Board of Directors is kept informed of the current state of stakeholder relationships and stakeholder interests, concerns, needs and expectation. These 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
 Government of Sri Lanka Investment, business development, returns, innovation and industry growth, compliances	High	Annual Report Press releases Meetings and discussions with Board and Senior Management	Annually Need-based Need-based
 Other Regulators Compliance with laws and regulations, good corporate governance, stability of industry, ethical conduct	High	Meetings with regulatory authorities Annual Report Industry forums Statutory returns and status reports Press release	Need-based Annually Need-based Quarterly, annually Need-based
 Customers Customer relationship, retention, relevant products, product information, policy bonuses, policy claims, other regulators	High	Call centre Customer satisfaction survey One-to-one interactions Website, social media Customer feedback	Regular Need-based Regular Regular Regular
 Business partners	Medium	Meetings Communication via email, phone, etc.	Need-based Regular

Stakeholder Relationships

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

Strategic Priorities

In 2022 SLIC, in common with practically the economy as a whole, faced an extremely turbulent year. The nation experienced political instability, inflation, elevated interest rates, and a failure to meet its obligations in foreign debt. The key strategies under life and general insurance business are summarised below. For each business line and strategic scope, strategic objectives and other related details are given.

LIFE INSURANCE

Following are the strategic priorities for 2023 for Life Insurance category.

Strategic Priorities for 2023

- ▶ **Development of a life focused active sales team to achieve the top line business KPIs**

- ▶ **Aligning rewards and recognition schemes to drive performance**

- ▶ **Establishment of a Customer oriented culture through service and technological transformation**

- ▶ **Introducing new products focusing on different market segments**

- ▶ **People transformation to establish a performance driven culture**

GENERAL INSURANCE

Following are the strategic priorities for 2023 for General Insurance category.

Strategic Priorities for 2023

- ▶ **Drive the Topline with sustainable growth**

- ▶ **Improve COR and Profit Optimisation**

- ▶ **Enhance Service Levels and Standards**

- ▶ **Optimise Customer Retention**

- ▶ **Strategic Shift of Motor Product Mix and NM Retail Portfolio**

44-78

MANAGEMENT COMMENTARY



> **45** Operating Environment

> **46** Financial Capital

> **50** Manufactured Capital

> **54** Intellectual Capital

> **57** Human Capital

> **64** Social and Relationship Capital

> **77** Natural Capital

Operating Environment

SRI LANKAN ECONOMY

In 2022, the Sri Lankan economy faced turbulence and challenges that were unprecedented in post-war history. The many headwinds faced included political instability, scarcities of foreign exchange, constraints on imports, rampant inflation, and soaring interest rates. The lack of foreign exchange led to scarcities even of essentials such as fuel, pharmaceuticals, and raw materials. The country had previously been downgraded in its credit rating, and this was compounded by a default on its external debt. Taxes reductions caused major fiscal imbalances. Social consequences such as loss of livelihoods and slashing of purchasing power were devastating for lower income groups.

Dampened economic activity led to severe loss of business confidence and investment, both local and foreign, dried up. In 2022, the GDP contracted by 7.8% on a year-on-year basis, after a growth of 3.5% in 2021. All three main sectors of the economy, agriculture, industry, and services suffered a contraction. Industry was seriously affected by supply chain disruptions and shortage of raw materials. Agriculture was also seriously affected in 2022, due to the ban on imports of inorganic fertilisers and other chemical inputs. In the services sector, high interest rates and reduced confidence dampened activity in the financial services, insurance, and real estate sectors. There was however a modest recovery in tourism towards the end of 2022.

The trade deficit for 2022 of USD 5.2 Bn was however, the lowest recorded since 2010. This can be attributed to the decrease in merchandise imports and growth in merchandise exports. The decrease in imports was due to foreign exchange constraints, administrative measures to restrict imports, the depreciation of the Rupee, and reduced aggregate demand. Imports declined by 11.2% from USD 20.6 Bn in 2021 to USD 18.3 Bn in 2022. Merchandise exports recorded a growth of 4.9% and reached USD 13.11 Bn in 2022. The increase is mainly attributable to the depreciation of the Rupee which made our exports more competitive, rise of global commodity prices, and priority given to requirements of export industries when allocating foreign exchange.

The exigencies of the situation demanded drastic measures if there was to be a hope of recovery, and certain positive steps were taken. The exchange rate was floated to bring it more in line with market conditions. The Central Bank introduced monetary policy tightening which curbed inflationary pressures. The Central Bank also provided foreign exchange for essentials by strictly prioritising allocation of available resources.

A major problem in the Sri Lankan economy is the very low tax-to-GDP ratio, and increasing tax collection is a critical need. Measures were taken in May 2022 to redress the fiscal imbalance. These include increase of personal income tax (PIT) rates up to a top rate of 3%, reducing the PIT tax free allowance, increase in corporate income tax rates, and increase in the VAT rate. Despite these measures, the interim budget for 2022, estimated a revenue to GDP ratio of 8.8% only, as a consequence of revenue collection being hampered in the first part of the year due to economic disruption. After protracted negotiations with the IMF, staff agreement was

reached in September 2022 for an Extended Fund Facility (EFF). This was followed by an agreement by the Executive Board of the IMF for support, amounting to about USD 3 Bn, to be phased over three years. This is to be accompanied by an economic reform program to return the Sri Lankan to a sustainable growth path. The Sri Lankan economy indeed went through extremely trying circumstances in 2022. However, the recent developments give grounds for expecting a return to growth from 4Q2023.

INSURANCE SECTOR

The insurance sector in Sri Lanka is comprised of 27 companies of this, 14 are exclusive long-term insurance companies, 11 are exclusive general insurance companies, while 2 operate as long-term and general insurance businesses. Insurance penetration, measured as both a percentage of total premium to GDP, declined to 1.0% for 2022 compared with 1.4% from the previous year. This was a result of a combination of low growth in GWP and high growth in GDP at market prices.

The assets of the long-term insurance sub-sector reached Rs. 947.3 Bn at end 2022, which was a growth of 5.7% over the previous year. This however was a reduction from the corresponding figure of 12.2% for 2021. There was a slight change in the share of the two main sub-sectors. General insurance increased its share from 28.3% to 29.4%; the share of long-term insurance decreased from 71.7% to 70.6%. GWP of the insurance sector grew by 10.3%, from Rs. 233.5 Bn to Rs. 257.6 Bn in 2022. The growth in the GWP of the long-term insurance and general insurance subsectors was 8.5% and 12.4% respectively. The long-term subsector retained its dominance in the total sector, accounting for 52.6% of total GWP. The investment portfolio of the total sector grew by 5.6% to reach Rs. 776.6 Bn in 2022. The investments continued to be highly concentrated on Government securities.

The profitability of the insurance sector recorded a growth of 19.4% in profit before tax; the general insurance sub-sector achieved an impressive growth of 41.2% while the long-term insurance sector achieved only 1.3% growth. The relatively poor performance of the latter was due to an increase of 31.5% in claims in 2022. The general insurance sector notched an increase in ROA and ROE (10.1 and 20.8% respectively; 2021 – 8.0% and 16.3%). On the other hand, the long-term insurance sector suffered a decline in both (3.6% and 17.1% respectively; 2021 – 3.9% and 17.7%).

Taking an overview of the performance, it should be said that the sector performed creditably well, when faced with an extremely trying economic environment.

Sources:

- (1) Central Bank of Sri Lanka Annual Report 2022
- (2) World Bank Sri Lanka Development Update, April 2023

Financial Capital



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 2022 amounted to Rs. 10,494 Mn which surpasses SLIC's own record of Rs. 9,836 Mn set in the previous year.

FINANCIAL PERFORMANCE

Overview

SLIC has always prioritised the protection and interests of its key shareholder and policyholders. One of the ways it accomplishes this is by carefully managing the financial capital pool of the company to generate a favorable Return on Capital. This sustainable growth of the financial capital pool is a vital aspect that helps the company achieve its ultimate goals. By enhancing the business and preserving the contributions of stakeholders, SLIC strives to make a positive impact in an ethical and prudent manner.

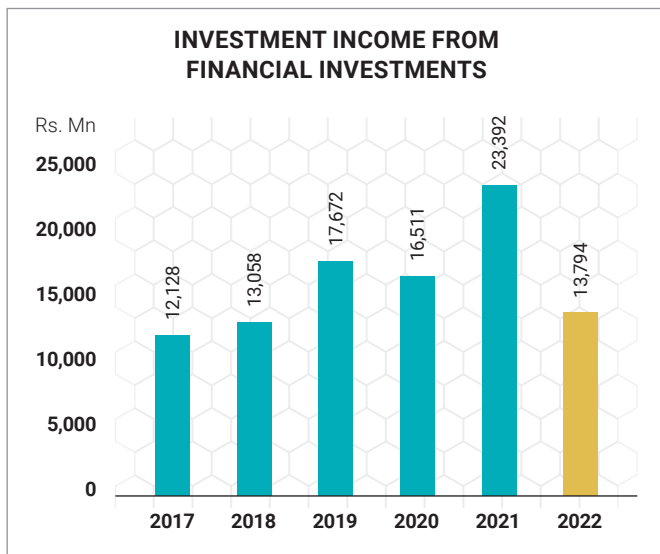
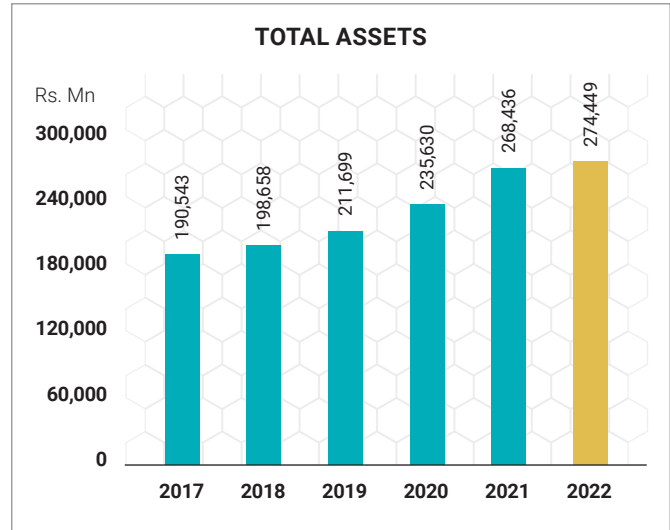
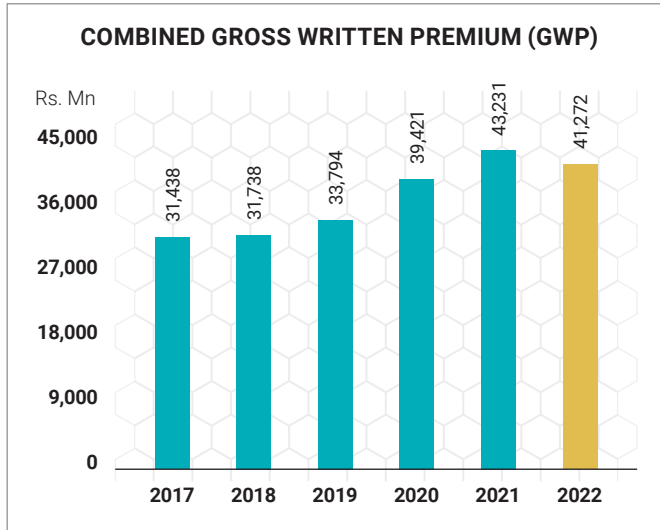
Moreover, SLIC emphasises conducting its operations in an ethical and prudent manner. This means adhering to legal and regulatory requirements, maintaining transparency and accountability, and practicing responsible financial management. By upholding these principles, SLIC aims to build trust among its stakeholders and foster long-term relationships based on integrity.

FINANCIAL RESULTS – COMBINED BUSINESS PERFORMANCE

SLIC achieved Revenue and Gross Written Premium (GWP) at Rs. 63,685 Mn and Rs. 41,272 Mn respectively, denoting a YoY growth of negative 0.6% and negative 4.5% respectively compared to 2021. Investment income from Financial Investments, being one of SLIC's principal sources of income, decreased by 41% YoY to end at Rs. 13,794 Mn (2021 – Rs. 23,392 Mn). The decrease was mainly due to the poor performance of the equity market during the year 2022.

Total Assets of the company grew by 2.2% YOY to reached Rs. 274,449 Mn as at December 2022. (2021 – Rs. 268,436 Mn). SLIC reported Profit Before Tax of Rs. 12,476 Mn for the FY 2022, a YoY growth of 6.4% from the Rs. 11,725 Mn recorded in 2021, while Profit After Tax for the FY 2022 was Rs. 10,546 Mn (2021 – Rs. 10,041 Mn), a growth of 5.0%. Return On Equity (ROE) was 13.8% in year 2022 compared to the previous Financial year 13.4%. SLIC's contribution to the Government of Sri Lanka in the form of taxes amounted to Rs. 6,393 Mn for the year 2022 (2021 – Rs. 3,846 Mn).

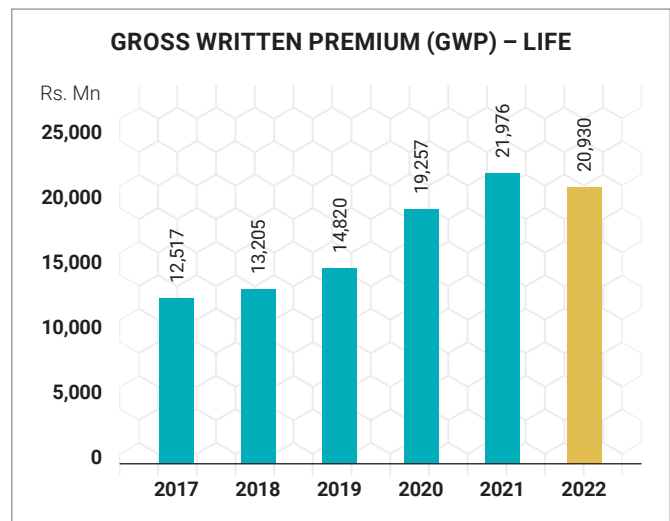
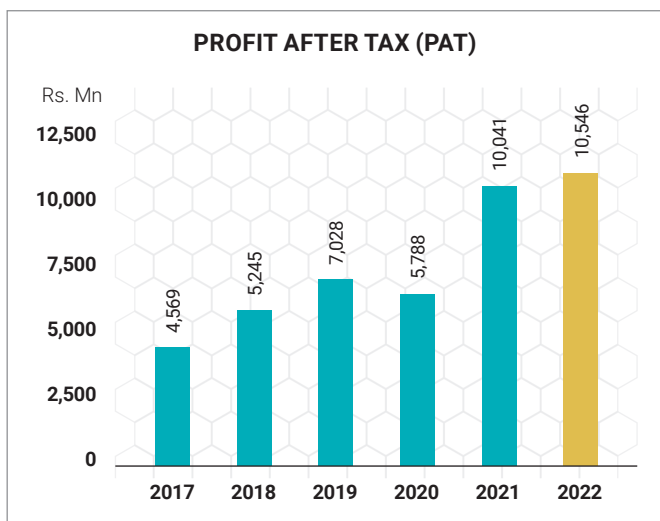
Financial Capital



LIFE INSURANCE BUSINESS

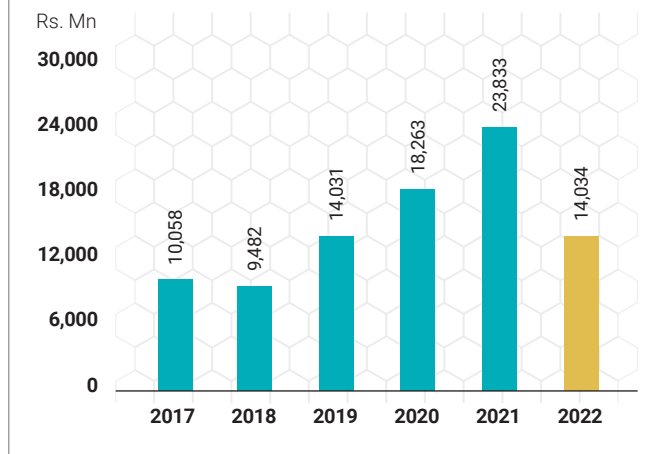
Despite the adverse economic effects caused by the economic crisis in the country, SLIC achieved a historical milestone by declaring the local Insurance industry's biggest ever Bonus issue to date. The total bonus declared to Life Participating Policyholders in the FY 2022 amounted to Rs. 10,494 Mn which surpasses SLIC's own record of Rs. 9,836 Mn set in the previous year.

SLIC's Life Insurance Business recorded Gross Written Premium (GWP) of Rs. 20,930 Mn for the FY 2022 (2021 – Rs. 21,976 Mn) reflecting a YoY negative growth of 4.8% and also in tandem with a 05 year CAGR of 10.8%. Investment Income from Financial Investments of the Life Insurance Business decreased by 39.7% YoY to Rs. 12,050 Mn in the FY 2022 from Rs. 19,988 Mn in the previous financial year. The Life Fund grew by Rs. 4,134 Mn during the year under review to Rs. 156,719 Mn as at 31 December 2022 (2021 – Rs. 152,585 Mn), a YoY growth of 2.7%. The Life business posted Profit After Tax (Before transfer to the Life Fund) of Rs. 14,034 Mn for the FY 2022 (2021 – Rs. 23,833 Mn) and shows negative growth of 41.11% compared to year 2021.



Financial Capital

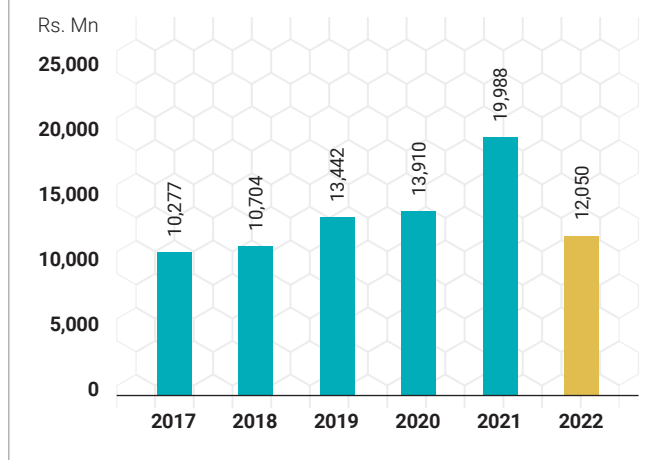
PROFIT AFTER TAX (BEFORE TRANSFERRING TO THE LIFE FUND)



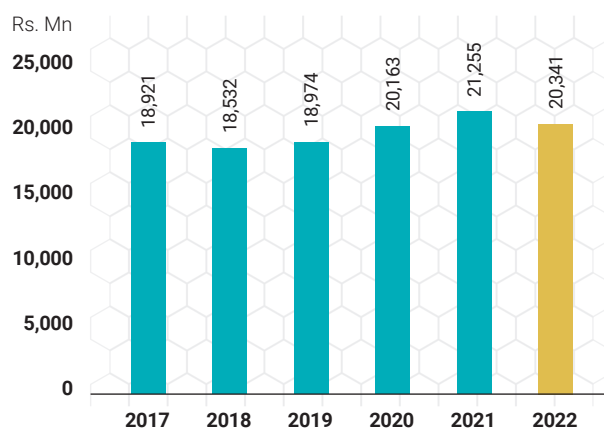
Investment income from Financial Investments of the General Business was Rs. 1,744 Mn in year 2022 (2021 – Rs. 3,404 Mn), decreased by 48.8% YoY. The decrease was mainly due to the poor performance of the equity market. The Profit After Tax tabled by the General Business for the FY 2022 which at Rs. 7,529 Mn showed a 48.8%YoY increase from the Rs. 5,057 Mn recorded in 2021.

SLIC being the market leader in Motor Insurance for several consecutive years; recorded a GWP value of Rs. 12,780 Mn in FY 2022 compared to Rs. 11,673 Mn in the previous year, reflecting a YoY growth of the 9.5%.

INVESTMENT INCOME FROM FINANCIAL INVESTMENTS – LIFE



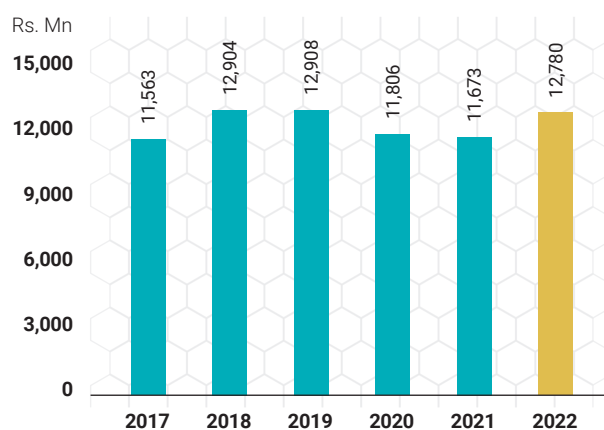
GROSS WRITTEN PREMIUM (GWP) – GENERAL



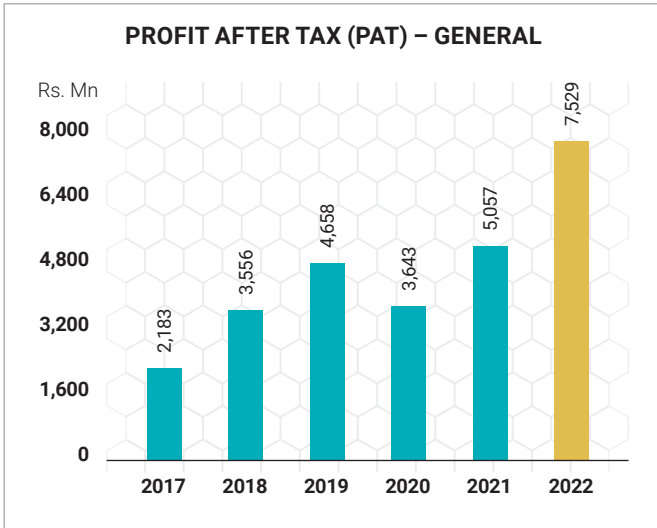
GENERAL INSURANCE BUSINESS

SLIC General Insurance Business reported Gross Written Premium (GWP) by negative growth of 4.3% YoY increase from Rs. 20,341 Mn in 2022 to Rs. 21,255 Mn in the FY 2021. Over the last 5 years (2017 – 2022), GWP of the General Insurance Business has continued to maintain a CAGR of 1.5%.

MOTOR INSURANCE (GWP)



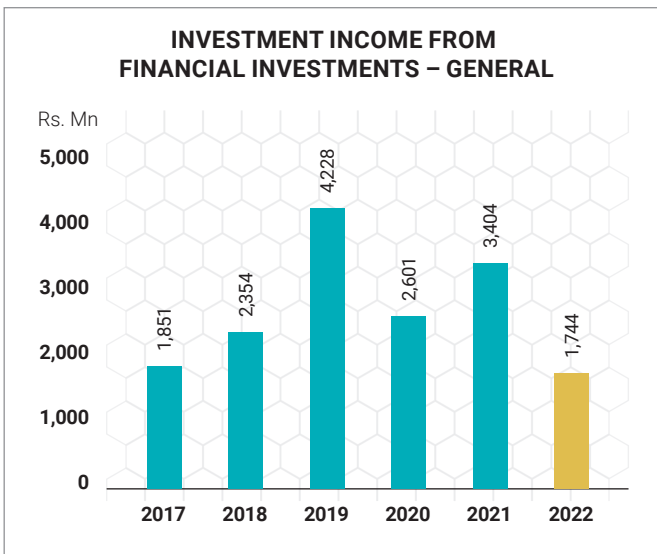
Financial Capital



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 been able to maintain its Risk Based Capital Adequacy Ratio well above the required levels for the several consecutive years. In 2022 the Risk Based Capital Adequacy Ratio for the Life insurance business stood at 316% compared to 501% in FY 2021. In FY 2022, the Risk Based Capital Adequacy Ratio for General insurance business reported at 244% compared with 244% in FY 2021.



Manufactured Capital



SLIC's manufactured capital encompasses its offices, branches, computers and equipment, digital channels, and network infrastructure. Our physical network consists of 142 branches, 53 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 encompasses its offices, branches, computers and equipment, digital channels, and network infrastructure. Our physical network consists of 142 branches, 53 Agency Business Development Centres (ABDCs), and one counter (at The Lanka Hospitals Corporation PLC). This network is spread across all 9 provinces and all 25 districts in Sri Lanka. Whilst bricks-and-mortar channels and face-to-face contact remain important, we also provide means of virtual communication.

A 24-hour call centre provides customer support, whilst information and access to products and services is available through our corporate website; both these services are available 24X7.

Our physical customer service resources are also augmented by mobile payment solutions and other hybrid channels that further increase customer convenience and thereby makes us a more attractive choice in a competitive marketplace.

MEETING VALUE CREATION OBJECTIVES

Branch Expansion and Relocation

SLIC has a well thought out strategy in branch expansion. We are focusing on the business potentials when deciding on branch expansions. Hence, we focus on emerging small and medium sized townships where rapid urbanization is taking place. This new approach involves setting up new branches or Agency Business Development Centres in areas which have an adequate population density, with sufficient income levels, to achieve an optimal branch penetration ratio. This strategy helps us balance costs and new business opportunities. We follow the same strategy in branch relocation. In the past year, a total of seven SLIC branches were relocated based on this criterion.

Promoting branch efficiency

It is not only the expansion that we look at when increasing the effectiveness of our branch network, it is also improving the efficiency and the physical appearance of our branches. We have been in the process of upgrading our branches and during 2022 have done a complete overhaul giving a new look and feel to a total of four branches.

During the past year, a total of seven SLIC branches were relocated based on this criterion.

Key Statistical Highlights



1 New Branch
opened



1 New ABDCs
opened



7 Branches Relocated



4 branches Revamped

INVESTMENT IN FIXED ASSETS

	FY 2022 Rs. ('000)	FY 2021 Rs. ('000)	FY 2020 Rs. ('000)	FY 2019 Rs. ('000)	FY 2018 Rs. ('000)
Additions to fixed assets	515,245	256,147	231,437	311,149	243,209
NBV of fixed assets	12,763,092	12,737,635	10,867,358	11,073,931	11,256,423

BRANCH PENETRATION VS POPULATION DENSITY

Province	FY 2022	FY 2021	FY 2020
	Branch penetration (No. of branches including ABDCs, including counter at LHC)	Branch penetration (No. of branches including ABDCs)	Branch penetration (No. of branches including CSCs)
Western	69	70	59
Southern	32	33	25
Central	17	17	13
Northern	10	10	8
North Central	12	12	9
Eastern	10	10	7
North Western	24	24	19
Sabaragamuwa	13	13	12
Uva	9	9	7

PROJECTS COMPLETED IN 2022/PLAN FOR THE YEAR 2023



Projects completed in 2022

- ▶ New branch at Medawachchiya
- ▶ New ABDC at Padukka
- ▶ 7 Colombo Metro branches were relocated
- ▶ 4 branches were refurbished (Kiribathgoda, Galewela, Homagama, and Nittambuwa)



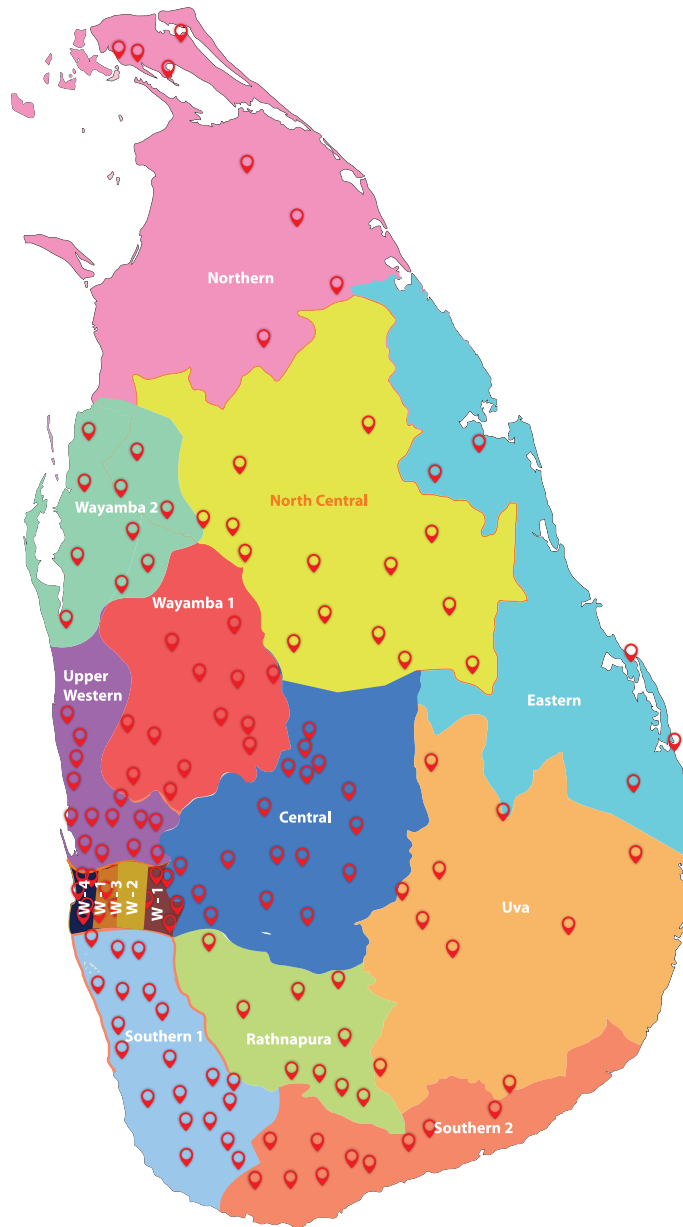
Looking ahead – plan for year 2023

- ▶ New branch openings – 2 (Karapitiya and Kamburupitiya)
- ▶ Relocations – 5 (Badulla, Bakamuna, Colombo city office, Kalawana and Dehiwala)
- ▶ Refurbishments – 5 (Digana, Puttalam, Ratnapura, Negombo and Chilaw)
- ▶ New Constructions project at SLIC own properties – 4 (Marawila, Gampola, Trincomalee and Jaffna)
- ▶ Increasing ABDCs, we plan to broaden our network further by establishing new Agency Business Development Centers, in areas identified by the adaptation of the specific methodology, to increase SLIC's island wide penetration.

Manufactured Capital

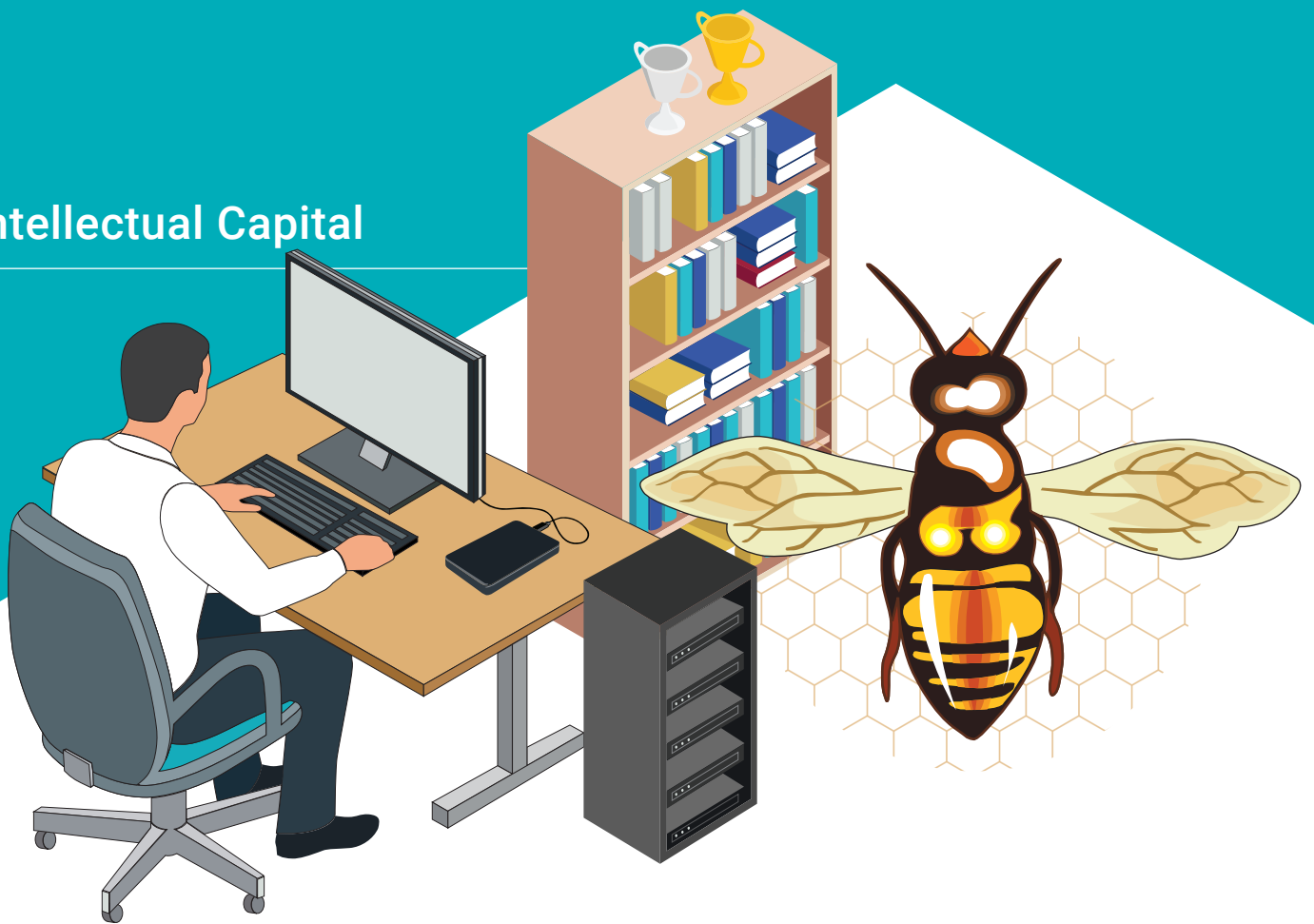
SLIC REGIONAL MAP – 2022

Central Branch – 12	Digana, Gampola, Kandy City, Kandy Main, Katugasthota, Kegalle, Matale, Mawanella, Mawathagama, Nawalapitiya, Pilimathalawa, Rikillagaskada
ABDCs – 4	Aranayaka, Bulathkohupitiya, Galagedara, Peradeniya
Eastern Branch – 5	Akkaraipattu, Batticaloa, Kalmunai, Kanthale, Trincomalee
ABDCs – 2	Kaluwanchikudy, Pothuwil
North Central Branch – 10	Anuradhapura, Aralaganwila, Bakamuna, Dehiattakandiya, Hingurakgoda, Horowpathana, Kaduruwela, Kekirawa, Medawachchiya, Padavi Parakramapura
ABDCs – 3	Habarana, Mahaoya, Medirigiriya
Northern Branch – 8	Chankanai, Chavakachcheri, Jaffna, Kilinochchi, Mannar, Mullattivu, Nelliady, Vavunia
ABDCs – 2	Chunnakam, Mallavi
Rathnapura Branch – 10	Avissawella General, Avissawella Life, Balangoda, Eheliyagoda, Embilipitiya, Kahawatta, Kalawana, Pallebedda, Ratnapura, Ruwanwella
ABDCs – 2	Deraniyagala, Hanwella
Southern 1 Branch – 12	Aluthgama, Ambalangoda, Baddegama, Bandaragama, Elpitiya, Galle, Horana, Kalutara, Mathugama, Panadura, Thalagawala, Udugama
ABDCs – 6	Baduraliya, Habaraduwa, Karapitiya, Pitigala, Thanipolgaha, Uragaha
Southern 2 Branch – 12	Akuressa, Ambalantota, Beliatta, Deniyaya, Dickwella, Hakmana, Hambantota, Matara, Neluwa, Tangalle, Tissamaharama, Weligama
ABDCs – 9	Deyyandara, Imaduwa, Kamburupitiya, Kekanadura, Middeniya, Morwaka, Suriyawewa, Urubokka, Walasmulla
Upper Western Branch – 11	Gampaha, Ja-Ela, Kandana, Kochchikade, Marawila, Minuwangoda, Negombo, Nittambuwa, Veyangoda, Wennappuwa, Yakkala
ABDCs – 11	Dankotuwa, Divulapitiya, Ganemulla, Kirillawala, Kirindiwela, Mahabage, Mirigama, Pugoda, Udugampola, Urapola, Weliveriya
Uva Branch – 10	Ampara, Badulla, Bandarawela, Bibila, Hatton, Mahiyangana, Monaragala, Nuwaraeliya, Welimada, Wellawaya
ABDCs – 2	Passara, Siyambaladuwa
Wayamba 1 Branch – 10	Giriulla, Kuliyaipitiya, Kurunegala City, Kurunegala Main, Melsiripura, Narammala, Polgahawela, Rambukkana, Rideegama, Warakapola
ABDCs – 6	Alawwa, Hettipola, Ibbagamuwa, Katupotha, Pannala, Polpittigama
Wayamba 2 Branch – 10	Anamaduwa, Chillaw, Dambulla, Galewela, Galgamuwa, Maho, Nikaweritiya, Puttalam, Thambuttegama, Wariyapola
ABDCs – 1	Hiripitiya
Western 1 Branch – 8	Battaramulla, Colombo City Office, Dehiwala, Kirulapone, Moratuwa, Nugegoda, Pitakotte, Ratmalana
ABDCs – 1	Moratumulla
Counter – 1	Lanka Hospital Counter



Western 2 Branch – 9	Colombo Metro 1, Colombo Metro 10, Colombo Metro 11, Colombo Metro 2, Colombo Metro 3, Colombo Metro 4, Colombo Metro 6, Kadawatha, Kiribathgoda
ABDCs – 2	Delgoda, Kelaniya
Western 3 Branch – 8	Athurugiriya, Homagama, Ingiriya, Kaduwela, Kottawa, Maharagama, Malambe, Piliyandala
ABDCs – 1	Padukka
Western 4 Branch – 7	Bambalapitiya, Borella, Kotahena, Kotikawatta, Pettah, Ragama, Wattala
ABDCs – 1	Wellawatta

Intellectual Capital



SLICs intellectual capital has been built up from decades of experience and learning. Our intellectual capital consists of intangible assets such as technology, policies, systems and processes, and brand equity. These knowledge-based resources enhance SLICs value proposition, and give the Company a competitive edge.

CONTRIBUTION TO SDG'S



- ▶ Investment for IT systems development in 2022 grew by 28.49% compared to 2021.



- ▶ Most valuable General Insurance brand
- ▶ Most loved insurance brand

Key statistical highlights

Investments	2022 Rs.	2021 Rs.	Change %
Developing IT systems	183.1 Mn	142.5 Mn	28.49%

Intellectual Capital

BRAND EQUITY

Holding to the title of Nation's Insurer, SLIC was able to enhance its brand value in 2022 through its excellent service to the public despite the adverse economic and social conditions. The General Insurance brand value stands at Rs. 4 Bn the highest in the General Insurance industry while the Life Insurance brand value stands at Rs. 3.1 Bn the 2nd highest in the Life Insurance industry for the year 2022. Furthermore, SLIC has increased its asset base to Rs. 274 Bn and the Life fund to Rs. 156.7 Bn to uphold the position as the largest and strongest insurer in the country.

BRAND ACHIEVEMENTS



SLIC as a brand has continued to grow on to greater heights and has been recognised by a number of awards and accolades. During the year Brand Finance recognised both Life and General Insurance brands as "Most Loved Insurance Brand" of the year for the 5th consecutive year. General Insurance was also awarded by Brand Finance with the "Most Valuable General Insurance Brand" of the year for the 5th consecutive year. With its strong track record, brand image, and institutional learning up built over the years SLIC is well placed 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, and provide best-in-class service.

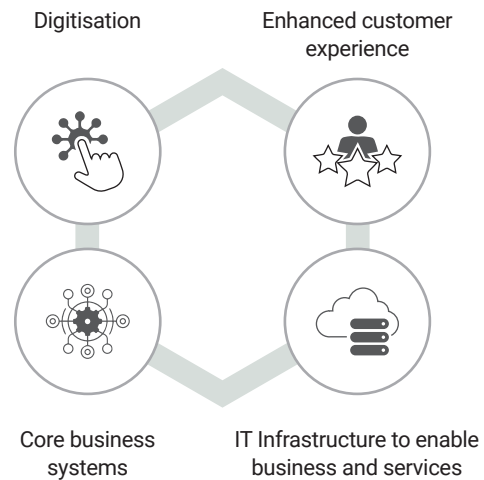


SLIC has a Quality Policy in place, aligned with ISO 9001:2015, which it stringently implements. The policy reiterates the Company's goals "Customer first in everything we do". This philosophy has been internalised and implemented by all teams. The policy lays down minimum operational standards for all aspects of our business which are implemented at all locations; the head office and branches. The standards cover life and non-life underwriting, claims, settlement, and support services.

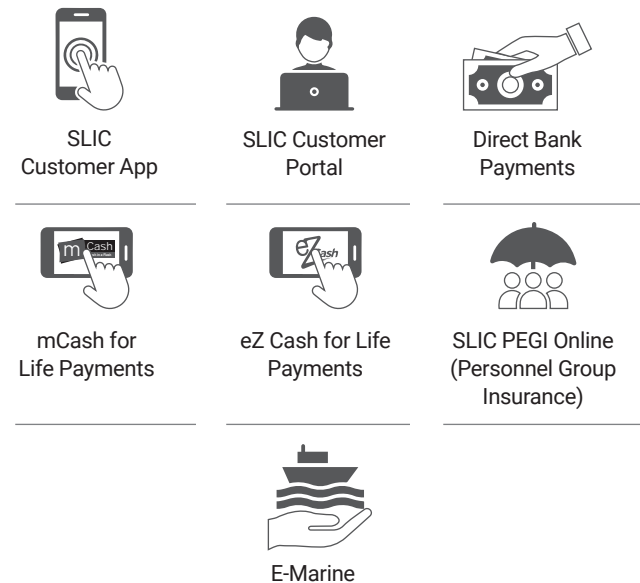
ICT STRATEGY AND POLICY

The insurance business is information and knowledge-intensive. Our technology strategy is focused on improving competitiveness and diversifying our product and service offerings, to meet the expectations of a wide and diverse customer base. Our robustness was demonstrated by the way in which we met client and company needs during the COVID-19 pandemic. We are developing and upgrading our technological resources to meet the demands placed on our ICT by rapidly evolving customer and operational needs.

The ICT strategy of SLIC is founded on four key focus areas



DIGITISATION



Moving to digitisation of our data and systems is a continuing process and during the year we have implemented several advances in our business processes and services. Through these initiatives we have improved our effectiveness, efficiency, and service standards. We have also moved towards a more collaborative working environment.

A digital signature facility for our business processes was implemented in partnership with LankaPay. This has reduced costs, improved productivity, and efficiency. SLIC also upgraded its Sales Force Automation Platform, leveraging technology to enhance our sales processes. The introduction of digital application and mobile based solutions has brought about not only an operational change, but also a culture change towards digitalisation among the sales force.

Intellectual Capital

The ultimate end of IT and digitalisation is to deliver value to the customer. We introduced one of the industry's first comprehensive customer-focused mobile apps, the "SLIC". We have increased customer convenience with many other digital applications such as mobile money, digital banking, and electronic payment options. Our Customer Call Centre has been enhanced in the facilities it offers. The online chat facilities have also been extended, giving our customers who visit our website the facility to interact with our agents and obtain information regarding our products and services 24x365. We were the pioneers in the Sri Lankan insurance industry in introducing the latest QR code based cashless payment for the convenience of the customer. As part of our strategy, we have joined with our banking partners like People's Bank and NTB, to integrate 500+ CDMS and self-service kiosks. We are planning to further expand this to include 1000+ self-service kiosks and CDM facilities across the island.

We have continuously focused on improving our Customer experience. The introduction of "SLIC" Customer App, one of the industry's first comprehensive mobile apps focused on customer interactions, enhanced the experience of our clientele. The introduction of many customer focused digital solutions like mobile money, digital banking, and electronic payment options have created customer convenience in interactions with SLIC. We have migrated our Customer Call Centre to new improved facilities and extended our online chat service to 24x7x365 operation, thereby offering the opportunity to customers and potential customers who visit our website to chat with our call centre agents to obtain more information about our many products and services. We were the first in the Sri Lankan insurance industry to introduce the latest QR code based cashless payment facility for the customer. As a part of our banking partnership strategy, we have integrated 500+ CDMS and self-service kiosks with leading banks like People's Bank and NTB. The necessary developments are in progress to connect with a few other leading banks to complete the target of 1000+ Self Service and CDMS facility across the island for our customers' convenience.

We have also launched a digital health platform for our customers in partnership with leading digital health service providers.



MOBILE SOLUTION

- ▶ Introduction of "SLIC" customer App
- ▶ Value Added services via the Mobile App
- ▶ Self Care services
- ▶ Digital Health Services



ENHANCED CALL CENTER

- ▶ Introduction of the Chat option via our webpage
- ▶ 24h x 365d instant support



INTEGRATED PAYMENT OPTIONS

- ▶ Telecommunication Partners
- ▶ Banks (QR, CDM, Internet and Mobile Banking)
- ▶ Supermarket chains

The expansion of our IT applications had to be supported by many infrastructure developments in tandem. Our Data Centre platforms and workloads have been migrated into the latest IBM environments. This has improved our operational efficiency. We have also adopted virtualisation platforms and backup solutions to enhance our scalability.

On the IT infrastructure front we have completed many improvements to support the business expansions. We have upgraded our Data Centre platforms and work loads into the latest IBM environments. These initiatives have contributed in improving our operational efficiencies. Further we have adopted the latest virtualisation platforms and backup solutions to improve

our scalability, efficiencies and recovery objectives for business critical systems. Our Data Centre infrastructure has been upgraded with state-of-the-art technology solutions for uninterrupted service availability. We have made good progress in migrating to Software Defined Wide Area Network (SD-WAN) across the entire branch network.

From the business applications perspective, we are in the process of migrating our Life and General Core Insurance systems to state-of-the-art new business systems platforms, which will enable us more flexibility and reduced time-to-market in future product development.

Human Capital



SLIC's Human Capital is its greatest asset, and is the key driver of the Organisation's performance. Our highly capable and professional team enables us to stay ahead of our peers in a highly competitive service industry. Through the dedication and commitment of our employees, our products are recognised in every part of the island.

CONTRIBUTION TO SDG'S

- 
 - ▶ Employee physical well-being, special health and safety policy
 - ▶ Employee training programs conducted
- 
 - ▶ Employee training programs conducted
- 
 - ▶ Maintain gender balance – 55% to 45%
- 
 - ▶ Diverse and inclusive growth
- 
 - ▶ Maintain employee age diversity
 - ▶ Maintain strong regional representation in work force
 - ▶ Transparency and impartiality in recruitment process

KEY STATISTICAL HIGHLIGHTS

Training programs

	2022	2021	2020	2019	2018
Number of programs	97	70	85	186	163

Staff by Category

	2022	2021	2020	2019	2018
Permanent staff	2,513	2,535	2,517	2,527	2,511
Contract staff	130	232	109	133	192
Total	2,643	2,767	2,626	2,660	2,703

Age Analysis

Age group	Male	Female	%
18-24	17	8	0.9%
25-29	157	171	12.4%
30-34	212	221	16.4%
35-39	262	156	15.8%
40-44	266	73	12.8%
45-49	208	142	13.2%
50-54	238	291	20.0%
55 and above	82	139	8.4%
Total	1,442	1,201	-

Service Analysis

No. of years working at SLIC	Male	Female	%
0-5	407	236	24.3%
6-10	193	130	12.2%
11-15	391	227	23.4%
16-20	209	74	10.7%
21 and above	242	534	29.4%
Total	1,442	1,201	-

Employment by Grade and Gender

Grade	Number			Composition %	
	Male	Female	Total	Male	Female
Senior Managerial	74	17	91	81%	19%
Managerial	254	105	359	71%	29%
Assistant Manager	84	47	131	64%	36%
Executive	313	494	807	39%	61%
Clerical	370	497	867	43%	57%
Technical	167	0	167	100%	0%
Non-clerical	108	15	123	88%	12%
Minor	72	26	98	73%	27%
Total	1,442	1,201	2,643	55%	45%

Best Practices in HR

SLIC implements fair employment practices in accordance with the ILO Declaration of Fundamental Principles and the UN Global Compact. Both these covenants are based on the Universal Declaration of Human Rights. By following the above principles we create a conducive working environment for our employees where they will be motivated and productive.

Emanating from the above, our HR policies and practices are guided by the following principles.

Policy	Implementation
Non-discriminatory and equal opportunity employment	From recruitment to retirement, we maintain a non-discriminatory attitude and encourage equal opportunity at all stages of the job lifecycle.
Promoting diversity and inclusion	<p>SLIC aims to create a diverse and inclusive workplace where all employees are treated fairly and equally regardless of race, social background, gender, religion, age, or any other legally protected status.</p> <p>We endeavour to provide whatever possible career opportunities for disabled people.</p>
Supporting the abolition of child labour, and the elimination of forced and compulsory labour	SLIC has a stringent policy against child labour, forced labour, or compulsory labour as a responsible corporate citizen.
Prioritising the health and safety of employees	<p>Considering the nature of our industry, employees are not exposed to any major health and safety risks. Nevertheless, we take care to ensure our employees work in a safe and secure environment.</p> <p>Assessing of risks is done in coordination with many internal and external stakeholders. SLIC's Risk Management Department assesses health and safety risks regularly and takes preventive and corrective measures as needed, The HR Department, with the help of other Departments and relevant authorities, provides the necessary training and awareness programs to raise health and safety awareness among employees.</p> <p>We have a comprehensive Health and Safety Policy in place which provides a formal framework for the administration for workplace health and safety.</p>
Upholding ethics and integrity	<p>We expect our employees to perform their duties upholding the highest standards of ethics and professionalism. We expect them to conform to this in dealings with all stakeholders, internal and external.</p> <p>We have a Code of Conduct in place, which must be known to and understood by all employees. If there are any breaches, disciplinary action will be taken against the employee concerned according to the severity of the offense.</p> <p>All employees are expected to adhere to the terms and conditions of their letters of appointment without exception.</p>
A clear procedure on handling employee grievances	<p>SLIC has a clear procedure in place for dealing with employee grievances, with the objective of resolving them as close to the source as possible, avoiding prolonged disputes or crisis situations, increasing morale, satisfaction, and commitment, and ensuring harmonious employer-employee relationships through better understanding.</p> <p>There is a detailed grievance management mechanism in place that any SLIC employee can use to report any work-related complaint, without any fear of reprisals.</p> <p>The policy includes specific information on how to file a grievance, as well as information on the many sorts of grievances, which might demotivate an employee, directly or indirectly. The grievances can include personal ones, in addition to official grievances.</p> <p>The policy also describes the many steps of the grievance handling system, including the function of the Grievance Handling Committee, the role of the Human Resources Board sub-committee, as well as the grievance resolution time frames. When it comes to dealing with individual or group issues, we follow this standard procedure.</p>

Human Capital

Recruitment and retention

Policy	Implementation
Recruitment strategy	<p>The recruitment policies and processes have been streamlined to ensure that all recruits have the required knowledge, skills, experience, aptitudes, and attitudes.</p> <p>Internal applicants are given the first preference in recruitment, with external applicants being recruited only if no internal candidates are found suitable.</p> <p>New recruits have to go through a series of aptitude tests to see if they are a good fit for the Company.</p> <p>SLIC's interview panelists consist of subject matter experts and members of the Senior leadership team. However, the panel's composition may vary on depending on the posts and requirements.</p> <p>To maintain the transparency and impartiality of the recruitment process, our Recruitment Policy requires that a representative from the HR Department be present at all interviews. In addition, all panel interviews follow a set of pre-set evaluation standards.</p> <p>All new hires are required to follow a thorough induction and orientation program to help them get acquainted with the Company and to better integrate into the SLIC culture.</p>
Retention strategy	<p>As the insurance sector in Sri Lanka becomes more competitive, it becomes more critical to retain competent individuals to sustain SLIC's competitive edge and brand recognition.</p> <p>Our strategy for keeping talented personnel is based on a methodical succession plan that aims to develop identified employees into future leaders of the Company.</p> <p>The best performers are selected for inclusion in the "SLIC Talent Pool" based on the results of our Performance Appraisal System (PAS).</p> <p>The goal of the "SLIC Talent Pool" is to create a comprehensive succession plan within the Company, ensuring that there are always suitable people ready to fill any vacancies that may arise, especially in key positions.</p> <p>Candidates in the "SLIC Talent Pool" can participate in a variety of development programs to strengthen both their soft and technical skills, as well as benefit from our mentorship program to enhance their leadership and management abilities.</p>

Human Capital

Benefits to promote employee satisfaction

Fair remuneration

To retain talented employees, we have to provide remuneration and other benefits that are aligned with the market. We also follow all statutory and regulatory requirements that are relevant to our employees.

Benefit schemes

Furthermore, we allow all of our employees to enjoy the following privileges and improve their quality of life, based on the principle that “happy employees deliver quality products and services”.

Benefits at work

Flexible work arrangements	We introduced flexible working hours, especially during the period when the country was facing the energy crisis.
Family leave	SLIC strictly follows all labour laws in conformance with and exceeding the legal requirements to ensure the safety and well-being of its employees. In this regard, all of our female employees are entitled to maternity leave under the Maternity Benefits Ordinance, SLIC permits an additional two months of unpaid leave in addition to the terms of the Maternity Benefits Ordinance Requests for paternity leave are also considered favourably provided that the leave is used.
Food and beverages	Our staff café provides a wide range of food and beverages at concessionary prices.
Welfare	We have a welfare shop that sells a variety of low-cost goods, together with providing other welfare activities.

Benefits for health

Wellness	Our health facilities include a well-equipped gymnasium with a qualified instructor who helps employees maintain their physical fitness. Weekly yoga classes are conducted to help those who wish to maintain their mental and spiritual well-being.
Healthcare	Health and wellness programmes educate staff on health matters and create a conducive working environment.

Benefits for financial security

Medical coverage	Company medical insurance coverage for SLIC staff and their families.
Educational incentives	Examination fees are reimbursed in line with the HR policies.

Lifestyle benefits

Work-life balance	Our employees 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. Our staff has adequate leave entitlements and enjoy annual get-togethers.
Travel and accommodation	Every employee has the opportunity to use three holiday homes in Nuwara-Eliya, Anuradhapura, and Kataragama, all of which are furnished with modern conveniences and staffed by well-trained caretakers.
Perks for employee family members	Employees’ children receive educational support including seminars for students taking the year 5 scholarship examination. Employees and their families are eligible for death benefits. We also provide emotional and psychological assistance to employees and their families in times of need, as part of SLIC’s vow to be with them “like a Father, like a Mother”.

Human Capital

Career development to enhance workforce productivity

Our training and development strategy is geared to improving employees' skills and competencies in a way that supports SLIC's growth. To prioritize the training needs identified by the Performance Appraisal System (PAS), we have implemented a well-structured training and development framework. We regularly assess participation and progress to ensure that the training investment is delivering the expected results in terms of required skill and competency development.

Investment in training and development

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

As part of our Succession Planning and Talent Pool Management plan, we now have a dedicated training module to improve the leadership skills of potential leaders from each Department, This is another project that contributes to the organization's strategic business objectives.

We have also introduced a professional development reimbursement scheme to provide financial assistance to employees who wish to obtain further educational qualifications in a way that could add value to their respective work area. This affords them the opportunity to upgrade their skills on a regular basis and also benefits the Company. SLIC also reimburses professional body membership expenses to encourage continued professional growth.

Reimbursement of examination expenses

	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.
Total investment on employees	5,413,208	3,247,130	3,050,559	3,926,293	2,962,147

Training programs

	2022	2021	2020	2019	2018
Number of programs	97	70	85	186	163

Induction programs

	2022	2021	2020	2019	2018
Number of programs	2	2	-	3	8

Recognition and Rewards

As a Company in a highly competitive industry we need to be performance driven and our appraisal and reward system needs to be aligned accordingly. We believe that a successful Performance Appraisal System (PAS) provides a foundation for achieving twin goals; corporate strategic objectives as well as promoting employee development. SLIC's Performance Appraisal System, which is built on the philosophy of "Striving for Excellence," evaluates our workers' performance in a fair, transparent, and credible manner. All permanent employees are required to complete a bi-annual self-evaluation, where their own performance is graded against pre-agreed KPIs set at the start of the financial year as part of the process.

Human Capital

This is followed by a performance appraisal meeting in which employees have the opportunity to address their performance, training needs, and long-term career ambitions with their line manager. Employees with a rating of less than 2 are offered help to overcome any obstacles through customised Individual Development Plans established by the HR in cooperation with their supervisors.

The PAS is fully linked into our HRIS, allowing employees to track their progress and line managers to evaluate the performance of their teams throughout the year, encouraging all employees and managers to strive for excellence jointly.

Other significant statistics

Employees by Region

Region	Number
Central	169
Eastern	48
North Central	75
Northern	53
Ratnapura	89
Southern 1	150
Southern 2	121
Upper western	150
Uva	99
Wayamba 1	118
Wayamba 2	81
Western 1	103
Western 2	61
Western 3	82
Western 4	54
Head Office	1,190
Total	2,643

Employee Recruitment

Age Group	Male	Female	Total	%
18-24	3	0	3	7%
25-29	13	2	15	33%
30-34	6	1	7	16%
35-39	5	0	5	11%
40-44	11	0	11	24%
45-49	3	1	4	9%
50-54	0	0	0	0%
55 and above	0	0	0	0%
Total	41	4	45	

Employee Turnover

Age Group	Male	Female	Total	%
18-24	9	9	18	14%
25-29	16	13	29	22%
30-34	16	9	25	19%
35-39	10	4	14	11%
40-44	9	3	12	9%
45-49	7	1	8	6%
50-54	0	0	0	0%
55 and above	5	19	24	18%
Total	72	58	130	

Staff Retention Rate

	2022	2021	2020	2019	2018
Number of staff	2,643	2,767	2,626	2,660	2,703
Staff retention rate %	95.4%	96.2%	98.0%	95.2%	97.3%



Future Concerns

▶ Performance driven culture

We intend to fully inculcate a performance driven culture wherein the entire organisation is driven by a motivation to perform and achieve organisational success.

▶ Enhance the process of succession planning

We intend to make further improvements by identifying critical positions within the organisation and developing a talent pool by training individuals to fill vacancies of those who retire or leave.

Social and Relationship Capital



Social and relationship capital includes the relationships and networks SLIC has with its diverse groups of stakeholders. The stakeholders include customers, partners, suppliers, regulators, among others. The relationships we have with these parties create value, both for the organisation and the stakeholders. SLIC builds up robust relationships with these stakeholder groups that create trust-based relationships which are mutually beneficial.

KEY STATISTICAL HIGHLIGHTS

	2022 %	2021 %	Change
SLIC's market share (Life business)	15.4%	17.6%	-2.3%
SLIC's market share (Non-life business)	17.6%	20.7 %	-3.1%

Social and Relationship Capital

CONTRIBUTION TO SDG'S

- 

▶ A diversified set of risk protection and life investment solutions
- 

▶ Comprehensive coverage for health needs
- 

▶ Agents career path
- 

▶ Systematically operating agents' development model
- 

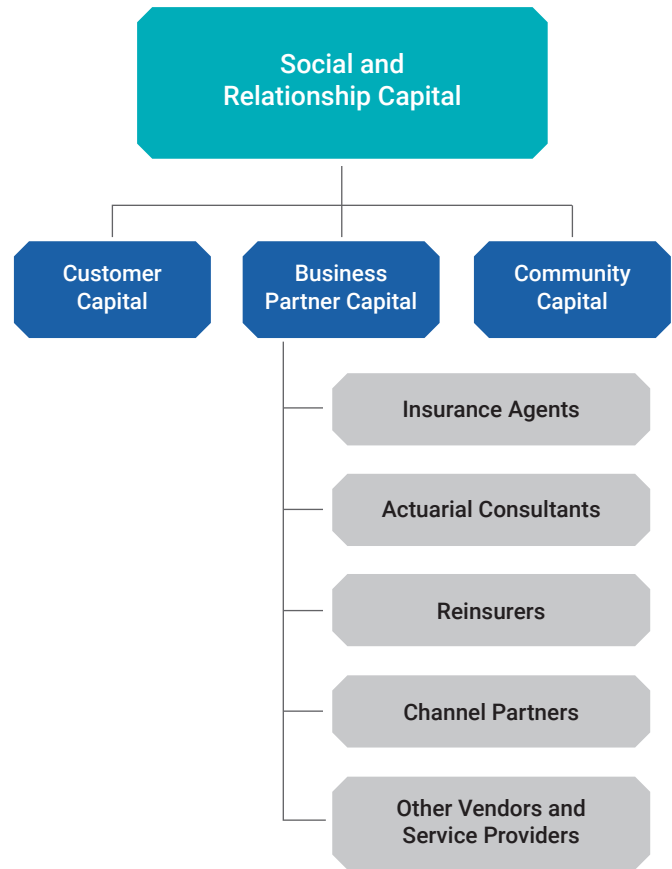
▶ Innovative tailor-made insurance solutions
 ▶ Mobile and other payment solutions
 ▶ Hybrid channels
- 

▶ Inexpensive and comprehensive "Insurance for All" concept
- 

▶ "Motor Plus Road Safety Heroes"
 ▶ "Minimuthulanthaya" for children
 ▶ "Rising to New Norm" Awareness Program
- 

▶ 2.26 Mn customers across Sri Lanka
 Sri Lanka Insurance Motor Plus-
 ▶ No 1 vehicle Insurance
 Special customer complaint management system
- 

▶ Partnerships with Mobitel, PB, BOC, Lanka Hospitals – for boosting payment solutions
 ▶ Strategic partnership with SLMA – to promote health and safety
 ▶ Tie-up with Vogue Jewellers – to provide benefits for policyholders



VALUE ADDITION TO CUSTOMER CAPITAL

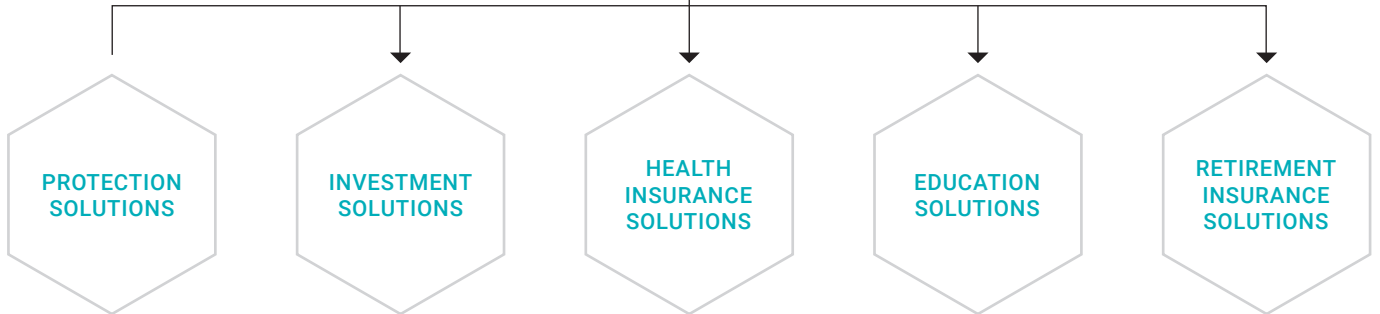
Driving Customer Capital towards Value Creation

Further penetration of the market and increasing market share, depends on our understanding of our customers, their wants, requirements, and preferences. To compete in the marketplace, we have to surpass our competitors in the customer experience we provide. To increase our revenue streams, we need to attract new clients in addition retaining our existing ones. SLIC uses the following guidelines to affirm our commitment to clients.

A Varied and Distinctive Product Portfolio

We offer a wide range of risk protection and life investment products. Our profile of customers is equally diverse, including individuals, SME's and micro entrepreneurs, Government institutions, and major corporations. This is in keeping with its vow to remain by their side "like a father – like a mother". Our products are unique in that each one embodies our guaranteed value proposition to be the country's leading provider of inexpensive and comprehensive insurance for all Sri Lankans.

Social and Relationship Capital



Sri Lanka Insurance
Divi Thilina
Protection Plan

Sri Lanka Insurance
Early Cash

SLIC Comprehensive
Health Plus

Sri Lanka Insurance
Mini Muthu
Children's Plan

Sri Lanka Insurance
Freedom
RETIREMENT PLAN

Sri Lanka Insurance
Janadiri
Two year relief plan

Sri Lanka Insurance
SPEED INVESTMENT

Sri Lanka Insurance
Comprehensive
The Health and Life Insurance Cover for Diabetics

Sri Lanka Insurance
Mini Muthu
Dayada

Sri Lanka Insurance
Freedom LIFESTYLE PLUS
RETIREMENT PLAN

Sri Lanka Insurance
WEALTH PLUS
Limited Premium Plan

Sri Lanka Insurance
Mini Muthu
Parithyaga

Sri Lanka Insurance
YASAS
සුඛයාමි - මහරෝගි - මරණෝගී

Sri Lanka Insurance
Early Cash

SRI LANKA INSURANCE
SCHOOL FEE PROTECTOR

Social and Relationship Capital

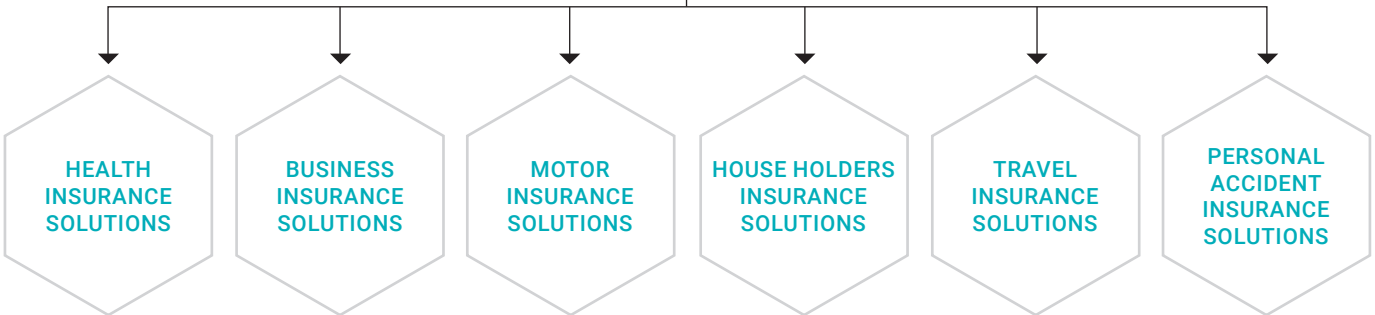
Life Portfolio

Product Category	Target Customers	Solutions	Description
Protection/ Investment	Customers who seek to enjoy both protection and investment benefits through their cover	<i>Divi Thilina Protection Plan</i> <i>Speed Investment Plan</i> <i>Early Cash Advance Benefit Plan</i> <i>Swarna Dhaja</i> <i>Jana Diri – Two Year Relief Plan</i> <i>Wealth Plus</i>	These products provide comprehensive protection along with the highest returns in the industry and can be customised according to the customer's needs.
Retirement	Customers who wish to plan for their retirement in advance	<i>Freedom Retirement Plan</i> <i>Freedom Single Premium Plan</i> <i>Freedom Lifestyle Plus</i>	These solutions help to build a guaranteed retirement fund to enjoy the golden years of the policy holder with a range of additional benefits.
Education Plan	For customers with children to cater to their needs from birth to completing their higher education	<i>Minimuthu Dayada</i> <i>Minimuthu Children's Policy</i> <i>Minimuthu Parithyaga</i> <i>School Fee Protector</i>	The education plans help build a fund to secure the child's future education plans and provide a comprehensive protection to ensure uninterrupted education for the child.
Health	General Public who seeks protection during critical surgeries	<i>Surgical Plan</i>	Provides you with a comprehensive coverage that covers the costs of surgery up to a pre-determined maximum limit.
	General Public with health expenditure concerns predominantly for private health care	<i>Comprehensive Health Plus</i>	Covers surgical, medical, and hospitalisation costs both in Sri Lanka and abroad with a range of additional benefits
	Persons with diabetes	<i>Comprehensive D+ Plan</i>	Gives peace of mind and financial aid to the policyholder by providing access to the best hospitals and medical treatment even if they suffer from diabetes.
	General Public with health expenditure concerns predominantly for public health care	<i>Hospital Cash Plan</i>	Provides a fixed financial coverage for each day you are in the hospital, regardless of actual expenditure.
Employee related	Staff of Company	<i>Group Protect Term Policy</i>	Covers all of the staff of an organisation under one insurance to give a greater sense of security and belonging inside the Company.
Mortgage Protection	Loan borrowers who obtain loans from banks/financial institutions	<i>Mortgage Protection Plan</i>	This plan was created to 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.

Social and Relationship Capital



GENERAL



Social and Relationship Capital

General Portfolio

Product Category	Solutions	Target Customers	Description
Medical Insurance	Medi 60	Senior citizens (between the age of 60-70 years)	Medi 60 is a health insurance policy that covers a wide range of senior citizens' health insurance needs, allowing them to select the best medical plan from three packages based on their financial investment.
	Medi Plus	Sri Lanka citizens between the age of 18-59 years	Individual health insurance policy that covers extensive number of in-patient health insurance needs. The policy is annually renewable and includes a special no claim bonus that increases the sum insured of the policy per every no claim year.
Motor	Motor Plus Ladies Only	Ladies who own private cars and private dual-purpose vehicles	Contains special features that cater to the specific car insurance needs of the female customer segment which drives cars and dual-purpose vehicles.
	Motor Plus Tuk	Tuk drivers	Motor insurance policy designed to cater the insurance needs of the three-wheels segment.
	Motor Plus Rider	Riders	Insurance policy designed for motorcyclist.
	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>Following special benefits are offered under Drive 60 insurance product.</p> <ul style="list-style-type: none"> • Free towing covers up to Rs. 10,000 • Call and move facility for vehicles above sum insured of Rs 5 Mn (Private car and private dual-purpose vehicles) • Cashless repair facility from SLIC registered garages • Bee Express fast track settlement facility for claims below Rs. 100,000 • Waiving the after-repair inspection for claims under Rs. 100,000 • Special repair offers for claims • Waiving off salvage parts for claims below Rs. 50,000 • Discounted packages from hospitals and pharmacies • Discounts up to 75% (70% NCB and 5% MR)
	Motor Plus Pinnacle		Premium vehicle owner market segment

Social and Relationship Capital

Product Category	Solutions	Target Customers	Description
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 the travellers	Provide coverage against medical emergencies, trip cancellation, lost baggage, or unforeseen travel disruption and ensures travelers 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)

Business			
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	Small and Medium Enterprise 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 tourist 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.
Special Motor Categories	Motor Fleet Solutions	Companies/Individuals owned car fleets	Accident risk and damage coverage for corporate-owned car fleets.
	Agricultural vehicles and Special vehicles	Individuals and Companies 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

New Products Launched to the Market in FY 2022

The following products were introduced to the market in the year under review as part of our continued efforts to broaden our offering:

School Fee Protector

School Fee Protector is introduced for the students of international and private schools and educational institutes, to protect them in the event of death or permanent disability of a parent. This cover ensures the settlement of the remaining school fees from the date of the unfortunate occurrence. Customers can cover both parents under one policy and the policy can be obtained by making a single premium payment only.

General Insurance

1. Jana Rekuma Personnel Accident Insurance Cover

Jana Rekuma Personal Accident cover offers a comprehensive coverage against accident injuries that may occur anywhere at any time. Affordable premiums and multiple benefits offered to individuals are the unique features of this cover that makes *Jana Rekuma* to stand out from other similar products available in the market.

This cover includes,

- Personal accident cover
- Hospital allowance cover due to accident
- Funeral expense cover
- 24x7 worldwide coverage
- Motorcycle cover (whether as a driver or pillion rider)

2. Medi 60 Senior Citizen's Insurance Cover

Senior citizens are those mostly in need of health cover; at the same time providing cover to this segment tends to be costly.

Sri Lanka Insurance Medi 60 is a health insurance product which covers a range of health insurance needs of senior citizens (Age 60 and above) in the country at a highly affordable price. You can choose the Medical Plan that best suits you from three packages based on your financial investment.

Coverage includes:

- Hospital and nursing home maintenance charges including room charges
- Consultant's and specialist's Fees, surgeon's and anaesthetists Fees
- Medical and operational expenses, nursing charges including use of operating theatre. Investigations and special treatment on the recommendation of a consultant specialist on hospitalisation
- Government hospital per day allowance – maximum of 15 days (**Government hospitalisation due to COVID-19 – LKR 1,000 per day paid within above government hospital allowance limit -One night considered as a day)
- Expenses incurred on drugs purchased and tests, scans, and x-rays undergone whilst being an inpatient in a non-paying ward of a Government Hospital (subject to bills being produced)
- 135-day care surgery expenses are covered

3. Motor Plus Drive 60 Insurance Cover

Motor Plus Drive 60 is a motor insurance cover specially designed for senior citizens. Following comprehensive special benefits are offered under Drive 60 insurance product.

- Free towing cover up to LKR 10,000/-
- Call and move facility for sum insured above 5 Mn (private cars and private dual purpose vehicles)

- Cashless repair facility from SLIC registered garages
- Bee Express offers for claims below Rs. 100,000/-
- Waiving the after-repair inspection for claims under Rs. 100,000
- Special repair offers for claims
- Waiving off salvage parts for claims below Rs. 50,000/-
- Discounted packages from hospitals and pharmacies
- Discounts up to 75% (70% NCB and 5% MR)

4. Motor Plus Pinnacle Insurance Cover

Pinnacle from SLIC Motor Plus is the perfect motor insurance plan for your desiring lifestyles. It is a premium motor insurance policy introduced for vehicles over Rs. 15 Mn in value. It included following value-added benefits.

- Reimbursement of emergency accommodation cost in the event of an accident up to Rs. 50,000 if the insured is 100 km or more away from home
- Reimbursement of towing charges and emergency breakdown assistance cost up to Rs. 20,000
- Accidental Death Cover of Rs. 1,000,000 for the Insured and up to Rs. 500,000 for three passengers
- Rental allowances up to Rs. 6,000/= per day whilst the vehicle is under collision repair
- Reimbursement of the cost of replacing stolen or damaged audio and/or video equipment due to a vehicle accident
- A dedicated claims support team
- Reimbursement of the cost of replacing the key of the vehicle if the key damaged/destroyed due to vehicle accident

Underwriting and Claim Settlement Excellence

As a responsible corporate entity, we eschew engaging in anti-competitive action. When pricing our underwriting products, we aim to achieve a judicious balance between premium pricing and claim settlement risks. Our pricing policy is systematic, consistent, and conservative in its approach. Our customers can avail themselves of best-in-class underwriting services at a fair market price.

Meanwhile, in order to maintain the efficiency of our Claim Management process at all times, we have created clear norms, systems and procedures that prioritise customers' interests based on the following principles:

- Claims should be dealt with promptly and equitably
- The claimant is kept informed at all times about the status of their claim, so that he may know when to expect payment
- In the event that a claim is partially resolved or refused, the claimant receives a written explanation, which minimises grievances and dissatisfaction among claimants

All claims are handled by SLIC's central claim-processing unit, whereas disputed and higher-threshold claims are handled by a special claims panel. Unresolved claims are referred to an alternate dispute resolution procedure in accordance with the country's insurance legal framework.

Social and Relationship Capital

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 their general insurance policies online To intimate motor insurance claims To locate SLIC branches in Google maps To access roadside and emergency assistance 24/7 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
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 (PB)	To settle their premiums via PB's network of ATM's and self-banking centres across Sri Lanka
	Partnership with the Bank of Ceylon (BOC)	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 customers to enable them 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.

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 is viewed as an opportunity to improve our services and improve doing business convenience, reliability, and gratification. 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.

Motor Plus Loyalty Rewards

SLIC's customer value offer includes rewarding our customers for their loyalty. Motor Plus policyholders can take advantage of a variety of prizes and perks through SLIC's Motor Plus Loyalty Rewards program, which includes grand prize draws, exclusive deals from merchant partners, and a growing list of value-added services. Policyholders can enjoy discounts from SLIC's partnerships with a multitude of organisations as the Motor Plus Loyalty Rewards program was expanded in 2022.

Value addition to Business Partner Capital

SLIC has a wide network of business partners who are a vital part of its value creation process. They are critical to sustaining SLIC's competitive edge and ensuring the Company's long-term viability. The nature of SLIC's business necessitates collaboration with a diverse group of business partners, including insurance agents, brokers, reinsurers, channel partners, general supply vendors, and other service providers.

Social and Relationship Capital

To retain the important role of these partners in our value chain we need to build strong and dependable partnerships based on the shared value concept. We also have a policy in place for outsourcing.

In order to develop trust and long-term relationships, we maintain a highly streamlined approach to managing our business partner capital.

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. We at SLIC 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, we have launched the Life Loyalty Rewards system for all Life policyholders of SLIC 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 program by adding new partners and offers covering hotels, education institutes, restaurants, healthcare, and many other sectors.

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

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 which recognises high performers identified through the Agency Career Path program. 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.

Agency Force

MDRT Members from 2017 to 2022

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

Actuarial Consultants

SLIC's Actuarial Consultants for Life and General Insurance are Messrs Wills Towers Watson India Pvt. Ltd and Messrs NMG Financial Services Consulting, who assist us on problems requiring their expertise.

Reinsurers

Reinsurers provide critical support to our business by undertaking part of the cover to absorb potentially high-value risks, allowing SLIC to achieve its growth ambitions. We maintain a selective approach in contracting with reinsurers due to their custodial responsibility. We maintain agreements with 103 rated reinsurers to guarantee that insurance risks are spread.

Apart from the direct benefits of reinsurance, SLIC has benefited from the in-depth knowledge of the insurance industry, disciplined approach to underwriting, and insights into the latest global trends provided by our long-standing relationships with leading rated global reinsurers to fuel our innovation strategies.

Channel Partners

SLIC's value chain includes a large number of channel partners catering to the different types of insurance products. These range from our island-wide network of insurance brokers, banking partners, and healthcare partners, to vehicle agents, service workshops, and payment facilitators, all of whom contribute to the deployment of SLIC's value proposition to the market.

The terms and conditions of agreements are laid down in a Memorandum of Understanding (MOU), which helps partners comply with SLIC's operational standards and code of conduct. These MOUs ensure that business partners are treated fairly and equally as lay the ground for long-term, mutually beneficial collaborations.

Other Vendors and Service Providers

Other vendors and service providers are hired according to SLIC's procurement guidelines, which promote fair and equitable vendor and service provider selection and enlistment.

As a strong supporter of fair and ethical practices, we have developed a clear path for vendors and service providers to escalate any concerns or suggestions they may have. All complaints and comments received in this manner are reviewed and resolved in accordance with our Procurement Guidelines' Standard Operating Procedures.

Social and Relationship Capital

MARKETING CAMPAIGNS

1. Bonus Declaration

SLIC declared the largest ever life insurance bonus for the industry in the country amounting to a staggering Rs. 10.49 Bn for the year 2022 to its life insurance policyholders. The total life insurance bonuses declared to policyholders since 2006 to present is Rs. 92.8 Bn.

The bonus certificates were available to download from SLIC mobile app as e-Bonus Certificates further adding convenience to the customers and supporting the sustainability initiatives of the country.

2. 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 2022, SLIC offered a free life insurance cover for the parents of all the children born on 1 October 2022. This amounted to a LKR 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. Advisors of SLIC visited all the hospitals in the country during this day to ensure that all the eligible children received this cover.



3. SLIC contributes to enhance the facilities at Apeksha Cancer Hospital

Call to Donate programme which was initiated by SLIC in 2015 has been instrumental in contributing financial and non-financial donations to the patients of Apeksha Cancer Hospital throughout the years. And given the challenging economic conditions of the year, these contributions played a key role in improving the quality of life, for many individuals seeking treatments at this hospital.

Marking another milestone in this project, SLIC facilitated the construction of two isolation units at the paediatric ward and donated essential medicine to the Apeksha Hospital in 2022.

4. SLIC Enters in to a Strategic Partnership with AIMG

SLIC entered in to a strategic partnership with AIMG (Association of International Marketing Graduates) and facilitated a number of timely and though provoking sessions with the movers and shakers of the corporate world in Sri Lanka. These partnerships help SLIC to enrich and enhance the public and drive the sustainable development of our nation as a leading force.

5. Sri Lanka Insurance Medi 60

Sri Lanka Insurance Medi 60 is a health insurance product which covers a range of health risks of senior citizens (Age 60 and above) in the country at a highly affordable price. You can choose your best suited Medical Plan from 3 packages based on your financial investment.

TV, Radio, press and social media campaigns were launched in the month of March 2022 in line with promoting the key product features and deliverables of the product.

6. Sri Lanka Insurance enters into a strategic tie up with Ceylon Motor Traders Association

SLIC entered into a strategic tie up and signed a Memorandum of Understanding (MoU) with the Ceylon Motor Traders Association (CMTA) the representative body of Sri Lanka Automotive industry to provide an exclusive vehicle insurance package for the CMTA members.

The MOU between the two organisations intends to facilitate a comprehensive motor insurance solution for members of the CMTA for the benefit of their customers as well as a home insurance or a life insurance solution as well. A PR campaign and series of marketing activations have been carried out in order to promote the partnership benefits.

7. Sri Lanka Insurance Drive60

MotorPlus Drive60 is a specially designed motor insurance policy with unique benefits for senior citizens. The policy can be purchased or renewed by anyone who is over the age of 60 and is entitled to the benefits and special packages. TV, radio, press and social media campaigns were carried out during the year 2022 to promote the key product features and deliverables of the product.

8. Sri Lanka Insurance Motor Plus Pinnacle

Motor Plus Pinnacle is a premier motor insurance product offered by Sri Lanka Insurance. It provides comprehensive coverage against a wide range of risks. It also offers Emergency accommodation cover, roadside assistance cost reimbursement, hassle-free claim process, and range of premium add-on options. The product was launched in May 2022 with an extensive marketing communication campaign and an exclusive brand engagement programs have been organised during the year to promote the product.

SOCIAL CAMPAIGNS

1. National Diabetes Day Activation

World Diabetes Day provides an opportunity to raise awareness of diabetes as a health issue, which affects all age groups and social classes. Sri Lanka’s non-communicable diseases (NCDs) have risen unprecedentedly over the past few decades. WHO takes this opportunity to highlight the challenges and solutions in scaling-up access to diabetes medicines and care.

As the only insurer focused on providing coverage for Sri Lankans diagnosed with diabetes and being the first insurer allowing senior citizens diagnosed with diabetes to sign-up with insurance schemes, Sri Lanka Insurance together with *Ayobo.life* (Digital Healthcare Solutions (Pvt) Ltd), Sri Lanka’s premier health and wellness solutions provider, stepped forward to increase awareness on prevention of the disease and providing specified benefits to Sri Lankans who have become victims of this deadly non-communicable disease.

Following activities were conducted during the month of November.

A step challenge

Offered the step challenge with SLIC branding to an active base of walkers of *Ayobo.life*. A Physical event was held to mark the launch of World Diabetes Day with an extensive social media coverage.

Online diabetes assessment – A national campaign carried-out digitally

Online diabetes assessment was carried out to assess the risk of diabetes among general public, during the brand activation campaign.



2. Motor Plus TUK Hitha Mithuro Campaign

Sri Lanka Insurance Motor Plus launched “*Tuk Hitha Mithuro*” educational and awareness building campaign for three-wheel drivers throughout the island educating them on certain value additions that they can use to enhance their professionalism in service delivery.

The project included providing educational support in developing English language, ICT knowledge, and awareness on first aid in event of accidents. The program has been launched as a fully-digital educational initiative and ground level activation has been carried out island-wide to increase the awareness.

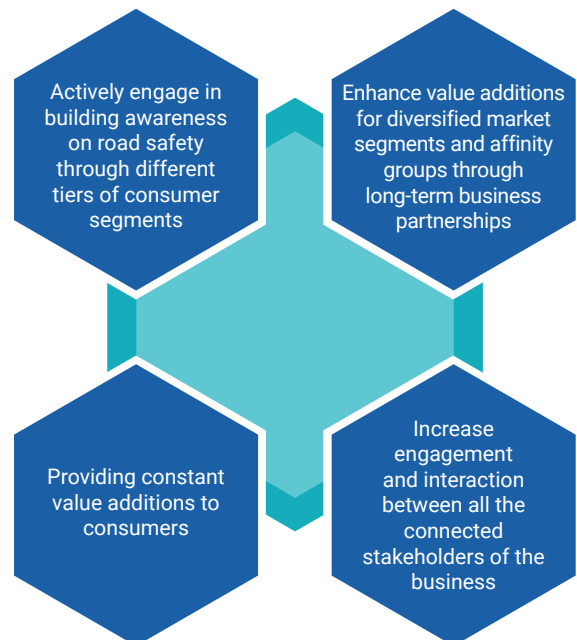


Future Concerns

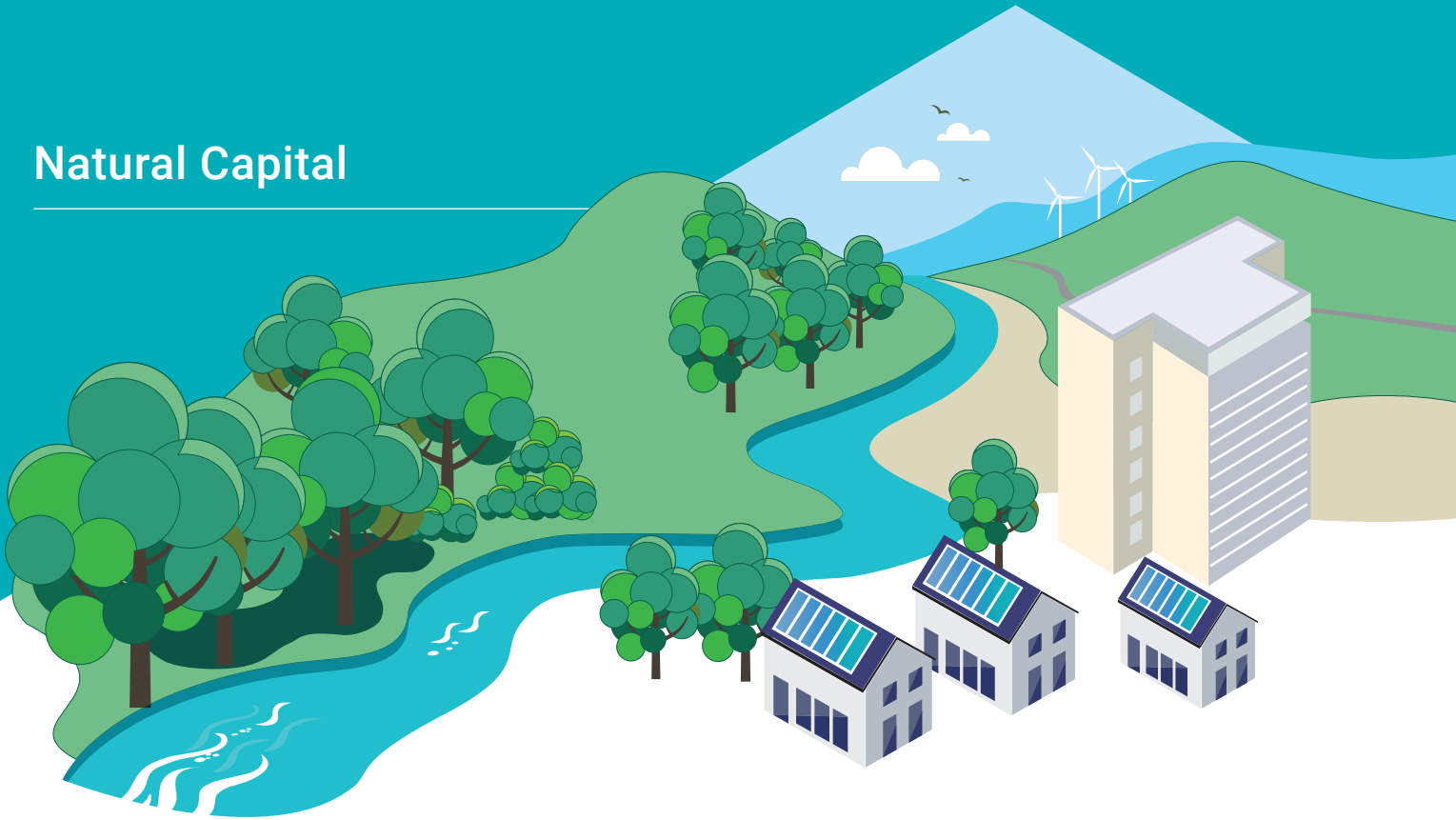
▶ **New product planning for 2023**

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 2021 and 2022 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 – GI



Natural Capital



CONTRIBUTION TO SDG'S



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



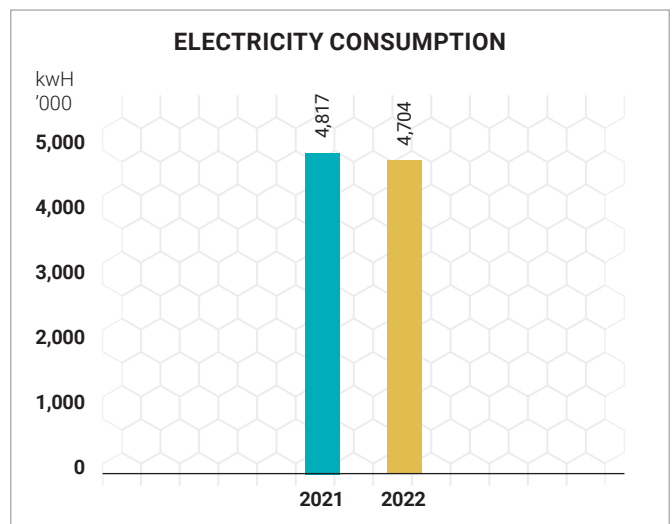
- ▶ Compliance with national environmental policy

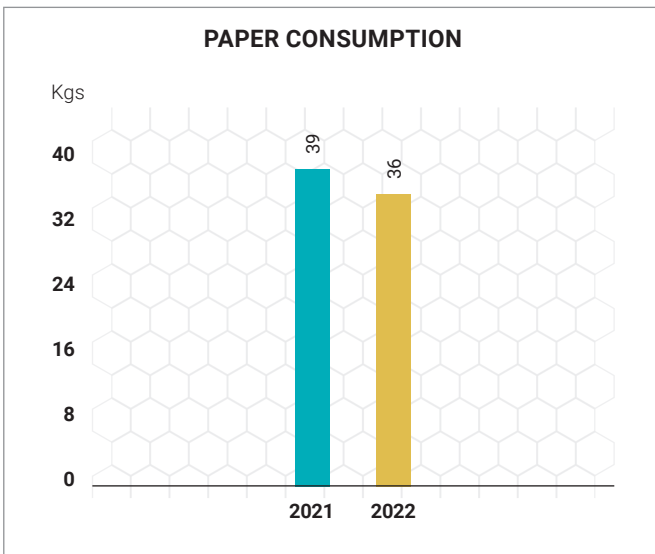
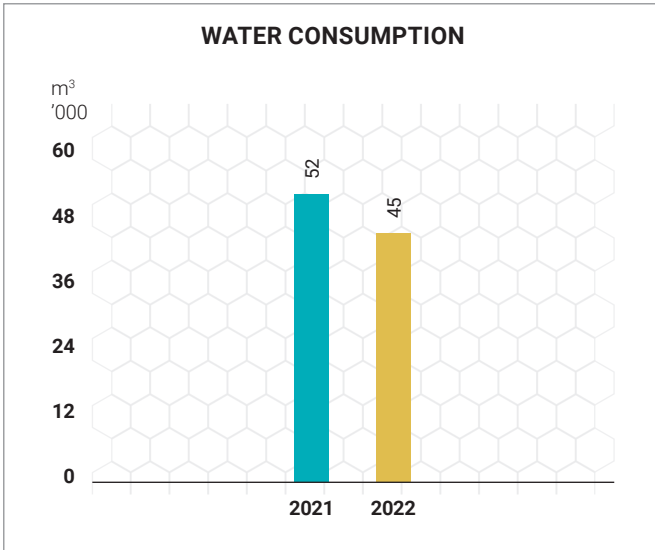
SLIC, being in a service industry, does not greatly impact the environment by its operations. Our business is information-intensive, rather than material or energy intensive. Nevertheless, our activities do have some impact on the environment by way of the electricity, water, and paper we consume and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

Key statistical highlights

Investments	Units	2022	2021	Change %
Electricity consumption	kWh	4,704,441	4,817,121	(2.3)%
Water consumption	m ³	45,007	52,047	(13.5)%
Paper	1000 Kgs.	36	39	(7.6)%

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 reduce our natural resource usage and our Carbon footprint.

- 3. Digitisation and moving to paperless offices**
Our digital strategy has been directed towards gradually automating all our operations and reducing the use of paper. We have eliminated paper-based processes as far as possible and moved to digitised document sharing. Thereby we have gradually reduced paper consumption on a monthly basis over the past few years. Even Board meetings and Board sub-committee meetings have been made paperless. Board meeting automation technology has also been introduced.



Future Concerns

▶ Digitisation of Business Processes

We look forward to many further developments in digitisation. We have already automated sales force processes. On the cards are further improvements in SLIC customer app, launch of management dashboards, and implementation of work flow management solution to improve internal process automation and efficiency. Digital platforms will facilitate business analytics for effective business decision making. Other developments to come include the digitisation of motor claims and new product developments in life and general insurance. All these will bring us closer to a paperless environment, and towards a more responsible consumption of natural resources.

Investing in Carbon Neutrality

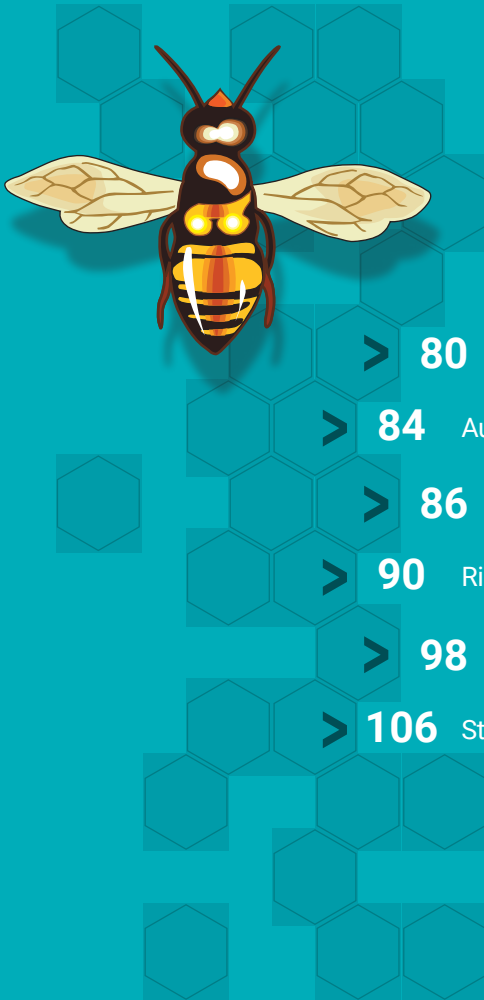
GHG assessment of SLIC is commenced and from the results of this we hope to progressively realise carbon neutrality.

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

- ▶ Maintaining the Carbon Footprint Certification which we won in 2021 ie. 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 reasonable level of assurance.
- ▶ Conducting programmes for employees to raise awareness on GHG emissions and get their participation in environmental initiatives aimed at achieving carbon neutrality.

79-106

GOVERNANCE AND RISK OVERSIGHT



> **80** Corporate Governance Report

> **84** Audit and Compliance Committee Report

> **86** Investment Committee Report

> **90** Risk Management Report

> **98** Compliance Report

> **106** Statement of Internal Control

Corporate Governance Report

CHAIRMAN'S INTRODUCTION

As the Chairman, I would like to take this opportunity to navigate the stakeholders on our commitment to corporate governance and the measures we have already adopted to ensure that we are functioning, adhering to the fundamentals of corporate governance.

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 facilitating 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. In addition, the Ministry of Finance has issued "Guidelines on Corporate Governance and Operational Manual for SOEs", to be effective from 17 November 2021 and we have already embraced the fundamentals of the said Code and are working on further strengthening the governance framework in line with the said Code.

As part of further strengthening the corporate governance framework, the Board adopted a "Schedule of Matters Reserved for the Board" recently, 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.

In a nutshell, we have established a robust framework of corporate governance as set out here: The Boards and Board Sub-Committees have a combination of skills, experience, and knowledge and have been instrumental in setting the tone for the corporate governance practices of the company. The Board sub-committees ensure that the governance framework is sustainable by establishing and implementing clear policies and procedures, overseeing management, establishing independent audit committees and regular reporting to the stakeholders. The Board meets regularly, almost monthly, and monitors the performance of the executive management. Non-Executive Directors provide constructive feedback and offer specialist advice.

We firmly believe that good corporate governance is vital for the long-term success of our business, and we will continue to strive for excellence in this area and the following reports sets out how we do.

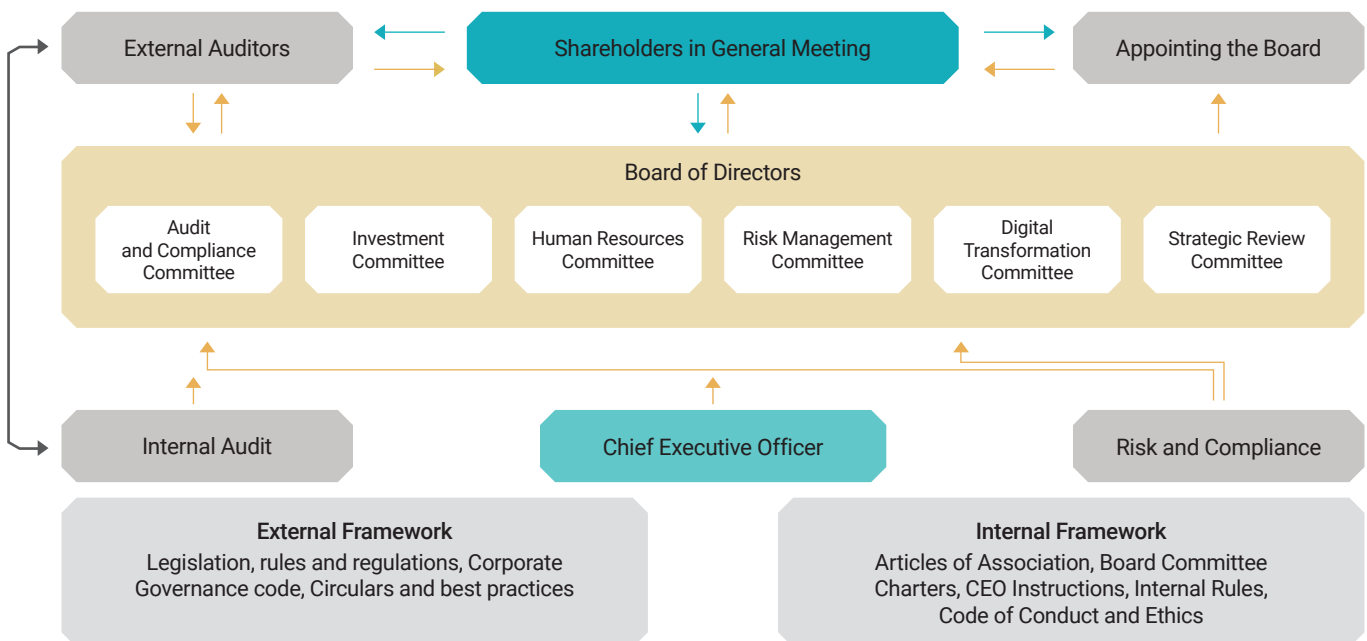


Ronald C Perera, PC
Chairman

10 May 2023

GOVERNANCE FRAMEWORK

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



◀ Elected/appointed by ▶ Reporting to/informing

BOARD COMPOSITION AND RESPONSIBILITY OF THE BOARD

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

THE COMPANY SECRETARY

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

BOARD AND COMMITTEE PROCEEDINGS

The establishment of Board committees has been instrumental in enhancing the efficiency of the Board and adds value to the Board in the fields of audit, compliance investment, human resource, and risk management etc. To assist the board's oversight, planning and decision making functions the Board has established six sub-committees: the Audit and Compliance Committee, the Risk Management Committee, the Investment Committee, Strategic Review Committee, Human Resources Committee, and the Digital Transformation Committee. The newly established Digital Transformation Committee is instrumental in navigating the digital transformation journey of the company. The Committees are governed by board approved charters, policies, and procedures and report to the Board at periodic Board Meetings.

The number of Board Meetings and Board Sub-Committees held during 2022 and details of attendance of each Director present at these meetings are given below:

Board Meetings – 2022

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

Twentyone Board meetings were held during 2022

Name of the Director	No. of Meetings Attended
Eng. Vijitha Herath (Ceased to be a Director w.e.f. 01 August 2022)	13
Mr K A Vimalenthirarajah (Ceased to be a Director w.e.f. 14 March 2022)	2
Mr Anil Meegahagedara (Ceased to be a Director w.e.f. 22 August 2022)	12
Mr Anil Koswatte	17
Mr Nishantha Dayananda	20
Ms Surekha Alles (Ceased to be a Director w.e.f. 22 August 2022)	13
Mr Samantha Upananda (Ceased to be a Director w.e.f. 30 September 2022)	13
Mr R A L Udaya Kumara (Appointed w.e.f. 14 March 2022 and Ceased to be a Director w.e.f. 30 September 2022)	11
Mr Ronald C Perera, PC (Appointed w.e.f. 01 August 2022)	7
Mr Dushmantha Thotawatte (Appointed w.e.f. 22 August 2022)	7
Dr Kithsiri Manchanayakke (Appointed w.e.f. 22 August 2022)	7
Mr Naomal Pelpola (Appointed w.e.f. 30 September 2022)	4
Mr Ravindra Pathmapriya (Appointed w.e.f. 30 September 2022)	5

Audit and Compliance Committee Meetings (ACCM) – 2022

There were five ACCMs during the year 2022 and the Treasury Representatives on Board, acted as the Chairman of the Committee.

Name of the Director	No. of Meetings Attended
Mr Samantha Upananda (Chairman of the Committee – NED) (Ceased to be a Director w.e.f. 30 September, 2022)	3
Mr Anil Meegahagedara (Ceased to be a Director w.e.f. 22 August, 2022)	3
Mr Nishantha Dayananda	5
Mr Dushmantha Thotawatte (Chairman of the Committee – NED)	2
Mr Ravindra Pathmapriya	2

Note: As at the reporting date the following members serve the ACC:

Mr Dushmantha Thotawatte – Chairman of the ACC
(Appointed w.e.f. 22 August 2022)
Mr Nishantha Dayananda
Mr Ravindra Pathmapriya (Appointed w.e.f. 30 September 2022)

Investment Committee Meetings – 2022

There were Fifteen Investment Committee meetings during 2022. The meetings were chaired by a Non-Executive Director.

Name of the Director	No. of Meetings Attended
Mr K A Vimalenthirarajah (Chairman of the committee – NED) (Ceased to be a Director w.e.f. 14 March 2022)	2
Eng. Vijitha Herath (Ceased to be a Director w.e.f. 01 August 2022)	4
Mr Anil Meegahagedara (Ceased to be a Director w.e.f. 22 August 2022)	10
Ms Surekha Alles (Ceased to be a Director w.e.f. 22 August 2022)	9
Mr Lakmin Udaya Kumara (Chairman of the committee – NED) (Appointed w.e.f. 14 March 2022 and Ceased to be a Director w.e.f. 30 September 2022)	8
Mr Ronald C Perera, PC (Appointed w.e.f. 01 August 2022)	4
Dr Kithsiri Manchanayakke (Appointed w.e.f. 22 August 2022)	4
Mr Dushmantha Thotawatte (Appointed w.e.f. 22 August 2022)	4
Mr Ravindra Pathmapriya (Chairman of the committee – NED) (Appointed w.e.f. 30 September, 2022)	2

Risk Management Committee Meetings – 2022

There were three Risk Management Committee meetings during 2022. 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	No. of Meetings Attended
Ms Surekha Alles (Chairman of the Committee – NED) (Ceased to be a Director w.e.f. 22 August 2022)	2
Mr Anil Meegahagedara (Ceased to be a Director w.e.f. 22 August 2022)	1
Mr Samantha Upananda (Ceased to be a Director w.e.f. 30 September 2022)	2
Mr Naomal Pelpola (Chairman of the committee – NED) (Appointed w.e.f. 30 September 2022)	1
Dr Kithsiri Manchanayakke (Appointed w.e.f. 22 August 2022)	1
Mr Dushmantha Thotawatte (Appointed w.e.f. 22 August 2022)	1

Human Resources Committee Meetings – 2022

There were nine Human Resources Committee meetings during 2022. The meetings were chaired by a Non-Executive Director.

Name of the Director	No. of Meetings Attended
Mr Nishantha Dayananda (Chairman of the Committee – NED)	9
Mr Anil Koswatte (Served as a member until 08 July 2022)	5
Eng. Vijitha Herath (Ceased to be a Director w.e.f. 01 August 2022)	3
Ms Surekha Alles (Ceased to be a Director w.e.f. 22 August 2022)	4
Mr Ronald C Perera, PC (Appointed w.e.f. 01 August 2022)	4
Dr Kithsiri Manchanayakke (Appointed w.e.f. 22 August 2022)	4

Corporate Governance Report

Digital Transformation Committee

The Digital Transformation Committee assists and advises the Board of Directors regarding the Company's digital strategy and implementation of new, innovative technological solutions that facilitate the effective integration of digital technologies and procedures throughout the entire organization, ensuring their widespread adoption and success. The Committee is Chaired by a Non-Executive Director who is a renowned IT professional.

Strategic Review Committee

The main goal of the Strategy Committee 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 the risks involved, in reviewing and assessing the company's strategic direction, 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.

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 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 the date of this report. The internal control framework of the Company encompasses the policies, procedures, processes, tasks, and behaviours. The Company has an internal audit function, which has a reporting line to the Chairman of the Board and the Chairman of the Audit and Compliance (ACC) Committee. The ACC receives reports from this function at each committee meeting. In addition, the Company adopts a holistic view on Enterprise Risk Management (ERM) pertaining to four main risks; namely, strategic, financial (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) is primarily responsible for overseeing the Financial Statements to ensure that they accurately reflect the Company's financial position and for ensuring that the Company operates in a responsible and compliant manner. The ACC is led by a Non-Executive Director who is a Senior Chartered Accountant, with the Treasury Director serving as a member. The Company Secretary of the Company acts as the Secretary of the meetings. Despite both the compliance and audit functions reporting to the ACC, operational independence is maintained through their separation.

The Committee is supported by senior staff with expertise in finance, audit, law and insurance to effectively carry out its duties, which include overseeing financial reporting, internal controls, compliance, and external audit.

TERMS OF REFERENCE

The terms of reference of the Audit and Compliance Committee of SLICL are clearly defined in the Charter of the Board's Audit and Compliance Committee which is based on the guiding principles and best practices on audit committees including the "Code of Best Practice on Corporate Governance" jointly issued by the Securities and Exchange Commission of Sri Lanka ("SEC") and The Institute of Chartered Accountants of Sri Lanka, 2017, and other applicable Codes. 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 2022, 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 2022 is stated below:

There were five ACCMs during the year 2022 and the Treasury Representatives on Board, acted as the Chairman of the Committee.

Name of the Director	No. of Meetings Attended
Mr Samantha Upananda (Chairman of the Committee – NED) (Ceased to be a Director w.e.f. 30 September 2022)	3
Mr Anil Meegahagedara (Ceased to be a Director w.e.f. 22 August 2022)	3
Mr Nishantha Dayananda	5
Mr Dushmantha Thotawatta (Chairman of the Committee – NED)	2
Mr Ravindra Pathmapriya	2

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

INTERNAL AUDIT

The Company has an internal audit department that is led by a qualified Chartered Accountant. The ACC approved the internal audit programme, and the Committee regularly reviews and monitors the internal audit and inspection function to ensure its independence and professional care. The Committee is satisfied that the department has the necessary authority and resources to carry-out its work. At its periodic meetings, the Committee reviews reports from the Head of Internal Audit to monitor the progress of the internal audit plan and key findings.

EXTERNAL AUDIT

The Auditor General was appointed as the external auditor in terms of article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. Messrs. BDO Partners was 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 2022, 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 fulfill 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 disclosed, scrutinised and even challenged where appropriate by the Audit Committee. The Committee is of the view that the process for impairment is adequate.

ADOPTION OF IFRS

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

INDEPENDENT EXTERNAL ADVICE

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

ACCESSIBILITY OF HEAD OF INTERNAL AUDIT AND HEAD OF COMPLIANCE AND RISK TO THE MEETING OF ACC

The Heads of internal audit and compliance and 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. The Deputy General Manager – Compliance and Risk and the Assistant General Manager-Finance, 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, WHISTLEBLOWING AND FRAUD MANAGEMENT

The Company has approved a “Code of Ethics,” “Whistleblowing 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 Whistleblowing Officer in accordance with the whistleblowing policy. The officer will take necessary actions to address the report with the management. The Company is dedicated to preventing, identifying, and addressing all instances of 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 sub-committee called the 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 Organizations” 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 10 May 2023.



Dushmantha Thotawatte
 Chairman – Audit and Compliance Committee

10 May 2023

Investment Committee Report

OBJECTIVES OF THE INVESTMENT COMMITTEE

The Investment Committee (IC) is mandated to achieve optimal returns from investment activities within frameworks defined by the regulator and the Company's risk tolerance and appetite. IC strives to ensure the investment decision making process is efficient and effective and that the investment process adheres to best practices in the industry in terms of ethics and regulatory compliance.

INVESTMENT STRATEGIES

Amidst challenging investment dynamics during 2022 due to the economic crisis that ensued in the country, the Investment Committee focused on short duration investments. The economic climate remained extremely volatile during the year and both fixed income and equity markets were ruthless for long-term investments. Interest rates spiked during the year after remaining at low levels at the beginning of 2022, as the country unexpectedly announced defaults on sovereign debt. The equity market too experienced a steep drop due to aggressive selling by margin providers to reduce exposures, in spite of corporates reporting strong financial performances.

All investments made are thoroughly screened by the Investment Committee prior to execution. Investment risks such as market risk, liquidity risk, interest rate risk, credit risk are given due attention by the IC as the operating environment continued to pose significant challenges.

The low interest rate environment that prevailed throughout 2021 paved the way for a high interest rate environment after the first quarter of 2022. Effective and swift decision making by the Investment Committee helped avert significant losses and control damage to investment returns.

SLIC's IC comprises a perfect blend of experienced professionals and industry experts from various disciplines, who bring in a wealth of expertise and a wide scope in to the investment decision making process. Investment synergies are enhanced through the investment decision making process.

MONITORING AND CONTROL

Investment performances are constantly monitored 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 a safe and equitable manner.

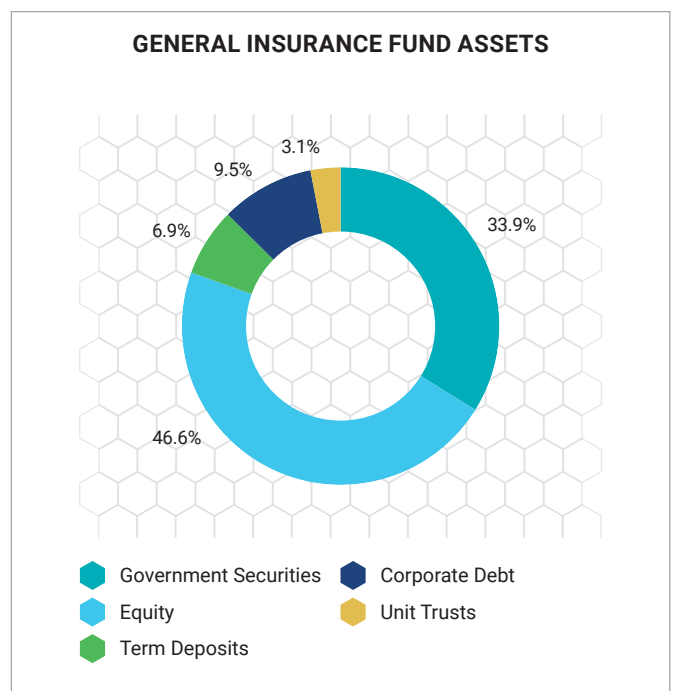
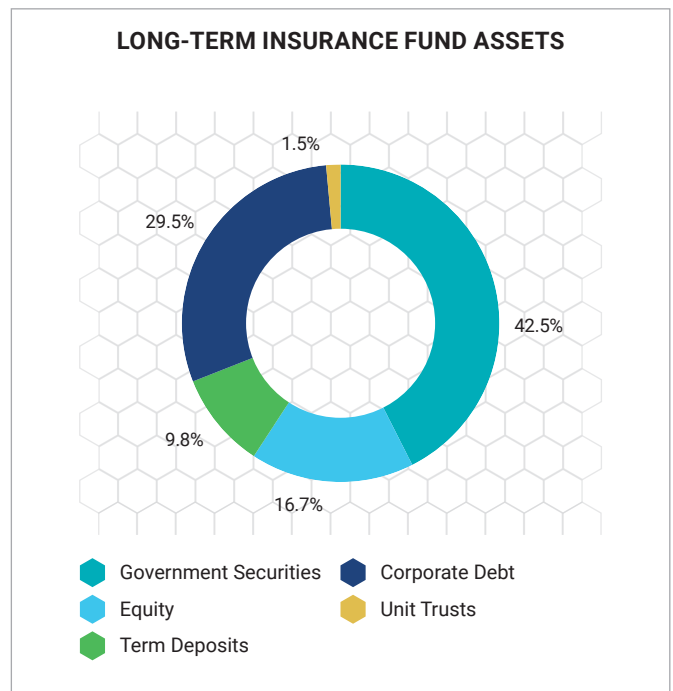
YEAR UNDER REVIEW – SUMMARY OF INVESTMENT ACTIVITIES

The Long-term Insurance Fund assets stood at Rs. 180.2 Bn, at the end of 2022, whilst the General Insurance Fund assets stood at Rs. 59.5 Bn.

SAFETY AND STABILITY OF INVESTMENTS

IC minimises non-systematic risks on investments by diversifying amongst assets classes, maturities and counterparts. Investments are strictly restricted to liquid investments with sound credit standings.

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 2022 (values are based on market values).



Investment Committee Report

INVESTMENT INCOME

Total investment income for the year stood at Rs. 12 Bn for Life Insurance and Rs. 1.7 Bn for General Insurance. During the reporting period, investment income amounted 22% of the total company revenue. 34% of the total revenue for Life Insurance and 6.2% of the total revenue for General Insurance was generated from investments.

ALM CONSIDERATIONS AND PRODUCT DEVELOPMENT

Asset and Liability Management was also a key focus during the year. The IC consciously decided to invest in short duration assets as interest rates were trending up during the year under review. Going forward we envisage the economy to stabilise and interest rates to taper down. We also feel there will be immense potential in equity markets, which will continue to be a hedge for inflation.

Demand for the single premium investment product, continued to remain strong.

The Investment Committee was satisfied with the performance of investment funds during 2022, given the significant headwinds faced by the economy, and will strive to further enhance performance during 2023.



Ravindra Pathmapriya
Chairman – Investment Committee

10 May 2023

Investment Committee Report

ADDITIONAL NOTE ON INVESTMENTS – COMPANY

Rs. '000	2022	2021	2020	2019
At cost				
Listed subsidiaries	2,764,196	2,764,196	2,764,196	2,764,196
Unlisted subsidiaries	20,059,696	20,059,696	18,059,696	18,059,696
At net asset value				
Associates	198,673	198,673	164,125	148,509
Available-for-sale				
Listed shares	12,688,899	20,373,280	19,215,501	23,765,732
Unlisted shares	7,850	7,850	11,267	24,411
Unit trusts	1,798,508	1,739,055	1,590,984	2,029,106
Listed debentures	33,756,794	39,379,579	33,376,199	32,360,621
Treasury bills	-	-	-	-
Treasury bonds	3,261,196	3,929,773	1,226,488	1,776,535
Fair-value-through-profit-or-loss				
Listed shares	23,031,279	19,198,031	12,454,354	5,643,021
Unit trusts	2,732,532	3,661,785	2,892,326	-
Held-to-maturity				
Treasury bills	-	-	-	-
Listed debentures	2,030,137	-	-	-
Treasury bonds	69,802,527	60,916,652	51,885,786	53,113,519
Loans and receivables				
Unlisted debentures	23,371,379	22,343,977	22,310,237	5,623,014
Term deposits	22,039,325	11,590,662	14,086,589	27,064,616
Development bonds	19,407,639	12,756,662	11,257,602	10,749,452
Provision for Impairment	(2,676,149)	-	-	-
Treasury bills	13,939	2,993,772	-	-
Commercial papers	-	-	-	-
Trust certificates	-	-	-	-
Reverse repos	5,378,461	12,657,269	14,450,605	2,062,637
Total	239,666,880	234,570,912	207,745,955	185,247,799

Investment Committee Report

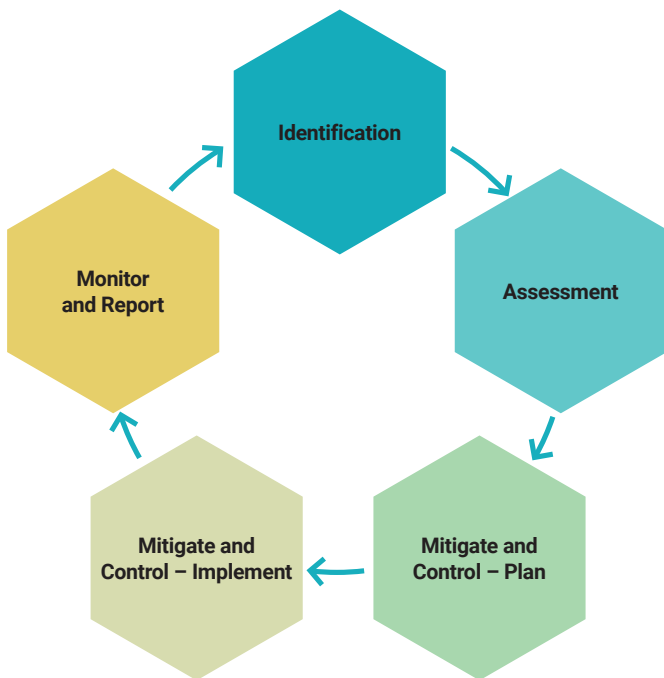
2018	2017	2016	2015	2014	2013
2,925,567	2,925,567	2,925,567	2,925,567	2,925,567	2,925,567
18,160,338	18,160,338	18,160,338	18,160,338	18,160,338	14,660,337
143,646	143,646	138,448	128,090	122,425	105,727
27,221,446	32,460,737	30,914,016	31,894,169	35,711,339	24,798,653
35,495	48,891	47,972	20,754	20,832	124,480
4,822,078	4,593,369	964,320	1,043,587	1,146,236	1,426,408
23,867,197	21,017,947	19,566,029	15,228,277	11,880,406	7,190,339
-	-	-	-	-	483,700
2,534,387	4,659,451	4,062,844	5,119,315	4,387,187	5,418,642
3,627,702	4,050,081	5,320,605	6,756,655	5,538,348	5,956,726
-	-	-	-	-	-
-	-	-	488,795	487,576	-
-	-	-	-	-	-
54,622,918	55,020,955	49,313,553	38,475,744	25,589,291	19,324,293
500,534	500,534	500,534	541,698	1,367,206	1,890,781
22,113,279	14,708,677	12,336,280	17,309,842	27,945,442	22,864,910
10,456,280	7,539,703	7,158,558	6,815,995	2,428,326	5,254,857
-	-	-	-	-	-
-	-	-	-	-	-
256,462	-	-	-	-	-
-	-	-	-	-	37,481
1,009,160	1,771,895	1,035,996	2,629,107	5,130,628	12,530,569
172,296,490	167,601,791	152,445,062	147,537,933	142,841,145	124,993,472

Risk Management Report

INTRODUCTION

SLIC has moved beyond just financial governance and has implemented an enterprise 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 strong Risk Management Framework based on the ISO 31000 risk framework, which helps to identify, assess, and mitigate its primary business and strategic risks.

The framework is as graphically presented below:



During the assessment stage, the probability and impact of the risk will be evaluated to determine the overall risk category. This can be done 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 has a crucial role in ensuring that Risk Management is an integral part of SLIC's organisational strategy. Its responsibilities 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 help with risk oversight in specific areas, including the Audit & Compliance Committee and the Investment Committee.

Oversight Structure

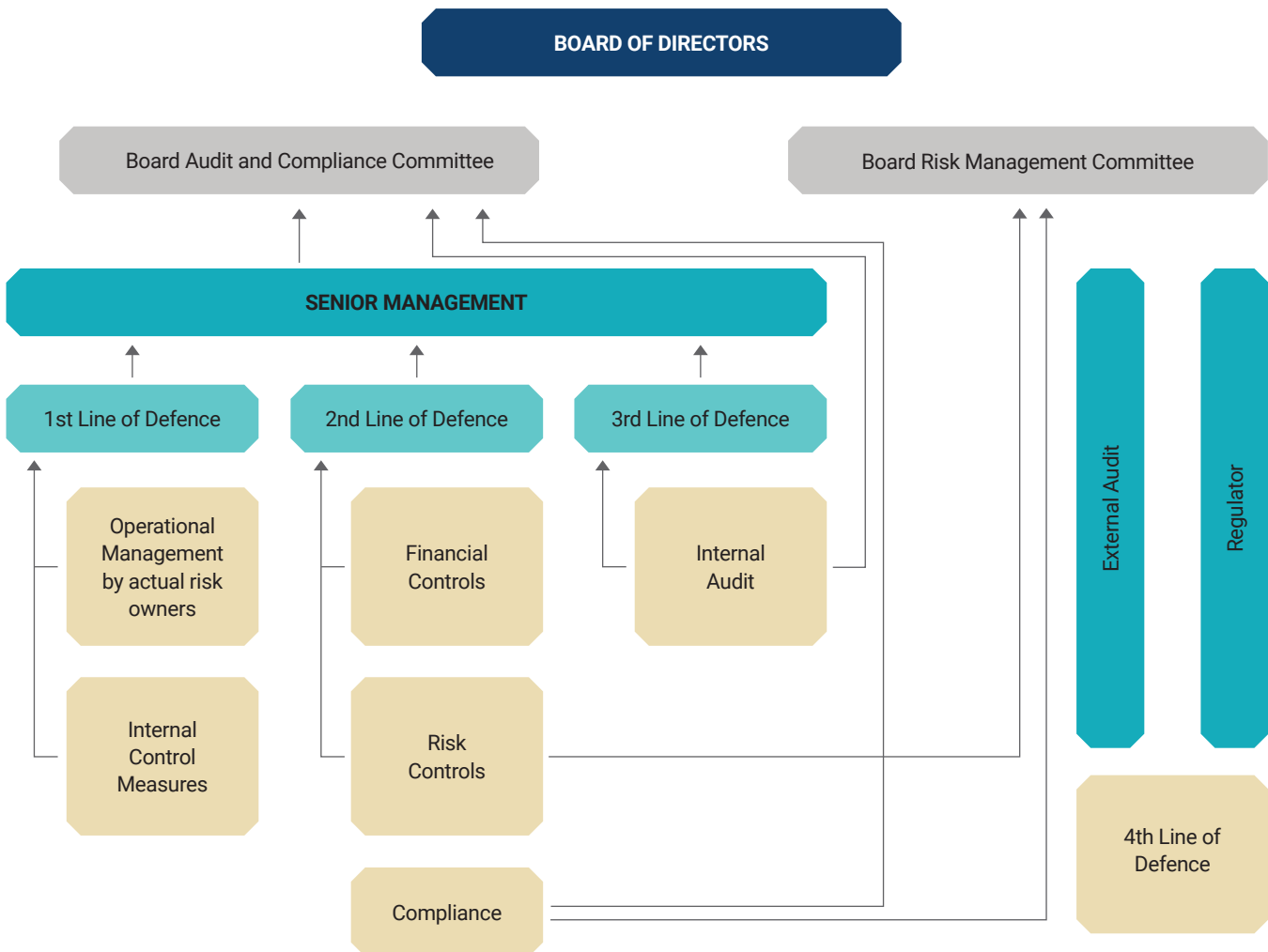
Risk Management is at the strongest stage when there are four separate and clearly identified lines of businesses, as given below:

- "Operational management by actual risk owners" as the 1st line of defence (owns and manage risk)
- "Financial controls, risk controls and compliance" as the second line of defence (oversee the risk)
- "Internal Audit" the third line of defence (independent assurance)
- "External Auditors and the Regulators" as the fourth line of defence (proper communication)

The fourth line of defense 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 Management Report



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 thirteen principles of the Basel Committee on Banking Supervision.

Solvency Position

SLIC's strong risk management foundations provided a strong platform for managing risks in 2022. SLIC continued to maintain its Risk Based Capital Adequacy Ratio well above the required levels in 2022. The Risk Based Capital Adequacy Ratio for the Life insurance business was 316% in FY2022 compared to 501% in FY2021, while the Risk Based Capital Adequacy Ratio for General insurance business was 244% in FY2022 compared 244% in FY2021.

Impact of the Current Economic Elements

At every BRMC, the impact of the current economic elements have been deliberated with special focus on headline inflation, food inflation, moratorium on debts, new envisaged strengthen legal framework including amending the Central Bank Act and anti-corruption legal framework, Government borrowings, proceeds from maturing of Sri Lanka Development Bonds, market liquidity in the interbank forex market, the surrender requirement for export proceeds, YTD net foreign inflow to the equity market, rupee appreciation and depreciation, tourism inflows and remittance flows and various other such elements. The BRMC considers on the positive note the IMF Board approved 48-month extended arrangement, under the Extended Fund Facility (EFF) of SDR 2.286 Bn (about US\$ 3 Bn), to support Sri Lanka's economic policies and reforms.

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 behavior 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 persistence 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.

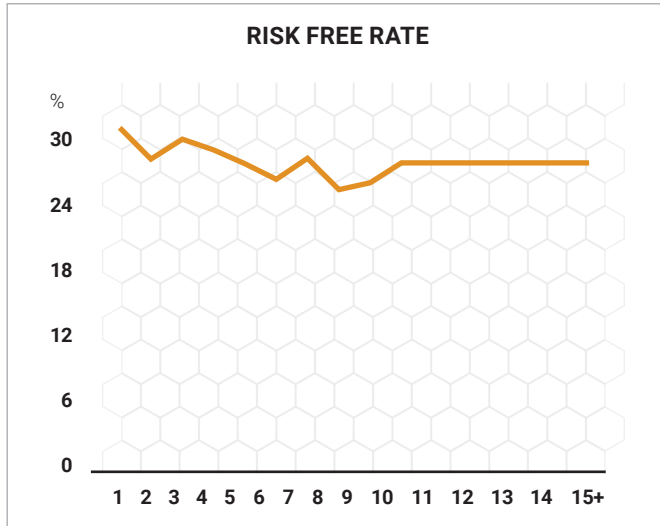
Under the Risk Based Capital (RBC) framework, SLICL has adopted "Gross Premium Valuation" mechanism (GPV). This is required for liability valuation purpose where liability is calculated in market consistent manner. This means that GPV is based on the explicit estimates for mortality, morbidity, expenses, 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.

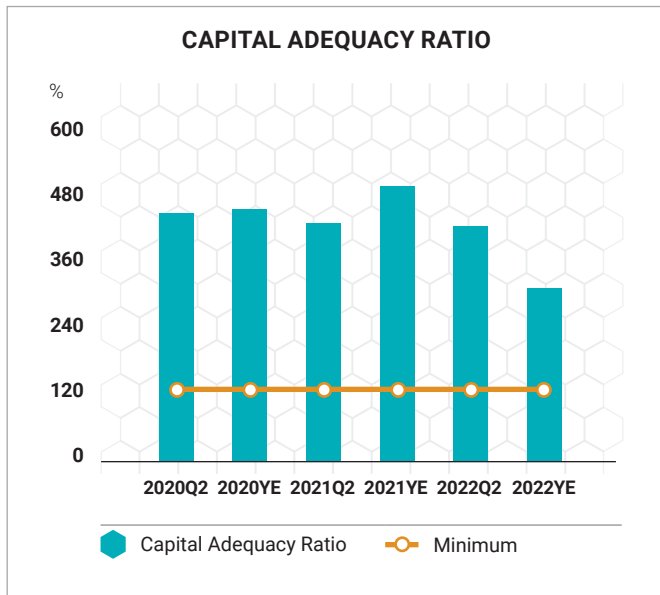
In addition, best estimated parameters considered for TBL calculation are further stressed called application of Risk Margin (RM) as per the guidelines given by IRCSL and TBL is computed with a margin for adverse deviation from its best estimates. The use of RM increases the statistical confidence of 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"> Factored A67/70 for non-annuity business to allow best estimate experience rate Weighted average of a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants
Expenses	Based on the Company 2022 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 2022

Risk Management Report



SLICL maintained steady and strong solvency ratio over the year 2022 for its Life Insurance business and as at 31 December 2022 the Risk-Based Capital Adequacy Ratio, CAR, stands at 316% and it was 501% as at 31 December 2021. 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.)
Mortality	+10%	532 Mn
	-10%	(534) Mn
Expense	+10%	1,742 Mn
	-20%	(1,626) Mn
Persistence	+20%	1,535 Mn
	-20%	(1,626) Mn
Discount rate	Up shock scenario under RBC	(10,320) Mn
	Down shock scenario under RBC	18,346 Mn

Segregation of policy liability based on product category

31 December 2022	Insurance Liabilities (with profits) Rs. '000	Insurance Liabilities (without profits) Rs. '000	Total Benefit Liabilities Rs. '000
Whole life	14,181	2,612	16,793
Endowment assurance	71,656,329	4,501,656	76,157,985
Term assurance	-	2,170,962	2,170,962
Annuity	11,841,459	2,515,694	14,357,153
Rider benefits	74,309	3,080,047	3,154,356
Total	83,586,278	12,270,970	95,857,248

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

	Participating Rs. '000	Non-participating Rs. '000	Total Rs. '000
2022	142,112,355	14,606,647	156,719,002
Percentage	90.68%	9.32%	

GENERAL INSURANCE RISK

From 01 January 2016, as per the mandatory requirement by the Insurance Regulatory Commission of Sri Lanka, IRCSL, SLICL fully implemented the Risk Based Capital (RBC) solvency framework which is required under RBC regime.

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

Prudency in setting up reserves

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

Claims Development Information

Table below presents changes in the historical non-life reserves, net of reinsurance. The top line of the table shows the estimated gross reserves for unpaid losses and loss adjustment expenses as of each balance sheet date, which represents the estimated amount of future payments for losses incurred in that year and in prior years. The cumulative paid portion of the table presents the cumulative amounts paid through each subsequent year in respect of the reserves established at each year end. Similarly, the cumulative reported losses section details the sum of the cumulative paid amounts shown in the triangle above and the net outstanding position at the end of the financial year.

Rs. Mn	2017	2018	2019	2020	2021	2022
Gross reserves for losses and loss adjustment expenses	8,549	8,776	7,311	7,862	9,549	11,856
Reinsurance recoverable	(1,451)	(1,590)	(1,061)	(1,395)	(1,888)	(3,104)
Net reserves for losses and loss adjustment expenses	7,098	7,186	6,250	6,466	7,661	8,751
Cumulative paid as of 31 December:						
One year later	6,849	7,590	7,723	5,371	6,995	6,790
Two years later	9,004	9,632	9,451	7,043	9,312	
Three years later	9,185	9,772	9,589	7,093		
Four years later	9,242	9,996	9,666			
Five years later	9,315	10,046				
Six years later	9,356					
Cumulative Reported as of 31 December:						
One year later	8,297	9,467	9,153	6,493	8,980	8,893
Two years later	9,184	9,907	9,718	7,255	10,015	
Three years later	9,414	10,288	9,852	7,322		
Four years later	9,526	10,200	9,898			
Five years later	9,479	10,198				
Six years later	9,487					

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.

Risk Management Report

	Change in assumptions	Reported Gross Claim Outstanding Rs.	Reported Net Claim Outstanding Rs.	Impact on Gross Liabilities Rs.	Impact on Net Liabilities Rs.	Impact on Profit Before Tax Rs.	Impact on Equity (After Tax) Rs.
31 December 2022	+1%	8,899 Mn	5,832 Mn	112 Mn	81 Mn	(81) Mn	(57) Mn

INVESTMENT RISK MANAGEMENT

Economic conditions in the country posed significant challenges during 2022, in a bigger scale than in 2021. However, with great challenges came great opportunities. SLIC managed to overcome most of these challenges and make use of the opportunities as evidenced by the stellar returns on investments.

The Investment Committee (IC) was dynamic, proactive and efficient in implementing damage control measures to mitigate steep drops in debt and equity markets. Out of the box thinking was required in order to spot investments which had potential for growth.

Interest rate risk posed challenges for SLIC during 2022 as market interest rates continued on an upward trajectory with central banks across the world adopting monetary policy tightening.

The diversity of SLIC's investment portfolio helped mitigate the negative impact of interest rate hikes and the free fall in equity markets, as the strategy entailed being liquid rather than locking in funds in long-term investments. In addition to return, due attention was also given to liquidity and credit risks.

Timely investment decision making and monitoring by the IC helped SLIC record commendable investment income. Strict adherence to risk management principles and applicable IRCSL guidelines helped eliminate 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. This risk was managed by investing in short duration debt instruments, which proved to be advantageous as interest rates began rising during the year.

Going forward reinvestment risk is expected to reduce to an extent, as interest rates are expected to remain at elevated levels. Trading opportunities can be anticipated during 2023 as there is more clarity on debt restructuring.

EXCHANGE RATE RISK

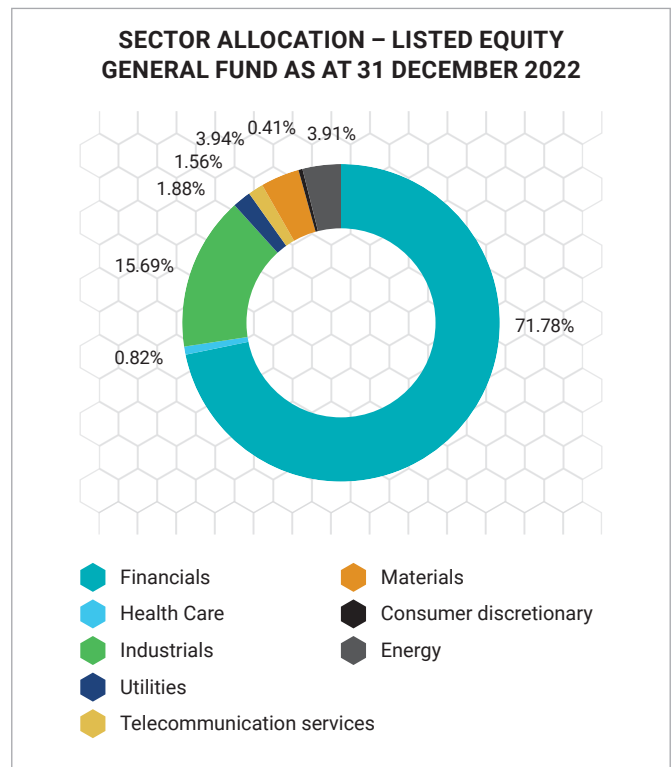
Possibility of incurring losses due to adverse movements in exchange rates are called exchange rate risk. During 2022 the US Dollar appreciated to all-time highs against the Sri Lankan Rupee. However, the Rupee to recoup losses and settle at reasonable levels once the IMF bailout package is finalised.

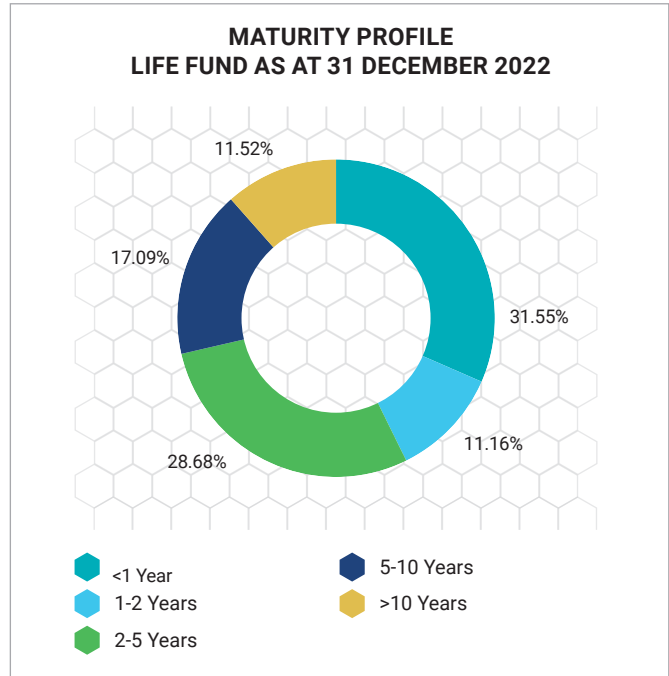
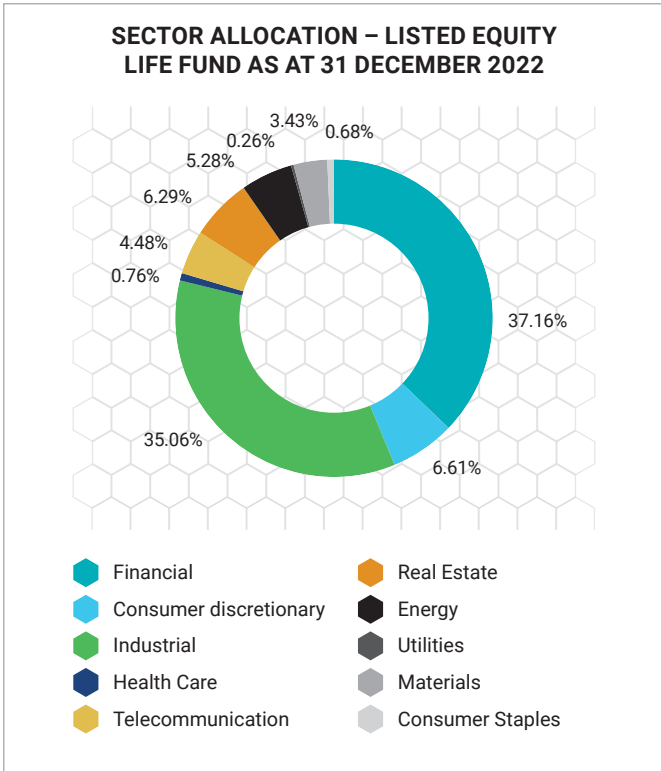
EQUITY RISK

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

Both the All Share Index and the more liquid S & P SL20 fell during 2022. 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.

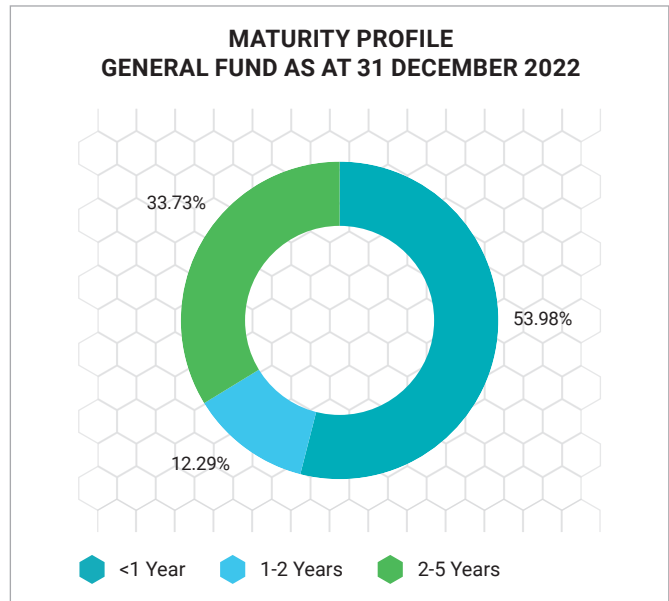




LIQUIDITY RISK

Losses that may need to 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. Hence structuring maturity profiles to suit liquidity needs of the respective funds is given due attention at SLIC. Internally developed stringent thresholds on investment concentration limits investments in illiquid instruments help mitigate liquidity risk.



CREDIT RISK

Losses that may arise due to non-settlement of interest and/or capital is termed Credit Risk. The stringent criteria adopted by SLIC in selecting amongst investment options mitigates this risk. Credit risk in investments are monitored and managed rigorously in order to ensure the investment asset quality is maintained at high standards, with a view of avoiding exposure to high risk segments particularly during times of uncertainty.

Risk Management Report

CONCENTRATION RISK

The risk of portfolios not being sufficiently fragmented can over expose the portfolio to unwarranted risks when uncertainties are high. If the portfolio is highly concentrated, under-performance in those particular segments can have a significant drag on the entire portfolio. Investments are 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

We have been working on many improvements in managing our ICT risks. This year we have initiated implementing ISO27001, Information security standards to improve our information security posture align with industry best practices. Further, we have completed necessary system and process improvements to meet the requirements of SIEM and Security Operational Center (SOC) as strategic initiatives, to improve our practice in information security and protecting against possible cyber security threats. Whilst we continuously improve our security technology landscape, we have been focusing on developing user awareness on the importance of cyber security and possible best practices. Further, the ICT risks and relevant risk register are periodically reviewed by ICT department together with Enterprise Risk Management. The outcome of these reviews are timely updated and reported to the BRMC for necessary guidance.

ICT risks are monitored regularly by means of vulnerability assessments carried out by internal (ICT System Security Team) and external parties (Information System Auditors). These vulnerability assessments result in reports which are then used to rectify shortcomings leading to a more secure ICT services deployment.

From the risk management perspective on cybersecurity risk management, the ERM Department obtains a "Report of Cyber Security Events", from the Chief Information Officer quarterly, following the format given by the Central Bank of Sri Lanka, by the Circular No. Ref: 02/17/150/0095/001 and submits the same to the Board Risk Management Sub-Committee. Further, as required by the Section G of the Corporate Governance Code 2017, issued jointly by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka, which we are obliged to comply with by virtue of the Determination 17 of the Insurance Regulatory Commission of Sri Lanka, reports are submitted to the Board on ICT risk management.

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.

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. 05 of 2006 (PMLA), Financial Transactions Reporting Act No. 06 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.

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 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 process 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.



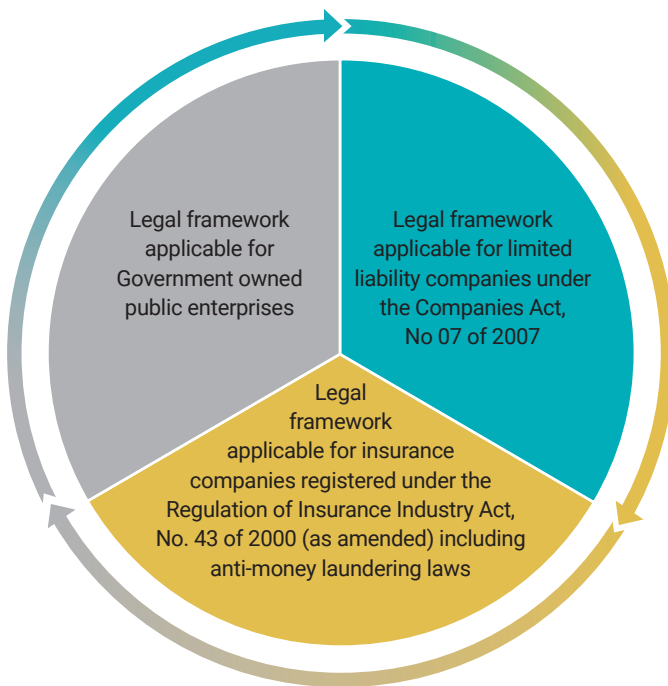
Naomal Pelpola
 Chairman – Board Risk Management Sub-Committee

10 May 2023

Compliance Report

In the insurance industry, there is a growing need for active management of compliance risks due to increasing regulatory mandates and changes in the business environment. This includes a focus on customer and data protection and privacy, as well as other legal requirements. Insurance providers must prioritise transparency by adhering strictly to compliance requirements. At SLIC, we integrate compliance needs into our daily business practices. The speed 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 companies.

The following graph depicts the legal framework applicable to the Company:



Our Company is dedicated to following all the relevant laws and regulations, and we have 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, which is overseen by the Head of Compliance. The Head of Compliance regularly reports to the Audit and Compliance Committee, the Risk Management Committee, and the Board. The Compliance policy approved by the Board outlines the key principles, elements, and procedures necessary to achieve our 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 throughout the organisation. This means that everyone in the Company must comply with laws, rules, and regulations.

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

The Company’s Board of Directors has the responsibility of determining its 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 Company’s Compliance Department has identified the divisions responsible for the implementation of applicable laws, rules and regulations and implements a collaborative process in meeting compliance requirements. As a far-sighted measure, the Compliance Department guides the management on anticipated regulations of the future, since a proactive business process management solution provides the Company with the tools necessary to address new regulations cost-effectively.

It is the policy of the Company to prohibit and actively pursue the prevention of money laundering and any activity that facilitates money laundering or the funding of terrorist activities. SLIC is committed to AML compliance in accordance with applicable laws and requires its management, staff, and appointed agents to adhere to these standards in preventing the use of its products and services for money laundering purposes. SLIC also has internally developed an e-learning module to give the members of the staff a thorough understanding of what money laundering is, how it is done, and the steps that can be taken to help prevent it. At the end of the process, employees have to sit an exam and get through, for which an allocation of 5% is made in the performance appraisal.

We have a Whistleblowing policy and the Compliance Officer is the Whistleblowing Officer and ensures that the policy is implemented within the Company. “Code of Business Conduct and Ethics” for Directors, Key Management Personnel and all other Employees” is designed to ensure that the organisational members are in line with the principles set out, rules, values, standards, as well as legal compliance when engage on business.

The Compliance Department also conducts department-wise training and educates the Senior Management by way of “Compliance tips” through internal communication platforms. The Company is working on enhancing its information technology infrastructure which will, in the future, facilitate the utilisation of skilled compliance capital to focus on compliance management more efficiently. During the year under review, the Compliance Department has conducted training sessions on emerging areas such as “e-commerce laws and Cybersecurity” to embed compliance cultural priorities into the fabric of the organisation and conducted such training on other areas like “Data protection” in 2022.

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

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

During the year under review, the Company complied with all statutory requirements, rules and regulations as tabulated below, 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 2022 TO 31 DECEMBER 2022

Regulatory/Statutory Requirement	Frequency of Submission of Return/ Payment	Due Date of Submission/ Payment	Executed Date	Compliance and Remarks
Regulatory/Statutory returns/payments fall due in the period				
INSURANCE REGULATORY COMMISSION OF SRI LANKA				
Quarterly Returns to IRCSL as stipulated under Sec 49 (b) of RII Act				
Revised quarterly returns to IRCSL as stipulated under Sec 49 (b) of RII Act with effect from 01 April 2012 (49 Formats)				
Determination formats	Quarterly within 45 days of end of quarter	4th QR (21) – 15 February	15 February 2022	
		1st QR (22) – 15 May	13 May 2022	
		2nd QR (22) – 15 August	15 August 2022	
		3rd QR (22) – 15 November	15 November 2022	
Risk based capital (formats) – General	Quarterly within 45 days of end of quarter	4th QR (21) – 15 February	15 February 2022	
		1st QR (22) – 15 May	13 May 2022	
		2nd QR (22) – 15 August	15 August 2022	
		3rd QR (22) – 15 November	15 November 2022	
Risk based capital (formats) – Life	Quarterly within 45 days of end of quarter	4th QR (21) – 15 February	15 February 2022	
		1st QR (22) – 15 May	13 May 2022	
		2nd QR (22) – 15 August	15 August 2022	
		3rd QR (22) – 15 November	15 November 2022	
Balance sheet and profit loss account (formats)	Quarterly within 45 days of end of quarter	4th QR (21) – 15 February	15 February 2022	
		1st QR (22) – 15 May	13 May 2022	
		2nd QR (22) – 15 August	15 August 2022	
		3rd QR (22) – 15 November	15 November 2022	

Regulatory/Statutory Requirement	Frequency of Submission of Return/ Payment	Due Date of Submission/ Payment	Executed Date	Compliance and Remarks
Quarterly Certification by CEO and CFO and Principal Officer under the IRCSL circular 12 (Certification A)	Quarterly within 45 days end of the quarter	4th QR (21) – 15 February	15 February 2022	
		1st QR (22) – 15 May	13 May 2022	
		2nd QR (22) – 15 August	15 August 2022	
		3rd QR (22) – 15 November	15 November 2022	
Quarterly certification by CEO and CFO and Principal officer under the IRCSL circular 12 (Certification B)	Quarterly within 45 days end of the quarter	4th QR (21) – 15 February	15 February 2022	
		1st QR (22) – 15 May	13 May 2022	
		2nd QR (22) – 15 August	15 August 2022	
		3rd QR (22) – 15 November	15 November 2022	
Further returns				
(1) Reinsurance treaty cover notes	Annually	before 15 March in subsequent year	15 March 2022	
(2) Reinsurance risk transfer program (year 2021)	Annually	on or before 31 January	31 January 2022	
(3) Facultative arrangement	Quarterly	4th QR (21) – 15 February	15 February 2022	
		1st QR (22) – 15 May	13 May 2022	
		2nd QR (22) – 15 August	15 August 2022	
		3rd QR (22) – 15 November	15 November 2022	
Annual filing under the Regulation of Insurance Industry Act No. 43 of 2000				
Risk based capital (formats) – General	Annually	2021 year end – 30 April 2022	29 April 2022	
Risk based capital (Formats) – Life	Annually	2021 year end – 30 April 2022	29 April 2022	
Determination formats	Annually	2021 year end – 30 April 2022	29 April 2022	
Balance sheet and profit loss account (Formats)	Annually	2021 year end – 30 April 2022	29 April 2022	
Actuarial Report and Abstract	Annually	2021 year end – 30 April 2022	29 April 2022	

Compliance Report

Regulatory/Statutory Requirement	Frequency of Submission of Return/ Payment	Due Date of Submission/ Payment	Executed Date	Compliance and Remarks
Other Formats				
1. Risk assessment report	Annually	2021 year end – 30 April 2022	29 April 2022	
2. Statement of Responsibility of Directors	Annually	2021 year end – 30 April 2022	29 April 2022	
3. Long-term Insurance business – Certification with regard to compliance with the provisions of the Act by the insurer	Annually	2021 year end – 30 April 2022	29 April 2022	
4. General Insurance Business – Certification with regard to compliance with the provisions of the Act by the insurer	Annually	2021 year end – 30 April 2022	29 April 2022	
5. Annual Report of the Company	Annually	2021 year end – 30 April 2022	29 April 2022	
6. Auditors' Report on factual findings on Circular 29 of IRCSL	Annually	2021 year end – 30 April 2022	29 April 2022	
7. Management letter	Annually	2021 year end – 30 April 2022	31 May 2022	Due to the delay in the finalisation of Group audit
8. Compliance certification A – Long-term insurance business	Annually	2021 year end – 30 April 2022	29 April 2022	
Compliance Certification A – General Insurance Business	Annually	2021 year end – 30 April 2022	29 April 2022	
9. Compliance Certification B	Annually	2021 year end – 30 April 2022	29 April 2022	
Payments				
Cess life 0.2%, General 0.4% of Net premium	Quarterly	4th QR (21) – 31 January	31 January 2022	Due to the working arrangement adopted by the IRCSL as advised by them submitted the following day.
		1st QR (22) – 30 April	29 April 2022	
		2nd QR (22) – 31 July	01 August 2022	
		3rd QR (22) – 31 October	31 October 2022	
Annual fees	Annually	30 April 2022	29 April 2022	

Regulatory/Statutory Requirement	Frequency of Submission of Return/ Payment	Due Date of Submission/ Payment	Executed Date	Compliance and Remarks
Inland Revenue Department Returns				
VAT returns	Quarterly	4th QR (21) – 31 January	31 January 2022	
		1st QR (22) – 30 April	30 April 2022	
		2nd QR (22) – 31 July	31 July 2022	
		3rd QR (22) – 31 October	31 October 2022	
Stamp duty	Quarterly	4th QR (21) – 31 January	13 January 2022	
		1st QR (22) – 30 April	12 April 2022	
		2nd QR (22) – 31 July	15 July 2022	
		3rd QR (22) – 31 October	14 October 2022	
PAYE return	Annually	2021 – 30 April 2022	30 April 2022	
Crop Insurance Levy	Quarterly	3rd QR (21) – 30 January	28 January 2022	
		4th QR (22) – 30 April	29 April 2022	
		1st QR (22) – 30 July	29 July 2022	
		Final (21) – 30 September	30 September 2022	
		2nd QR(22) – 30 October	28 October 2022	
Payments				
VAT	Monthly	20th of the following month	Executed on due date	
PAYE Tax	Monthly	15th of the following month	Executed on due date	
Income Tax	Quarterly	on or before 15 February	15 February 2022	
		on or before 15 May	17 May 2022	Extension was given by IRD due to the prevailed situation in the country during that period
		on or before 15 August	15 August 2022	
		on or before 30 September	30 September 2022	
		on or before 15 November	15 November 2022	

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 (21) – 15 January	13 January 2022	
		1st QR (22) – 15 April	12 April 2022	
		2nd QR (22) – 15 July	15 July 2022	
		3rd QR (22) – 15 October	14 October 2022	
Crop Insurance Levy	Quarterly	3rd QR(21) – 30 January	28 January 2022	
		4th QR(21) – 30 April	29 April 2022	
		1st QR(22) – 30 July	29 July 2022	
		Final(21)– 30 September	30 September 2022	
		3rd QR(22) – 30 October	28 October 2022	
Central Bank of Sri Lanka				
EPF Returns	Bi Annually	31 Jan and 31 July	Executed on due date	
AML (Anti Money Laundering) Returns				
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	Timely submitted as and when arising	
EPF contribution	Monthly	one day before the last working day of the following month	Executed on due date	
Employees Trust Fund Board				
ETF returns	Bi Annually	31 Jan 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	
Registrar of Motor Vehicles				
Payment – Luxury and semi luxury tax	Monthly	10th of the following month	Executed on due date	

Regulatory/Statutory Requirement	Frequency of Submission of Return/ Payment	Due Date of Submission/ Payment	Executed Date	Compliance and Remarks
Registrar of Companies				
Registration of Financial Statements	Annually	Within 20 working days after the Financial Statements of the Company	25 July 2022	
Ministry of Transport				
Payment – Road safety fund	Monthly	15th of the following month	Executed on due date (Except June payment. Submitted on 18 July 2022)	Due to the prevailed situation in the country during that period
Municipal/Urban Council				
Payment – Rates and Tax	Annually	Before 31 Jan of the current year (for the rebate)	Executed on due date	
National Insurance Trust Fund				
Payment – SRCC and terrorism fund	Monthly	Within 45 days from end of the month	Executed on due date	
Commissioner for Workmen's Compensation				
Renewal of license – Workmen's Compensation Insurance	Annually	Before 30 May	Executed on due date	

Statement of Internal Control

The Board of Directors provides ultimate supervision and guidance for the internal controls and risk management, ensuring that a robust system of internal controls is implemented. To ensure the effectiveness of its risk and governance strategies in protecting stakeholders' interests, the Board keeps up-to-date with developments in these areas.

The Board of Directors of the Company acknowledges the significance of effective internal controls and risk management practices as a vital part of the Company's overall risk management framework. The internal control system is established to manage risk to a reasonable extent, rather than eliminating all potential risks of not achieving anticipated results and strategic objectives. To attain this goal, the Board has established six main sub-committees and a well-defined organisational structure, which outlines the lines of accountability and delegated authority clearly. These six sub-committees are the Audit and Compliance Committee (ACC), Risk Management Committee, Human Resources Committee, Investment Committee, Digital Transformation Committee and Strategic Review Committee. These main committees function under Board-approved charters and operate in accordance with the fundamental principles of good governance.

The Audit & Compliance Committee assists the Board in fulfilling its supervisory responsibilities concerning financial reporting, internal control systems, risk management systems, and both internal and external audit functions. The Internal Audit Department ensures that operations comply with policies and procedures and evaluates the adequacy and effectiveness of internal control systems, highlighting significant findings regarding any non-compliance. Audits are conducted on all units and branches, with the frequency determined by the assessed level of risk, to provide an impartial and unbiased report on the operational and managerial activities of these units and branches. The Audit Committee reviews and approves the annual audit plan, and the findings of the audits are presented to the Audit Committee for review at their periodic meetings. To discuss the findings of the branch audits, a dedicated subcommittee has been established.

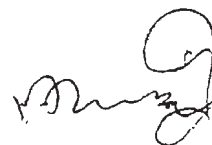
Having strong internal control over financial reporting is crucial to ensuring effective governance within the organisation. The primary responsibility of the Audit and Compliance Committee (ACC) with regards to internal control is to oversee and review the effectiveness of the internal control system over financial reporting. Although it is the management's duty to establish and maintain a sound internal control system, the ACC is responsible for monitoring and assessing the system as a whole. Ongoing monitoring activities, internal audits, and other evaluations are used to measure the performance of the internal control system. Procedures for monitoring the effectiveness and appropriateness of the controls are integrated into the organisation's normal operations.

The Institution has established a strong compliance management system that is incorporated into its overall risk management strategy. This is detailed further in the compliance risk management chapter. The compliance programme includes adherence to legal requirements for a limited liability company under the Companies Act, an insurance company under the Regulation of Insurance Industry Act, and the legal framework applicable to state-owned limited liability companies. To prevent detrimental impacts on the integrity and stability of the operational framework, a comprehensive anti-money laundering framework has been implemented. This includes customer screening using designated databases, customer due diligence, an e-learning module that contributes to the performance appraisal of employees, annual internal audits, and AML risk assessments.

The Company's Board has assigned the task of managing risks to a dedicated Risk Committee, which concentrates on the most significant risks and risk management capabilities. The Directors are content that the risk management policies and procedures implemented by the Company align with its strategy and risk appetite, and promote an enterprise-wide culture that encourages appropriate risk awareness. The risk department communicates with various sub-committees appointed by the Board, such as the Risk Management Committee and Investment Committee, as well as with several management committees, including the Executive Committee, Audit Follow-up Committee, and Product Development Committee. Consequently, the Enterprise Risk Management (ERM) team provides an unbiased viewpoint from a risk perspective, enabling the management and the Board to make informed decisions while considering the potential impact of risks.



Ronald C Perera, PC
Chairman



Dushmantha Thotawatte
Chairman – Audit and Compliance Committee

10 May 2023

107-240

FINANCIAL REPORTS



- > **108** Annual Report of the Board of Directors of the Company
- > **111** Statement of Directors' Responsibility
- > **112** Chief Financial Officer's Statement of Responsibility
- > **113** Certificate of Actuary of the Insurer
- > **114** Liability Adequacy Test
- > **115** Certificate of Incurred but not (Enough) Reported Claims
- > **116** Independent Auditors' Report
- > **120** Statement of Financial Position
- > **122** Statement of Profit or Loss and Other Comprehensive Income
- > **124** Statement of Changes in Equity
- > **130** Statement of Cash Flows
- > **132** Segmental Review: Statement of Financial Position
- > **134** Segmental Review: Statement of Income
- > **136** Notes to the Financial Statements

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 2022 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.

As at 31 December 2022, 99.97% shares are vested with the Secretary to the Treasury on behalf of the Government of Sri Lanka.

Litro Gas Terminal Lanka (Pvt) Ltd, Canowin Hotels & Spas (Pvt) Ltd and Management Services Rakshana (Pvt) Ltd are fully owned subsidiaries of the Company. SLICL has 99.94% shareholding of Litro Gas Lanka Ltd and 51.34% shareholding of The Lanka Hospitals Corporation PLC. In addition, SLIC has 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 2.

This Report was approved by the Board of Directors on 10 May 2023.

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.

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

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Directors are of the view that the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, Significant

Accounting Policies and Notes thereto in the Annual Report have been prepared in conformity with the Sri Lanka Financial Reporting Standards 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 2022 are prepared based on the Sri Lanka Financial Reporting Standards and Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The Financial Statements of the Group and the Company signed by the Chief Financial Officer and the Directors are given 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 2022 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 2022, 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.

	2022 Rs. '000	2021 Rs. '000
Statutory audit fees	5,198	5,198
Non-audit related services	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.

Annual Report of the Board of Directors 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. 63,685 Mn for the year under review and Rs. 64,062 Mn for the comparative figure (2021). The total GWP, Rs. 41,272 Mn comprised of Life insurance Gross Written Premium of Rs. 20,930 Mn and Non-Life insurance Gross Written Premium of Rs. 20,341 Mn for the year 2022. The reported value for total Gross Written Premium in 2021 was Rs. 43,231 Mn out of which Life insurance Gross Written Premium was Rs. 21,976 Mn and Non-Life insurance Gross Written Premium, Rs. 21,255 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

	2022 Rs. '000	2021 Rs. '000
Profit before taxation (PBT)	12,476,150	11,725,434
Income tax expenses	1,930,343	1,684,297
Profit after taxation	10,545,807	10,041,137
Other comprehensive income	584,149	704,012
Unappropriated profit brought forward	34,775,159	29,913,401
Profits available for appropriation	45,905,115	40,658,550
Dividends paid	1,511,343	899,603
Surcharge Tax paid	1,116,579	-
Surplus attributable to shareholders from life insurance	3,016,654	4,983,788
Unappropriated profit carried forward	40,260,538	34,775,159

DIVIDENDS

The Board of Directors recommends a final dividend of Rs. 1.67 per share (totaling Rs. 1,001,571,144) payable to holders of issued and paid-up ordinary shares of the Company as at the close of business on 30 June 2023.

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 2022, the Company made Rs. 1.04 Mn as donations.

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

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 2022 amounted to Rs. 239,667 Mn (2021 – Rs. 234,571 Mn). A detailed breakup of the investments held is disclosed in notes to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are given in notes to the Financial Statements.

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 and 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

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

RELATED PARTY TRANSACTIONS

The Related Party transactions as per the Sri Lanka Accounting standards (LKAS) 24, Related Party Disclosures, which is adopted in the preparation of the Financial Statements are given 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. 3.1 Mn and the figure reported in the last year (2021) was Rs. 5.1 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, 99.97% shares were vested with the Secretary to the Treasury on behalf of the Government of Sri Lanka.

STATUTORY PAYMENTS

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

INTANGIBLE ASSETS

Intangible Assets as at 31 December 2022 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 24 April 2023.

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. Mr Vijitha Herath ceased to be a director w.e.f. from 01 August 2022 whereas Mr Anil Kumara and Ms Surekha Alles ceased to be Directors w.e.f. 22 August 2022 whilst Mr Samantha Upananda and Mr Lakmini Udaya Kumara ceased to be Directors w.e.f. 30 September 2022.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Monday, 26 June 2023, at 2.30pm., at the Auditorium of the Company at its registered office at No. 21, Vauxhall Street, Colombo 02.

ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

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

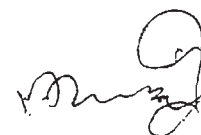
By Order of the Board



Company Secretary
For Board of Directors



Ronald C Perera, PC
Director



Dushmantha Thotawatte
Director

10 May 2023

Statement of Directors' Responsibility

The statement below outlines the duties and responsibilities of the Directors regarding the preparation and presentation of Financial Statements, as specified in Sections 150, 152, and 153 of the Companies Act No. 07 of 2007. Meanwhile, 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, it is the responsibility of the Company's Directors to ensure that the Financial Statements of the Company accurately reflect the Company's financial status as of the Balance Sheet date, including its profit or loss or income and expenditure for the accounting period that ends on that balance sheet date. The Financial Statements must also provide a fair and accurate 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 based on the Accounting Standards (SLFRSs and LKASs), the Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995 and the Regulation of Insurance Industry Act No. 43 of 2000.

The Directors state that they have consistently used appropriate accounting policies and exercised sound judgment and estimates when preparing the Financial Statements. Additionally, they have confidence that the Company possesses sufficient resources to maintain its operations in the foreseeable future, and consequently, have used the going concern basis when preparing the Financial Statements.

In addition, the Board of Directors also wishes to confirm that, as required by the Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report on time and ensured that a copy thereof is sent to every shareholder of the Company, who have expressed a desire to receive a hard copy of the Annual Report within the stipulated period of time.

The Directors attest that, as of the Balance Sheet date, all financial obligations, including taxes, statutory levies, and contributions payable by the Company, as well as all taxes and contributions payable on behalf of employees, and any other known statutory dues, have either been paid in full or sufficiently provided for to the best of their knowledge.

The Directors have fulfilled their obligations as outlined in the statement by reviewing a report provided by the actuary, which was used to determine the bonus payable to policyholders and the surplus available to shareholders in the Life Insurance business. As a result, the Directors believe that they have fulfilled their responsibilities.

By order of the Board.



Company Secretary

10 May 2023

Chief Financial Officer's Statement of Responsibility

I am pleased to present the CFO's Statement, as set out in the ensuing paragraphs:

The Company's Financial Statements and the Group's Consolidated Financial Statements, as of 31 December 2022, were prepared in accordance with the regulations of the following: i) the ICASL's Sri Lanka Financial Reporting Standards (SLFRS/LKASs), ii) the Companies Act No. 07 of 2007, and iii) the Insurance Industry Act No. 43 of 2000.

The Financial Statements have been prepared in a manner that conforms to the prescribed formats by relevant regulatory bodies, which are also in compliance with Sri Lanka Accounting Standards' disclosure requirements. We affirm that, based on our knowledge, the Financial Statements, Significant Accounting Policies, and other financial information included in this Annual Report, accurately represent the Company's financial condition, operational results, and cash flow for the year under review. Furthermore, we assert that the Company possesses sufficient resources to maintain its operations and has applied the going concern basis in developing these Financial Statements. The Board of Directors has a duty to ensure that management satisfies its financial reporting obligations. As the Chief Financial Officer, it is my responsibility to establish and maintain appropriate accounting policies, procedures, and internal controls over financial reporting. Management has implemented an internal control system to provide reasonable assurance that the Financial Statements are complete and accurate in all material respects. Management believes that the internal controls provide sufficient assurance that the financial records are reliable and constitute a proper foundation for preparing the Financial Statements, and that the assets are appropriately accounted for and safeguarded. The SLIC internal auditors also conduct routine reviews to ensure consistent adherence to internal controls and procedures.

The Board of Directors has established an Audit and Compliance Committee, which is chaired by an Independent Director. The Committee has assessed the internal audit function, audit follow-up committee reports, and Financial Statements. The Auditor General, on behalf of the shareholders, has audited the Financial Statements as per the provisions of Article 154 (1) of the constitution of the Democratic Socialist Republic of Sri Lanka. The Independent Auditor can meet with or without Management's presence and has unrestricted access to the Audit and Compliance Committee.

To the best of our knowledge:

- i. The Company has adhered to all relevant laws, rules, regulations, and guidelines, as detailed in the Notes to the Financial Statements.
- ii. There are no significant deviations mentioned in the Notes to the Financial Statements, and there has been no replacement of the Auditor General.
- iii. All taxes, duties, statutory payments, and contributions payable by the Company and its employees on or before the reporting date have been paid, or where applicable, have been provisioned, as required.
- iv. The reserving and solvency guidelines have been followed, and all reserves have appropriate backing from matching admissible assets.
- v. The equity capital meets the specified minimum capital requirements in line with the applicable regulations.

For a more detailed analysis of our financial performance and future prospects, I encourage you to review the management discussion and analysis section of this annual report. It provides a deeper understanding of the factors that have contributed to our success and the challenges and opportunities that lie ahead.

In closing, I would like to thank our shareholders for their continued support and confidence in our company. We remain committed to delivering value to our shareholders and achieving our long-term strategic goals.



Malaka Bandara
Chief Financial Officer

10 May 2023

Certificate of Actuary of the Insurer

Private and Confidential

20 April 2023
The Board of Directors
Sri Lanka Insurance Corporation Ltd
No. 21, Vauxhall Street,
Colombo 02,
Sri Lanka



Actuarial Valuation of the Long-Term Insurance Business as at 31 December 2022

In accordance with the engagement letter dated 26 April 2019 and addendum dated 12 August 2021, Willis Towers Watson India Private Ltd ("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 Ltd's Long-term Insurance Business as at 31 December 2022.

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 2022, for all liabilities in respect of the Long-Term Insurance Fund, taking into account all current and contingent liabilities as at that date.
3. The total long-term insurance provision maintained within the life fund on distribution basis is LKR 95,857 Mn. The value of assets held within the life fund is LKR 131,841 Mn on IRCSL basis and LKR 159,091 Mn on SLFRS basis. The gross surplus transferred to the shareholder fund from life fund is LKR 2,548 Mn during 2022. The gross surplus allocated for bonus declaration to policyholders during 2022 from participating fund is LKR 973 Mn. Subsequent to the shareholder transfers and post-tax, the life fund is LKR 129,468 Mn on IRCSL basis and LKR 156,719 Mn on SLFRS basis as at 31 December 2022.

Kunj Behari Maheshwari, FIA, FIAI
Director, Insurance Consulting and Technology, India
WTW
E-mail: kunj.maheshwari@wtwco.com

Signature

Place : India

Date : 20 April 2023

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

T +91 124 432 2800
F +91 124 432 2801

E TW.Fin.India@wtwco.com
W wtwco.com

Liability Adequacy Test

Private and Confidential

04 April 2023
The Board of Directors
Sri Lanka Insurance Corporation Ltd
No. 21, Vauxhall Street,
Colombo 02,
Sri Lanka



Liability Adequacy Test

1. The Sri Lanka Accounting Standard "SLFRS 4, Insurance Contracts" prescribes that an insurer shall assess at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash-flows under its insurance contracts. Willis Towers Watson has undertaken a liability adequacy test for long-term insurance provisions maintained within the life fund of Sri Lanka Insurance Corporation Ltd as contemplated by SLFRS 4.
2. In carrying out the liability adequacy test, we have compared the provisions held as per the audited accounts with the actuarial liability. For this purpose, the value of the actuarial liability is computed following the principles laid out within the risk based capital framework as prescribed by the IRCSL (erstwhile IBSL) [the Solvency Margin (Risk Based Capital) Rules 2015], whereby liabilities are valued using a discounted cash-flow approach covering the full lifetime of all the cash in-and out- flows required to settle the obligations related to existing in-force insurance contracts.
3. The projections are based on in-force policies and riders as at 31 December 2022.
4. Based on the checks undertaken, I certify:
 - that the valuation of actuarial liability is based on internationally accepted actuarial methods and adheres to the requirements under SLFRS 4;
 - that the assumptions used for such valuation are reasonable estimates based on available experience studies and after allowing for suitable margins for adverse deviation; and
 - that the long-term insurance provisions maintained within the life fund of Sri Lanka Insurance Corporation Ltd as per the audited accounts of the Company for the year ended 31 December 2022 is in excess of the liabilities computed in the above mentioned manner.

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

Signature

Place : India

Date : 04 April 2023

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

T +91 124 432 2800

F +91 124 432 2801

E TW.Fin.India@wtwco.com

W wtwco.com

Certificate of Incurred but not (Enough) Reported Claims



07 April 2023

To the shareholders of Sri Lanka Insurance Corporation Ltd

Sri Lanka Insurance Corporation Ltd 31 December 2022 Net IBNR and LAT Certification

I hereby certify that the 75% confidence level IBNR provision of LKR 2,919,908,714 is adequate in relation to the Claim Liability of Sri Lanka Insurance Corporation Ltd as at 31 December 2022, 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 2022, 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 LKR 2,957,168,336).

At the end of each reporting period, companies are required to carry out a Liability Adequacy Test ("LAT") as laid out in SLFRS4. The LAT is performed to assess the adequacy of the carrying amount of the Unearned Premium Reserve ("UPR"). I hereby certify that the UPR provision of LKR 9,313,749,192 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 Ltd as at 31 December 2022, in many but not all scenarios of future experience. As such, there is no premium deficiency to be recognised by the Company.

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

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

A handwritten signature in black ink, appearing to read "Roberto Malattia".

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

Dated 07 April 2023

Independent Auditors' Report



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

} INF/A/06/SLIC/AR/2022

ඔබේ අංකය
உமது இல.
Your No.

}

දිනය
திகதி
Date

} 27 April 2023

Chairman

Sri Lanka Insurance Corporation Ltd

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 2022 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 2022 comprising the statement of financial position as at 31 December 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2022, 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 judgment, the Secretary to the Treasury was directed to cause profits of the Company during the period Distilleries Company of Sri Lanka PLC was the parent of the Company, be computed and the profits attributable to the previous 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 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 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 judgment by the District Court of Colombo in the above case No DMR/02394/19 has not been

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

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

No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.



+94 11 2 88 70 28 - 34



+94 11 2 88 72 23



ag@auditorgeneral.gov.lk



www.naosl.gov.lk



pronounced as at the reporting period and I was 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 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 amounts receivable from Distilleries Company of Sri Lanka PLC Group of Companies amounting to Rs. 136,479,445 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 2022.

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 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 46 to the financial statements describes the divestment of selected subsidiary investments and segregation of the Life and General Insurance Businesses of the Company as per 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 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 Pvt Ltd, Litro Gas Lanka Ltd & Litro Gas Terminal Lanka (Pvt) Ltd and shares held by Litro Gas Lanka Ltd in Canwill Holdings (Pvt) Ltd 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 businesses under separate legal entities. As further detailed in Note 46.2, the segregation structure and model has not been finalised and the Board of Directors have initiated the actions to implement the aforesaid decisions taken by the Ministry of Finance, Economic Stabilisation and National Policies.

Group

Material uncertainty related to the going concern of Canwill Holdings (Pvt) Ltd and its subsidiaries

As per the Note 49 to the financial statements which describe that the directors have made an assessment of the Group's ability to continue as a going concern related to Canwill Holdings (Pvt) Ltd and its subsidiaries of Helanco Hotel & Spa (Pvt) Ltd and Sinolanka Hotels and Spa (Pvt) Ltd being satisfied that it has the resources to continue in businesses 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. However, it was noted that the Board of Directors of Helanco Hotels & Spa (Pvt) Ltd has resolved to discontinue the project in order to construct the Hotel in Hambanthota in the year 2015 and the management of the Company seeks necessary directives from the line Ministry on way forward. Also, Sinolanka Hotels and Spa (Pvt) Ltd has not recommenced constructive activities in Grand Hyatt Colombo project as of the reporting period even though the Cabinet of Minister granted their approval by cabinet paper 20/1042/204/050 dated 10 July 2020. Furthermore, the Cabinet of Minister has granted the approval to transfer the shares held by Sri Lanka Insurance Corporation Ltd and shares held by Litro Gas Lanka Limited in Canwill Holdings (Pvt) Ltd to the General Treasury as per the Cabinet decision No 23/0431/604/046 dated 14 March 2023.



1.3 Other information included in the Company's 2022 Annual Report

The other information comprises the information included in the Company's 2022 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. 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 2022 Annual Report, if 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 included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

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 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 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 judgement 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.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient 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. We are 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 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 requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.4 The financial statements presented include all the recommendations made by me in the previous year except the audit matters of 1.2 (a) and (b) described in the basis for Qualified Opinion section of my report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

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
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. 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 mentioned in Note 46.2, as at the reporting period, the segregation model has not been finalised and approved by the Board of Directors and Insurance Regulatory Commission as still it is at discussion stage.
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	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Assets					
Financial investments	5	218,175,123	200,747,278	211,251,915	195,897,306
Investment in subsidiaries	6	–	–	22,823,892	22,823,892
Investment in associates	7	198,673	198,673	198,673	198,673
Property, plant and equipment	8	75,426,802	65,391,507	12,763,092	12,737,635
Right of use assets	9	1,301,274	1,315,512	576,789	558,652
Investment properties	10	2,973,640	2,806,480	2,083,640	1,942,600
Intangible assets	11	3,077,882	3,085,231	37,588	36,398
Loans to policyholders	12	1,867,624	1,637,187	1,867,624	1,637,187
Reinsurance receivable	13	4,367,265	2,901,995	4,367,265	2,901,995
Premium receivable	14	6,610,797	7,977,747	6,610,797	7,977,747
Deferred tax assets	15	162,342	384,691	–	–
Other assets	16	16,074,026	11,565,202	5,026,984	4,319,691
Deferred expenses	17	520,172	483,822	520,172	483,822
Cash and cash equivalents	18	9,788,484	27,378,865	6,320,469	16,920,370
Total assets		340,544,104	325,874,190	274,448,900	268,435,968
Liabilities and shareholders' equity					
Equity					
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	22,972,908	18,414,228	8,516,289	9,275,282
Available for sale reserve	21	(246,970)	6,008,859	(246,970)	6,008,859
Revenue reserves	22	73,572,987	65,716,612	62,079,011	53,805,055
Total equity attributable to equity holders of the Company		102,397,162	96,237,936	76,446,567	75,187,433
Non-controlling interest	6.4	12,897,579	9,125,663	–	–
Total equity		115,294,741	105,363,599	76,446,567	75,187,433

Statement of Financial Position

As at 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Liabilities					
Insurance contract liabilities – life	23	159,769,323	155,788,928	159,769,323	155,788,928
Insurance contract liabilities – non-life	24	21,689,853	20,879,547	21,689,853	20,879,547
Reinsurance payable		2,354,371	2,868,291	2,354,371	2,868,291
Current tax liabilities	25	2,372,303	2,216,343	1,686,823	1,684,872
Deferred tax liabilities	15	6,017,757	4,483,692	3,756,899	3,114,782
Right of use liabilities	9	876,401	936,686	492,518	467,910
Retirement benefit obligations	26	2,088,250	2,523,520	1,530,151	1,917,741
Other liabilities	27	23,008,938	27,278,863	6,159,369	5,987,181
Financial liabilities	28	7,072,167	3,534,721	563,026	539,283
Total liabilities		225,249,363	220,510,591	198,002,333	193,248,535
Total liabilities and equity		340,544,104	325,874,190	274,448,900	268,435,968

The accounting policies and notes on pages 136 to 240 form an integral part of these Financial Statements.

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



Malaka Bandara
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;



Dushmantha Thotawatte
Director
Colombo



Ravindra Pathmapriya
Director

24 April 2023

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Revenue	29	156,605,058	128,007,520	63,684,756	64,062,308
Gross written premium	30	41,053,602	43,063,839	41,271,573	43,231,011
Change in reserve for gross unearned premium		612,519	(778,671)	612,519	(778,671)
Gross earned premium		41,666,121	42,285,168	41,884,092	42,452,340
Premium ceded to reinsurers		(5,743,770)	(4,508,761)	(5,743,770)	(4,508,761)
Change in reserve for unearned reinsurance premium		883,699	453,247	883,699	453,247
Net earned premium	31	36,806,050	38,229,653	37,024,021	38,396,825
Revenue from other operations	30.1	90,620,724	62,143,038	-	-
		127,426,774	100,372,691	37,024,021	38,396,825
Other income					
Investment income	32	15,370,280	24,044,877	13,793,670	23,392,497
Fees and commission income	33	67,211	76,441	67,211	76,441
Net realised/unrealised gains	34	10,177,094	279,523	11,857,124	1,012,991
Other income	35	3,563,699	3,233,988	942,730	1,183,554
		29,178,284	27,634,829	26,660,735	25,665,483
Revenue		156,605,058	128,007,520	63,684,756	64,062,308
Benefits, losses and expenses					
Net benefits and claims	36	(22,131,899)	(20,185,417)	(22,131,899)	(20,185,417)
Underwriting and net acquisition costs	37	(3,301,835)	(3,220,308)	(3,301,835)	(3,220,308)
Change in contract liabilities – Life fund		(11,017,756)	(18,849,187)	(11,017,756)	(18,849,187)
Other operating and administrative expenses		(26,866,923)	(16,692,204)	(14,757,116)	(10,081,963)
Cost of services of subsidiaries		(77,123,398)	(63,422,161)	-	-
Net benefits, losses and expenses		(140,441,811)	(122,369,277)	(51,208,606)	(52,336,875)
Profit before tax	38	16,163,247	5,638,243	12,476,150	11,725,433
Income tax expense	39	(3,579,214)	942,720	(1,930,343)	(1,684,297)
Net Profit for the year		12,584,033	6,580,963	10,545,807	10,041,136
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Gain/(loss) on revaluation of property, plant and equipment		7,620,440	3,408,477	-	-
Deferred tax effect on revaluation of property, plant and equipment	39.2	(125,330)	(518,333)	-	(467,016)
Actuarial gains/(losses) on retirement benefit obligations	26	763,296	960,358	641,457	858,485
Deferred tax effect on actuarial gains/(losses)	39.2	(84,170)	(120,281)	(57,309)	(107,497)
Effect on deferred tax due to rate change	39.2	(969,129)	670,513	(758,993)	381,182

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
<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		(12,320,354)	(55,321)	(12,320,354)	(55,321)
Deferred tax effect on fair value of Available for sale reserve	39.2	262,681	77,371	262,681	77,371
Effect on deferred tax due to rate change	39.2	–	4,488	–	4,488
Other comprehensive income for the year, net of tax		(4,852,566)	4,427,272	(12,232,518)	691,692
Total comprehensive income for the year		7,731,467	11,008,235	(1,686,711)	10,732,828
Profit for the year attributable to:					
Equity holders of the Company		11,588,573	5,326,971	10,545,807	10,041,136
Non-controlling interest		995,460	1,253,992	–	–
Net profit for the year		12,584,033	6,580,963	10,545,807	10,041,136
Total comprehensive income attributable to:					
Equity holders of the Company		4,945,645	9,218,685	(1,686,711)	10,732,828
Non-controlling interest		2,785,823	1,789,550	–	–
Total comprehensive income for the year		7,731,467	11,008,235	(1,686,711)	10,732,828
Basic/diluted earnings per share (Rs.)	40	19.32	8.88	17.58	16.74
Dividend per share (Rs.)	41	1.67	2.52	1.67	2.52

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 136 to 240 form an integral part of these Financial Statements.

Colombo

24 April 2023

Statement of Changes in Equity

Group	Stated Capital	Revaluation Reserve	General Reserve
	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January 2021	6,000,000	13,112,599	643,442
Impact from prior period error corrections	-	-	-
Adjusted balance as at 01 January 2021	6,000,000	13,112,599	643,442
Total Comprehensive Income for the year			
Profit for the year	-	-	-
Other comprehensive income, net of tax	-	3,091,975	-
Total comprehensive income for the year	-	3,091,975	-
Transfer of revaluation reserve on disposal of property, plant and equipment	-	(7,070)	-
Depreciation transfer on surplus on revaluation of building	-	(26,592)	-
Transfer to revaluation reserve	-	1,955,015	-
Transaction with owners of the company recorded directly in equity			
Surplus attributable to shareholders from life insurance	-	-	-
Acquisition of NCI without a change in control	-	288,302	-
Dividend paid	-	-	-
Transferred AFS reserves – Life fund	-	-	-
Balance as at 31 December 2021	6,000,000	18,414,228	643,442

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 136 to 240 form an integral part of these Financial Statements.

Colombo

24 April 2023

Statement of Changes in Equity

Available-For-Sale Reserve Rs. '000	Unrestricted Reserve Rs. '000	Regulatory Restricted Reserves Rs. '000	Surplus from Life Insurance Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Equity Rs. '000
5,704,652	466,179	98,237	12,936,488	45,268,378	84,229,976	8,985,168	93,215,144
-	-	-	-	(2,338)	(2,338)	-	(2,338)
5,704,652	466,179	98,237	12,936,488	45,266,040	84,227,638	8,985,168	93,212,806
-	-	-	-	5,326,971	5,326,971	1,253,992	6,580,963
26,537	-	-	-	773,201	3,891,713	535,559	4,427,271
26,537	-	-	-	6,100,172	9,218,684	1,789,551	11,008,235
-	-	-	-	7,070	-	-	-
-	-	-	-	26,592	-	-	-
-	-	-	-	-	1,955,015	-	1,955,015
-	-	-	4,983,788	(4,983,788)	-	-	-
-	-	-	-	1,170,231	1,458,533	(1,458,533)	-
-	-	-	-	(899,603)	(899,603)	(190,523)	(1,090,126)
277,670	-	-	-	-	277,670	-	277,670
6,008,859	466,179	98,237	17,920,276	46,686,715	96,237,936	9,125,663	105,363,599

Statement of Changes in Equity

Group	Stated Capital	Revaluation Reserve	General Reserve
	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January 2022	6,000,000	18,414,228	643,442
Impact from prior period error corrections	-	-	-
Adjustment for surcharge tax levied under the Surcharge Tax Act No. 14 Of 2022	-	-	-
Adjusted balance as at 01 January 2022	6,000,000	18,414,228	643,442
Total comprehensive income for the year			
Profit for the year	-	-	-
Other comprehensive income, net of tax	-	4,757,807	-
Total comprehensive income for the year	-	4,757,807	-
Depreciation transfer on surplus on revaluation of building	-	(26,592)	-
Transaction with owners of the company recorded directly in equity			
Surplus attributable to shareholders from life insurance	-	-	-
Changes in interest while retaining control	-	(172,535)	-
Dividend paid	-	-	-
Transferred AFS Reserves – Life fund	-	-	-
	-	(199,127)	-
Balance as at 31 December 2022	6,000,000	22,972,908	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 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 136 to 240 form an integral part of these Financial Statements.

Colombo

24 April 2023

Statement of Changes in Equity

Available For Sale Reserve	Unrestricted Reserve	Regulatory Restricted Reserves	Surplus from Life Insurance	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
6,008,859	466,179	98,237	17,920,276	46,686,715	96,237,936	9,125,663	105,363,599
-	-	-	-	373	373	-	373
-	-	-	(228,077)	(1,536,511)	(1,764,588)	-	(1,764,588)
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
5,801,844	-	-	3,016,654	(5,641,574)	2,977,797	986,093	3,963,890
(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

Company	Stated Capital	Revaluation Reserve	General Reserve
	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 January 2021	6,000,000	7,359,125	643,442
Total comprehensive income for the year			
Profit for the year	-	-	-
Other comprehensive income, net of tax	-	(38,857)	-
Deferred tax effects on realisation of revaluation of reserve on land disposal	-	-	-
Total comprehensive income for the year	-	(38,857)	-
Transfer to revaluation reserve	-	1,955,015	-
Transaction with owners of the Company recorded directly in equity			
Surplus attributable to shareholders from life insurance	-	-	-
Dividend paid	-	-	-
Transferred AFS reserves – Life fund	-	-	-
Balance as at 31 December 2021	6,000,000	9,275,282	643,442
Balance as at 01 January 2022	6,000,000	9,275,282	643,442
Adjustment for surcharge tax levied under the Surcharge Tax Act No. 14 of 2022	-	-	-
Adjusted balance as at 01 January 2022	6,000,000	9,275,282	643,442
Total comprehensive income for the year			
Profit for the year	-	-	-
Other comprehensive income, net of tax	-	(758,993)	-
Deferred tax effects on realisation of revaluation of reserve on land disposal	-	-	-
Total Comprehensive Income for the Year	-	(758,993)	-
Transaction with owners of the Company recorded directly in equity			
Surplus attributable to shareholders from life insurance	-	-	-
Dividend paid	-	-	-
Transferred AFS reserves – Life fund	-	-	-
Balance as at 31 December 2022	6,000,000	8,516,289	643,442

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 136 to 240 form an integral part of these Financial Statements.

Colombo

24 April 2023

Statement of Changes in Equity

Available For Sale Reserve Rs. '000	Unrestricted Reserve Rs. '000	Regulatory Restricted Reserves Rs. '000	Surplus from Life Insurance Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
5,704,652	466,179	98,237	12,936,488	29,913,401	63,121,524
-	-	-	-	10,041,136	10,041,136
26,537	-	-	-	704,012	691,691
-	-	-	-	-	-
26,537	-	-	-	10,745,148	10,732,828
-	-	-	-	-	1,955,015
-	-	-	4,983,788	(4,983,788)	-
-	-	-	-	(899,603)	(899,603)
277,670	-	-	-	-	277,670
6,008,859	466,179	98,237	17,920,276	34,775,158	75,187,433
6,008,859	466,179	98,237	17,920,276	34,775,158	75,187,433
-	-	-	(228,077)	(1,116,579)	(1,344,656)
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
(246,970)	466,179	98,237	20,708,853	40,260,537	76,446,567

Statement of Cash Flows

For the year ended 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Cash flows from operating activities					
Premium received from customers		42,420,553	41,819,924	42,638,524	41,987,096
Reinsurance premium paid		(6,257,689)	(3,315,750)	(6,257,689)	(3,315,750)
Insurance claims and benefits paid		(22,952,549)	(19,518,285)	(22,952,549)	(19,518,285)
Reinsurance receipts in respect of claims and benefits		2,005,679	886,747	2,005,679	886,747
Cash received from debtors		93,681,303	63,244,600	1,418,620	806,938
Cash received/(paid) on cylinder deposits		(4,354)	242,351	-	-
Cash paid to and on behalf of employees		(11,747,031)	(10,377,784)	(6,973,352)	(6,051,757)
Interest received		19,148,662	15,155,562	17,309,371	14,372,560
Dividend received		1,348,781	1,177,178	1,712,590	1,378,186
Other operating cash payments		(100,182,717)	(67,266,578)	(8,197,230)	(7,398,907)
Cash flows from operating activities	A	17,460,638	22,047,965	20,703,964	23,146,828
Retiring gratuity paid	26	(121,086)	(146,952)	(68,732)	(84,287)
Interest expense paid		310,308	(32,618)	-	-
Income tax paid	25	(2,582,531)	(2,584,261)	(1,839,896)	(2,222,530)
Surcharge tax paid		(2,846,584)	-	(2,426,625)	-
Net cash from operating activities		12,220,745	19,284,134	16,368,711	20,840,011
Cash flows from investing activities					
Acquisition of financial investments	5.5	(72,425,369)	(46,166,214)	(70,252,132)	(44,523,237)
Proceeds from financial investments		34,772,728	26,479,740	34,672,728	26,479,740
Proceeds from disposal of property, plant and equipment		34,243	74,409	21,553	216
Acquisition of property, plant and equipment	8	(983,700)	(678,859)	(515,245)	(256,145)
Acquisition of intangible assets	11.2	(27,564)	(32,858)	(17,809)	(12,730)
Acquisition of investment property	10	(3,743)	(1,360)	-	-
Investment in subsidiaries	6	-	-	-	(2,000,000)
Cash paid to contractors		-	(778,608)	-	-
Expenditure incurred on capital work-in-progress	8	(727,680)	(3,166,531)	-	-
Company contribution on staff loans		-	17,375	-	-
Staff loans granted		(1,064,562)	(591,408)	(1,043,000)	(566,222)
Staff loans recovery		254,317	499,923	171,927	407,955
Loan granted to policyholders	12	(1,540,297)	(1,470,548)	(1,540,297)	(1,470,548)
Settlement of loans by policyholders		1,385,027	1,883,973	1,385,027	1,883,973
Net cash used in investing activities		(40,326,600)	(23,930,966)	(37,117,248)	(20,056,997)
Cash flows from financing activities					
Dividend paid	22.2	(1,511,343)	(899,603)	(1,511,343)	(899,603)
Dividend paid to NCI		(326,611)	(190,523)	-	-
Lease rental paid	9.2	(640,761)	(448,963)	(220,888)	(211,274)
Loans obtained		1,067,880	693,295	-	-
Net cash used in financing activities		(1,410,835)	(845,794)	(1,732,231)	(1,110,877)
Effect of exchange rate changes on cash and cash equivalents		11,857,124	1,012,991	11,857,124	1,012,991

Statement of Cash Flows

For the year ended 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Net increase/(decrease) in cash and cash equivalents		(17,659,566)	(4,479,635)	(10,623,644)	685,128
Cash and cash equivalents at the beginning of the year		26,357,197	30,836,832	16,381,087	15,695,959
Cash and cash equivalents at the end of the year (Note A)	18	8,697,631	26,357,197	5,757,443	16,381,087
Note A – Analysis of cash and cash equivalents					
Cash at bank and in hand		3,632,707	1,855,228	928,069	1,269,329
Short-term investments		6,155,777	25,523,637	5,392,400	15,651,041
*Bank overdraft		(1,090,853)	(1,021,668)	(563,026)	(539,283)
		8,697,631	26,357,197	5,757,443	16,381,087

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

Figures in brackets indicate deductions.

Reconciliation of operating profit with cash flow from operating activities

	Company	
	2022 Rs. '000	2021 Rs. '000
Profit from operations	8,082,483	5,238,687
Increase in long-term insurance fund	15,411,423	25,335,934
Depreciation charge	506,346	354,382
ROU asset cost	227,360	223,695
Profit on sale on property, plant and equipment	(21,493)	(213)
Investment income – unrealised gain/(loss)	6,718,045	(7,716,838)
Gratuity provision	322,599	307,025
Gain/(loss) on foreign exchange transaction	(11,857,124)	(1,012,991)
FV gain recorded in income statement	(141,040)	(222,634)
Impairment on SLDB	2,676,150	–
Increase/(decrease) in debtors	(1,019,839)	(2,116,341)
Increase/(decrease) in unearned premium	(1,496,219)	325,424
Increase/(decrease) in claims provisions	2,152,975	1,776,096
Increase/(decrease) in creditors	(867,538)	660,867
Increase/(decrease) in policyholder advance payments	9,837	(6,264)
Net cash from operating activities	20,703,964	23,146,828

The Accounting Policies and Notes on pages 136 to 240 form an integral part of these Financial Statements.

Colombo

24 April 2023

Segmental Review: Statement of Financial Position

As at 31 December

2022

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

2021

Non-Life Insurance Rs. '000	Life Insurance Rs. '000	Healthcare Rs. '000	Energy Rs. '000	Other Rs. '000	Eliminations Rs. '000	Total Rs. '000
35,343,058	160,554,249	4,749,971	100,000	-	-	200,747,278
19,634,852	3,296,543	-	5,000,000	20,500,000	(48,431,395)	-
198,673	-	-	-	-	-	198,673
12,639,695	97,939	4,718,257	20,835,636	27,099,981	-	65,391,507
170,593	388,059	533,477	200,749	22,634	-	1,315,512
1,942,600	-	-	-	863,880	-	2,806,480
36,398	-	55,276	-	752	2,992,805	3,085,231
-	1,637,187	-	-	-	-	1,637,187
2,090,082	811,913	-	-	-	-	2,901,995
7,470,356	507,391	-	-	-	-	7,977,747
-	-	-	384,485	206	-	384,691
1,044,622	3,539,443	1,488,988	4,725,720	2,040,611	(1,274,182)	11,565,202
483,822	-	-	-	-	-	483,822
3,137,996	13,782,374	453,898	8,860,650	1,143,947	-	27,378,865
84,192,747	184,615,098	11,999,867	40,107,240	51,672,011	(46,712,772)	325,874,190
-	155,788,928	-	-	-	-	155,788,928
20,879,547	-	-	-	-	-	20,879,547
17,602	450,308	248,041	220,545	190	-	936,686
1,773,196	1,095,095	-	-	-	-	2,868,290
427,587	1,257,284	265,224	264,374	1,873	-	2,216,343
3,114,782	-	509,403	769,509	89,998	-	4,483,692
1,000,561	917,180	277,776	166,890	161,112	-	2,523,520
3,170,777	3,080,779	897,957	16,473,942	3,929,309	(273,899)	27,278,863
325,632	213,651	482,385	116,958	3,396,367	(1,000,272)	3,534,721
30,709,684	162,803,225	2,680,786	18,012,218	7,578,849	(1,274,171)	220,510,590
6,000,000	-	2,671,543	1,947,109	41,870,087	(46,488,739)	6,000,000
-	98,237	-	-	-	-	98,237
9,203,609	71,673	1,330,581	5,099,559	5,663,461	(2,954,655)	18,414,228
2,748,526	3,260,333	-	-	-	-	6,008,859
35,530,928	18,381,630	5,316,957	15,048,354	(3,440,386)	(5,120,870)	65,716,612
-	-	-	-	-	9,125,663	9,125,663
53,483,063	21,811,873	9,319,081	22,095,022	44,093,162	(45,438,601)	105,363,599
84,192,747	184,615,098	11,999,867	40,107,240	51,672,011	(46,712,772)	325,874,190

Segmental Review: Statement of Income

For the year ended 31 December

2022

	Non-Life Insurance Rs. '000	Life Insurance Rs. '000	Healthcare Rs. '000	Energy Rs. '000	Other Rs. '000	Eliminations Rs. '000	Total Rs. '000
Gross written premium	20,341,448	20,930,125	-	-	-	(217,971)	41,053,602
Change in reserves for gross unearned premium	612,519	-	-	-	-	-	612,519
Gross earned premium	20,953,967	20,930,125	-	-	-	(217,971)	41,666,121
Premium ceded to re-insurers	(5,180,941)	(562,829)	-	-	-	-	(5,743,770)
Change in reserve for unearned reinsurance premium	883,699	-	-	-	-	-	883,699
Net earned premium	16,656,725	20,367,296	-	-	-	(217,971)	36,806,050
Revenue from other operations	-	-	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
Benefits and losses							
Net benefits and claims	(10,525,781)	(11,606,118)	-	-	-	-	(22,131,899)
Underwriting and net acquisition costs	(740,074)	(2,561,761)	-	-	-	-	(3,301,835)
Change in contract liabilities – Life fund	-	(11,017,756)	-	-	-	-	(11,017,756)
Cost of services of subsidiaries	-	-	(5,993,026)	(72,544,066)	(30,573)	1,444,267	(77,123,398)
Total benefits and losses	(11,265,855)	(25,185,635)	(5,993,026)	(72,544,066)	(30,573)	1,444,267	(113,574,888)
Other revenue							
Investment income	1,743,588	12,050,084	927,518	1,341,145	78,633	(770,688)	15,370,280
Fees and commission income	-	67,211	-	-	-	-	67,211
Net realised gains	9,169,180	2,687,944	1,954,853	(3,634,883)	-	-	10,177,094
Other income	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
Expenses							
Other operating, investment related and administrative expenses	(8,807,009)	(6,182,795)	(3,612,095)	(4,437,706)	(5,014,714)	1,187,396	(26,866,923)
Profit before taxation	8,082,484	4,393,668	4,061,199	2,281,638	(2,301,568)	(354,174)	16,163,247
Income tax expense	(553,331)	(1,377,013)	(814,341)	(794,989)	(39,540)	-	(3,579,214)
Net profit after taxation/ transfer to shareholders' fund	7,529,153	3,016,655	3,246,858	1,486,649	(2,341,108)	(354,174)	12,584,033

Segmental Review: Statement of Income

2021

Non-Life Insurance Rs. '000	Life Insurance Rs. '000	Healthcare Rs. '000	Energy Rs. '000	Other Rs. '000	Eliminations Rs. '000	Total Rs. '000
21,255,023	21,975,988	-	-	-	(167,172)	43,063,839
(778,671)	-	-	-	-	-	(778,671)
20,476,352	21,975,988	-	-	-	(167,172)	42,285,168
(4,029,008)	(479,754)	-	-	-	-	(4,508,762)
453,247	-	-	-	-	-	453,247
16,900,591	21,496,234	-	-	-	(167,172)	38,229,653
-	-	10,033,567	53,925,156	112,010	(1,927,695)	62,143,038
16,900,591	21,496,234	10,033,567	53,925,156	112,010	(2,094,867)	100,372,691
(10,206,589)	(9,978,828)	-	-	-	-	(20,185,417)
(653,821)	(2,566,486)	-	-	-	-	(3,220,308)
-	(18,849,187)	-	-	-	-	(18,849,187)
-	-	(5,270,035)	(59,869,936)	(27,701)	1,745,511	(63,422,161)
(10,860,410)	(31,394,501)	(5,270,035)	(59,869,936)	(27,701)	1,745,511	(105,677,072)
3,404,457	19,988,041	252,324	580,484	77,325	(257,753)	24,044,877
-	76,441	-	-	-	-	76,441
733,199	279,792	153,946	(541,584)	(345,830)	-	279,523
518,162	737,827	137,071	85,019	1,951,764	(195,855)	3,233,988
4,655,818	21,082,101	543,341	123,919	1,683,259	(453,608)	27,634,829
(5,457,312)	(4,697,086)	(3,074,237)	(3,148,447)	(907,544)	592,422	(16,692,204)
5,238,687	6,486,748	2,232,636	(8,969,308)	860,024	(210,542)	5,638,243
(181,339)	(1,502,959)	(21,122)	2,671,765	(23,626)	-	942,720
5,057,348	4,983,789	2,211,514	(6,297,543)	836,398	(210,542)	6,580,963

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Corporate Information

Sri Lanka Insurance Corporation Ltd (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 2022, 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 2022.

599,568,144 number of ordinary shares (99.97%) of the Parent Company are owned by Secretary to the Treasury and the rest is owned by employees and ex-employees of the Company.

1.2 Principal Activities and Nature of Operations

1.2.1 Group/Company

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

1.2.2 Subsidiaries

Name of the subsidiaries	Principal activities
The Lanka Hospitals Corporation PLC	Providing healthcare and laboratory services
Litro Gas Lanka 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 & 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

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, as amended.

The Financial Statements were authorised for issue by the Board of Directors on 24 April 2023.

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 to maturity are measured amortised cost
- 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
- Loans and receivable financial assets are measured at amortised cost

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's 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.

Notes to the Financial Statements

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 assumption;

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.

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 including Government decisions according to the Cabinet papers on the Company 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 expected revenue streams, profitability, cost management initiatives implemented by the Group, working restrictions, travel restrictions, working capital management, capital expenditure, cash reserves and available sources of financing including unutilised facilities and in order to be able to continue business under current global 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.

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

The additional information is disclosed in Note 49 to the Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Consolidation

3.1.1 Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is 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.

Notes to the Financial Statements

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 recurring 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.

(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 days 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.

3.4.1.4 Revenue from Contracts with Customers

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

3.4.1.5 Hospital Revenue

The Group recognises revenue from hospital services over time, using an input method to measure progress towards 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.

3.4.1.6 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.

3.4.1.7 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.

3.4.1.8 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.

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.

Employee Provident Fund

The Company and employees of Sri Lanka Insurance Corporation Ltd, Litro Gas Lanka Ltd 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 24% for the first nine months and 30% for the last three months.

- Investment income of shareholder fund less any expenses incurred in the production of such income at a rate of 24% for the first nine months and 30% for the last three months.
- Surpluses distributed to Life Insurance policyholders who share the profits of a person engaged in the business of life insurance at a rate of 24% for the first nine months and 30% for the last three months.
- But for non-life insurance business, all other sections are applicable and gain and profit of such business are taxed at 24% for the first nine months and 30% for the last three months.
- 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 writ-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.

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 Plan | – 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 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

3.5.1.6 Impairment

The Board of Directors has assessed the potential impairment loss of PPE as at 31 December 2022 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 PPE.

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 2022. 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.

Notes to the Financial Statements

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 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 & 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 & 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 & receivables is permitted when the financial asset meets the definition of loans & 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 & Receivables

Loans & 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 & receivables are measured at amortised cost using the effective interest method.

Loans & receivables comprise investments in unquoted corporate debt, term deposits, asset backed securities, development bonds, commercial papers, other loans & 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 (IRC SL), 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 2022 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.

- **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 9

SLFRS 9 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 7 – “Financial Instruments: Disclosures” that are applied to disclosures about 2018 but have not been generally applied to comparative information.

SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity, loans & receivables and available for sale.

Trade and other receivables, cash and cash equivalents and related party receivables which were earlier classified as loans & receivable under LKAS 39, are classified as amortised cost under SLFRS 9.

SLFRS 9 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 (IRC SL), the DAC is calculated based on the 365 days 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.

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 net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, less the discounted value of the expected future premiums that would be required to meet the future cash outflows based on the valuation assumptions used.

Cash flows are discounted based on the rates provided by the IRCSL on quarterly basis and yearly 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 4 – “Insurance Contracts”, the Company performed a Liability Adequacy Test (LAT) in respect of Life Insurance contract liabilities with the assistance of an external actuary. In performing the liability adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used.

Insurance Provision – Non-life Insurance

Non-life Insurance contract liabilities include the outstanding claims provision including IBNR and IBNER, the provision for unearned premium and the provision for premium deficiency.

The valuation of Unearned Premium Reserve (UPR) is performed in accordance with guidelines of the Regulation of Insurance Industry Act No. 43 of 2000 (i.e. based on the 365 days 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.

As required by the SLFRS 4 – “Insurance Contracts”, the Company performed a Liability Adequacy Test (LAT) in respect of Non-life Insurance contract liabilities with the assistance of the external actuary.

There is no material impact on the insurance contract liabilities due to economic crisis as at 31 December 2022 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 46.

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. 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 9, LKAS 39, SLFRS 7, SLFRS 4
- SLFRS 17 – Insurance Contracts
- SLFRS 1 – Subsidiary as a first time adaptation
- SLFRS 3 – Updating reference to the conceptual framework

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 9

SLFRS 9 – "Financial Instruments"

This Standard replaces the existing guidance in LKAS 39 – "Financial Instruments: Recognition and Measurement" SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. SLFRS 9 is effective for annual reporting periods beginning on or after 1 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 9 until the adopting the revised SLFRS 4, which is currently expected to commence in 2025. Consequent to the global deferment of IFRS 17 – "Insurance Contracts effective date from January 2021 to January 2025", the Company is expecting the temporary exemption to be deferred until 2024 January.

An insurer may apply the temporary exemption from SLFRS 9 if, and only if:

- (a) It has not previously applied any version of SLFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss.

Notes to the Financial Statements

(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 4 – “Insurance Contract”, an insurer’s activities are predominantly connected with insurance if, and only if:

- (a) the carrying amount of its liabilities arising from contracts within the scope of this SLFRS, which includes any deposit components or embedded derivatives unbundled from insurance contracts, is significant compared to the total carrying amount of all its liabilities; and
- (b) the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is:
 - I. greater than 90%; or
 - II. less than or equal to 90 per cent but greater than 80%, and the insurer does not engage in a significant activity unconnected with insurance.

The temporary exemption from SLFRS 9 will be reassessed whether its activities are predominantly connected with insurance at a subsequent annual reporting date if, and only if, there was a change in the entity’s activities, during the annual period that ended on that date.

The Company will decide on appropriate classification of its investments under SLFRS 9 closer to the time of adopting the revised SLFRS 4 and so is not able to fully quantify the impact of adopting SLFRS 9 on its Financial Statements as at reporting date. It is anticipated however, that it may not significantly change the Company’s total equity.

SLFRS 15 – “Revenue from Contracts with Customers”

SLFRS 4 – “Insurance Contracts” are scoped out from this standard. Therefore, the Company may not have a significant impact 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 2025. Early adoption is permitted along with the adoption of SLFRS 9 and SLFRS 15. SLFRS 17 supersedes SLFRS 4 – “Insurance contracts”. The Company intends to adopt the new standard on its mandatory effective date.

SLFRS 4 permitted insurers to continue to use the statutory basis of accounting for insurance assets and liabilities that existed in their jurisdiction prior to January 2005. SLFRS 17 replaces this with 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 policyholders 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 INVESTMENTS

As at 31 December	Note	Group				Company			
		2022		2021		2022		2021	
		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
Financial investments									
Held to maturity (HTM) financial assets	5.1	71,832,664	43,232,680	60,916,652	59,364,484	71,832,664	43,232,680	60,916,652	59,364,484
Loans & receivables (L & R)	5.2	69,065,402	69,065,402	51,541,273	51,541,273	62,142,194	62,142,194	46,691,301	46,691,301
Available for sale (AFS) financial assets	5.3	51,513,246	51,513,246	65,429,537	65,429,537	51,513,246	51,513,246	65,429,537	65,429,537
Fair value through profit or loss (FVTPL) financial asset	5.4	25,763,811	25,763,811	22,859,816	22,859,816	25,763,811	25,763,811	22,859,816	22,859,816
Total financial investments		218,175,123	189,575,139	200,747,278	199,195,110	211,251,915	182,651,931	195,897,306	194,345,138

5.1 Held to Maturity (HTM) Financial Assets

As at 31 December	Note	Group				Company			
		2022		2021		2022		2021	
		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		69,802,527	41,202,543	60,916,652	59,364,484	69,802,527	41,202,543	60,916,652	59,364,484
Listed debentures		2,030,137	2,030,137	-	-	2,030,137	2,030,137	-	-
		71,832,664	43,232,680	60,916,652	59,364,484	71,832,664	43,232,680	60,916,652	59,364,484

5.2 Loans & Receivables (L & R)

As at 31 December	Note	Group				Company			
		2022		2021		2022		2021	
		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		23,371,379	23,371,379	22,343,977	22,343,977	23,371,379	23,371,379	22,343,977	22,343,977
Term deposits		28,962,533	28,962,533	16,440,634	16,440,634	22,039,325	22,039,325	11,590,662	11,590,662
Development bonds		19,407,639	16,731,490	12,756,662	12,756,662	19,407,639	16,731,490	12,756,662	12,756,662
(-) Provision for impairment	5.2.1	(2,676,149)	-	-	-	(2,676,149)	-	-	-
		69,065,402	69,065,402	51,541,273	51,541,273	62,142,194	62,142,194	46,691,301	46,691,301

Notes to the Financial Statements

5.2.1 Provision for Impairment

Company has made an impairment provision on Sri Lanka Development Bonds 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.

Litro Gas Terminal Lanka (Pvt) Ltd

Litro Gas Terminal Lanka (Pvt) Ltd has entered into a lease agreement with Hambanthota International Port Group (Pvt) Ltd 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			
	2022		2021		2022		2021	
Company/Group	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	12,688,898	12,688,898	20,373,280	20,373,280	12,688,898	12,688,898	20,373,280	20,373,280
Unlisted shares	7,850	7,850	7,850	7,850	7,850	7,850	7,850	7,850
Unit trusts	1,798,508	1,798,508	1,739,055	1,739,055	1,798,508	1,798,508	1,739,055	1,739,055
Listed debentures	33,756,794	33,756,794	39,379,579	39,379,579	33,756,794	33,756,794	39,379,579	39,379,579
Treasury bonds	3,261,196	3,261,196	3,929,773	3,929,773	3,261,196	3,261,196	3,929,773	3,929,773
	51,513,246	51,513,246	65,429,537	65,429,537	51,513,246	51,513,246	65,429,537	65,429,537

5.4 Fair Value Through Profit or Loss (FVTPL)

As at 31 December	Group				Company			
	2022		2021		2022		2021	
	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	23,031,279	23,031,279	19,198,031	19,198,031	23,031,279	23,031,279	19,198,031	19,198,031
Unit trusts	2,732,532	2,732,532	3,661,785	3,661,785	2,732,532	2,732,532	3,661,785	3,661,785
	25,763,811	25,763,811	22,859,816	22,859,816	25,763,811	25,763,811	22,859,816	22,859,816

Fair value through profit or loss investments and Available for sale investments have been measured at fair value. Held to Maturity Investment and loans & receivable are measured at amortised cost.

5. FINANCIAL INVESTMENTS (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 & 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)
As at 31 December 2022	51,513,246	25,763,811	71,832,664	62,142,194	211,251,915
As at 01 January 2021	55,420,405	15,346,680	51,885,785	47,654,464	170,307,334
Purchases	12,400,028	7,695,735	12,405,237	12,022,237	44,523,237
Maturities	(2,950,243)	–	(3,651,700)	(13,230,065)	(19,832,008)
Disposals	(57,000)	(7,729,791)	–	–	(7,786,791)
Fair value gain recorded in other comprehensive income	5,248	7,684,338	(34,795)	–	7,654,791
Realised capital gains/(losses)	(27,868)	–	–	–	(27,868)
Realised/unrealised capital gains/(losses)	–	(167,020)	–	–	(167,020)
Interest amortisation	196,925	–	2,906	–	199,831
Foreign currency translation adjustments	81,185	29,874	–	845,184	956,243
Interest income	4,148,386	–	5,755,061	3,848,681	13,752,128
Interest/coupon receipts	(3,787,529)	–	(5,445,842)	(4,449,200)	(13,682,571)
As at 31 December 2021	65,429,537	22,859,816	60,916,652	46,691,301	195,897,306

Group	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 & Receivable Rs. '000	Total Rs. '000
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)
As at 31 December 2022	51,513,246	25,763,811	71,832,664	69,065,402	218,175,123
As at 01 January 2021	55,420,439	15,346,682	51,885,787	50,861,422	173,514,330
Purchases	12,400,028	7,695,735	12,405,237	13,665,213	46,166,213
Maturities	(2,950,243)	–	(3,651,700)	(13,230,065)	(19,832,008)
Disposals	(57,000)	(7,729,791)	–	–	(7,786,791)
Fair value gain recorded in other comprehensive income	5,248	7,684,338	(34,795)	–	7,654,791
Realised capital gains/(losses)	(27,868)	–	–	–	(27,868)
Realised/unrealised capital gains/(losses)	–	(167,020)	–	–	(167,020)
Interest amortisation	196,925	–	2,906	–	199,831
Foreign currency translation adjustments	81,150	29,874	–	845,220	956,243
Interest income	4,148,386	–	5,755,061	3,848,681	13,752,128
Interest/coupon receipts	(3,787,529)	–	(5,445,842)	(4,449,200)	(13,682,571)
As at 31 December 2021	65,429,536	22,859,818	60,916,654	51,541,271	200,747,278

6. INVESTMENT IN SUBSIDIARIES

As at 31 December	Sub Note	Company	
		2022 Rs. '000	2021 Rs. '000
At Cost			
Listed subsidiaries	6.1	2,764,196	2,764,196
Unlisted subsidiaries	6.2	20,059,696	20,059,696
		22,823,892	22,823,892

6.1 Listed Subsidiaries

	2022				2021			
	No. of Shares	Holding %	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Holding %	Cost Rs. '000	Fair Value Rs. '000
The Lanka Hospitals Corporation PLC	114,861,951	51.34%	2,764,196	11,405,792	114,861,951	51.34%	2,764,196	6,409,297
			2,764,196	11,405,792			2,764,196	6,409,297

6.2 Unlisted Subsidiaries

As at 31 December	2022			2021		
	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 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
			20,059,696			20,059,696

During the Financial Year 2021, Sri Lanka Insurance Corporation Ltd has made additional investment of Rs. 2 Bn in Canwill Holdings (Pvt) Ltd and stake holding of Canwill Holdings (Pvt) Ltd has increased from 45.95% to 52.05%.

Canwill Holdings (Pvt) Ltd

As at 31 December	Holding Percentage	Company	
		2022 Rs.	2021 Rs.
Sinolanka Hotels and Spa (Pvt) Ltd	100%	19,999,999,995	19,999,999,995
Helanco Hotels & Spa (Pvt) Ltd	100%	500,000,000	500,000,000
Nilyan Hotels & 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 the Nilyan Hotels & Spa (Pvt) Ltd have 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.

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	
			2022 %	2021 %	2022 %	2021 %
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 & Spas (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%	79.06%	23.99%	20.94%
Sinolanka Hotels and Spa (Pvt) Ltd	Hoteliering	Ordinary	76.01%	79.06%	23.99%	20.94%
Helanco Hotels & Spa (Pvt) Ltd	Hoteliering	Ordinary	76.01%	79.06%	23.99%	20.94%
Management Services Rakshana (Pvt) Ltd	Management Services	Ordinary	100.00%	100.00%	0.00%	0.00%

6. INVESTMENT IN SUBSIDIARIES (CONTD...)

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 basis.

Subsidiary Name	The Lanka Hospitals Corporation PLC	Litro Gas Lanka Ltd	Canwill Holdings (Pvt) Ltd
NCI Holding Interest	Rs. '000	Rs. '000	Rs. '000
	48.66%	0.06%	23.99%
Summarised Statement of Financial Position			
Non current assets	5,703,371	19,194,405	20,502,034
Current assets	9,630,559	9,584,554	378,518
Non current liabilities	(1,618,575)	(15,495,518)	(570)
Current liabilities	(1,734,304)	(2,284,028)	(16,458)
Net assets	11,981,051	10,999,413	20,863,524
Net assets attributable to NCI (Before any inter group eliminations)	5,830,094	7,072	5,005,754
Summarised Statement of Comprehensive Income			
Revenue	10,697,888	79,982,082	-
Profit for the year	3,246,857	904,548	(4,300)
Other comprehensive income/(expenses)	128,315	15,576	(53)
Total comprehensive income	3,375,172	920,124	(4,353)
Profit allocated to NCI	1,579,952	582	(1,032)
OCI allocated to NCI	62,439	10	(13)
Summarised Statement of Cash Flows			
Cash flows from/(used in) operating activities	804,158	(7,891,936)	(5,588)
Cash flows from/(used in) investment activities	171,058	(14,531)	1,627
Cash flows from/(used in) finance activities	(762,965)	3,676,298	-
Net increase in cash and cash equivalents	212,251	(4,230,169)	(3,961)

6.4.2 Movement of non-controlling interest

	Group	
	2022 Rs. '000	2021 Rs. '000
Balance at the beginning of the year	9,125,663	8,985,168
Profit for the year	995,460	1,253,992
Other comprehensive income, net of tax	1,790,363	535,559
Dividends paid to NCI for the year	(326,611)	(190,523)
Acquisition of NCI without a change in control	-	(1,458,533)
Effect of change in percentage holding in subsidiaries	1,312,704	-
Balance at the end of the year	12,897,579	9,125,663

7. INVESTMENT IN ASSOCIATES

Group/Company	2022				2021			
	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.

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Group

As at 31 December	Note	2022 Rs. '000	2021 Rs. '000
Carrying amount		44,866,415	44,936,097
Work-in-Progress	8.1.3	30,560,387	20,455,410
		75,426,802	65,391,507

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 2022	16,098,999	2,929,962	7,848,638	5,591,474	902,827	1,061,261
Additions during the Year	226,200	45,022	28,833	426,180	99,451	4,810
Revaluation	186,880	-	487,014	-	-	-
Accumulated depreciation transfer to cost	-	-	-	-	-	-
Cost transfers to revaluation reserve	-	-	-	-	-	-
Disposals	-	-	-	(41,507)	(1,022)	(4,491)
Adjustment to cost	-	3,867	(133,438)	(188,971)	(7,379)	31,820
Transfers from investment property	-	-	-	-	-	-
Transfers from working progress	-	-	32,224	607	-	-
Balance as at 31 December 2022	16,512,079	2,978,851	8,263,271	5,787,783	993,877	1,093,400

Accumulated depreciation

Freehold

Balance as at 01 January 2022	12,763	60,860	260,716	3,315,013	524,516	84,887
Depreciation charge during the year	1,741	155,233	173,029	396,271	85,581	311,839
Cost transfer to accumulated depreciation	-	-	-	-	-	-
Depreciation transfers to revaluation reserve	-	-	-	-	-	-
Disposals	-	-	-	(30,567)	(657)	(4,431)
Adjustment to accumulated depreciation	-	3,865	(133,438)	(193,597)	(7,379)	31,821
Revaluation	-	-	(284,263)	-	-	-
Balance as at 31 December 2022	14,504	219,958	16,044	3,487,120	602,061	424,116

Net book value

As at 31 December 2021	16,086,236	2,869,102	7,587,922	2,276,461	378,311	976,374
As at 31 December 2022	16,497,575	2,758,893	8,247,227	2,300,663	391,816	669,284

Notes to the Financial Statements

Electrical Generators and Passenger Lifts	Fixtures and Fittings	Air-condition Plant	Plant and Machinery	Storage tanks, Pipe Lines and Pumping Stations	LPG Cylinders	Other	Total 2022	Total 2021
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
58,953	5,283	145,828	1,531,240	5,494,388	17,987,272	387,851	60,043,976	54,471,811
32,564	56	14,823	31,984	-	-	73,969	983,892	682,717
-	-	-	-	-	-	-	673,894	3,402,340
-	-	-	-	-	-	-	-	(526,689)
-	-	-	-	-	-	-	-	1,283,910
(4,524)	-	-	-	-	-	(9,480)	(61,024)	(76,626)
-	-	-	(110,537)	(1,685,003)	-	-	(2,089,641)	-
-	-	-	-	-	-	-	-	709
-	9,518	-	54,736	2,954	21,957	-	121,996	805,804
86,993	14,857	160,651	1,507,423	3,812,339	18,009,229	452,340	59,673,093	60,043,976
12,865	23,855	31,107	533,189	2,274,464	7,678,543	295,101	15,107,879	14,459,727
17,210	(18,632)	15,246	74,382	222,901	650,195	41,878	2,126,874	1,917,441
-	-	-	-	-	-	-	-	(526,689)
-	-	-	-	-	-	-	-	(671,104)
(4,524)	-	-	-	-	-	(9,363)	(49,542)	(71,496)
-	-	-	(110,538)	(1,685,004)	-	-	(2,094,270)	-
-	-	-	-	-	-	-	(284,263)	-
25,551	5,223	46,353	497,033	812,361	8,328,738	327,616	14,806,678	15,107,879
46,088	(18,572)	114,721	998,051	3,219,924	10,308,729	92,750	-	44,936,097
61,442	9,634	114,298	1,010,390	2,999,978	9,680,491	124,724	44,866,415	-

8. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

8.1 Group (Contd...)

8.1.1 Lands

Freehold Lands

The Lanka Hospitals Corporation PLC – carried at revalued amount

Location	Extent (perches)	Method of valuation	Property valuer	Effective date of valuation	Significant unobservable inputs	Carrying value as at 31 December 2022 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 and Spa (Pvt) Ltd

Sinolanka Hotels and Spa (Pvt) Ltd has purchased three blocks of land with buildings attached to land, with the intention of demolishing the buildings in 2014 to facilitate the expansion of ballroom, car parking facilities, re-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 (lotus tower) Ltd against Sinolanka Hotels and 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 and 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 filed by the Ceylinco Homes International (lotus tower) Ltd against Sinolanka Hotels and Spa (Pvt) Ltd connected to the same property.

CA (Writ) Application No. 219/18, the acquisition process of this land has initiated by the Line Ministry (Ministry of Public Enterprise Development), through an Extraordinary Gazette No. 2065/24, dated 04 April 2018 in order to obtain immediate possession of the land by the Ministry of Land and Parliamentary Reforms. However, CA (Writ) Application No. 219/18 has instituted in the Court of Appeal by the Ceylinco Homes International Ltd on 02 July 2018 against Ministry of Lands, Acquiring Officer, Urban Development Authority and Sinolanka Hotels and Spa (Pvt) Ltd in the Court of appeal in order to issue Writ of Certiorari quashing the order made under provision (a) to Section 38 of the Land Acquisition Act by the Minister of Lands and Parliamentary Reforms. The case was on going as at reporting date.

Notes to the Financial Statements

Leasehold Land

Sinolanka Hotels and Spa (Pvt) Ltd

Sinolanka Hotels and Spa (Pvt) Ltd has entered into an agreement dated 16 July 2012 with the Urban Development Authority (hereafter referred to as the "Lessor"), whereby Lessor allocated to the Company (hereafter referred to as the "Lessee") a block of land bearing assessment No. 116, Galle Road, Colombo 03 comprising in extent 0.6057 Hectares together with the partly constructed building thereon, for an annual nominal lease of Rs. 10,000/- for a term of period of 99 years for the purpose of constructing and operating a Luxury Hotel Complex. The agreement further provided that the settlement of nominal annual lease for the period of 99 years in one lump sum of Rs. 990,000/-.

Upon the termination of the lease by effluxion of time, the Lessor may grant to the Lessee or its successors a renewal of the lease for a further period of 99 years or for a period to be mutually agreed upon by the Lessor and Lessee.

In the event of termination or determination of the lease at the expiration of the said term as the case may be and on the Lessee yielding the demised premises with all buildings and with all furniture and fixtures and everything standing thereon to the Lessor, the Lessor shall purchase the building and everything standing thereon at the market value prevailing at the time of yielding.

In addition to the aforesaid lease agreement, the Government valuation department determined a value of Rs. 5.0 Bn to be paid by the Company as full and final consideration to the Secretary to the Treasury in respect of the said property situated at 116, Galle Road, Colombo 03. The Valuation department further determined that the value attributable to the land in extent of 0.6057 hectares based on a 99 year lease for the purpose of constructing and operating a Luxury Hotel Complex amounted to Rs. 1.228 Bn. The balance value was included in capital work in progress. 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) Ltd has entered into an agreement dated 1 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/-. 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 Mr A A M Fathihu (MRICS), Independent Chartered Valuer with appropriate experience 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	Carrying Value as at 31 December 2022 Rs.	Cumulative Depreciation if Assets were Carried at Cost Rs.	Net Carrying Value Rs.
No. 578, Elvitigala 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	1,811,812,101	447,016,940	1,364,795,161

8. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

8.1 Group (Contd...)

8.1.3 Capital Work-in-Progress

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
At the beginning of the year	20,455,410	16,740,141	–	–
Cost incurred during the year	1,877,813	3,346,943	–	–
Amount capitalised during the year	(126,624)	(805,805)	–	–
Revaluation of asset	8,353,788	1,174,131	–	–
At the end of the year	30,560,387	20,455,410	–	–

Sinolanka Hotels and Spa (Pvt) Ltd

Capital Work-in-Progress reflects the value of construction of the property at No. 116, Galle Road, Colombo 03 at revalued amount as at 31 December 2022 of Grand Hyatt, Colombo which is under construction as at 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 Grand Hyatt project. In addition, the staff salaries and other maintenance cost related Grand Hyatt Project, were decided to identify as Administrative costs from June 2022, since construction activities of the project is on hold.

During the year Company has incurred Rs.1,708 Mn in this project (2021 – Rs. 2,108 Mn)

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 Hyatt Hotel at Hambantota were capitalised. The Board of Directors of the Company had since resolved to discontinue with the construction of the Hotel. As a consequence, the costs incurred so far on the project had been considered impaired as it would not be probable that the future economic benefits associated with these costs would flow to the entity. As such, a provision for impairment of Capital Work-in-Progress of Rs. 111,103,548 had been recorded in the Financial Statements of 2015.

The hotel in Hambantota was to be constructed on a leased-hold land obtained from the Urban Development Authority for 99 years.

The consideration paid to the Urban Development Authority with related taxes and other charges paid thereon for the use of the rights to the land were recognised as leasehold land and property in the Financial Statements for 2014. As the Company had since resolved to discontinue with the hotel project the Board of Directors are evaluating options available to the Company. The Directors are of the view that the un-amortised leasehold land value of Rs. 157,814,563 as at 31 December 2022 could be recovered from the disposal of the property. Hence, no impairment provision had been considered necessary on the asset.

8.1.5 Fully Depreciated Assets

The Lanka Hospitals Corporation PLC

Property plant and equipment as at 31 December 2022 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 2.1 Bn (2021 – Rs. 1.96 Bn).

Litro Gas Lanka Ltd

Property, plant and equipment include fully depreciated assets, the cost of which as at 31 December 2022 amounted to Rs. 1,954,295,880 (31 December 2021 – Rs. 1,939,112,245).

The estimated life of LP gas cylinders was changed from 10 years to 20 years in the year 2020 based on the industry practice and the past experience of useful lifetime.

Litro Gas Terminal Lanka (Pvt) Ltd

Property, plant and equipment as at 31 December 2022 include fully depreciated assets, still in use. The cost of which as of 31 December 2022, amounted to Rs. 8,566,712 (2021 – Rs. 5,906,765).

Depreciation expenses of Rs. 315,976,666 (2021 – Rs. 214,817,613) and Rs. 32,261,051 (2021 – Rs. 24,736,681) 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	200,560
Motor vehicles	December 2021	344,102	-
LPG storage tanks, pipes and fittings	December 2016	116,435	4,983
Plant and machinery	December 2016	299,709	3,616
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 and 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.

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	70,737
Motor vehicles	December 2021	3,288	-
Plant and machinery	December 2016	247,656	31,889
Storage tanks, pipeline and pumping stations	December 2016	3,175,167	75,339
Instrumentation equipment	December 2016	736,798	11,791

8. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

8.1.7 Revaluation Gain/(Impairment) (Contd...)

Sinolanka Hotels and Spa (Pvt) Ltd

In early 2019, Sinolanka Hotels and Spa (Pvt) Ltd has carried out an asset revaluation for the land and construction Work-in-Progress (partly constructed building) through an independent valuer, in order to reflect the fair value of the assets in the Financial Statements of the Company as at 31 December 2019. Further a valuation has been carried out as at 31 December 2021 and the Company has recognised the appreciation of land value including right-of-use land on lease to Rs. 7,352,970,000 and appreciation of the Capital Work-in-Progress (partly constructed building) amounting to Rs. 19,548,400,000 in the financial year end 31 December 2021.

Due to the stress economic conditions that prevailed during the entire financial year 2022, and rapid depreciation of the rupee and the project was moving towards disinvestment. Further independent valuation was conducted in 31 December 2022. This valuation reflected a significant appreciation of the property value referring to the current market conditions specially linked with changes of exchange rates and company has recognised the appreciation of Land value including right-of-use land on lease to Rs. 7,837,299,660 and appreciation of the Capital Work-in-Progress (partly constructed building) amounting to Rs. 29,609,760,000 in the financial year end 31 December 2022 and other asset reflect in Note 8.

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. 49.7 Mn.

8.1.9 Transfers to Property, Plant and Equipment

Canowin Hotels & Spas (Pvt) Ltd

During the financial year, the company transferred subway investment amounting to the aggregate value of Rs. 45,993,600 to property, plant and equipment.

8.1.10 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. 31,400 in the year 2022.

Notes to the Financial Statements

8.1.11 Assets Revaluation

Sri Lanka Insurance Corporation Ltd – Company

Location	Extent of the Land	Land	Building	Total Carrying Value
		Rs. '000	Rs. '000	31 December 2022 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	1,758,237	5,977,237
Land and Building situated at Thelawala, Katubedda, Moratuwa	A 02 R 00 P 13	249,750	68,263	318,013
Land and Building situated at Lake Road, 4th Lane, Anuradhapura	A 0 R 0 P 30	24,498	2,510	27,008
Land and Building situated at Main Street, 2nd Lane Anuradhapura	A 0 R 0 P 34.9	108,090	51,789	159,879
Land and Building situated at 571, Hospital Road, Jaffna	A 0 R 1 P 26.38	154,000	–	154,000
Land and Building situated at No. 25, Kande Veediya, Kandy	A 0 R 0 P 16.45	139,740	51,569	191,309
Land and Building situated at No. 20, Rajapaksha Broadway, Negombo	A 0 R 0 P 19	99,550	35,659	135,209
Land and Building situated at No. 7, Hakmana Road, Matara	A 0 R 0 P 47.89	185,682	28,200	213,882
Land and Building situated at Waterfield Drive, Nuwara-Eliya	A 0 R 02 P 23.01	158,816	14,813	173,629
Building situated at No. 60/1, Park Road, Nuwara Eliya	–	–	19,516	19,516
Building situated at No. 16/1, Dambulla Road, Kurunegala	–	–	82,976	82,976
Land and Building situated at No. 14A, Pulathisigama, Hingurakgoda	A 0 R 0 P 49.42	4,909	496	5,405
Land and Building situated at No. 46, Main Street, Trincomalee	A 0 R 01 P 37.65	124,610	1,418	126,028
Land situated at Baudhaloka Mawatha, Gampaha	A 0 R 0 P 24.54	98,160	72,855	171,015
Land and Building situated at No. 14, River Side Road, Kalutara	A 0 R 0 P 61.9	46,400	–	46,400
Land and Building situated at No. 32, Negombo Road, Marawila	A 0 R 0 P 10	30,300	–	30,300
Land and Building situated at No. 195, Bowela Village, Heerassagala, Kandy	A 0 R 01 P 02	37,800	–	37,800
Land and Building situated at No. 97, New Road, Ambalangoda	A 0 R 01 P 02	137,832	34,072	171,904
Land and Building situated at No. 211/C, Colombo Road, Pilimatalawa	A 0 R 0 P 08	26,000	13,646	39,646
Land situated at No. 42, Kurunegala Road, Chilaw	A 0 R 0 P 15.63	37,100	–	37,100
Land and Building situated at No. 38, Miyugunagama, Mahiyanganaya.	A 0 R 0 P 09.96	5,976	371	6,347
Land and Building situated at Bogahahena, Dikwella Road, Beliatta	A 0 R 01 P 24.047	60,700	–	60,700
Land and Building situated at No. 68, Ragala Road, Rikillagaskada.	A 0 R 0 P 6.832	20,579	9,033	29,612
Land and Building situated at No. 69, Kothmale Road, Nawalapitiya.	A 0 R 0 P 05	16,250	13,007	29,257
Land and Building situated at No. 157, Thangalla Road, Thawaluwila, Ambalantota.	A 0 R 1 P 02.41	10,200	–	10,200
Land and Building situated at No. 6, Wadugodapitiya Veediya, Kandy .	A 0 R 0 P 08.50	63,750	27,238	90,988
Land and Building situated at No. 389, Main Street, Kegalle	A 0 R 0 P 07.51	31,917	34,276	66,193
Land situated at Kachchery Junction, Kandy Road, Jaffna	A 0 R 0 P 37.6	11,200	–	11,200
Land and Building situated at Badulla	A 0 R 0 P 22.06	40,800	–	40,800
Land situated at Mapalagama – Elpitiya Road, Thalgaswala.	A 0 R 1 P 0.1078	4,005	–	4,005
Land and Building situated at No. 176/B, Kandy Road, Gampola	A 0 R 0 P 12.355	23,327	5,416	28,743
Land and Building situated at No.258, Main Street, Rathnapura	A 0 R 0 P 25	226,200	32411	258,611
		9,463,092	2,357,771	11,820,864

8. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

8.2 Company

As at 31 December	2022 Rs.'000	2021 Rs.'000
Carrying Amount	12,763,092	12,737,635
	12,763,092	12,737,635

	Land Rs. '000	Buildings on Freehold Land Rs. '000	Building on Leasehold Land Rs. '000	Equipment Rs. '000	Furniture and Fittings Rs. '000	Motor Vehicle Rs. '000
Cost/Valuation						
Balance as at 01 January 2022	9,236,892	2,366,425	69,700	554,566	203,930	517,612
Additions during the year	226,200	45,022	-	149,823	22,518	-
Cost transfers to revaluation reserve	-	-	-	-	-	-
Disposals	-	-	-	-	-	(4,491)
Balance as at 31 December 2022	9,463,092	2,411,447	69,700	704,389	226,448	513,121
Accumulated depreciation						
Balance as at 01 January 2022	-	124	-	282,716	134,746	-
Depreciation charge for the year	-	123,251	-	90,066	13,137	213,117
Depreciation transfers to revaluation reserve	-	-	-	-	-	-
Disposals	-	-	-	-	-	(4,431)
Balance as at 31 December 2022	-	123,375	-	372,782	147,883	208,686
Net book value						
As at 31 December 2021	9,236,892	2,366,301	69,700	271,850	69,184	517,612
As at 31 December 2022	9,463,092	2,288,072	69,700	331,607	78,565	304,435

During the year the Company has acquired property, plant and equipment amounting to Rs. 515.2 Mn (2021 – Rs. 256.1 Mn)

At the end of year 2022, there were fully depreciated assets amounting to Rs. 400.2 Mn (2021 – Rs. 335.5 Mn).

There were no assets pledged against the borrowings.

Notes to the Financial Statements

Electrical Generators and Passenger Lifts	Fixtures and Fittings	Air-condition Plant	Others	Total 2022	Total 2021
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
58,953	312	145,828	76,098	13,230,316	11,690,291
32,564	56	14,823	24,239	515,245	256,147
-	-	-	-	-	1,283,910
(4,524)	-	-	-	(9,015)	(32)
86,993	368	160,651	100,337	13,736,546	13,230,316
12,343	193	31,107	31,452	492,681	822,936
17,210	59	15,246	17,642	489,728	340,878
-	-	-	-	-	(671,104)
(4,524)	-	-	-	(8,955)	(29)
25,029	252	46,353	49,094	973,454	492,681
46,610	119	114,721	44,646		12,737,635
61,964	116	114,298	51,243	12,763,092	

9. RIGHT OF USE ASSETS/ RIGHT OF USE LIABILITY

SLFRS 16 – “Leases”, requires lessee to recognise all leases to on their Statement of Financial Position as lease liabilities with the corresponding right-of-use assets w.e.f. 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	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Cost				
Balance as at 01 January	2,429,145	2,329,073	1,001,889	903,605
Additions	514,018	213,124	186,108	98,284
Reassessment of lease	–	(93,081)	–	–
Disposals/write-offs during the year	(27,560)	(19,971)	–	–
Balance as at 31 December	2,915,603	2,429,145	1,187,997	1,001,889
Amortisation				
Balance as at 01 January	1,113,633	714,024	443,237	272,030
Charge for the year	506,785	404,930	167,971	171,207
Disposal during the year	(6,089)	(5,321)	–	–
Balance as at 31 December	1,614,329	1,113,633	611,208	443,237
Net balance as at 31 December	1,301,274	1,315,512	576,789	558,652

The carrying amounts of lease liability recognised and its movements during the year is as follows.

9.2 Right of use liability

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January	1,029,172	1,316,835	560,396	650,307
Reassessment of lease	–	(93,081)	–	–
Lease liability relating to new/renewed contracts during the year	654,005	176,001	326,095	114,208
Lease rent paid	(670,695)	(421,406)	(221,071)	(204,119)
Net lease cost transfers	–	(1,414)	–	–
Disposal during the year	(21,818)	(15,319)	–	–
Gain on disposals	(4,200)	(224)	–	–
Interest charged during the year	62,839	67,781	–	–
Balance as at 31 December	1,049,303	1,029,172	665,420	560,396
Adjustment on interest in suspense at initial application	92,486	121,857	92,486	121,857
Interest recognised in income statement	(59,572)	(50,662)	(59,572)	(50,662)
Interest in suspense relating to the new contracts recognised	139,987	21,291	139,987	21,291
Interest in suspense at the end of the period	172,902	92,486	172,902	92,486
Balance as at 31 December	876,401	936,686	492,518	467,910

The amounts recognised in the Statement of Comprehensive Income for the year ended 31 December 2022 .

9.3 Amounts Recognised in Statement of Profit or Loss

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Amortisation expenses on right-of-use assets	506,785	404,930	167,971	171,207
Interest expenses on lease liabilities	122,411	118,443	59,572	50,662
Net charge to P&L	629,196	523,373	227,543	221,869

9.4 Maturity Analysis – Contractual Undiscounted Cashflows

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Less than 3 months	108,513	160,874	508	3,163
3 month to 6 month	42,669	7,073	773	7,073
6 month to 1 year	94,796	112,619	31,931	14,972
1 to 5 year	584,442	620,769	307,656	447,639
More than 5 year	85,954	65,696	83,314	23,817
	916,374	967,031	424,182	496,664

Sri Lanka Insurance Corporation Ltd

The Company has entered into the 99 year agreement with the government of Sri Lanka and previously recognized under LKAS 17 as Lease hold Properties were reclassified as Right of Use Assets – Lease Hold with adoption of SLFRS 16 – Lease, with effect from 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 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 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 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 and the rental is increased by different rates annually.

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 has been constructed. This property is currently being utilised by Litro Gas Lanka (Pvt) Ltd.

10. INVESTMENT PROPERTY

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January	2,806,480	2,574,580	1,942,600	1,719,966
Additions during the year	3,743	1,360	–	–
Transfer to property, plant & equipment	–	(709)	–	–
Fair Value Gains/(Loss)	163,417	231,249	141,040	222,634
Balance as at 31 December	2,973,640	2,806,480	2,083,640	1,942,600

Sri Lanka Insurance Corporation Ltd

Investment property held by Sri Lanka Insurance Corporation Ltd 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 Gorakadeniya Road, Yatinuwara, Extent of A0 R0 P118.47.

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.

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
Welipenna, Southern Expressway and buildings (rest area and food arcade)			
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.	Canowin Hotels & Spas (Pvt) Ltd	<ol style="list-style-type: none"> 1. Future rental and other income 2. Future operational expenses 3. Discount rates 	<p>Estimated fair value would increase (decrease) if:</p> <ol style="list-style-type: none"> 1. future rental and related income changes 2. future operational expenses change 3. Discount rate changes
Alhamra Property			
The market value arrived based on the investment method of valuation doesn't reflect the true potential of the subject land currently 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.	SLIC	<ol style="list-style-type: none"> 1. Future rental 2. Future operational expenses 3. Discount rates 	<p>Estimated fair value would increase (decrease) if:</p> <ol style="list-style-type: none"> 1. future rental and related income changes 2. future operational expenses change 3. Discount rate changes
Property situated in 267, Union Place			
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 outgoing expense to determine the net future cash flows.	SLIC	<ol style="list-style-type: none"> 1. Future rental 2. Future operational expenses 3. Discount rates 	<p>Estimated fair value would increase (decrease) if:</p> <ol style="list-style-type: none"> 1. future rental and related income changes 2. future operational expenses change 3. Discount rate changes
Yatinuwara Bare Land			
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.	SLIC	<ol style="list-style-type: none"> 1. Value per perch of the land 2. Interest Rates 	<p>Estimated fair value would increase (decrease) if:</p> <ol style="list-style-type: none"> 1. Value per perch of Land 2. Interest Rate Fluctuations

Notes to the Financial Statements

11. INTANGIBLE ASSETS

As at 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Goodwill on acquisition	11.1	2,992,805	2,992,805	-	-
Computer software	11.2	85,077	92,426	37,588	36,398
		3,077,882	3,085,231	37,588	36,398

11.1 Goodwill on Acquisition

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Cost				
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	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 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.

11.2 Computer Software

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Cost				
Balance as at 01 January	618,827	585,943	438,063	425,333
Additions	27,564	32,898	17,809	12,730
Disposals	-	(15)	-	-
Balance as at 31 December	646,391	618,827	455,872	438,063
Amortisation				
Balance as at 01 January	526,400	491,458	401,665	388,161
Amortisation charge	34,914	34,943	16,619	13,504
Balance as at 31 December	561,314	526,400	418,284	401,665
Net Balance as at 31 December	85,077	92,426	37,588	36,398

Canowin Hotels & Spas (Pvt) Ltd

The intangible assets comprises the costs incurred in the designing of Canowin Website, purchase of Quick Book License and the "Subway" Franchise has been recognised as Intangible Assets and amortized over 4-20 years.

Canwill Holdings PLC

The intangible assets comprises of 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 2022 (2021 – Nil.).

Intangible Assets – Contractual Commitments

The Lanka Hospitals Corporation PLC

Contractual commitments of intangible assets as at the reporting date is Rs. 37.5 Mn.

12. LOANS TO POLICYHOLDERS

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January	1,637,187	1,734,723	1,637,187	1,734,723
Loans granted during the year	1,540,297	1,470,548	1,540,297	1,470,548
Interest receivable on loans	350,231	449,277	350,231	449,277
Loans settled during the year (against claims)	(1,660,091)	(2,017,361)	(1,660,092)	(2,017,361)
Balance as at 31 December	1,867,624	1,637,187	1,867,624	1,637,187

The surrender value of the loans granted to policyholders as at 31 December 2022 amounted to Rs. 2,966 Mn (2021 – Rs. 2,648 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

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Reinsurance receivables on settled claims	305,233	252,296	305,233	252,296
Reinsurance receivables on outstanding claims	4,112,690	2,700,056	4,112,690	2,700,056
Impairment on reinsurance receivables	(50,658)	(50,357)	(50,658)	(50,357)
Balance as at 31 December	4,367,265	2,901,995	4,367,265	2,901,995

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.

14. PREMIUM RECEIVABLE

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Premium receivable from policyholders (Note 14.1)	4,470,534	6,014,424	4,470,534	6,014,424
Premium receivable from agents and brokers (Note 14.2)	2,140,263	1,963,323	2,140,263	1,963,323
Balance as at 31 December	6,610,797	7,977,747	6,610,797	7,977,747

14.1 Premium Receivable from Policyholders

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Premium receivable from policyholders	4,828,821	6,248,966	4,828,821	6,248,966
	4,828,821	6,248,966	4,828,821	6,248,966
Impairment on premium receivable				
As at the beginning of the year	(234,542)	(187,089)	(234,542)	(187,089)
Charge made during the year	(123,745)	(47,453)	(123,745)	(47,453)
As at the end of the year	(358,287)	(234,542)	(358,287)	(234,542)
Premium receivable from policyholders	4,470,534	6,014,424	4,470,534	6,014,424

14.2 Premium Receivable from Agents, Brokers and Intermediaries

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Premium receivable from agents, brokers and intermediaries	2,424,720	2,076,459	2,424,720	2,076,459
	2,424,720	2,076,459	2,424,720	2,076,459
Impairment on premium receivable				
As at the beginning of the year	(113,136)	(135,479)	(113,136)	(135,479)
Reversal/(Charge) made during the year	(171,322)	22,343	(171,322)	22,343
As at the end of the year	(284,458)	(113,136)	(284,458)	(113,136)
Premium receivable from agents, brokers and intermediaries	2,140,263	1,963,323	2,140,263	1,963,323

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 – 2022	Net Balance as at 01 January 2022	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 2022	Deferred Tax Asset	Deferred Tax Liability
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	(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

Group – 2021	Net Balance as at 01 January 2021	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 2021	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	7,666,057	(840,148)	(79,648)	518,333	(717,490)	6,547,104	–	6,547,104
Intangible assets	7,127	(8,142)	–	–	–	(1,015)	(1,015)	–
Investment property	287,748	42,308	–	–	–	330,056	–	330,056
Employee benefits	(476,619)	8,218	6,314	120,281	46,976	(294,829)	(294,829)	–
Carry forward tax losses	228,411	(2,477,897)	–	–	–	(2,249,485)	(2,249,485)	–
Available for sale financial assets	15,787	–	–	(77,371)	(4,488)	(66,071)	(71,040)	4,969
Provisions on inventory	(15,019)	5,518	–	–	–	(9,500)	(9,500)	–
Provisions on trade receivables	(47,787)	(100,853)	4,848	–	–	(143,791)	(143,791)	–
Right of use assets	(15,255)	1,785	–	–	–	(13,469)	(13,469)	–
	7,650,449	(3,369,210)	(68,486)	561,243	(675,001)	4,099,001	(2,783,129)	6,882,129

15. DEFERRED TAX ASSETS AND LIABILITIES (CONTD...)

15.1 Recognised Deferred Tax Assets and Liabilities (Contd...)

Company – 2022	Net Balance as at 01 January 2022	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 2022	Deferred Tax Asset	Deferred Tax Liability
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

Company – 2021	Net Balance as at 01 January 2021	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 2021	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	3,554,671	(22,999)	(79,648)	467,016	(428,159)	3,490,881	–	3,490,881
Right-of-use assets	(21)	(217)	–	–	–	(238)	–	(238)
Investment property	29,895	22,263	–	–	–	52,158	–	52,158
Employee benefits	(373,032)	(27,891)	6,314	107,497	46,976	(240,135)	(240,135)	–
Available for sale financial assets	15,787	–	–	(77,371)	(4,488)	(66,071)	(71,040)	4,969
Provisions on trade receivables	(33,938)	(92,723)	4,848	–	–	(121,813)	(121,813)	–
	3,193,362	(121,566)	(68,486)	497,142	(385,670)	3,114,782	(432,988)	3,547,771

The amounts shown in the statement of financial position represent the following:

Group	2022 Rs. '000	2021 Rs. '000
Deferred tax assets		
Canwill Holdings (Pvt) Ltd	(2,033)	(206)
Litro Gas Lanka Ltd	(160,309)	(384,485)
	(162,342)	(384,691)
Deferred tax liabilities		
Sri Lanka Insurance Corporation Ltd – Non life	3,756,899	3,114,782
The Lanka Hospitals Corporation PLC	1,212,337	509,403
Litro Gas Terminal Lanka (Pvt) Ltd	926,844	769,509
Canowin Hotels & Spas (Pvt) Ltd	121,675	89,998
	6,017,757	4,483,692
	5,855,413	4,099,001

Non-life deferred tax assets and liabilities are originated due to temporary timing differences on the following asset and liability bases:

Non-Life	2022		2021	
	Temporary difference Rs. '000	Deferred tax Rs. '000	Temporary difference Rs. '000	Deferred tax Rs. '000
Deferred tax asset				
Retirement benefit obligation	(759,575)	(227,873)	(1,000,561)	(240,135)
AFS negative reserve – treasury bonds	(1,095,841)	(328,752)	(296,002)	(71,040)
Right-of-use asset	(1,917)	(575)	(991)	(238)
Provision for doubtful debtors	(803,288)	(240,987)	(507,551)	(121,812)
	(2,660,621)	(798,187)	(1,805,105)	(433,225)
Deferred tax liability				
Property plant & equipment and revaluation reserve	1,871,123	561,337	1,895,459	454,910
Available for sale reserve	-	-	49,686	4,969
Investment property	662,623	198,787	521,583	52,158
Revaluation reserve – Land	12,649,876	3,794,962	12,649,876	3,035,970
	15,183,622	4,555,086	15,116,604	3,548,007
Net deferred tax (asset)/liability	12,523,001	3,756,899	13,311,499	3,114,782

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% (24% – 2021).

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 & Spas (Pvt) Ltd

Deferred income 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	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Inventories	16.1	4,170,375	2,869,811	286,195	227,549
Trade and other receivables	16.3	7,669,253	4,923,178	1,098,593	907,937
Amount due from Distilleries Company of Sri Lanka PLC		136,479	163,368	136,479	163,368
Other financial assets		174,938	158,842	-	-
Staff loans	16.2	2,185,138	1,860,627	1,944,247	1,697,813
Prepaid staff cost		706,891	598,603	695,822	495,647
Other loans		946,835	908,562	846,575	808,302
Advance on fixed assets		19,073	19,073	19,073	19,073
Value added tax receivable		23,572	21,666	-	-
Income tax recoverable		41,472	41,472	-	-
		16,074,026	11,565,202	5,026,984	4,319,691

16.1. Inventories

As at 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Insurance		286,195	227,549	286,195	227,549
Healthcare		979,996	455,449	-	-
Energy	16.1.1	2,904,184	2,186,813	-	-
		4,170,375	2,869,811	286,195	227,549

16.1.1 Energy

Litro Gas Lanka Ltd

- 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. 69,807,148,659 (2021 – Rs. 57,823,302,025).

Litro Gas Terminal Lanka (Pvt) Ltd

- Other consumables

Other consumables mainly consist of spare parts and maintenance items at Hambantota storage facility.

16.2 Staff Loans – Loans Due from Employees

As at 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
At the beginning of the year		1,860,627	1,897,739	1,697,813	1,701,294
Loans granted during the year		1,124,543	566,150	1,043,000	566,150
Recoveries during the year		(175,393)	(441,586)	(171,927)	(407,955)
Fair value adjustment on staff loan		(624,639)	(161,676)	(624,639)	(161,676)
At the end of the year		2,185,138	1,860,627	1,944,247	1,697,813

16.3 Trade and Other Receivables

As at 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Trade receivables		1,227,373	1,999,262	–	–
Provision for doubtful debt		(121,042)	(104,195)	–	–
Total trade receivables – Net		1,106,331	1,895,067	–	–
Deposit and prepayments		3,869,884	793,485	–	–
Advances and other receivables		1,060,949	1,281,377	–	–
Other receivables		1,762,922	1,083,717	1,208,479	1,017,454
Impairment on other receivables		(130,833)	(130,468)	(109,886)	(109,517)
		7,669,253	4,923,178	1,098,593	907,937

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. During the previous year, company has 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%.

Helanco Hotels & Spa (Pvt) Ltd

Sinolanka Hotels and 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 program and the execution of the project divestiture program 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 and Spa (Pvt) Ltd. This was allocated from idling funds within

the company at an interest rate of 8.79% per annum. The interest charged for the year end 31 December 2021 at a rate of 4.75% per annum. Since the project financing is yet to be concluded by the Grand Hyatt Colombo project, above mentioned loan and interest are remain unsettled to reporting date.

Litro Gas Lanka Ltd

Litro Gas Lanka Ltd has applied SLFRS 9 simplified approach in 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 adjusts the historical loss rates based on expected changes. On that basis, the loss allowance as at 31 December 2022 or 01 January 2022 was Rs. 35,546,491 (2021 – Rs. 35,546,491).

17. DEFERRED EXPENSES – INSURANCE CONTRACT

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Net deferred acquisition expenses				
Balance as at 01 January	599,866	590,430	599,866	590,430
Increase in deferred acquisition expenses	56,226	9,436	56,226	9,436
Balance as at 31 December	656,092	599,866	656,092	599,866
Deferred reinsurance commission				
Balance as at 01 January	(116,044)	(112,268)	(116,044)	(112,268)
Increase in deferred acquisition expenses	(19,876)	(3,776)	(19,876)	(3,776)
Balance as at 31 December	(135,920)	(116,044)	(135,920)	(116,044)
Net deferred acquisition expenses	520,172	483,822	520,172	483,822

18. CASH AND CASH EQUIVALENTS

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Cash and Cash Equivalents				
Cash in hand and at bank	3,632,707	1,855,228	928,069	1,269,329
Short-term investments	6,155,777	25,523,637	5,392,400	15,651,041
Total cash and cash equivalents	9,788,484	27,378,865	6,320,469	16,920,370
Bank overdraft used for cash management purposes (Refer note 28)	(1,090,853)	(1,021,668)	(563,026)	(539,283)
Cash and cash equivalents in the statement of cash flow	8,697,631	26,357,197	5,757,443	16,381,087

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 3 months have been classified as cash and cash equivalents.
 (b) The weighted average effective interest rate on short term deposits was 12.1% (2021 - 6.41%).

Litro Gas Terminal Lanka (Pvt) Ltd

Fixed deposits and treasury bills

- (a) Investments in fixed deposits and repo's with a maturity period of less than 3 months have been classified as cash and cash equivalents.
 (b) The weighted average effective interest rate on short-term deposits was 12.1% (2021 - 7.07%).

19. STATED CAPITAL

As at 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Issued and fully paid					
Ordinary shares (599,743,200 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	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Revaluation Reserve	20.1	22,972,908	18,414,228	8,516,289	9,275,282
		22,972,908	18,414,228	8,516,289	9,275,282

20.1 Revaluation Reserve

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January	18,414,228	13,112,599	9,275,282	7,359,125
Depreciation transfer on surplus on revaluation of building	(26,592)	(26,592)	-	-
Surplus on revaluation of land and building	5,852,266	2,892,818	-	-
Deferred tax on revaluation (surplus)/deficit	(125,330)	(518,333)	-	(467,016)
Effect on deferred tax due to rate change	(969,129)	717,490	(758,993)	428,158
Changes in interest while retaining control	(172,535)	288,301	-	-
Transfer to revaluation reserve	-	1,955,015	-	1,955,015
Transfer of revaluation reserve on disposal/write-off of property, plant and equipment	-	(7,070)	-	-
Balance as at 31 December	22,972,908	18,414,228	8,516,289	9,275,282

Notes to the Financial Statements

21. AVAILABLE FOR SALE RESERVE

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January	6,008,859	5,704,652	6,008,859	5,704,652
Other comprehensive income for the year	(12,320,354)	(55,321)	(12,320,354)	(55,321)
Deferred tax effect on fair value of available for sale reserve	262,681	77,370	262,681	77,370
Effect on deferred tax due to rate change	-	4,488	-	4,488
Transferred AFS reserves – life fund	5,801,844	277,670	5,801,844	277,670
Balance as at 31 December	(246,970)	6,008,859	(246,970)	6,008,859

Available for sale reserves comprise of the impact arising from the changes in market values of financial assets classified under Available For Sale (AFS). AFS Reserves belonging to Life Policyholders are shown under the Insurance Provision Life.

22. REVENUE RESERVES

As at 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
General reserve		643,442	643,442	643,442	643,442
Surplus from life insurance	22.1	20,708,853	17,920,276	20,708,853	17,920,276
Retained earnings	22.2	51,754,512	46,686,714	40,260,537	34,775,158
Transferred to one off surplus – unrestricted reserve	22.3	466,179	466,179	466,179	466,179
		73,572,987	65,716,612	62,079,011	53,805,055

22.1 Surplus from Life Insurance

As at 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January		17,920,276	12,936,488	17,920,276	12,936,488
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022		(228,077)	-	(228,077)	-
Adjusted balance as at 01 January		17,692,199	12,936,488	17,692,199	12,936,488
Surplus attributable to shareholders from life insurance		3,016,654	4,983,788	3,016,654	4,983,788
Balance as at 31 December		20,708,853	17,920,276	20,708,853	17,920,276

22.2 Retained Earnings

As at 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January		46,686,714	45,268,378	34,775,158	29,913,401
Impact from prior period error corrections		373	(2,338)	-	-
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022		(1,536,511)	-	(1,116,579)	-
Adjusted balance as at 01 January		45,150,576	45,266,040	33,658,579	29,913,401
Profit for the year		11,588,573	5,326,971	10,545,807	10,041,136
Other comprehensive income		656,937	773,201	584,148	704,012
Depreciation transfer of surplus on revaluation of building		26,592	26,592	-	-
Surplus attributable to shareholders from life insurance		(3,016,654)	(4,983,788)	(3,016,654)	(4,983,788)
Changes in interest while retaining control		(1,140,169)	1,170,231	-	-
Dividend declared and paid		(1,511,343)	(899,603)	(1,511,343)	(899,603)
Realisation of revaluation surplus on disposal		-	7,070	-	-
Balance as at 31 December		51,754,512	46,686,714	40,260,537	34,775,158

22.3 Transferred to One off Surplus – Unrestricted Reserve

As at 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January		466,179	466,179	466,179	466,179
Transferred to one off surplus – unrestricted reserve		-	-	-	-
Balance as at 31 December		466,179	466,179	466,179	466,179

23. INSURANCE CONTRACT LIABILITIES – LIFE

As at 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Life insurance fund as at 01 January		148,000,670	129,151,483	148,000,670	129,151,483
Total profit transfer to life fund		14,034,410	23,832,975	14,034,410	23,832,975
Surcharge tax – life fund		(1,081,969)	–	(1,081,969)	–
Surplus distributed to shareholders		(3,016,654)	(4,983,788)	(3,016,654)	(4,983,788)
Life insurance fund as at 31 December excluding one-off surplus		157,936,457	148,000,670	157,936,457	148,000,670
AFS reserves					
Balance as at 01 January		4,584,389	4,862,059	4,584,389	4,862,059
Net change in the AFS reserve		(5,801,844)	(277,670)	(5,801,844)	(277,670)
Balance as at 31 December		(1,217,455)	4,584,389	(1,217,455)	4,584,389
Life insurance funds as at 31 December including AFS reserves		156,719,002	152,585,059	156,719,002	152,585,059
Policyholders' outstanding claims		3,050,321	3,203,869	3,050,321	3,203,869
		159,769,323	155,788,928	159,769,323	155,788,928

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 IRCSL as at 31 December 2022
- 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: 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.
- Expense assumptions: Based on the company 2022 internal expenses studies and 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.

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 # 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 with in Participating Fund and Non-Participating Fund

respectively. The One-off surplus pertaining to Participating Fund will remain in the Life Fund under "Surplus created due to change in valuation method from NPV to GPV (Participating)". As per the directions given by 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 2022. 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"

	Rs. Mn
Long term insurance fund excluding one-off surplus	150,438
Surplus created due to change in valuation method from NPV to GPV	6,281
Long-term insurance fund as at 31 December 2022	156,719

	Rs. Mn
Restricted regulatory reserve (One-off surplus non participating fund)	98

The valuation of the Insurance Provision - Life Insurance Business, as at 31 December 2022 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 Ltd In accordance with the consultants actuary's report, the sum of provision, Rs. 972 Mn (In 2021 Rs. 2,143 Mn), is included as the liability in respect of policyholders' Bonus. In the opinion of the consultant actuary, the admissible assets of the Life insurance fund as at 31 December 2022 is adequate to cover the liabilities of the fund and the solvency margin requirement prescribed under sec 26 of the regulation of Insurance Industry Act no. 43 of 2000. The life fund also carried forward surplus for future growth and safeguard against the adverse deviation of the assumptions set out in the valuation.

The Life Insurance Fund assets inclusive of Shareholders' Transfer as at 31 December 2022 is Rs. 159,736 Mn (2021 - Rs. 157,569 Mn). The Board of Directors decided to transfer Rs. 3,017 Mn (2021: Rs: 4,984 Mn) to the Shareholders' Fund in the statement of financial position in life insurance. Subsequent to this transfer, the Life insurance fund stands Rs. 156,719 Mn (2021 - Rs. 152,585 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 2022 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 2022.

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 2022. No additional provision is required against the LAT as at 31 December 2022.

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	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Reserves for net unearned premium	24.1	9,188,361	10,697,760	9,188,361	10,697,760
Reserves for title insurance and unexpired risk reserve	24.2	645,561	632,379	645,561	632,379
Reserves for gross outstanding claims	24.3	11,855,931	9,549,408	11,855,931	9,549,408
		21,689,853	20,879,547	21,689,853	20,879,547

24.1 Reserve for Net Unearned Premium

As at 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Reserve for unearned premium					
Balance as at 01 January		12,229,437	11,569,401	12,229,437	11,569,401
Transfer during the year		(625,700)	660,036	(625,700)	660,036
Balance as at 31 December		11,603,737	12,229,437	11,603,737	12,229,437
Reserve for unearned reinsurance premium					
Balance as at 01 January		(1,531,677)	(1,078,430)	(1,531,677)	(1,078,430)
Transfer during the year		(883,699)	(453,247)	(883,699)	(453,247)
Balance as at 31 December		(2,415,376)	(1,531,677)	(2,415,376)	(1,531,677)
Total reserve for net unearned premium		9,188,361	10,697,760	9,188,361	10,697,760

24.2 Reserve for Title Insurance and Unexpired Risk Reserve

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Reserve for title insurance				
Balance as at 01 January	632,380	513,745	632,380	513,745
Transfer during the year	13,181	118,634	13,181	118,634
Balance as at 31 December	645,561	632,379	645,561	632,379
Total reserve for title insurance and unexpired risk reserve	645,561	632,379	645,561	632,379

24.3 Reserves for Gross Outstanding Claims

As at 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January		6,677,738	5,630,195	6,677,738	5,630,195
Claims incurred during the year		13,047,591	10,428,769	13,047,591	10,428,769
Claims paid during the year		(10,826,566)	(9,381,226)	(10,826,566)	(9,381,226)
Balance as at 31 December		8,898,763	6,677,738	8,898,763	6,677,738
IBNR/IBNER balance as at 01 January		2,871,670	2,231,491	2,871,670	2,231,491
Increase/decrease in IBNR/IBNER		85,498	640,179	85,498	640,179
IBNR/IBNER balance as at 31 December		2,957,168	2,871,670	2,957,168	2,871,670
Total reserves for gross outstanding claims		11,855,931	9,549,408	11,855,931	9,549,408

Significant delays occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the reporting date. The reserves are determined based on the information currently available. However, it is inherent to the nature of the business written that the ultimate liability may vary as a result of subsequent developments.

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Reconciliation between insurance contract liabilities non-life and technical reserves				
Insurance contract liabilities non-life	21,689,852	20,879,547	21,689,852	20,879,547
Reserve for net deferred acquisition expenses	(520,172)	(483,822)	(520,172)	(483,822)
Reinsurance on claims reserves	(3,104,431)	(1,888,143)	(3,104,431)	(1,888,143)
Technical reserves	18,065,249	18,507,582	18,065,249	18,507,582

24.4 Claims Development Information

Table below presents changes in the historical non-life reserves, net of reinsurance. The top line of the table shows the estimated gross reserves for unpaid losses and loss adjustment expenses as of each balance sheet date, which represents the estimated amount of future payments for losses incurred in that year and in prior years. The cumulative paid portion of the table presents the cumulative amounts paid through each subsequent year in respect of the reserves established at each year end. Similarly, the cumulative reported losses section details the sum of the cumulative paid amounts shown in the triangle above and the net outstanding position at the end of the financial year.

24. INSURANCE CONTRACT LIABILITIES – NON-LIFE (CONTD...)

24.4 Claims Development Information (Contd...)

As at 31 December	2017 Rs. '000	2018 Rs. '000	2019 Rs. '000	2020 Rs. '000	2021 Rs. '000	2022 Rs. '000
Gross reserves for losses and loss adjustment expenses	8,548,958	8,776,040	7,310,845	7,861,686	9,549,407	11,855,930
Reinsurance recoverable	(1,451,271)	(1,589,981)	(1,060,735)	(1,395,321)	(1,888,143)	(3,104,431)
Net reserves for losses and loss adjustment expenses	7,097,687	7,186,059	6,250,110	6,466,366	7,661,264	8,751,500
Cumulative paid						
One year later	6,848,916	7,589,783	7,723,147	5,370,767	6,994,929	6,790,213
Two years later	9,003,830	9,631,805	9,451,250	7,043,437	9,312,011	-
Three years later	9,185,266	9,772,476	9,589,406	7,092,891	-	-
Four years later	9,241,762	9,996,134	9,666,070	-	-	-
Five years later	9,314,871	10,045,912	-	-	-	-
Six years later	9,355,728	-	-	-	-	-
Cumulative reported						
One year later	8,296,549	9,466,947	9,152,921	6,492,661	8,980,052	8,892,648
Two years later	9,183,846	9,907,086	9,718,009	7,255,303	10,014,973	-
Three years later	9,414,493	10,288,268	9,851,857	7,321,827	-	-
Four years later	9,526,153	10,199,725	9,898,280	-	-	-
Five years later	9,479,377	10,198,488	-	-	-	-
Six years later	9,486,927	-	-	-	-	-

25. CURRENT TAX LIABILITIES

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January	2,216,343	2,305,626	1,684,872	2,033,053
Income tax charge for the year	2,695,824	2,528,132	1,841,847	1,874,350
Income tax settlements made during the year	(2,582,531)	(2,584,260)	(1,839,896)	(2,222,531)
Under/(over) provision in respect of previous year	42,667	(33,155)	-	-
Balance as at 31 December	2,372,303	2,216,343	1,686,823	1,684,872

26. RETIREMENT BENEFIT OBLIGATION

As at 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January	2,523,520	3,216,945	1,917,741	2,553,490
Recognised in the statement of profit or loss				
Current service cost	171,886	159,777	111,648	102,746
Interest cost	277,226	255,601	210,951	204,278
Recognised in the statement of other comprehensive income				
Actuarial (gain)/loss	(763,296)	(960,358)	(641,457)	(858,485)
	2,209,336	2,671,965	1,598,883	2,002,029
Benefit paid by the plan	(121,086)	(146,952)	(68,732)	(84,288)
Benefits payable for those who left during the year/transferred to other payables	-	(1,493)	-	-
Balance as at 31 December	2,088,250	2,523,520	1,530,151	1,917,741

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 2022, 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. 1,530.15 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 2022. The present value of the retirement benefits as at 31 December 2022 amounted to Rs. 128,363,882. 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 2022. The actuarial present value of the promised retirement benefits as at 31 December 2022 amounted to Rs. 16,817,100.

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 2022. The actuarial present value of the promised retirement benefits as at 31 December 2022 amounted to Rs. 3,951,257 The liability is not externally funded.

Sinolanka Hotels and 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 2022. The actuarial present value of the promised retirement benefits as at 31 December 2022 amounted to Rs. 3,380,824 The liability is not externally funded.

26. EMPLOYEE BENEFITS (CONTD...)

26.1 Description of the Valuation Method used and the Information about the Valuer (Contd...)

Canowin Hotels & 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 2022. The actuarial present value of the promised retirement benefits as at 31 December 2022 amounted to Rs. 3,420,001. The liability is not externally funded.

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 & Management Consultants (Pvt) Ltd, as at 31 December 2022. 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 2022. The actuarial present value of the promised retirement benefits as at 31 December 2022 amounted to Rs. 35,925,179. The liability is not externally funded.

26.2 Principal Actuarial Assumptions used

	Group		Company	
	2022	2021	2022	2021
Discount rate	16%-20%	10.5%-11.8%	16%	11.0%
Salary increment rate	6%-14%	1%-15%	10.0%	15.0%
Staff turnover factor	5%-36%	0%-18%	0%-4%	0%-18%
Retirement age; Male	60 Years	60 years	60 years	60 years
Retirement age; Female	60 Years	60 years	60 years	60 years
Retirement age; Minor staff	57 years	57 years	57 years	57 years

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	2022		2021	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Discount rate 1%	1,424,699	1,633,189	1,746,144	2,138,183
Future salary growth 1%	1,649,139	1,408,723	2,149,487	1,733,407

Company	2022		2021	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Discount rate 1%	1,440,194	1,609,078	1,751,388	2,089,532
Future salary growth 1%	1,620,268	1,429,042	2,098,149	1,741,450

27. OTHER LIABILITIES

As at 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Policyholder advance payments		606,495	524,537	606,495	524,537
Payables					
Agency commission payable		1,135,166	1,111,999	1,135,166	1,111,999
Others including accrued expenses	27.1	11,251,802	8,694,469	4,417,708	4,350,645
Trade payable		464,611	7,341,341	-	-
VAT Payable		20,887	15,262	-	-
Other payables		402,312	452,910	-	-
Advance received		86,894	93,730	-	-
Customer deposit payable	27.2	9,040,498	9,041,968	-	-
Professional fees payable		273	2,647	-	-
Total other liabilities		23,008,938	27,278,863	6,159,369	5,987,181

27.1 Sinolanka Hotels and 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 and 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 has terminated the contract of Interna on several grounds. Accordingly, Interna referred the disputes with Sinolanka to the International Chamber of Commerce ("ICC") for arbitration.

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 applied to the Singapore High Court under section 10 of the International Arbitration Act for a ruling on the jurisdiction of an arbitral tribunal, and alternatively under Article 34 of the UNCITRAL Model Law for an order setting aside the final award on the basis that it lacked jurisdiction to hear the dispute. The High Court dismissed the application made by Sinolanka. Subsequently, Interna has filed a case before the Commercial High Court of Sri Lanka to enforce the arbitration award made in Singapore. The Commercial High Court judgment was in favour of Interna.

However, Sinolanka has applied for leave to appeal at the Supreme Court of Sri Lanka on 18 February 2020 against the judgment of the High Court of Sri Lanka and the case is ongoing as at the reporting date. Provision of Rs. 1,848,102,857 had been recognised in the financial year end 31 December 2019 and no expenditure has been recognised in the financial year end 31 December 2021 since the matter has been open up to negotiate for amicable full and final settlement for Euro 7.2 Mn which is favour to the Company as at the reporting date. Next hearing has been fixed for 23 March 2022. Recorded liability has been re-assessed with exchange fluctuations as of 31 December 2022.

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	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Bank overdraft	18	1,090,853	1,021,668	563,026	539,283
USD bridging loan facility – People's Bank		4,979,602	2,513,053	–	–
Term loan – Bank of Ceylon		1,001,712	–	–	–
Total financial liabilities		7,072,167	3,534,721	563,026	539,283

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

Canwill Holdings (Pvt) Ltd – Group

Sinolanka Hotels and 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 and Spa (Pvt) Ltd. This was allocated from idling funds within the Company at an interest rate of 8.79% per annum. The interest charged from the year end 31 December 2020 at a rate of 4.75% per annum.

Further to the above, a short-term loan facility of USD 12 Mn was approved to part finance the Construction of Grand Hyatt Colombo Project that was subject to the Pending Divestiture and out of which USD 8.25 Mn has been 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 draw down 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, extension of the tenure of the facility was done for further period up to 25 January 2023. The interest rate applicable for the extended tenure of the facility are 3 months LIBOR +7% per annum from 18 June 2022 subject to quarterly review, 3 months LIBOR +9% per annum for the amount in arrears during the overdue period in case default and 12% floor rate per annum 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.

Notes to the Financial Statements

29. REVENUE

For the year ended 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Gross written premium	30	41,053,602	43,063,839	41,271,573	43,231,011
Net change in reserve for unearned premium	31.2	612,519	(778,671)	612,519	(778,671)
Gross earned premium		41,666,121	42,285,168	41,884,092	42,452,340
Premium ceded to reinsurers	31.3	(5,743,770)	(4,508,761)	(5,743,770)	(4,508,761)
Net change in reserve for unearned reinsurance premium	31.4	883,699	453,247	883,699	453,247
Net earned premium	31.1	36,806,050	38,229,653	37,024,021	38,396,825
Revenue from other operations	30.1	90,620,724	62,143,038	–	–
Investment income	32	15,370,280	24,044,877	13,793,670	23,392,497
Other income	33, 34, 35	13,808,004	3,589,952	12,867,065	2,272,986
		156,605,058	128,007,520	63,684,756	64,062,308

30. GROSS WRITTEN PREMIUM

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Life insurance				
Group and non-group	18,461,618	17,122,742	18,679,589	17,289,914
Group term life assurance	2,250,536	4,686,074	2,250,536	4,686,074
Gross written premium – Life insurance	20,712,154	21,808,816	20,930,125	21,975,988
Non-life insurance				
Fire and engineering risk	3,123,352	2,338,650	3,123,352	2,338,650
Motor	12,780,151	11,672,493	12,780,151	11,672,493
Marine	943,001	613,047	943,001	613,047
General accident	3,494,944	6,630,833	3,494,944	6,630,833
Gross written premium – Non-life insurance	20,341,448	21,255,023	20,341,448	21,255,023
Total gross written premium	41,053,602	43,063,839	41,271,573	43,231,011

30.1 Revenue from other operations

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Hospital revenue	7,781,288	6,537,999	–	–
Laboratory revenue	2,729,731	3,313,384	–	–
Room rental and services charges	127,623	(17,287)	–	–
Revenue from Liquid Petroleum Gas (LPG) activities	79,982,082	52,308,942	–	–
Total revenue from other operations	90,620,724	62,143,038	–	–

30. GROSS WRITTEN PREMIUM (CONTD...)

30.1 Revenue from other operations (Contd...)

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.

- (a) Company shows gross profit for the year ended 31 December 2022, overcoming the gross loss situation faced in 2021. The Main reason overcoming the gross loss situation is regularising a consistent pricing formula. Company absorbed Rs. 3.6 Bn (Rs. 11.4 Bn – 2021) exchange losses due to high volatility and depreciation of the Sri Lanka Rupee (Rs.) against United States Dollar (USD). Moreover the stringent controls to recover the foreign reserves impacted by compelling to restrict imports, which created stock out situations throughout the year.
- (b) Entry and handling fees of the Company consist of the fees collected at the time of issuing new cylinders.

Litro Gas Terminal Lanka (Pvt) Ltd

Throughput fee:

- (a) Revenue consists of throughput fee invoiced to Litro Gas Lanka Ltd, 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) Monthly Average Spot Exchange Rate of the Central Bank of Sri Lanka was used to calculate throughput fee for the first two months of the year 2021. After that exchange rate was fixed to Rs. 196.00 throughout the year. July 2021 onward throughput fee has changed to USD 20 per metric ton.

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 and Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd. Sinolanka Hotels and Spa (Pvt) Ltd is in the process of constructing the Grand Hyatt Hotel in Colombo and there were no commercial operations during the year 2022.

31. NET EARNED PREMIUM

31.1 Net Earned Premium

Company	2022			2021		
	Non-Life Rs. '000	Life Rs. '000	Total Rs. '000	Non-Life Rs. '000	Life Rs. '000	Total Rs. '000
Gross written premium	20,341,448	20,930,125	41,271,573	21,255,023	21,975,988	43,231,011
Change in reserve for unearned premium	625,700	–	625,700	(660,036)	–	(660,036)
Gross earned premium	20,967,148	20,930,125	41,897,273	20,594,987	21,975,988	42,570,975
Premium ceded to reinsurers	(5,180,941)	(562,829)	(5,743,770)	(4,029,008)	(479,754)	(4,508,762)
Change in reserve for unearned reinsurance premium	883,699	–	883,699	453,247	–	453,247
Gross reinsurance premium	(4,297,242)	(562,829)	(4,860,071)	(3,575,761)	(479,754)	(4,055,515)
Transfer to title insurance reserve	(13,181)	–	(13,181)	(118,634)	–	(118,634)
	(4,310,423)	(562,829)	(4,873,252)	(3,694,395)	(479,754)	(4,174,148)
Net earned premium	16,656,725	20,367,296	37,024,021	16,900,591	21,496,234	38,396,825

31.2 Net Change in Reserve for Unearned Premium

For the year ended 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Non-life insurance					
Change in reserve for unearned premium	24.1	625,700	(660,036)	625,700	(660,036)
Transfer to title insurance reserve	24.2	(13,181)	(118,634)	(13,181)	(118,634)
		612,519	(778,671)	612,519	(778,671)

31.3 Premium Ceded to Reinsurers

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Life insurance	562,829	479,753	562,829	479,753
	562,829	479,753	562,829	479,753
Non-life insurance				
Fire	2,776,846	2,069,081	2,776,846	2,069,081
Motor	360,296	302,032	360,296	302,032
Marine	735,644	442,303	735,644	442,303
Miscellaneous	1,308,155	1,215,592	1,308,155	1,215,592
	5,180,941	4,029,008	5,180,941	4,029,008
Total premium ceded to reinsurers	5,743,770	4,508,761	5,743,770	4,508,761

31.4 Net Change in Reserve for Unearned Reinsurance Premium

For the year ended 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Non-life insurance					
Change in reserve for unearned premium	24.1	883,699	453,247	883,699	453,247
		883,699	453,247	883,699	453,247

32. INVESTMENT INCOME

For the year ended 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Interest income	32.1	20,739,544	15,318,568	18,799,125	14,455,545
Dividend income	32.2	1,348,781	1,167,543	1,712,590	1,378,186
Capital gains/(losses)	32.3	(6,718,045)	7,558,766	(6,718,045)	7,558,766
		15,370,280	24,044,877	13,793,670	23,392,497

32. INVESTMENT INCOME (CONTD..)

32.1 Interest Income

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Financial investment at held-to-maturity (HTM)				
Treasury bonds	7,511,125	5,421,302	7,511,125	5,421,302
Treasury bills	30,137	–	30,137	–
Financial investments at loans & receivables (L&R)				
Development bonds	1,217,259	669,613	1,217,259	669,613
Unlisted debentures	2,331,088	2,277,155	2,331,088	2,277,155
Term deposits	3,414,515	1,425,980	2,348,996	902,052
Financial investments at available for sale (AFS)				
Treasury bonds	294,595	185,670	294,595	185,670
Treasury bills	6,545	87,467	6,545	87,467
Corporate debt-listed	4,142,769	4,120,792	4,142,769	4,120,792
Cash and cash equivalents				
Reverse repurchase agreements	903,866	808,363	889,499	762,636
Call and savings accounts	36,646	23,010	26,313	17,109
Short-term deposits – Interest income	850,200	287,467	–	–
Other fee based income				
Commission on investments	800	11,751	800	11,751
Total interest income	20,739,544	15,318,568	18,799,125	14,455,545

32.2 Dividend Income

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Financial investments at cost				
Listed subsidiaries	–	–	363,809	201,008
Financial investments at NAV				
Associates	5,700	11,400	5,700	11,400
Financial investments at available for sale (AFS)				
Listed shares	1,338,875	648,411	1,338,875	648,411
Unlisted shares	4,206	910	4,206	10,545
Financial investments at fair value through profit or loss (FVTPL)				
Listed shares	–	506,822	–	506,822
Total dividend income	1,348,781	1,167,543	1,712,590	1,378,186

32.3 Capital Gains/(Losses)

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Financial investments at available for sale (AFS)				
Unit trusts	78,387	58,082	78,387	58,082
Treasury bonds	43	106	43	106
Financial investments at fair value through profit or loss (FVTPL)				
Listed shares	(6,930,062)	7,328,946	(6,930,062)	7,328,946
Unit trust	133,587	171,632	133,587	171,632
Total capital gains/(losses)	(6,718,045)	7,558,766	(6,718,045)	7,558,766

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Realised gain/losses				
Unit trusts	78,387	58,082	78,387	58,082
Treasury bonds	43	106	43	106
Listed shares	315,997	(189,978)	315,997	(189,978)
	394,427	(131,790)	394,427	(131,790)
Unrealised gain/losses				
Listed shares	(7,246,060)	7,518,924	(7,246,060)	7,518,924
Unit trusts	133,588	171,632	133,588	171,632
	(7,112,472)	7,690,556	(7,112,472)	7,690,556
Total capital gains/(losses)	(6,718,045)	7,558,766	(6,718,045)	7,558,766

33. FEES AND COMMISSION INCOME

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Reinsurance commission	67,211	76,441	67,211	76,441
	67,211	76,441	67,211	76,441

34. NET REALISED/UNREALISED GAINS

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Foreign currency gains/(losses)	10,177,094	279,523	11,857,124	1,012,991
	10,177,094	279,523	11,857,124	1,012,991

35. OTHER INCOME

For the year ended 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Rent income		21,353	142,341	141,321	128,603
Interest on policyholders and other loans		434,256	634,260	434,256	634,260
Sundry income		1,247,354	1,014,878	226,113	198,057
Net gain from change in fair value of investment property		163,417	231,249	141,040	222,634
Gain/(loss) on disposal of property, plant & equipment		1,268	34,959	-	-
Revaluation gain on CWIP		1,691,504	1,174,131	-	-
Other income		-	1,276	-	-
Gain/(loss) on disposal of ROU assets	35.1	4,547	894	-	-
		3,563,699	3,233,988	942,730	1,183,554

35.1 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 functioning under their fully owned subsidiary, Lanka Hospital Diagnostics (Pvt) Ltd. This resulted in a gain of Rs. 4,547 Mn from derecognition of right-to-use asset.

36. NET BENEFITS AND CLAIMS

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
(A) Gross benefits and claims paid				
Non-life insurance				
Fire	(1,442,970)	(633,523)	(1,442,970)	(633,523)
Motor	(7,508,104)	(4,924,900)	(7,508,104)	(4,924,900)
Marine	(797,580)	(426,818)	(797,580)	(426,818)
Miscellaneous	(3,298,937)	(4,443,528)	(3,298,937)	(4,443,528)
Total	(13,047,591)	(10,428,769)	(13,047,591)	(10,428,769)
Life Insurance				
Death claims	(1,901,334)	(1,562,495)	(1,901,334)	(1,562,495)
Policy maturities	(6,003,093)	(6,311,463)	(6,003,093)	(6,311,463)
Surrenders	(2,065,321)	(1,327,787)	(2,065,321)	(1,327,787)
Disability, ex-gratia, annuities, hospitalisation and mortgage protection	(2,002,686)	(1,023,688)	(2,002,686)	(1,023,688)
Total	(11,972,434)	(10,225,433)	(11,972,434)	(10,225,433)
Total gross benefits and claims paid	(25,020,025)	(20,654,202)	(25,020,025)	(20,654,202)
(B) Claims ceded to reinsurers				
Claims recovered from reinsurers	1,757,337	616,142	1,757,337	616,142
Total claims ceded to reinsurers	1,757,337	616,142	1,757,337	616,142
(C) Gross change in contract liabilities				
Change in non-life insurance contract outstanding claims provision	(85,499)	(640,179)	(85,499)	(640,179)
Total gross change in contract liabilities	(85,499)	(640,179)	(85,499)	(640,179)
(D) Change in contract liabilities ceded to reinsurers				
Change in non-life insurance contract reinsurance outstanding claims provision	1,216,288	492,822	1,216,288	492,822
Total change in contract liabilities ceded to reinsurers	1,216,288	492,822	1,216,288	492,822
Total net benefits and claims	(22,131,899)	(20,185,417)	(22,131,899)	(20,185,417)

37. UNDERWRITING AND NET ACQUISITION COSTS (INCLUDING REINSURANCE)

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Acquisition cost	3,768,299	3,648,317	3,768,299	3,648,317
Net Change in reserve for deferred acquisition cost (DAC)	(56,226)	(9,435)	(56,226)	(9,435)
	3,712,073	3,638,882	3,712,073	3,638,882
Reinsurance commission received	430,114	422,350	430,114	422,350
Net change in reserve for unearned commission (UCR)	(19,876)	(3,776)	(19,876)	(3,776)
	410,238	418,574	410,238	418,574
	3,301,835	3,220,308	3,301,835	3,220,308

38. PROFIT BEFORE TAX

Profit before taxation is stated after charging all expenses including the following;

For the year ended 31 December	Note	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Auditor remuneration					
Fees for the assigned auditors		4,520	4,520	4,520	4,520
Fees for Auditor General		5,406	5,824	678	678
Non audit services		4,315	-	4,315	-
Depreciation of property, plant and equipment	8	2,126,874	1,917,441	489,728	340,878
Amortisation of intangible assets	11.2	34,914	34,943	16,619	13,504
Amortisation of right-of-use asset	9.1	506,785	404,930	167,971	171,207
Amortisation of leasehold land		2,162	2,162	2,162	2,162
Impairment loss of trade receivables	16.3	16,847	847	-	-
Impairment loss of inventories		(19,113)	(3,788)	-	-
Legal expenses		(1,000)	14,648	-	-
Staff benefits		9,992,646	10,567,324	6,981,056	6,190,736
Marketing and business promotion expenses		643,135	708,059	543,543	512,766

Litro Gas Terminal Lanka (Pvt) Ltd**Common cost sharing**

In the year 2017, Board signed a MOU with Litro Gas Lanka Ltd to share common costs incurred by each company to show fair view of its financial performances. Administrative cost of 2021 and 2022 including the common costs transferred from Litro Gas Lanka Ltd under MOU is amounted to Rs. 68.1 Mn and Rs. 77.5 Mn respectively.

39. INCOME TAX EXPENSE

39.1 Amounts recognised in Profit or Loss

For the year ended 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Current tax expenses					
Current tax year		2,699,101	2,564,137	1,841,847	1,874,349
Under/(over) provision in previous year		39,390	(69,161)	–	–
		2,738,491	2,494,976	1,841,847	1,874,349
Deferred tax expenses					
Origination/(reversal) of temporary differences	15.1.1	840,723	(3,369,210)	88,496	(121,566)
Impact due to tax rate change recognised in profit or loss	15.1.1	–	(68,486)	–	(68,486)
		840,723	(3,437,696)	88,496	(190,052)
Income tax expenses reported in the income statement		3,579,214	(942,720)	1,930,343	1,684,297

39.2 Amounts Recognised in OCI

For the year ended 31 December	Notes	Group		Company	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Remeasurement of defined benefit liability	15.1.1	(84,170)	(120,281)	(57,309)	(107,497)
Revaluation of property, plant and equipment	15.1.1	(125,330)	(518,333)	–	(467,016)
Fair value changes in available for sale financial assets	15.1.1	262,681	77,371	262,681	77,371
Effect on deferred tax due to rate change	15.1.1	(969,129)	675,001	(758,993)	385,670
		(915,948)	113,757	(553,621)	(111,473)

39.3 Analysis of Brought Forward Tax Loss

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January	12,244,541	1,386,337	–	–
Tax loss incurred during the year	4,156,518	10,920,136	–	–
Tax loss claimed during the year	(1,050,990)	(61,932)	–	–
Balance as at 31 December	15,350,069	12,244,541	–	–

39. INCOME TAX EXPENSE (CONTD...)

Sri Lanka Insurance Corporation Ltd

The Company is liable to income tax of 24% for the first nine months, 30% for the last three months, 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

The Company is liable for income tax at a rate of 24% at the first six months and at 30% for the balance six months.

Sinolanka Hotels and 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 expiry of the 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 & Spa (Pvt) Ltd

The company and the Helanco Hotels & 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

The Company is liable for income tax at a rate of 30% (2021 – 24%).

Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8 April 2022, Company and the Group liable for surcharge tax since SLIC Group has exceeded the threshold of Rs. 2 Bn of aggregate taxable income.

Total Surcharge Tax liability of Rs. 2,853.98 Mn and Rs. 2,426.62 Mn has been recognised for the Group and the Company respectively as an opening adjustment to the 01 January 2022 retained earnings in the Statement of Changes in Equity and Life Fund as per the addendum to the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

Company Name	Taxable Income Liabile for Surcharge Tax (Rs.)	Surcharge Tax Liability (Rs.)
Sri Lanka Insurance Corporation Ltd	9,706,499,829	2,426,624,957
The Lanka Hospitals Corporation PLC	139,393,515	35,095,284
Lanka Hospital Diagnostics (Pvt) Ltd	27,643,800	6,910,950
Litro Gas Lanka Ltd	-	-
Litro Gas Terminal Lanka (Pvt) Ltd	1,493,999,108	373,499,777
Canwill Holdings (Pvt) Ltd	-	-
Sinolanka Hotels and Spa (Pvt) Ltd	-	-
Helanco Hotels & Spa (Pvt) Ltd	17,705,734	4,426,434
Canowin Hotels & Spas (Pvt) Ltd	-	-
Management Services Rakshana (Pvt) Ltd	29,695,329	7,423,832
	11,414,937,315	2,853,981,189

The Lanka Hospitals Corporation PLC

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 08 April 2022, Company and the Group liable for surcharge tax since the Sri Lanka Insurance Corporation Ltd (SLIC) is the holding company of The Lanka Hospitals Corporation PLC. SLIC Group has exceeded the threshold of Rs. 2 Bn of aggregate taxable income.

Total surcharge tax liability of Rs. 42,006,234 and Rs. 35,095,284 has been recognised for the Group and the Company respectively as an opening adjustment to the 01 January 2022 retained earnings in the Statement of Changes in Equity as per the addendum to the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

On 19 April 2022, the Group and the Company paid Rs. 21,003,117 and Rs. 17,547,642 respectively on account of the first installment of the surcharge tax liability. The final installment of surcharge tax payable reported under income tax liability as of 30 June 2022 has been paid on 14 July 2022.

The impact of the surcharge tax under the Surcharge Tax Act on the comparative year would have been as given below:

	2020 in Rs. '000
Profit after tax for the year ended 31 December 2020	384,993
Surcharge Tax charge	(42,006)
Adjusted comparable Profit for the year ended 31 December 2020	342,987

Deferred tax assets and liabilities have been measured at the tax rate that is expected to apply to the period when the asset is realised or liability is settled.

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	
	2022	2021	2022	2021
Amounts used as the numerators				
Net profit attributable to ordinary shareholders (Rs. '000)	11,588,574	5,326,971	10,545,807	10,041,136
Number of ordinary shares used as denominators				
Weighted average number of ordinary shares in issue (Rs. '000)	599,743	599,743	599,743	599,743
Basic/diluted earnings per share (Rs.)	19.32	8.88	17.58	16.74

41. DIVIDEND PAID AND PROPOSED

For the year ended 31 December	Group		Company	
	2022	2021	2022	2021
Dividend paid/proposed (Rs. '000)	1,001,571	1,511,353	1,001,571	1,511,353
Weighted average number of ordinary shares in issue ('000)	599,743	599,743	599,743	599,743
Dividend per share (Rs.)	1.67	2.52	1.67	2.52

During the year, the Company has declared a dividend amounting to Rs. 1 Bn, which is 27% of the realised profit of Rs. 3.6 Bn.

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		2022					
Group	Note	Fair value through profit or loss Rs. '000	Available for sale Rs. '000	Held-to-maturity Rs. '000	Loans & receivables Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Financial assets measured at fair value							
Listed shares	5	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
Financial assets not measured at fair value							
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
Total financial assets		25,763,811	51,513,246	71,832,664	102,877,259	251,986,980	223,386,996
Financial liabilities not measured at fair value							
Reinsurance payable		–	–	–	2,354,371	2,354,371	2,354,371
Bank overdraft	28	–	–	–	1,090,853	1,090,853	1,090,853
Total financial liabilities		–	–	–	3,445,224	3,445,224	3,445,224

As at 31 December

2021

Group	Note	Fair value through profit or loss Rs. '000	Available For sale Rs. '000	Held to maturity Rs. '000	Loans & receivables Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Financial assets measured at fair value							
Listed shares	5	19,198,031	20,373,280	–	–	39,571,311	39,571,311
Unlisted shares	5	–	7,850	–	–	7,850	7,850
Unit trusts	5	3,661,785	1,739,055	–	–	5,400,840	5,400,840
Listed debentures	5	–	39,379,579	–	–	39,379,579	39,379,579
Treasury bonds	5	–	3,929,773	–	–	3,929,773	3,929,773
Financial assets not measured at fair value							
Treasury bills and bonds	5	–	–	60,916,652	–	60,916,652	59,364,484
Unlisted debentures	5	–	–	–	22,343,977	22,343,977	22,343,977
Term deposits	5	–	–	–	16,440,634	16,440,634	16,440,634
Development bonds	5	–	–	–	12,756,662	12,756,662	12,756,662
Loans to life policyholders	12	–	–	–	1,637,187	1,637,187	1,637,187
Reinsurance receivable	13	–	–	–	2,901,995	2,901,995	2,901,995
Premium receivable	14	–	–	–	7,977,747	7,977,747	7,977,747
Other receivables	16	–	–	–	8,077,714	8,077,714	8,077,714
Cash and cash equivalents	18	–	–	–	27,378,865	27,378,865	27,378,865
Total financial assets		22,859,816	65,429,537	60,916,652	99,514,781	248,720,786	247,168,618
Financial liabilities not measured at fair value							
Reinsurance payable		–	–	–	2,868,291	2,868,291	2,868,291
Bank overdraft	28	–	–	–	1,021,668	1,021,668	1,021,668
Total financial liabilities		–	–	–	3,889,959	3,889,959	3,889,959

42. FINANCIAL ASSETS AND LIABILITIES (CONTD...)

42.1 Accounting Classifications and Fair Values (Contd...)

As at 31 December		2022					
Company	Notes	Fair value through profit or loss Rs. '000	Available for sale Rs. '000	Held-to-maturity Rs. '000	Loans & receivables Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Financial assets measured at fair value							
Listed shares	5	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
Financial assets not measured at fair value							
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
Financial liabilities not measured at fair value							
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

As at 31 December

2021

Company	Notes	Fair value through profit or loss Rs. '000	Available for sale Rs. '000	Held-to-maturity Rs. '000	Loans & receivables Rs. '000	Carrying value Rs. '000	Fair value Rs. '000
Financial assets measured at fair value							
Listed shares	5	19,198,031	20,373,280	-	-	39,571,311	39,571,311
Unlisted shares	5	-	7,850	-	-	7,850	7,850
Unit trusts	5	3,661,785	1,739,055	-	-	5,400,840	5,400,840
Listed debentures	5	-	39,379,579	-	-	39,379,579	39,379,579
Treasury bonds	5	-	3,929,773	-	-	3,929,773	3,929,773
Financial assets not measured at fair value							
Treasury bills and bonds	5	-	-	-	-	-	-
Unlisted debentures	5	-	-	60,916,652	-	60,916,652	59,364,484
Term deposits	5	-	-	-	22,343,977	22,343,977	22,343,977
Development bonds	5	-	-	-	11,590,662	11,590,662	11,590,662
Commercial papers	5	-	-	-	12,756,662	12,756,662	12,756,662
Loans to life policyholders	12	-	-	-	1,637,187	1,637,187	1,637,187
Reinsurance receivable	13	-	-	-	2,901,995	2,901,995	2,901,995
Premium receivable	14	-	-	-	7,977,747	7,977,747	7,977,747
Other receivables	16	-	-	-	3,577,420	3,577,420	3,577,420
Cash and cash equivalents	18	-	-	-	16,920,370	16,920,370	16,920,370
Total financial assets		22,859,816	65,429,537	60,916,652	79,706,020	228,912,025	227,359,847
Financial liabilities not measured at fair value **							
Reinsurance payable		-	-	-	2,868,291	2,868,291	2,868,291
Bank overdraft	28	-	-	-	539,283	539,283	539,283
Total financial liabilities		-	-	-	3,407,574	3,407,574	3,407,574

Notes to the Financial Statements

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							

As at 31 December 2022	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
Available for sale (AFS) financial assets								
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 trusts	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
Total	31,234,507	20,270,890	7,850	51,513,247	31,234,507	20,270,890	7,850	51,513,247
Fair-value-through-profit-or-loss (FVTPL) financial assets								
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
Total	25,763,811	-	-	25,763,811	25,763,811	-	-	25,763,811
Held-to-maturity (HTM) financial assets								
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
Total	43,232,680	-	-	43,232,680	43,232,680	-	-	43,232,680
Loans & receivables (L & R) financial assets								
Unlisted debentures	-	23,371,379	-	23,371,379	-	23,371,379	-	23,371,379
Commercial papers	-	-	-	-	-	-	-	-
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
Total	-	69,065,402	-	69,065,402	-	62,142,194	-	62,142,194
Total financial assets	100,230,998	89,336,292	7,850	189,575,140	100,230,998	82,413,084	7,850	182,651,932

As at 31 December 2021	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
Available for sale (AFS) financial assets								
Listed shares	20,373,280	-	-	20,373,280	20,373,280	-	-	20,373,280
Unlisted shares	-	-	7,850	7,850	-	-	7,850	7,850
Unit trusts	1,739,055	-	-	1,739,055	1,739,055	-	-	1,739,055
Listed debentures	12,515,899	26,863,680	-	39,379,579	12,515,899	26,863,680	-	39,379,579
Treasury bonds	3,929,773	-	-	3,929,773	3,929,773	-	-	3,929,773
Total	38,558,007	26,863,680	7,850	65,429,537	38,558,007	26,863,680	7,850	65,429,537
Fair-value-through- profit-or-loss (FVTPL) financial assets								
Listed shares	19,198,031	-	-	19,198,031	19,198,031	-	-	19,198,031
Unit trusts	3,661,785	-	-	3,661,785	3,661,785	-	-	3,661,785
Total	22,859,816	-	-	22,859,816	22,859,816	-	-	22,859,816
Held-to-maturity (HTM) financial assets								
Treasury bills	59,364,484	-	-	59,364,484	59,364,484	-	-	59,364,484
Total	59,364,484	-	-	59,364,484	59,364,484	-	-	59,364,484
Loans & receivables (L & R) financial assets								
Unlisted debentures	-	22,343,977	-	22,343,977	-	22,343,977	-	22,343,977
Term deposits	-	16,440,634	-	16,440,634	-	11,590,662	-	11,590,662
Development bonds	-	12,756,662	-	12,756,662	-	12,756,662	-	12,756,662
Treasury bills	-	-	-	-	-	2,993,772	-	2,993,772
Total	-	51,541,273	-	51,541,273	-	49,685,073	-	49,685,073
Total financial assets	120,782,307	78,404,953	7,850	199,195,110	120,782,307	76,548,753	7,850	197,338,910

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.

Notes to the Financial Statements

42.4 Reconciliation of Movements in Level 3 Financial Instruments measured at Fair Value

	As at 31 December 2021	Total Gains/ (Losses) in Income Statement	Total Gains/ (Losses) in OCI	Purchases	Sales	Transfers from Level 1 and 2	As at 31 December 2022	Total Gains/(Losses) for the period included in Profit or loss for assets held at 31 December 2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Available for sale (AFS) financial assets								
Unlisted stocks	7,850	4,206	-	-	-	-	7,850	4,206

	As at 31 December 2020	Total Gains/ (Losses) in Income Statement	Total Gains/ (Losses) in OCI	Purchases	Sales	Transfers from Level 1 and 2	As at 31 December 2021	Total Gains/(Losses) for the period included in Profit or Loss for Assets held at 31 December 2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Available for sale (AFS) financial assets								
Unlisted stocks	11,267	10,545	(3417)	-	-	-	7,850	7,133

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 2022

Nature of the Transaction/Name of the Company/Entity	Bank of Ceylon	People's Bank	National Savings Bank	People's Leasing and Finance PLC	Sri Lanka Telecom PLC	HDFC Bank	Associated Newspapers of Ceylon Ltd	Ceylon Electricity Board
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	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

Outstanding Balances as at 31 December 2021

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	-	-	1,515,654	-	-	-	-	-
Listed debentures	74,970	-	-	2,859,556	2,476,699	152,071	-	4,266,411
Unlisted debentures	-	9,858,542	2,058,767	-	-	-	-	-
Fixed deposits	56,918	2,710,252	3,115,110	5,110,637	-	-	-	-
Unlisted shares	-	-	-	-	-	-	3,615	-
Listed shares	-	-	-	343,652	778,358	-	-	-
	131,888	12,568,794	6,689,531	8,313,845	3,255,057	152,071	3,615	4,266,411

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	None
Mr Dushmantha Thotawatte	People’s Bank LCB Finance PLC
Dr Sudasin Manchanayakke Appuhamilage Kithsiri Manchanayakke	National Lottery Board
Mr Naomal Michael Pelpola	None
Mr Ravindra Pathmapriya	Urban Development Council

43.1.1 Key Management Personnel Compensation

Key management personnel compensation comprised of the following:

For the year ended 31 December	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Salaries and short-term employee benefits	130,943	79,277	3,126	5,099
Loan repayment	–	18,396	–	–
Director fees and allowances	16,358	15,805	–	–
Attendance fees	1,050	1,475	–	–

Post employment benefits accrued are not included in the above as it cannot be identified separately due to the actuarial valuation.

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	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Management Services Rakshana (Pvt) Ltd	Loan granted	40,829	16,115	40,829	16,115
	Payment of emoluments	783,149	749,094	783,149	749,094
The Lanka Hospitals Corporation PLC	Insurance premium	60,245	56,265	60,245	56,265
	Amount paid	(60,245)	(51,496)	1,627,295	(51,496)
	Dividend received	344,586	201,008	344,586	201,008
	Services	(156,071)	(169,011)	(1,584,655)	(169,011)
	Amount received from services	146,755	184,096	170,331	184,096
	Other medical service	(20,063)	(13,173)	(20,063)	(13,173)
	Other medical services paid	18,464	15,085	18,464	15,085
Litro Gas Lanka Ltd	Rent charged	133,339	123,405	129,531	123,405
	Insurance premium	136,448	78,682	136,448	78,682
	Cash settlement	(274,891)	(202,367)	(269,210)	(201,618)
	Throughput fee	-	-	(1,636,648)	1,745,511
	Reimbursement of expenses	-	-	133,502	(49,684)
	Repayment for the services	-	-	(1,611,298)	(1,805,873)
	Term loan	-	-	(2,750,000)	(3,600,000)
	Interest for long-term loan	-	-	(240,317)	28,110
	Sales of goods/services	-	-	-	5,596
	Purchase of goods/services	-	-	6,865	(866)
	Cash receipts	-	-	-	(5,916)
	Payment received	-	-	(9,138)	(31,708)
Litro Gas Terminal Lanka (Pvt) Ltd	Insurance premium	6	21,861	6	21,861
	Throughput fee	-	-	1,636,648	(1,745,511)
	Reimbursement of expenses	-	-	(2,133,502)	49,684
	Repayment for the services	-	-	(1,290,485)	1,805,873
	Repayment for the expenses	-	-	-	(31,708)
	Interest for long-term loan	-	-	28,110	(28,110)
	Payments	(2,989)	(3,103)	(28,339)	(3,103)
Canwill Holdings (Pvt) Ltd	Insurance premium	5,603	6,991	5,603	6,991
	Receipts	-	9,510	-	9,510
	Claim paid	-	(2,579)	-	(2,579)
	Investment in subsidiaries	-	2,000,000	-	2,000,000
	Staff salaries and allowances	-	-	(5,739)	2,467
	Insurance service cost	-	-	6,631	5,563
	Cash settlement	(4,169)	-	(4,169)	(341)
	Reimbursement of expenses	-	-	65	-

43. RELATED PARTY DISCLOSURES (CONTD...)

43.2 Transactions with Subsidiary Companies and Sub-subsidiary Companies and Associates (Contd...)

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
	Expenses paid	-	-	-	(1,062)
	Allocation of staff cost	-	-	-	(673)
	Settlements	-	-	(1,079)	1,555
	Other expenses	-	-	(41)	(1,518)
Canowin Hotels & Spa (Pvt) Ltd	Insurance Premium	3,037	2,823	3,037	2,823
	Claim paid	-	(1,242)	-	(1,242)
	Purchase of goods/services	-	-	(8,664)	-
	Sales of goods/services	15	15	5,893	15
	Cash receipts	-	-	(5,410)	-
	Cash settlement	(3,063)	(1,993)	5,698	(1,993)
	Reversal of receivable	-	-	-	(6)
	Reimbursement	-	-	-	(170)
	Utility expenses	-	-	-	(1,622)
	Supply of fuel	-	-	-	757
	Rent of fuel station	-	-	-	(4,125)
	Payment received	-	-	(170)	(762)
	Payments	-	-	511	5,751
	Dividend received	19,223	-	19,223	-
Sinolanka Hotels and Spa (Pvt) Ltd	Insurance premium	12,632	550	12,632	550
	Foreign currency transactions	813	70	813	70
	Fund transfer/cash settlement	-	-	6,042	-
	Staff related cost	-	-	6,609	(2,467)
	Insurance service cost	-	-	(6,631)	(5,563)
	Other expenses	-	-	41	1,518
	Expenses paid	-	-	2,213	(7)
	Purchase of property plant equipment	-	-	-	2,189
	Interest payable	-	-	(19,000)	19,000
	Cash settlement	(663)	(550)	(2,876)	(471)
Helanco Hotels & Spa (Pvt) Ltd	Expenses paid	-	-	(2,213)	1,070
	Allocation of staff cost	-	-	(870)	673
	Settlement	-	-	2,886	(1,476)
	Interest receivable	-	-	19,000	(19,000)

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Lanka Hospitals Diagnostics (Pvt) Ltd	Reimbursement of expenses/ rent income received	-	-	(163,581)	102,270
	Amounts received	-	-	(1,587,540)	-
	Laboratory services provided	(10,735)	(7,128)	1,317,849	(997,152)
	Amounts paid	8,307	4,963	148,312	639,963
Ceybank Asset Management Ltd	Insurance premium received	1,110	983	1,110	983
	Dividends received	5,700	6,479	5,700	6,479
Ceylon Asset Management Company Ltd	Sale of unit trust	131,973	533,536	131,973	533,536
	Purchase of unit trust	-	1,416,850	-	1,416,850
	Dividends received	-	4,921	-	4,921

43.3 Transactions with Other Related Companies

Name of the Company	Nature of Transactions	Transactions with SLIC		Transactions with Group Companies	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2020 Rs. '000
Capital Alliance Investments Ltd	Dividend received	4,206	10,544	4,206	10,544

43.4 Amount Due from Subsidiaries

Amount due from related parties	Balances with SLIC		Balances with Group Companies	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Management Services Rakshana (Pvt) Ltd	-	-	-	-
The Lanka Hospitals Corporation PLC	-	-	-	-
Lanka Hospitals Diagnostics (Pvt) Ltd	-	-	-	-
Litro Gas Lanka Ltd	17,146	22,249	34,581	39,780
Litro Gas Terminal Lanka (Pvt) Ltd	-	2,989	539,120	91,727
Canwill Holdings (Pvt) Ltd	1,442	7	358,192	357,089
Canowin Hotels & Spas (Pvt) Ltd	606	616	1,799	1,409
Sinolanka Hotels and Spa (Pvt) Ltd	13,784	1,002	15,973	3,191
Helanco Hotels & Spa (Pvt) Ltd	-	-	526,076	507,076
	32,978	26,863	1,475,741	1,000,272

43. RELATED PARTY DISCLOSURES (CONTD...)**43.5 Amount due to Related Parties**

Amount due to related parties	Balances with SLIC		Balances with Group Companies	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
The Lanka Hospitals Corporation PLC	–	1,834	–	1,834
Litro Gas Lanka Ltd	–	–	13,754	13,754
Litro Gas Terminal Lanka (Pvt) Ltd	–	–	539,445	88,644
Canwill Holdings (Pvt) Ltd	224	224	356,974	357,136
Canowin Hotels & Spas (Pvt) Ltd	–	–	1,983	1,185
Sinolanka Hotels and Spa (Pvt) Ltd	–	–	2,222	2,222
Helanco Hotels & Spa (Pvt) Ltd	–	–	526,076	507,076
	224	2,058	1,440,454	971,852

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 behaviour risk (lapse, anti-selection) and expense risk. There is diversification across geographical regions, lines of business and even across the different insurance risk factors such that SLIC is not exposed to significant concentrations of insurance risk.

44. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD...)

44.1 Insurance Risk (Contd...)

44.1.1 Life Insurance Contracts (Contd...)

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 persistence 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 all, all life financial streams are modelled and profit testing is produced by the Actuary thus mitigating product design and pricing risk. Also the Group uses matching instruments to back liabilities (ALM), if available.

Under the Risk Based Capital (RBC) framework, SLIC has adopted "Net Premium Valuation" mechanism (NPV). This is required for liability valuation purpose where liability is calculated in market consistent manner for the solvency requirements. SLIC has adopted a more prudent valuation basis for its surplus computation with compared to minimum regulatory basis (RBC).

Sensitivity analysis for life insurance risk

The main assumptions used in determining life insurance contract liability are below tabulated.

Assumption	Description
Mortality	<ul style="list-style-type: none"> – Factored A67/70 for non-annuity business to allow best estimate experience rate weighted average of a(90)m and a(90)f with one year age setback to allow approximated 1% mortality – Improvement of annuitants approximated 1% mortality improvement of annuitants
Expenses	Based on the Company 2022 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 2022

SLIC maintained steady and strong solvency ratio over the year 2022 for its Life Insurance business and as at 31 December 2022 the Risk-based Capital Adequacy Ratio, CAR, stands at 316% and it was 501% as at 31 December 2021. This is well above the regulatory minimum requirement which is 120%.

44. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD...)

44.1 Insurance Risk (Contd...)

44.1.1 Life Insurance Contracts (Contd...)

Fund wise Investment Income – Life Insurance Business

Assumption	Change in Assumption	Impact on Liability
Mortality	10%	532 Mn
	-10%	(534) Mn
Expense	+10%	1,742 Mn
Persistence	+20%	1,535 Mn
	-20%	(1,626) Mn
Discount rate	Up shock scenario under RBC	(10,320) Mn
	Down shock scenario under RBC	18,346 Mn

Life

In accordance with the RBC Rules, negative policy liability for long-term insurance contracts are deemed acceptable and value of the liabilities with respect to individual contracts with negative policy liability have not been floored at zero. However for the purpose of distribution basis (i.e. for SLFRS purpose) liabilities, SLICL has adopted a more prudent approach and the negative liabilities have been floored to zero at policy level.

Non Life:

In accordance with the RBC Rules, discounted policy liability can be hold however for the purpose of SLFRS reporting, SLICL has adopted a more prudent approach where un-discounted liabilities are hold where un-discounted liabilities are higher than the discounted liabilities.

Segregation of Policy Liability based on Product Category

31 December	2022			2021		
	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	14,181	2,612	16,793	18,698	4,052	22,750
Endowment assurance	71,656,329	4,501,657	76,157,986	60,885,389	4,297,782	65,183,170
Term assurance	-	2,170,962	2,170,962	-	3,905,620	3,905,620
Annuity	11,841,459	2,515,694	14,357,153	10,868,079	4,340,973	15,209,052
Rider benefits	74,309	3,080,047	3,154,356	93,286	3,381,027	3,474,313
Total	83,586,278	12,270,972	95,857,250	71,865,452	15,929,454	87,794,906

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
2022	142,112,355	14,606,647	156,719,002
Percentage	90.68%	9.32%	
2021	136,647,210	15,937,849	152,585,059
Percentage	89.55%	10.45%	

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.

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%

2021 Class	GWP Rs. '000	Reinsurance Rs. '000	NWP Rs. '000	%
Motor	11,672,493	302,032	11,370,461	66.01%
Fire	2,338,650	2,069,082	269,568	1.56%
Marine	613,047	442,303	170,744	0.99%
Other	6,630,833	1,215,592	5,415,242	31.44%
	21,255,023	4,029,008	17,226,015	100.00%

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.

44. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD...)

44.1 Insurance Risk (Contd...)

Reinsurance Risk

44.1.2 Non-Life Insurance Contracts (Contd...)

The following table shows the credit ratings of the reinsurance companies with whom the Group has arrangements.

Name of the Company	Credit Rating	Financial Strength Rating	Name of the Rating Agency
A F Beazley & 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 & 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
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

Notes to the Financial Statements

Name of the Company	Credit Rating	Financial Strength Rating	Name of the Rating Agency
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 Reasegueros 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 Pvt 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
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

44. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD...)

44.1 Insurance Risk (Contd...)

Reinsurance Risk

44.1.2 Non-Life Insurance Contracts (Contd...)

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 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.

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 2022				
Shock Level:				
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)
As at 31 December 2021				
Shock Level:				
5%	959,902	1,018,664	(959,902)	(1,018,664)
10%	1,919,803	2,037,328	(1,919,803)	(2,037,328)
	2,879,705	3,055,992	(2,879,705)	(3,055,992)

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.

Exposure to Interest Rate Risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows.

31 December Company	2022 Rs. '000	2021 Rs. '000
Fixed rate instruments		
Held-to-maturity (HTM)		
Treasury bonds	69,802,527	60,916,652
Loans & receivable (L&R)		
Unlisted debentures	15,870,218	14,933,560
Term deposits	22,039,325	11,590,662
Development bonds	14,679,930	8,637,546
Available for sale (AFS)		
Listed debentures	33,756,794	39,379,579
Treasury bond	3,261,196	3,929,773
	159,409,991	139,387,772
Floating rate instruments		
Loans & receivables (L & R)		
Development bonds	4,727,709	4,119,116
Unlisted debentures	7,501,161	7,410,416
	12,228,870	11,529,532
	171,638,861	150,917,304

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.

44. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD...)**44.2 Market Risk (Contd...)****Exposure to Interest Rate Risk****44.2.1 Interest Rate Risk (Contd...)**

31 December 2022	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
Company	Impact on Interest Income Rs. '000	Impact on Equity Rs. '000	Impact on Interest Income Rs. '000	Impact on Equity Rs. '000
Financial Investments				
Loans & receivable (L&R)	753,063	-	(753,063)	-
Available for sale (AFS)	-	35,815,129	-	37,413,811
Fair value through profit or loss (FVTPL)	-	-	-	-
	753,063	35,815,129	(753,063)	37,413,811

31 December 2021	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
Company	Impact on Interest Income Rs. '000	Impact on Equity Rs. '000	Impact on Interest Income Rs. '000	Impact on Equity Rs. '000
Financial Investments				
Loans & receivable (L&R)	767,620	-	(767,620)	-
Available for sale (AFS)	-	38,215,582	-	39,397,702
	767,620	38,215,582	(767,620)	39,397,702

*** 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 & 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

Notes to the Financial Statements

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	
	2022 Rs. '000	2021 Rs. '000
Development bonds:		
USD	19,407,639	12,756,662
Fixed deposits:		
USD	2,368,012	56,918
	21,775,651	12,813,579

The following significant exchange rates were applicable during the year;

	Average rate		Reporting date spot rate	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
USD	280.11	191.50	361.71	198.50
GBP	350.08	258.60	433.49	266.67
AUD	192.28	136.83	242.26	142.31
EUR	305.57	218.42	385.79	225.36

Sensitivity analysis

A strengthening of the LKR, as indicated below, against the USD, GBP, EURO, AUD at 31 December 2022 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
Impact on forex gain/loss			
Floating rate instruments			
USD	194,076	291,115	388,153
Fixed rate instruments			
USD	23,680	35,520	47,360
	217,757	326,635	435,513

As at 31 December 2022

Company	Exchange Rate Shock Level		
	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000
Impact on interest income			
Floating rate instruments			
USD	12,173	18,259	24,345
Fixed rate instruments			
USD	-	-	-
	12,173	18,259	24,345

As at 31 December 2021

Company	Exchange Rate Shock Level		
	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000
Impact on forex gain/loss			
Floating rate instruments			
USD	127,567	191,350	255,133
Fixed rate instruments			
USD	569	854	1,138
	128,136	192,204	256,272

As at 31 December 2021

Company	Exchange Rate Shock Level		
	1.0% Rs. '000	1.5% Rs. '000	2.0% Rs. '000
Impact on interest income			
Floating rate instruments			
USD	6,696	10,044	13,392
Fixed rate instruments			
USD	-	-	-
	6,696	10,044	13,392

44. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD...)

44.2 Market Risk (Contd...)

44.2.3 Market Rate Risk

The Group maintains the maximum exposure limit for the equity in managing the investment portfolio. Further, the Group has diversified the investment portfolio into different sectors to mitigate the unsystematic risks.

Portfolio Diversification of Equity Risks

Sri Lanka Insurance Corporation Ltd – Life insurance business

Sector	Industry Group	2022		2021	
		Market Value Rs. '000	%	Market Value Rs. '000	%
Financials	Banks	8,467,724	31.54%	13,588,432	46.90%
	Diversified financials	1,507,512	5.62%	1,530,696	5.28%
Financials		9,975,236	37.16%	15,119,128	52.19%
Consumer discretionary	Consumer services	1,747,775	6.51%	1,692,833	5.84%
	Consumer durables and apparel	–	0.00%	–	0.00%
	Retailing	26,308	0.10%	56,165	0.19%
	Automobiles and components	–	0.00%	–	0.00%
Consumer discretionary		1,774,083	6.61%	1,748,998	6.04%
Industrials	Capital goods	9,411,952	35.06%	8,265,137	28.53%
Health care *	Health care equipment and services	204,147	0.76%	1,552,512	5.36%
Telecommunication services	Telecommunication services	1,202,763	4.48%	697,921	2.41%
Materials	Materials	1,688,554	6.29%	776,696	2.68%
Consumer staples	Food and staples retailing	–	0.00%	–	0.00%
	Food, beverage and tobacco	1,417,031	5.28%	321,780	1.11%
Real estate	Real estate	69,273	0.26%	89,265	0.31%
Energy	Energy	919,772	3.43%	149,795	0.52%
Information technology	Utilities	182,664	0.68%	249,350	0.86%
Total		26,845,475	100%	28,970,583	100.00%

* Including the Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

Sri Lanka Insurance Corporation Ltd – General Insurance Business

Sector	Industry Group	2022		2021	
		Market Value Rs. '000	%	Market Value Rs. '000	%
Financials	Banks	5,542,689	62.45%	8,746,720	64.92%
	Diversified financials	827,888	9.33%	501,855	3.73%
Financials		6,370,578	71.78%	9,248,574	68.65%
Consumer discretionary	Consumer durables and apparel	36,577	0.41%	9,239	0.07%
	Retailing	–	0.00%	–	0.00%
Consumer discretionary		36,577	0.41%	9,239	0.07%
Consumer staples	Food, beverage and tobacco	–	0.00%	–	0.00%
Health care *	Health care equipment and services	72,993	0.82%	1,666,678	12.37%
Industrials	Capital goods	1,392,271	15.69%	1,566,065	11.62%
Materials	Materials	350,049	3.94%	63,432	0.47%
Utilities	Utilities	166,635	1.88%	741,970	5.51%
Real estate	Real estate	–	0.00%	–	0.0%
Telecommunication services	Telecommunication Services	138,620	1.56%	80,437	0.60%
Energy	Energy	346,980	3.91%	96,032	0.71%
Total		8,874,703	100%	13,472,428	100%

*Including Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

44. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD...)

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.

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	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Held-to-maturity (HTM)	5	71,832,664	60,916,652	71,832,664	60,916,652
Loans & receivable (L&R)	5	42,779,018	35,100,639	42,779,018	35,100,639
Available for sale (AFS)	5	14,487,406	43,309,352	14,487,406	43,309,352
Loans to policyholders	12	1,867,624	1,637,187	1,867,624	1,637,187
Reinsurance receivable	13	4,367,265	2,901,995	4,367,265	2,901,995
Premium receivable	14	6,610,797	7,977,747	6,610,797	7,977,747
Other assets	16	11,903,651	8,695,391	4,740,789	8,695,391
Cash & cash equivalents	18	9,788,484	27,378,865	6,320,469	16,920,370
		163,636,909	187,917,828	153,006,032	177,459,333

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. 1,868 Mn (2021 – Rs. 1,637 Mn). and the related surrender value is Rs. 2,966 Mn (2021 – Rs. 2,648 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.

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. 9,788 Mn as at 31 December 2022 (Rs. 27,379 Mn as at 31 December 2021) which represent its maximum credit exposure on these assets.

Credit risk exposure – Life insurance business

As at 31 December	2022 Rs. '000	% of Allocation	2021 Rs. '000	% of Allocation
Financial investments				
Debt securities – Loans & receivables	39,067,063	56%	28,160,410	44%
Debt securities – Available for sale	31,058,539	44%	35,907,929	56%
	70,125,601	100%	64,068,339	100%

Credit Risk Exposure – General Insurance Business

As at 31 December	2022 Rs. '000	% of Allocation	2021 Rs. '000	% of Allocation
Financial investments				
Debt securities – Loans & receivables	6,343,641	69%	5,774,228	62%
Debt securities – Available for sale	2,799,165	31%	3,573,594	38%
	9,142,807	100%	9,347,822	100%

44. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD...)

44.3 Credit Risk (Contd...)

Debt Securities allocation according to Credit Ratings

Life Insurance Business

As at 31 December		2022		2021	
Rating		Rs. Mn	% of Total	Rs. Mn	% of Total
AAA		15,208	31%	3,797	9%
AA+		2,186	4%	1,831	4%
AA		72	0%	75	0%
AA-		12,120	24%	15,793	36%
A+		10,262	21%	10,276	24%
A		6,459	13%	7,442	17%
A-		2,395	5%	2,419	6%
BBB+		841	2%	1,932	4%
BBB		164	0%	152	0%
BBB-		-	0%	-	0%
BB+		-	0%	-	0%
BB-		-	0%	-	0%
Unrated		-	0%	-	0%
Total		49,707	100%	43,717	100%

*Credit Risk on Fixed Deposits is based on Credit risk of the Bank.

General Insurance Business

As at 31 December		2022		2021	
Rating		Rs. Mn	% of Total	Rs. Mn	% of Total
AAA		1,824	22%	1,795	25%
AA+		2,256	28%	57	1%
AA		-	0%	23	0%
AA-		2,582	32%	1,627	22%
A+		104	1%	2,276	31%
A		25	0%	-	0%
A-		1,321	16%	1,343	19%
BBB+		-	0%	132	2%
BBB-		-	0%	-	0%
Total		8,112	100%	7,253	100%

*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.

Maturity Analysis

The table below summarizes 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 2022	Carrying Value Rs. '000	No. Fixed Tenure Rs. '000	Up to 1 Year Rs. '000	1 to 2 Years Rs. '000	2 to 5 Years Rs. '000	5 to 10 Years Rs. '000	Over 10 Years Rs. '000	Total Rs. '000
Financial assets								
Held-to-maturity (HTM)	71,832,664	-	15,770,000	4,800,000	10,178,707	18,300,000	16,250,000	65,298,707
Loans & 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 & 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
Financial liabilities								
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

44. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD...)

Maturity Analysis

44.4 Liquidity Risk (Contd...)

As at 31 December 2021 Company	Carrying Value Rs. '000	No. Fixed Tenure Rs. '000	Up to 1 Year Rs. '000	1 to 2 Years Rs. '000	2 to 5 Years Rs. '000	5 to 10 Years Rs. '000	Over 10 Years Rs. '000	Total Rs. '000
Financial Assets								
Held-to-maturity (HTM)	60,916,652	-	1,150,000	15,770,000	11,050,000	12,407,717	17,500,000	57,877,717
Loans & receivables (L & R)	49,685,073	-	14,392,840	14,513,750	13,344,175	3,000,000	-	45,250,765
Available for sale (AFS)	65,429,542	22,120,190	1,625,000	9,115,108	21,270,024	5,449,520	2,519,525	62,099,368
Fair value through profit or loss (FVTPL)	22,859,816	22,859,816	-	-	-	-	-	22,859,816
Loans to policyholders	1,637,187	-	1,637,187	-	-	-	-	1,637,187
Reinsurance receivable	2,901,995	-	1,896,152	168,993	55,037	60,009	787	2,180,978
Premium receivable	7,977,747	-	7,977,747	-	-	-	-	7,977,747
Other assets	4,319,689	-	4,319,689	-	-	-	-	4,319,689
Cash & cash equivalents	16,920,370	-	16,920,370	-	-	-	-	16,920,370
	232,648,071	44,980,006	49,918,986	39,567,851	45,719,236	20,917,246	20,020,312	221,123,637
Liabilities								
Reinsurance payable	2,868,291	-	2,716,590	109,414	41,335	952	-	2,868,291
Current tax liabilities	1,684,872	-	1,684,872	-	-	-	-	1,684,872
Other liabilities	5,987,182	-	5,987,182	-	-	-	-	5,987,182
Financial liabilities	539,283	-	539,283	-	-	-	-	539,283
	11,079,628	-	10,927,927	109,414	41,335	952	-	11,079,628

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 2022 amounted to Rs. 87.3 Mn (2021 : Rs 43 Mn)

Litro Gas Terminal Lanka (Pvt) Ltd

The capital expenditure approved by the Board but not contracted for as at 31 December 2022 is amounted to Rs. 80 Mn (2021 – Rs. 17.9 Mn)

Litro Gas Lanka Ltd

No capital expenditure approved by the Board as at 31 December 2022 (2021 – Rs. 104 Mn).

Sinolanka Hotels and Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd

The following commitments for capital expenditure approved by the Directors as at 31 December 2022 have not been provided in the Financial Statements of the subsidiaries, Sinolanka Hotels and Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd

	2022 Rs. '000	2021 Rs. '000
Approximate amount contracted for but not incurred	30,771,790	14,285,779

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) has filed on 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 2004/05 and 2005/06, 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 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 amounting to Rs. 2,364 Mn Rs. 374 Mn, Rs.192 Mn, Rs. 232 Mn, Rs. 208 Mn, Rs. 247 Mn, Rs. 834 Mn, Rs. 509 Mn, Rs. 564 Mn and Rs. 665 Mn respectively.

45. COMMITMENTS, CONTINGENCIES AND GUARANTEES (Contd...)

45.2 Contingent Liabilities and Guarantees (Contd...)

The Company has duly appealed against these assessments with the consultation of company tax consultants. Tax Appeal Commission has determined that the assessment issued for VAT on Financial Services for the period 2010, 2011, 2012 and 2013 are valid from their latter dated 01 July 2019, 26 June 2019, 27 August 2020 and 27 January 2023 respectively. Company has appeal against the said decisions in the Court of Appeal and further Company has appealed 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.

Year of assessment	Status of assessment	Nature of Contingent liability	Measurement of contingent Impact to the company
2010/2011	Pending decision from Court of Appeal	VAT on Financial Services	An additional Tax Liability of Rs. 2,364 Mn
2011/2012	Pending decision from Court of Appeal	VAT on Financial Services	An additional Tax Liability of Rs. 374 Mn
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
2014/2015	Pending decision from Tax Appeal Commission	VAT on Financial Services	An additional Tax Liability of Rs. 208 Mn
2015/2016	Pending decision from Tax Appeal Commission	VAT and NBT on Financial Services	An additional Tax Liability of Rs. 247 Mn
2016/2017	Pending decision from Tax Appeal Commission	VAT and NBT on Financial Services	An additional Tax Liability of Rs. 834 Mn
2017/2018	Pending decision from Tax Appeal Commission	VAT on Financial Services	An additional Tax Liability of Rs. 509 Mn
2018/2019	Pending decision from Commission General	VAT on Financial Services	An additional Tax Liability of Rs. 564 Mn
2019/2020	Pending decision from Commission General	VAT on Financial Services	An additional Tax Liability of Rs. 665 Mn

However the insurance companies in the industry and the Company's Tax Consultants are of view that the Insurance companies are not liable for VAT and NBT on Financial Services since the Company do not engage in the business of Financial Services. Hence no additional provision has been made in the Financial Statements.

Income Tax

The Company received Income Tax Assessment for the year of assessment from 2011/12 to 2018/19 with respect to taxation of Life Insurance and assessment amounts of the said periods are shown in the below table. This assessment was issued by the Inland Revenue Department in contrary to the Section 92 of 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 and Tax Appeal Commission has determined that the assessment issued for Income Tax for the period 2011/12, 2012/13 and 2013/14 are valid from their latter dated 18 August 2020, 14 December 2021 and 27 January 2023 respectively. Company has appeal against the said decision in the Court of Appeal and further Company has Applied for a Write order to cease the decision of Tax Appeal Commission to encashment of Bank guarantee in the Court of Appeal.

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 Tax Appeal Commission	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. 768 Mn
2014/2015	Pending decision from Tax Appeal Commission	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 Tax Appeal Commission	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 Commission General	Income Tax	An additional Tax Liability of Rs. 1,900 Mn

The Lanka Hospitals Corporation PLC

Liabilities

Pending litigations against The Lanka Hospitals Corporation PLC with a maximum liability of Rs. 106 Mn exist as at the reporting date. Based on the information currently available company has been advised by its legal counsel 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

Mr D R P Abeysinghe, who was the Managing Director of Canwill Holdings (Pvt) Ltd, ceased from his 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 Abeysinghe 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 verdict in favor 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 Labor, 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 Colombo 8. A notice received from the Supreme Court on 04 August 2022 against the judgement of the High Court WP holden in Colombo on 22 June 2022 management nominated and appointed Ms. Marian Chambers through Mr Ruwantha Cooray for this matter and filed the proxy forms and Cavite on 17 August 2022. The case is scheduled to hear on 03 February 2023.

Further Mr D R P Abeysinghe has filed 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 and 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. EVENTS AFTER THE REPORTING DATE

There were no significant events after reporting date other than what is disclosed below, which require adjustments to or disclosure in the Financial Statements.

46.1 Divestiture of Sri Lanka Insurance Corporation Ltd and the Subsidiaries

By the 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 and the Group, based on the Cabinet Decision No. 23/0431/604/046 of 14 March 2023, with respect to the Cabinet Memorandum No. MF/018/CM/2023/055 dated, 27 February 2023. Accordingly, the Cabinet of Ministers has granted its approval in principle for the divestment of Sri Lanka Insurance Corporation Ltd (SLIC) through a State-Owned Enterprise Restructuring Unit (SRU). In addition, in order to facilitate the divestment process, the ownership of SLIC's main subsidiaries (i.e. The Lanka Hospitals Corporation PLC, Litro Gas Lanka Ltd, Litro Gas Terminal Lanka (Pvt) Ltd and Canwill Holding (Pvt) Ltd) are to be transferred to the Secretary to the Treasury. Currently the Board of Directors have initiated the actions to implement the decisions taken by the Minister of Finance, Economic Stabilisation and National Policies and the Company is in the process of discussing the timing and methodology of such transfer with the Ministry of Finance, Economic Stabilisation and National Policies. In addition, the Ministry of Finance, Economic Stabilisation and National Policies has requested the SLIC to facilitate the acquisition by the Treasury of shares held by minority shareholders and the Company is working on the same.

46.2 The Segregation of the Life and General Insurance Business

As stipulated in the Amendment to the Insurance Act, No. 03 of 2011, composite insurance companies are required to segregate the long-term insurance business and the general insurance business carried on by it, into two separately established companies. In order to comply with the fundamentals of the Act the Company has embraced operational segregation in terms of having two sets of Financial Statements, adopting ABC costing and other operational elements. However being a government owned Company where many stakeholders are involved legal segregation has not been given effect to due to compelling factors. Subsequently, as per the 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 the 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. At present, SLIC management is discussing the segregation model, compliance requirement with the regulator, legal matters with legal consultants and Attorney General Department, and tax matters with IRD, Ministry of Finance, Economic Stabilisation and National Policies and staff allocation and other resource allocation with relevant HOD's, in order to achieve this process by 31 August 2023.

47. THE IMPACT DUE TO CURRENT ECONOMIC CONDITION ON THE OPERATIONS OF THE GROUP AND COMPANY

As at 31 December 2022 inflation rate was 57.2%. However, it has been reduced up to 49.2% as at 31 March 2023. Exchange rates also observed a notable fluctuation after the balance sheet date and has not adjusted in the current year Financial Statements since the conditions that gave rise to the gain/(loss) did not exist as of 31 December 2022.

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR). The depletion of foreign reserves has put restrictions on imports and affected supplies.

The Company and Group has taken the following measures to ensure it continues its operations as a going concern.

Implications for Operation of the Company

Life Insurance Business

There is a significant impact on life insurance business due to the current economic crisis in the country making the collection of renewal premiums and canvassing of new life insurance policies a daunting task. At the same time, the operational expenses are being significantly increased. Further, the payment of reinsurance premiums has been greatly affected due to lack of foreign currency in Sri Lanka.

On the other hand, there were operational difficulties on life business due to extended power cuts and transport difficulties. SLIC was able to leverage the technology to work remotely and to connect with stakeholders digitally, in response to the pandemic and threats poses by the economic and energy crisis.

General Insurance Business

In General Insurance business following matters are identified by the management, due to lowering of the disposable income, demand for personal insurance will diminish and Non-renewal of motor insurance and conversion of comprehensive insurance to 3rd party is increased significantly. Due to restrictions on the importation of vehicles will impact on motor insurance growth. Due to economic condition of the country, premium income of the Company has reduced.

Non availability of spare parts and high prices of spare parts has increased average claim cost both motor and non-motor and therefore high claim ratios and expense ratios has increased the COR which led to reduced underwriting profits.

Apart from that, low appetite of reinsurers to underwrite local risks due to financial crisis and exchange control issues. NITF request to cede 100% motor SRCC/TC premium will have severe impact on motor insurance profitability and discontinuation of NITF retrocession by reinsurers will have a serious issue on entire general insurance. Currently, we are discussing with the NITF to have a solution for this. In addition to that, Companies in the insurance industry is collectively seeking possibility of legal action against this matter.

Furthermore, resignations of experienced and qualified professionals due to financial reasons will result in a massive impact to the Company. Due to the aforesaid economic condition of the country, premium income of the Sri Lanka Insurance has reduced.

Implications for Investments

The current economic crisis in Sri Lanka has several implications for investments. The Sri Lankan rupee has been depreciating against the US dollar due to the economic crisis. This resulted in significant exchange profits for foreign currency denominated assets.

The Colombo Stock Exchange experienced a steep decline in due to the economic crisis and instability that prevailed in the political front during the first half of 2022. The steep fall was initially due to forced selling of margin trading accounts and then due to the economic crisis and rising interest rates. However, due to the cheap valuations we feel a strong rebound in the equity market is around the corner.

The Central Bank of Sri Lanka raised interest rates in response to the economic crisis, which had a negative impact on fixed-income investments such as bonds. However, SLIC remained in cash and was able to capitalise on rising interest rates.

Sri Lanka defaulting on foreign currency denominated debt had a negative impact on foreign currency liquidity. However, this is expected to settle down with the advent of the IMF.

Overall, the implications of the current economic crisis in Sri Lanka for investments will depend on a variety of factors, including the severity and duration of the crisis, the specific asset classes and industries involved and the investor's risk tolerance and investment objectives. SLIC will continue to carefully consider the potential risks and rewards in the investment decision making process.

The management of the entity continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing Financial Statements.

Further, such matters are addressed at the Business Continuity Steering Committees and financial impact and proposed strategies are followed-up with the EXCO member's weekly.

Credit Rating of the Company

Fitch Ratings has downgraded the National Insurer Financial Strength (IFS) Ratings of seven Sri Lankan insurers following the recent sovereign downgrade and recalibration of the agency's Sri Lankan National Rating scale.

The recalibration is to reflect changes in the relative creditworthiness among Sri Lankan issuers following Fitch's downgrade of Sri Lanka's Long-Term Local Currency Issuer Default Rating (IDR) to "CC" from "CCC" on 01 December 2022.

The National IFS Ratings of the Sri Lankan insurers take into consideration their creditworthiness relative to other issuers in the country. The recalibration of the Sri Lankan National Rating scale has resulted in downgrades of the National IFS Ratings of Sri Lanka Insurance Corporation Ltd to "A(Ika)"/RWN from "AA(Ika)"/RWN.

Provision on investment in Government securities

Company has made an impairment provision on Sri Lanka Development Bonds Rs. 2.7 Bn based on the uncertainty relating to SLDB receivable as at 31 December 2022 due to the possibility of Government debt restructuring.

48. USE OF TERMINAL FACILITY

Litro Gas Terminal Lanka (Pvt) Ltd

The Company provides bulk storage facilities for LPG and distribution of the same to Litro Gas Lanka Ltd. In performing this function, the Company uses its own storage tanks, pipelines and pumping stations and receives a "throughput fee" from Litro Gas Lanka Ltd for the facilities provided. This throughput arrangement contains a lease arrangement identified under IFRIC 4 and, thus, constitute a finance lease arrangement as per the terms of the contract. However, in view of the storage facility of the terminal being available for other importers as well as the management's intention to enter into contracts with other importers to store LPG, the said storage facilities have not been derecognised in the books of account of the Company. However, during the year under review no agreement was entered into to lease out the facilities in the absence of any favourable proposal from prospective importers.

Litro Gas Lanka Ltd

The Company obtains bulk storage facilities for LPG from Litro Gas Terminal Lanka (Pvt) Ltd. In obtaining these services, the Company uses the latter's own storage tanks, pipelines and pumping stations and pays a "throughput fee" to Litro Gas Terminal Lanka (Pvt) Ltd for the facilities obtained. This throughput arrangement contains a lease arrangement identified under IFRIC 4 and, thus, constitutes a finance lease arrangement as per the terms of the contract. However, in view of the storage facility of the terminal being available for other importers as well and as it is the management's intention to enter into contracts with other importers to store the LPG, the said storage facilities have not been recognised in the books of account of the Company. However, during the year under review Litro Gas Terminal Lanka (Pvt) Ltd had not entered into any agreement to lease out the facilities in the absence of any favourable proposal from prospective importers.

49. GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

49.1 Sri Lanka Insurance Corporation Ltd

In preparing these Financial Statements, the management has assessed the existing effects of the economic conditions, divestiture and segregation of Life and General business which are currently in progress 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. Therefore, the Financial Statements continue to be prepared on the going concern basis.

49.2 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.

49.3 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, as per the Cabinet decision No. 23/0431/604/046 dated 14 March 2023, the Cabinet of Minister has granted approval to transfer the shares held by Sri Lanka Insurance Corporation Ltd and shares held by Litro Gas Lanka Ltd in Canwill Holding (Pvt) Ltd to the General Treasury with immediate effect. However, 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.

49.4 Helanco Hotels & Spa (Pvt) Ltd

The Board of Directors of the Company of Helanco Hotels & Spa (Pvt) Ltd have resolved to discontinue the project to construct the Hotel in Hambanthota in the year 2015. As a consequence, the hotel construction activities of the project has come to an end. Further, the Ministry of Public Enterprise Development has given their instructions to transfer the Company's stake in 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 programme has not been executed as of reporting date. The Company has not resolved to liquidate the Company in the foreseeable future and the management of the company seeks necessary directives from the line Ministry on way forward. During the Board meeting held on 17 January 2023, Board of Directors of Helanco Hotel & Spa (Pvt) Ltd has resolved that, the Financial Statements of Helanco Hotel & Spa (Pvt) Ltd continue to be prepared on the Going Concern basis.

49.5 Sinolanka Hotels and Spa (Pvt) Ltd

The Company's management has made an assessment on the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. In addition, Cabinet of Ministers have granted their approval to recommence the construction activities of the Grand Hyatt Colombo Project at the Cabinet of Ministers meeting dated 08 July 2020. Accordingly, construction works of the project were recommenced during the year 2020.

Further, In May 2022 the Board of Directors resolved to suspend the Grand Hyatt project since the external environment was not conducive to continue the project with the devaluation of Rupee against US Dollar and imports were no more feasible due USD 175 Mn offshore debt/equity financing arrangement not proceeding as planned due to the announcement of Sri Lanka's pre-emptive default status by CBSL on 12 April 2022, as such from May 2022 the Grand Hyatt project was suspended.

On 26 September 2022 a meeting was held under the Chairmanship of Secretary to the Treasury, Ministry of Finance and Economic Stabilisation at the Ministry of Finance where all stakeholders were present along with the Director General of SOE Restructuring. At that meeting it was revealed by the Secretary to the Treasury, that a new unit has been set up for SOE Restructuring and the unit is headed by Director General SOE Restructuring Unit Mr Suresh Shah and the newly formed SOE restructuring unit will fall under the direct purview of Ministry of Finance and Economic Stabilisation and will carry forward the SOE restructuring. It was also mentioned at that meeting that Grand Hyatt Project is also a listed entity along with many other SOE's that are identified and shortlisted to proceed with immediate divestment. Under letter reference PED/S/SLIC/SINO/6/11 (Vol1.IV) dated 27 September 2022, a follow up meeting was called on 28 September and discussed the way forward of the Grand Hyatt Project in view of the decision taken for immediate divestment.

Further, on 20 October 2022 the Board of Directors of Sinolanka Hotels and Spa (Pvt) Ltd resolved to proceed with a 100% divestment following the regulatory process. As of Balance Sheet date, the Board of Directors are awaiting for directives on the course of action that needs to be taken from the Director General of SOE reforms unit to proceed with full divestment of the Grand Hyatt Project.

241-268

SUPPLEMENTARY INFORMATION



> **242** Statement of Financial Position of the Life Insurance

> **243** Notes to the Financial Statements – Life Insurance Fund

> **248** Ten Year Summary Statement of Income

> **250** Ten Year Summary Balance Sheet – Group

> **252** Ten Year Summary Balance Sheet – Company

> **256** Branch Network

> **265** Corporate Information

> **266** Notice of Annual General Meeting

Statement of Financial Position of the Life Insurance

	Notes	2022 Rs. '000	2021 Rs. '000
Assets			
Financial investments	A	174,662,702	160,554,249
Investments in subsidiaries	B	3,296,543	3,296,543
Property, plant and equipment	E	95,451	97,939
Right-of-use asset		408,358	388,059
Loans to policyholders	C	1,867,624	1,637,187
Reinsurance receivable		1,008,259	811,913
Premium receivable from policyholders		675,082	507,391
Other assets	D	3,840,195	3,539,443
Cash and cash equivalents		2,901,563	13,782,374
Total assets		188,755,777	184,615,098
Equity			
Available-for-sale reserve	F	674,855	3,260,333
Revenue reserves	G	21,420,524	18,381,630
Restricted regulatory reserves		98,237	98,237
Revaluation reserve		71,673	71,673
Total equity attributable to equity holders of the Company		22,265,289	21,811,873
Liabilities			
Insurance contract liabilities (provision) – Life	H	159,769,324	155,788,928
Right-of-use liabilities		474,777	450,308
Reinsurance creditors		884,452	1,095,095
Tax liability		1,419,380	1,257,284
Provision for retirement benefits		770,576	917,180
Other liabilities	I	2,921,259	3,080,779
Financial liabilities (bank overdraft)		250,722	213,651
Total liabilities		166,490,488	162,803,225
Total equity and liabilities		188,755,777	184,615,098

Notes to the Financial Statements – Life Insurance Fund

A. FINANCIAL INVESTMENTS

As at 31 December		2022		2021	
	Note	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Held-to-maturity (HTM)	A.1	69,332,871	41,093,784	60,399,783	58,824,840
Loans and receivables (L & R)	A.2	43,326,871	43,326,871	31,897,236	31,897,236
Available-for-sale (AFS)	A.3	40,611,027	40,611,027	50,606,618	50,606,618
Fair value through profit or loss (FVTPL)	A.4	21,391,932	21,391,932	17,650,612	17,650,612
		174,662,702	146,423,614	160,554,249	158,979,306

A.1 Held-to-maturity (HTM)

As at 31 December		2022		2021	
		Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Quoted debentures		1,014,795	1,014,795	–	–
Treasury bonds		68,318,076	40,078,990	60,399,783	58,824,840
		69,332,871	41,093,784	60,399,783	58,824,840

A.2 Loans & receivables (L & R)

As at 31 December		2022		2021	
		Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Unlisted debentures		21,308,612	21,308,612	20,248,744	20,248,744
Fixed deposits		17,758,451	17,758,451	7,911,667	7,911,667
Development bonds		4,259,808	4,259,808	3,736,825	3,736,825
		43,326,871	43,326,871	31,897,236	31,897,236

A.3 Available for sale (AFS)

As at 31 December		2022		2021	
		Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Listed stocks		7,212,380	7,212,380	11,813,255	11,813,255
Unit trusts		886,205	886,205	967,235	967,235
Listed debentures		30,941,800	30,941,800	35,805,985	35,805,985
Treasury bonds		1,570,642	1,570,642	2,020,143	2,020,143
		40,611,027	40,611,027	50,606,618	50,606,618

Statement of Financial Position of the Life Insurance

A.4 Fair Value Through Profit or Loss (FVTPL)

As at 31 December	2022		2021	
	Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
Listed stocks	19,633,095	19,633,095	15,860,785	15,860,785
Unit trusts	1,758,838	1,758,838	1,789,827	1,789,827
	21,391,932	21,391,932	17,650,612	17,650,612

FVTPL investments and AFS investments are valued at fair value. HTM and L & R Investments are valued at amortised cost.

B. INVESTMENTS IN SUBSIDIARIES

As at 31 December	Note	2022		2021	
		Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
At cost					
Listed subsidiaries	B.1	1,296,543	5,836,984	1,296,543	3,279,997
Unlisted subsidiaries	B.2	2,000,000	–	2,000,000	–
		3,296,543	5,836,984	3,296,543	3,279,997

B.1 Listed subsidiaries

As at 31 December	2022			2021		
	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	5,836,984	58,781,308	1,296,543	3,279,997
	58,781,308	1,296,543	5,836,984	58,781,308	1,296,543	3,279,997

B.2 Unlisted subsidiaries

As at 31 December	2022		2021	
	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
	235,294,117	2,000,000	235,294,117	2,000,000

C. LOANS TO LIFE POLICYHOLDERS

As at 31 December	2022 Rs. '000	2021 Rs. '000
Policyholder loans	1,867,624	1,637,187
	1,867,624	1,637,187

Statement of Financial Position of the Life Insurance

D. OTHER ASSETS

As at 31 December	2022 Rs. '000	2021 Rs. '000
Inventories	95,312	97,275
Other debtors and receivables	255,177	176,693
Other loans	2,790,822	2,506,115
Amount due from general division	3,064	263,713
Prepaid benefit on loans	695,822	495,647
	3,840,195	3,539,443

E. PROPERTY, PLANT AND EQUIPMENT

	Land Rs. '000	Building Rs. '000	Total Rs. '000
Freehold			
Cost			
Balance as at 01 January 2022	48,168	49,772	97,940
Additions	-	-	-
Revaluation	-	-	-
Accumulated depreciation transferred to revaluation reserve	-	-	-
Balance as at 31 December 2022	48,168	49,772	97,940
Accumulated depreciation			
Balance as at 01 January 2022	-	-	-
Depreciation charge for the period	-	2,489	2,489
Transferred to revaluation reserve	-	-	-
Balance as at 31 December 2022	-	2,489	2,489
Carrying amount			
As at 31 December 2022	48,168	47,283	95,451

F. AVAILABLE FOR SALE RESERVE

Life Policyholders are entitled to Rs. (1,217) Mn and Shareholders are entitled for Rs. 675 Mn respectively.

G. REVENUE RESERVE

As at 31 December	Notes	2022 Rs. '000	2021 Rs. '000
General reserve		42,100	42,100
Reserve on actuarial gain/(loss) on retirement benefit		203,393	(46,924)
Surplus from life insurance	G 1	21,175,031	18,386,454
		21,420,524	18,381,630

Statement of Financial Position of the Life Insurance

G.1 Surplus from Life Insurance

As at 31 December	2022 Rs. '000	2021 Rs. '000
Balance as at 01 January	18,386,454	13,402,666
Surplus attributable to shareholders from life insurance	3,016,654	4,983,788
Impact of last year AFS reserve transfer to shareholders	(228,077)	-
Balance as at 31 December	21,175,031	18,386,454

H. INSURANCE CONTRACT LIABILITIES – LIFE

As at 31 December	2022 Rs. '000	2021 Rs. '000
Life assurance fund	148,000,670	129,151,483
Movement of the fund	14,034,410	23,832,975
Transfers of surplus from long-term insurance business	(3,016,654)	(4,983,788)
Surcharge Tax – Life fund	(1,081,969)	-
	157,936,458	148,000,670
AFS reserves		
AFS Reserves – Life fund	(1,217,455)	4,584,389
Policyholder outstanding claims	3,050,321	3,203,869
	159,769,324	155,788,928

I. OTHER LIABILITIES

As at 31 December	2022 Rs. '000	2021 Rs. '000
Premium received in advance	297,423	287,586
Trade creditors and accrued expenses	2,623,836	2,793,193
	2,921,259	3,080,779

FUND WISE INVESTMENT INCOME – LIFE INSURANCE BUSINESS

For the year ended
31 December

2022

2021

	Participative Fund	Non Participative Fund	Shareholder Fund	Total Rs.	Participative Fund	Non Participative Fund	Shareholder Fund	Total Rs.
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Dividends	580,104	48,190	489,670	1,117,963	460,939	48,970	378,858	888,767
Listed Stocks – Realised/ Unrealised Gains/(Losses)	(3,904,070)	(706,047)	(975,064)	(5,585,181)	4,496,333	990,546	695,374	6,182,253
Profit on Sale of Unit Trusts	6,640	116,764	174,748	298,152	4,602	54,151	66,915	125,667
Interest on Treasury Bills	6,545	–	–	6,545	87,467	–	–	87,467
Interest on Treasury Bonds	6,677,732	794,145	48,911	7,520,787	5,191,012	249,183	48,901	5,489,096
Interest on Fixed Deposit	288,375	571,404	1,015,384	1,875,163	32,897	377,668	217,528	628,093
Interest on Call Deposit	14,501	1,727	–	16,227	4,994	729	–	5,724
Interest on Debentures	3,581,139	188,112	11,132	3,780,383	3,586,683	89,798	10,086	3,686,566
Interest on Development Bond	222,477	–	–	222,477	163,138	–	–	163,138
Interest on Unquoted Debenture	2,104,677	38,274	–	2,142,951	2,002,155	55,000	–	2,057,155
Interest on Reverse Repo	391,770	103,503	158,556	653,828	422,805	122,845	118,214	663,864
Commission on Investment	789	–	–	789	10,250	–	–	10,250
	9,970,677	1,156,072	923,335	12,050,083	16,463,277	1,988,889	1,535,875	19,988,041

Ten Year Summary

Statement of Income

	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000
NON-LIFE				
Gross written premium	20,341,448	21,255,023	20,163,296	18,974,323
Premium ceded to reinsurers	(5,180,941)	(4,029,008)	(3,133,728)	(3,358,526)
Net change in reserve for unearned premium	1,496,218	(325,424)	(1,667,533)	(306,793)
Net earned premium	16,656,725	16,900,591	15,362,035	15,309,003
Net benefit and claims	(10,525,781)	(10,206,589)	(7,786,221)	(9,290,432)
Underwriting and net acquisition cost	(740,074)	(653,821)	(864,830)	(967,782)
Other operating and administrative expenses	(8,807,009)	(5,457,312)	(5,047,881)	(4,546,109)
Investment and other income	11,498,623	4,655,818	3,159,227	4,483,050
Profit before tax	8,082,484	5,238,687	4,822,331	4,987,730
Income tax expense	(553,331)	(181,339)	(1,179,070)	(330,151)
Net profit for the year	7,529,153	5,057,348	3,643,261	4,657,579
LONG-TERM				
Gross written premium	20,930,125	21,975,988	19,257,997	14,820,025
Net written premium	20,367,296	21,496,234	18,844,423	14,463,057
Investment and other income	15,394,802	21,082,101	15,321,245	14,425,899
Net benefit and claims	(11,606,118)	(9,978,828)	(7,986,076)	(7,333,265)
Underwriting and net acquisition cost	(2,561,761)	(2,566,486)	(2,131,963)	(2,018,406)
Other operating and administrative expenses	(6,182,795)	(4,697,086)	(4,779,473)	(4,660,164)
Change in contract liabilities – Life fund	(11,017,756)	(18,849,187)	(16,118,705)	(11,659,844)
Profit before tax	4,393,668	6,486,748	3,149,451	3,217,278
Income tax expense	(1,377,013)	(1,502,959)	(1,004,178)	(845,900)
Net profit for the year	3,016,655	4,983,789	2,145,273	2,371,377
COMPANY				
Revenue	63,684,756	64,062,308	52,614,495	48,608,571
Gross written premium	41,271,573	43,231,011	39,421,293	33,794,347
Net earned premium	37,024,021	38,396,825	34,206,458	29,772,061
Net benefit and claims	(22,131,899)	(20,185,417)	(15,772,297)	(16,623,696)
Change in contract liabilities – Life-fund	(11,017,756)	(18,849,187)	(16,118,705)	(11,659,844)
Investment and other income	26,660,735	25,665,483	18,408,038	18,836,510
Underwriting and net acquisition cost	(3,301,835)	(3,220,308)	(2,996,793)	(2,986,189)
Other operating and administrative expenses	(14,757,116)	(10,081,963)	(9,754,918)	(9,133,838)
Profit before tax	12,476,150	11,725,433	7,971,782	8,205,004
Income tax expense	(1,930,343)	(1,684,297)	(2,183,249)	(1,176,052)
Net profit for the year	10,545,807	10,041,136	5,788,533	7,028,955

Ten Year Summary Statement of Income

2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000	2013 Rs. '000
18,532,092	18,920,562	15,720,793	14,049,933	12,544,828	12,953,151
(2,989,790)	(4,542,029)	(2,556,737)	(2,427,362)	(2,709,017)	(3,129,667)
(450,954)	(726,188)	(830,098)	(1,536,333)	(15,662)	(318,509)
15,091,348	13,652,345	12,333,958	10,086,238	9,820,149	9,504,974
(10,028,386)	(9,127,011)	(8,605,127)	(6,628,963)	(6,205,796)	(4,934,074)
(661,317)	(636,080)	(634,481)	(345,480)	(485,323)	(500,629)
(4,173,489)	(3,502,864)	(3,181,514)	(2,532,021)	(3,492,049)	(2,851,002)
4,168,839	2,189,129	9,322,418	2,472,765	2,224,732	2,516,799
4,396,994	2,575,519	9,235,252	3,052,539	1,861,713	3,736,068
(840,326)	(391,642)	(308,911)	(538,488)	(217,101)	(803,033)
3,556,668	2,183,878	8,926,341	2,514,051	1,644,612	2,933,035
13,205,802	12,517,120	11,893,640	10,470,079	8,121,159	8,397,718
12,913,268	12,285,325	11,679,336	10,307,236	7,984,758	8,300,082
12,278,853	11,272,939	8,772,049	8,290,528	9,272,341	7,658,997
(7,726,263)	(6,899,558)	(5,871,667)	(6,304,646)	(5,733,524)	(4,870,410)
(1,836,556)	(1,688,772)	(1,560,526)	(1,240,955)	(1,127,919)	(1,053,299)
(4,721,492)	(3,981,540)	(3,265,087)	(2,443,684)	(2,507,814)	(2,307,020)
(8,154,201)	(7,673,707)	(5,198,390)	(6,840,241)	(5,376,416)	(5,109,549)
2,753,606	3,314,688	4,555,715	1,768,238	2,511,426	2,618,801
(1,065,480)	(929,414)	(740,739)	(842,932)	(899,025)	(897,006)
1,688,126	2,385,274	3,814,976	925,306	1,612,400	1,721,795
44,379,869	39,399,737	42,107,761	31,156,766	29,301,980	27,890,852
31,737,894	31,437,682	27,614,433	24,520,012	20,665,985	21,350,869
28,004,616	25,937,670	24,013,294	20,393,474	17,804,905	17,805,056
(17,754,649)	(16,026,569)	(14,476,794)	(12,933,609)	(11,939,320)	(9,804,484)
(8,154,201)	(7,673,707)	(5,198,390)	(6,840,241)	(5,376,416)	(5,109,549)
16,375,253	13,462,067	18,094,467	10,763,292	11,497,075	10,175,797
(2,497,873)	(2,324,852)	(2,195,008)	(1,586,435)	(1,613,242)	(1,553,928)
(8,822,546)	(7,484,404)	(6,446,601)	(4,975,705)	(5,999,863)	(5,158,022)
7,150,600	5,890,205	13,790,968	4,820,776	4,373,139	6,354,870
(1,905,805)	(1,321,055)	(1,049,651)	(1,381,420)	(1,116,126)	(1,700,039)
5,244,795	4,569,150	12,741,317	3,439,356	3,257,013	4,654,831

Ten Year Summary Balance Sheet – Group

	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000
ASSETS				
Property, plant and equipment	75,426,802	65,391,507	56,752,233	52,346,702
Investments	218,373,796	200,945,951	173,678,452	164,880,936
Other assets	46,743,506	59,536,732	59,286,109	47,550,609
Total assets	340,544,104	325,874,190	289,716,794	264,778,247
EQUITY AND LIABILITIES				
Share capital	6,000,000	6,000,000	6,000,000	6,000,000
Capital reserve	22,972,908	18,414,228	13,112,599	13,058,735
Regulatory restricted reserves	98,237	98,237	98,237	98,237
General reserve	643,442	643,442	643,442	643,442
Available-for-sale reserve	(246,970)	6,008,859	5,704,652	9,472,363
Revenue reserve	72,929,545	65,073,169	58,671,046	53,068,008
Non-controlling interest	12,897,579	9,125,663	8,985,168	8,767,718
Total capital and reserves	115,294,741	105,363,599	93,215,144	91,108,503
LIABILITIES				
Insurance contract liabilities – Life	159,769,323	155,788,928	137,129,036	119,167,865
Insurance contract liabilities – Non-life	21,689,853	20,879,547	18,866,402	16,648,028
Other liabilities	43,790,187	43,842,117	40,506,213	37,853,852
Total liabilities	225,249,363	220,510,591	196,501,651	173,669,744
Total equity and liabilities	340,544,104	325,874,190	289,716,794	264,778,247

Ten Year Summary Balance Sheet – Group

2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000	2013 Rs. '000
52,381,971	49,598,222	44,033,232	38,265,273	35,754,938	32,337,013
152,975,185	147,069,847	132,453,391	133,912,388	119,156,967	94,771,272
38,431,876	35,114,339	37,311,013	34,308,328	40,171,009	45,113,975
243,789,031	231,782,408	213,797,636	206,485,989	195,082,914	172,222,260
6,000,000	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	8,752,045
98,237	98,237	-	-	-	-
643,442	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	15,364,711
49,970,064	44,600,992	39,514,579	44,611,274	37,499,812	32,635,520
8,226,474	8,077,450	7,961,626	7,509,450	7,246,077	7,054,574
88,314,502	86,090,443	86,798,241	89,678,691	86,596,534	70,450,292
108,005,959	101,671,180	90,010,165	80,650,581	77,254,496	69,079,061
17,806,430	17,128,395	16,517,151	14,916,652	13,195,783	13,288,956
29,662,140	26,892,390	20,472,078	21,240,065	18,036,101	19,403,951
155,474,529	145,691,965	126,999,395	116,807,298	108,486,380	101,771,968
243,789,031	231,782,408	213,797,636	206,485,989	195,082,914	172,222,260

Ten Year Summary

Balance Sheet – Company

	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000
NON LIFE					
ASSETS					
Property, Plant and Equipment	12,667,642	12,639,695	10,781,351	10,985,571	11,075,190
Investments	56,422,739	55,176,583	51,492,092	50,817,353	50,194,451
Other assets	16,732,667	16,376,469	14,127,105	9,622,380	9,584,542
Total assets	85,823,048	84,192,747	76,400,548	71,425,304	70,854,183
EQUITY AND LIABILITIES					
Equity					
Share capital	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Capital reserve	8,444,617	9,203,609	7,301,747	7,296,794	8,291,124
Revenue/other reserves	39,844,165	38,279,454	33,899,514	32,900,723	31,289,889
Total equity	54,288,782	53,483,063	47,201,261	46,197,517	45,581,013
Liabilities					
Insurance contract liabilities – Non-life	21,689,853	20,879,547	18,866,402	16,648,028	17,806,430
Other liabilities	9,844,413	9,830,137	10,332,885	8,579,759	7,466,740
Total liabilities	31,534,266	30,709,684	29,199,287	25,227,787	25,273,170
Total equity and liabilities	85,823,048	84,192,747	76,400,548	71,425,304	70,854,183
LONG TERM					
ASSETS					
Property, plant and equipment	95,450	97,939	86,004	88,364	90,724
Investments	177,959,244	163,850,792	139,910,761	132,412,578	121,200,379
Other assets	10,701,083	20,666,367	20,054,747	8,380,566	7,126,908
Total assets	188,755,777	184,615,098	160,051,512	140,881,508	128,418,011
EQUITY AND LIABILITIES					
Equity					
Capital reserve	71,673	71,673	57,378	57,378	57,378
Revenue/other reserves	22,193,616	21,740,200	15,970,387	16,125,602	15,552,996
Total equity	22,265,289	21,811,873	16,027,765	16,182,980	15,610,374
LIABILITIES					
Insurance contract liabilities – Life	159,769,323	155,788,928	137,129,036	119,167,865	108,005,959
Other liabilities	6,721,166	7,014,297	6,894,711	5,530,663	4,801,678
Total liabilities	166,490,488	162,803,225	144,023,747	124,698,528	112,807,637
Total equity and liabilities	188,755,777	184,615,098	160,051,512	140,881,508	128,418,011

Ten Year Summary Balance Sheet – Company

2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000	2013 Rs. '000
10,072,272	10,187,556	8,070,735	8,543,067	8,209,893
51,222,698	47,386,662	48,020,073	44,903,556	37,363,745
7,860,467	9,929,691	8,551,152	9,848,360	12,169,388
69,155,437	67,503,909	64,641,960	63,294,983	57,743,026
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
7,633,144	8,115,786	5,822,625	5,805,655	5,370,974
31,466,484	32,487,296	32,758,403	33,891,594	27,538,651
45,099,628	46,603,082	44,581,028	45,697,249	38,909,625
17,128,395	16,517,151	14,916,652	13,195,783	13,288,956
6,927,414	4,383,676	5,144,280	4,401,951	5,544,445
24,055,809	20,900,827	20,060,932	17,597,734	18,833,401
69,155,437	67,503,909	64,641,960	63,294,983	57,743,026
66,048	61,343	41,658	42,172	55,969
114,714,700	104,129,909	96,996,254	92,914,464	75,100,934
6,958,990	5,333,967	6,055,405	6,140,882	11,039,795
121,739,738	109,525,219	103,093,317	99,097,518	86,196,698
31,128	43,296	27,877	27,877	40,892
16,005,085	16,382,071	19,175,713	18,598,687	14,332,153
16,036,213	16,425,367	19,203,590	18,626,564	14,373,045
101,671,181	90,010,165	80,650,581	77,254,496	69,079,061
4,032,344	3,089,687	3,239,146	3,216,458	2,744,592
105,703,525	93,099,852	83,889,727	80,470,954	71,823,653
121,739,738	109,525,219	103,093,317	99,097,518	86,196,698

Ten Year Summary Balance Sheet – Company

	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000
COMPANY					
ASSETS					
Property, plant and equipment	12,763,092	12,737,635	10,867,358	11,073,931	11,165,910
Investments	234,274,480	218,919,871	191,295,350	183,122,430	171,287,329
Other assets	27,411,328	36,778,463	33,467,642	17,503,383	16,205,038
Total assets	274,448,900	268,435,968	235,630,350	211,699,744	198,658,277
EQUITY AND LIABILITIES					
Equity					
Share capital	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Capital reserve	8,516,289	9,275,282	7,359,125	7,354,173	8,348,502
Revenue/other reserves	61,930,278	59,912,151	49,762,399	48,918,824	46,735,383
Total equity	76,446,567	75,187,433	63,121,524	62,272,997	61,083,885
LIABILITIES					
Insurance contract liabilities – Life	159,769,323	155,788,928	137,129,036	119,167,865	108,005,959
Insurance contract liabilities – Non-life	21,689,853	20,879,547	18,866,402	16,648,028	17,806,429
Other liabilities	16,543,157	16,580,061	16,513,388	13,610,854	11,762,004
Total liabilities	198,002,333	193,248,535	172,508,826	149,426,747	137,574,392
Total equity and liabilities	274,448,900	268,435,968	235,630,350	211,699,744	198,658,277

Ten Year Summary Balance Sheet – Company

2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000	2013 Rs. '000
10,138,320	10,248,900	8,112,393	8,585,240	8,265,863
165,829,896	151,409,066	144,908,826	137,710,517	112,357,176
14,575,233	15,144,599	13,926,245	15,896,611	22,933,571
190,543,449	176,802,565	166,947,464	162,192,368	143,556,610
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
7,762,509	8,159,082	5,850,502	5,971,570	5,411,866
47,265,831	48,761,861	51,826,612	52,244,740	41,763,298
61,028,340	62,920,943	63,677,114	64,216,310	53,175,164
101,671,180	90,010,165	80,650,581	77,242,496	69,079,061
17,128,394	16,517,151	14,916,652	13,195,783	13,288,956
10,715,535	7,354,306	7,703,117	7,537,779	8,013,429
129,515,109	113,881,622	103,270,350	97,976,058	90,381,446
190,543,449	176,802,565	166,947,464	162,192,368	143,556,610

Branch Network

No	Regional Office (Branch)	#	Branch Code	Branch	Address	Province	Telephone Number		Fax	
		1	92	Kandy Main	No. 25, Hill Street, Kandy.	CP	081-2234296	081-2234954	081-2228172	081-2201685
		2	52	Digana	No. 42, Gonawala Road, Digana, Rajawella.	CP	081-5630744	081-2376814	N/A	081-2376814
		3	62	Gampola	No. 176/A, Kandy Road, Gampola.	CP	081-2351709	081-5675128	N/A	081-2351709
		4	93	Kandy City	No. 6, Wadugodapitiya Road, Kandy.	CP	081-2224246	N/A	N/A	037-2299861
		5	96	Katugasthota	No. 431, Katugastota Road, Kandy.	CP	081-2229938	N/A	N/A	081-2229938
		6	98	Kegalle	No. 389, Kandy Rd, Kegalle.	SG	035-2222531	035-2222531	N/A	035-2222531
		7	124	Matale	No. 134, Dharmapala Mw, Matale.	CP	066-2233989	066-2224735	066-5671653	066-2222417
		8	127	Mawanella	No. 238/1/1, Kandy Road, Mawanella.	SG	035-2249335	035-5672981	N/A	035-2249335
1	Central	9	128	Mawathagama	No. 54/A, 1st Floor, Mawathagama.	NW	037-2299861	N/A	N/A	037-2299861
		10	141	Nawalapitiya	No. 79, Kothmale Road, Nawalapitiya.	CP	054-2222019	N/A	N/A	054-2222019
		11	157	Pilimathalawa	No. 211/C, Colombo Road, Pilimathalawa.	CP	081-5630070	081-2575444	N/A	081-2575444
		12	171	Rikillagaskada	No. 68, Ragala Road, Rikillagaskada.	CP	081-2365279	081-5674793	N/A	081-2365279
		13	11	Aranayaka – ABDC	No. 839C, Dippitiya, Aranayaka.	CP	035-2249335	N/A	N/A	N/A
		14	28	Bulathkohupitiya – ABDC	No. 63/4, Avissawella Road, Bulathkohupitiya.	CP	035-2222531	N/A	N/A	N/A
		15	57	Galagedara – ABDC	No.125/2, Rambukkana Road, Galagedara.	CP	081-2234954	N/A	N/A	N/A
		16	155	Peradeniya - ABDC	No. 159, Colombo Road, Peradeniya.	CP	081-2229938	N/A	N/A	N/A
		17	24	Batticaloa	No. 64/1, Bar Road, Batticaloa.	EP	065-2224470	N/A	N/A	065-2222331
		18	1	Akkaraipattu	No. 143, Main Street, Akkaraipattu.	EP	067-2279627	N/A	N/A	065-2222331
		19	88	Kalmunai	No. 152/90, 1/1, Batticaloa Road, Kalmunai.	EP	067-2229912	067-5670168	N/A	067-2229912
2	Eastern	20	94	Kanthale	No. 62/P, Main Street, Kantale.	EP	026-2234043	N/A	N/A	026-2234043
		21	180	Trincomalee	No. 46, Main Street, Trincomalee.	EP	026-2222434	026-5675025	N/A	026-2223123
		22	87	Kaluwanchikudy – ABDC	Main Street, Kaluwanchikudy.	EP	067-2229912	N/A	N/A	N/A
		23	163	Pothuwil – ABDC	Main Street, Pothuwil.	EP	067-2279627	N/A	N/A	N/A

Branch Network

No	Regional Office (Branch)	#	Branch Code	Branch	Address	Province	Telephone Number			Fax
		24	81	Jaffna	1st Floor, Pizza Hut Building, Jaffna.	NP	021-2222023	N/A	N/A	021-2224526
		25	29	Chankanai	No. 45, Ponnalai Road, Main Street , Chankanai.	NP	021-2250462	021-2250463	N/A	021-2250463
		26	30	Chavakachcheri	A9 Road, Chavakachcheri.	NP	021-2270711	N/A	N/A	021-2270711
		27	102	Kilinochchi	No. 31, A-09 Road, Karadippokku, Kilinochchi.	NP	021-2280031	N/A	N/A	021-2280032
3	Northern	28	122	Mannar	Station Road, Mannar.	NP	023-2223236	N/A	N/A	023-2223235
		29	139	Mullaitivu	Main Street, Mullaitivu.	NP	021-2290089	N/A	N/A	021-2290089
		30	143	Nelliady	Main Street, Opposite Peoples Bank, Nelliady.	NP	021-2264686	N/A	N/A	021-2264686
		31	186	Vavuniya	No. 119/1, Kandy Road, Vavuniya.	NP	024-2222380	024-5670021	N/A	024-2222380
		32	32	Chunnakam – ABDC	No. 122, KKS Road, Chunnakam.	NP	021-2250462	N/A	N/A	N/A
		33	121	Mallavi – ABDC	Thunukkai Road, Anichiyam Kulam, Mallavi.	NP	021-2290089	N/A	N/A	N/A
		34	9	Anuradhapura	No. 61, Main Street, 2nd Lane, Anuradhapura.	NC	025-2222167	025-5673819	N/A	025-2235258
		35	10	Aralaganwila	No. 208/14, New Town , Aralaganwila.	NC	027-2050830	N/A	N/A	027-2050830
		36	18	Bakamuna	No. 10, Samupakara Mw, Bakamuna.	NC	066-2256550	N/A	N/A	066-2256550
		37	45	Dehiattakandiya	No. 256, Garment Area, Dehiattakandiya.	EP	027-2250318	N/A	N/A	027-2250318
		38	72	Hingurakgoda	No. 31, Main Street, Hingurakgoda.	NC	027-2246345	027-2246295	N/A	027-2246345
		39	76	Horowpathana	Rest House Junction, Horowpathana.	NC	025-2278600	N/A	N/A	025-2278600
4	North Central	40	83	Kaduruwela	No. 25, Batticaloa Road, Polonnaruwa.	NC	027-2222954	027-5672041	N/A	027-2222954
		41	100	Kekirawa	No. 81, Thalawa Road, Kekirawa.	NC	025-2264573	025-5673430	N/A	025-2264573
		42	129	Medawachchiya	Infront of Hospital, Medawachchiya	NC	074-1967978	077-7325443	N/A	N/A
		43	149	Padavi Parakramapura	Infront of School, Padavi Parakramapura.	NC	025-2254115	N/A	N/A	025-2254115
		44	66	Habarana -ABDC	Main Street, Dambulla Road, Habarana.	NC	027-2246345	N/A	N/A	N/A
		45	116	Mahaoya -ABDC	Block B, Wijethunga Building, Mahaoya.	EP	027-2050830	N/A	N/A	N/A
		46	130	Medirigiriya -ABDC	Fair Road, Medirigiriya.	NC	027-3125370	N/A	N/A	N/A

Branch Network

No	Regional Office (Branch)	#	Branch Code	Branch	Address	Province	Telephone Number	Fax
		47	61	Gampaha	No. 116, Baudhaloka Mw, Gampaha	WP	033-2224710 033-2222676	033-5675786 033-2222676
		48	80	Ja-Ela	No. 205/1/1, Negombo Road, Ja-Ela.	WP	011-2233169 011-5639270	N/A 011-2233169
		49	91	Kandana	No. 54, Negombo Road, Kandana.	WP	011-2228848 011-5649536	N/A 011-2228848
		50	107	Kochchikade	No. 18/1/4, Negombo Road, Kochchikade.	WP	031-2274626 031-5677135	N/A 031-2274626
		51	123	Marawila	No. 83A, Negombo Road, Marawila	WP	032-2254297 032-5672090	N/A 032-2254297
		52	133	Minuwangoda	No. 21/B, M P De Z Siriwardane Mw, Minuwangoda.	WP	011-2280870 011-5667822	N/A 011-2280870
		53	142	Negombo	No. 20, Rajapaksha Broadway, Negombo.	WP	031-2231374 031-2235235	031-2224426 031-2233498
		54	146	Nittambuwa	New Super Market Complex, Nittambuwa.	WP	033-2289709 033-5671351	N/A 033-2289709
		55	187	Veyangoda	No. 166, Negombo Road, Veyangoda.	WP	033-2288027 033-5676037	N/A 033-2288027
		56	197	Wennappuwa	No. 236/3/A, Main Street, Wennappuwa.	NW	031-2253319 031-5672447	N/A 031-2253319
		57	198	Yakkala	No. 39/C/1, Kandy Road, Yakkala.	WP	033-2225522	N/A N/A 033-2225522
5	Upper Western	58	44	Dankotuwa – ABDC	No. 96/1, Pannala Road, Dankotuwa.	WP	031-2274626	N/A N/A N/A
		59	53	Divulapitiya – ABDC	No. 11, Circular Road, In front of Bodjiya, Divulapitiya	WP	031-5674774	N/A N/A N/A
		60	63	Ganemulla – ABDC	No. 187/A/8, Main Street, Ganemulla.	WP	033-5621208	N/A N/A
		61	104	Kirillawala – ABDC	No. 325/B, Webada, Kokiskade Junction, Kirillawala.	WP	033-2225522	N/A N/A N/A
		62	105	Kirindiwela – ABDC	No. 27/8/1, Colombo Road, Kirindiwela.	WP	033-5621192	N/A N/A N/A
		63	115	Mahabage – ABDC	No. 562, 1st Floor, Negombo Road, Mahabage. Ragama	WP	011-2228848	N/A N/A N/A
		64	134	Mirigama – ABDC	Opposite Police Station, Mirigama.	WP	033-2273441	N/A N/A N/A
		65	164	Pugoda – ABDC	No. 40/1, Kospitiyana, Pugoda.	WP	033-5621223	N/A N/A N/A
		66	182	Udugampola – ABDC	No. 13/14, Supper Market, Minuwangoda Road, Udugampola.	WP	011-2280870	N/A N/A N/A
		67	184	Urapola – ABDC	No. 269/A, Hanwella Road, Urapola.	WP	033-2289709	N/A N/A N/A
		68	194	Weliweriya – ABDC	No. 480/46/1, Palliyawatta, Weliweriya.	WP	033-2224710	N/A N/A N/A

Branch Network

No	Regional Office (Branch)	#	Branch Code	Branch	Address	Province	Telephone Number		Fax	
		69	169	Ratnapura	No. 284/1, Main Street , Rathnapura.	SG	045-2222433	045-5674250	N/A	045-2231517
		70	14	Avissawella General	No. 77, Ratnapura Road, Avissawella.	WP	036-2222311	036-5672324	N/A	036-2222311
		71	13	Avissawella Life	No. 31, Kudagama Road, Avissawella.	WP	036-2239201	N/A	N/A	036-2239201
		72	19	Balangoda	No. 115/A, Bans Ratwatte Mw, Balangoda.	SG	045-2287670	045-5678445	N/A	045-2287670
		73	54	Eheliyagoda	No. 344, Main Street , Eheliyagoda.	SG	036-2259014	N/A	N/A	036-2259014
		74	56	Embilipitiya	No. 67, Pallegama, Embilipitiya.	SG	047-2230389	047-5672205	N/A	047-2230389
6	Ratnapura	75	85	Kahawatta	No. 46/1A, Walawwatte Road, Kahawatta.	SG	045-2270160	045-5674248	N/A	045-2270160
		76	86	Kalawana	No. 56, Sampath Bank Building, Matugama Road, Kalawana.	SG	045-2255930	N/A	N/A	045-2255930
		77	151	Pallebedda	No. 151/1, Main Street , Pallebedda.	SG	045-2241717	N/A	N/A	045-2241717
		78	172	Ruwanwella	No. 197, Avissawella Road, Ruwanwella.	SG	036-2267737	N/A	N/A	036-2267737
		79	49	Deraniyagala – ABDC	No. 38, Noori Road, Deraniyagala South.	SG	036-2222311	N/A	N/A	N/A
		80	69	Hanwella – ABDC	No. 133D, Main Street, Hanwella.	WP	036-2239201	N/A	N/A	N/A
		81	60	Galle	No. 50A, Havelock Place, Galle.	SP	091-2234531	091-2224029	091-5676528	091-2241981
		82	4	Aluthgama	No. 433, 1st Floor , Wickramaratne Building, Depot Junction, Aluthgama.	WP	034-2276409	034-5674655	N/A	034-2276409
		83	5	Ambalangoda	No. 97, New Road, , Ambalangoda.	SP	091-2258339	091-5678298	N/A	091-2255855
		84	15	Baddegama	No. 60/1/1, Galle Road, Baddegama.	SP	091-2292303	091-5624502	N/A	091-2292303
		85	21	Bandaragama	No. 72, Jayakody Building, Horana Road, Bandaraagama.	WP	038-2293940	N/A	N/A	038-2293940
7	Sothorn 01	86	55	Elpitiya	No.18/12, 1/1, New Road , Elpitiya.	SP	091-2291365	091-5673672	N/A	091-2291365
		87	75	Horana	No. 50/09/C, Graceland Circular Road, Horana.	WP	034-2261351	034-5674512	N/A	034-2261351
		88	89	Kalutara	No. 326/2, Photofine Building , Kalutara.	WP	034-2222474	034-5674535	034-2236616	034-2228696
		89	126	Mathugama	No. 79/1/1, Kalutara Road , Matugama.	WP	034-2247510	034-5674654	N/A	034-2247510
		90	152	Panadura	No. 534, Galle Road , Panadura.	WP	038-2234736	038-5671547	N/A	038-2234736
		91	176	Thalgaswala	New Town, Thalgaswala.	SP	091-2296268	N/A	N/A	091-2296344

Branch Network

No	Regional Office (Branch)	#	Branch Code	Branch	Address	Province	Telephone Number		Fax	
7	Sothorn 01	92	181	Udugama	Prasans New Building , Mavi Dola, Bar Junction. Udugama.	SP	091-5674987	091-5674987	N/A	091-2285097
		93	17	Baduraliya – ABDC	1st Floor, Baduraliya.	WP	034-2247510	N/A	N/A	N/A
		94	65	Habaraduwa – ABDC	Near the Petrol Shed, Habaraduwa.	SP	091-2282605	N/A	N/A	091-2282605
		95	95	Karapitiya – ABDC	Hirimbura Road, Karapitiya.	SP	091-5620286	N/A	N/A	N/A
		96	160	Pitigala – ABDC	No. 25, Thotupala Para, Pitigala.	SP	091-2296268	N/A	N/A	N/A
		97	178	Thanipolgaha – ABDC	No. 45, H K Edman Mw, Thanipolgaha.	SP	091-2227041	N/A	N/A	N/A
		98	183	Uragaha – ABDC	Opposite of Filling Station, Kelin Weediya. Uragasmanhandiya.	SP	091-2291365	N/A	N/A	N/A
		99	125	Matara	No. 5A, Hakmana Road, Matara.	SP	041-2227962	041-2222352	N/A	041-2221472
		100	2	Akuressa	No. 49/ 1/2, Matara Road, Akuressa.	SP	041-2283590	041-5674482	N/A	041-2283590
		101	6	Ambalantota	No. 195, Main Street, Ambalantota.	SP	047-2223235	047-5670906	N/A	047-2223235
8	Southern 02	102	25	Beliatta	No. 74, Tangalla Road, Beliatta.	SP	047-2243211	047-5670908	N/A	047-2243211
		103	48	Deniyaya	No. 6, 1st Floor, Pallegama Road, Deniyaya.	SP	041-2273565	041-5674483	N/A	041-2273565
		104	51	Dikwella	No. 95, Matara Road, Dikwella.	SP	041-2255630	041-5674476	N/A	041-2255630
		105	67	Hakmana	New Pradesheeya Saba Building, Matara Road, Hakmana.	SP	041-5670600	N/A	N/A	041-2287616
		106	68	Hambantota	No. 59, Main Street, Hambantota.	SP	047-2222572	N/A	N/A	047-2222571
		107	144	Neluwa	2nd Floor, Delwala, Neluwa.	SP	091-2285140	N/A	N/A	091-2285140
		108	175	Tangalle	No. 85, Beliatta Road, Thangalla.	SP	047-2242514	047-5676144	N/A	047-2242514
		109	179	Tissamaharama	No. 211B, Kachcheriyagama, Tissamaharama.	SP	047-2237152	047-5670905	N/A	047-2237152
		110	192	Weligama	No. 352/2, Matara Road, Weligama.	SP	041-2250647	041-5673167	N/A	041-2250647
		111	50	Deyyandara – ABDC	Kalugala Watta, Deyyandara.	SP	041-5670600	N/A	N/A	N/A
		112	78	Imaduwa – ABDC	New Shopping Complex, Imaduwa.	SP	091-5678781	N/A	N/A	N/A
		113	90	Kamburupitiya – ABDC	No.154A/1, Matara Road, Kamburupitiya.	SP	041-5670291	N/A	N/A	N/A
		114	99	Kekanadura – ABDC	No. 9, Ratmale Road, Kekanadura.	SP	041-2227962	N/A	N/A	N/A
		115	132	Middeniya – ABDC	Walasmulla Road, Middeniya.	SP	047-5670437	N/A	N/A	N/A

Branch Network

No	Regional Office (Branch)	#	Branch Code	Branch	Address	Province	Telephone Number		Fax	
8	Southern 02	116	138	Morawaka – ABDC	Commercial Bank Building, Morawaka.	SP	041-2273565	N/A	N/A	N/A
		117	174	Suriyawewa – ABDC	1st Floor, Hambantota Road, Suriyawewa.	SP	047-2222572	N/A	N/A	N/A
		118	185	Urubokka – ABDC	2nd Floor, Shopping Complex, Main Street, Urubokka.	SP	041-5670420	N/A	N/A	N/A
		119	188	Walasmulla – ABDC	No. 43, Beliatta Road, Walasmulla.	SP	047-2243211	N/A	N/A	N/A
9	Wayamba 01	120	113	Kurunegala Main	No. 16/1, Dambulla Road, Kurunegala.	NW	037-2222376	037-2227433	N/A	037-2224053
		121	64	Giriulla	No. 101, Negombo Road, Giriulla.	NW	037-2288304	037-5673405	N/A	037-2288304
		122	111	Kuliyapitiya	No. 74/A, Hettipola Road, Kuliyapitiya.	NW	037-2281304	037-5673401	N/A	037-2281304
		123	112	Kurunegala City	No. 111/2, Rajapihilla Road, Kurunegala.	NW	037-2234176	N/A	N/A	037-2234176
		124	131	Melsiripura	No. 197/1, Dambulla Road, Melsiripura.	NW	037-2250459	N/A	N/A	037-2250459
		125	140	Narammala	No. 159/A, U B Wijekoon Mawatha .Narammala.	NW	037-2248920	N/A	N/A	037-2248920
		126	161	Polgahawela	No. 130, Godawela, Polgahawela.	NW	037-2244040	N/A	N/A	037-2244040
		127	167	Rambukkana	No. 6, Thomas Silva Mw, Rambukkana.	SG	035-2262708	N/A	N/A	035-2262708
		128	170	Rideegama	No. 107A, 1st Floor, Keppetigala Road, Rideegama.	NW	037-2251399	N/A	N/A	0 37-2251399
		129	189	Warakapola	No. 459, Main Street, Warakapola.	SG	035-2267747	035-5671938	N/A	035-2267747
		130	3	Alawwa -ABDC	No. 9, Narammala Road, Alawwa.	NW	037-2222376	N/A	N/A	N/A
		131	71	Hettipola -ABDC	No. 112, Kurunegala Road, Hettipola.	NW	037-2281304	037-5673401	N/A	N/A
		132	77	Ibbagamuwa – ABDC	No. 6, Dambulla Road, Ibbagamuwa.	NW	037-2222376	N/A	N/A	N/A
		133	97	Katupotha – ABDC	Munamaldeniya, Katupotha.	NW	037-2248920	N/A	N/A	N/A
		134	153	Pannala – ABDC	No. 38C, Rajapaksha Building, Pannala.	NW	037-2245100	N/A	N/A	N/A
135	162	Polpithigama – ABDC	Kudawewa Junction, Polpithigama.	NW	037-2250459	N/A	N/A	N/A		

Branch Network

No	Regional Office (Branch)	#	Branch Code	Branch	Address	Province	Telephone Number		Fax
		136	190	Wariyapola	No. 70, Kurunegala Road, Wariyapola.	NW	037-2267451 037-5673407	N/A	037-2267451
		137	8	Anamaduwa	No. 70, Puttalam Road, Anamaduwa.	NW	032-2263033 032-5675227	N/A	032-2263033
		138	31	Chilaw	No. 431/1, Kurunegala Road, Chilaw.	NW	032-2222371 032-5671749	N/A	032-2222371
		139	43	Dambulla	No. 642, Anuradhapura Road, Dambulla.	CP	066-2284616 066-5671624	N/A	066-2284616
		140	58	Galewela	No. 59-A, Kurunegala Road, Galewela.	CP	066-2289285 066-5671651	N/A	066-2289285
10	Wayamba 02	141	59	Galgamuwa	No. 121, Anuradhapura Road, Galgamuwa.	NW	037-2254141 037-5673406	N/A	037-2254141
		142	119	Maho	Infront of Town Hall, Maho.	NW	037-2050226	N/A	037-2050226
		143	145	Nikaweratiya	No. 196, Puttalam Road, Nikaweratiya.	NW	037-2260279 037-5673441	N/A	037-2260279
		144	165	Puttalam	No. 80, Kurunegala Road, Puttalam.	NW	032-2265324 032-5672749	N/A	032-2265324
		145	177	Thambuttegama	No. 164, Kurunegala Road, Thambuttegama.	NC	025-2275088	N/A	025-2275088
		146	73	Hiripitiya -ABDC	Dayarathna Shopping Complex, Kurunegala Road, Hiripitiya.	NW	037-2267451	N/A	N/A
		147	147	Nugegoda	No. 310A, High Level Road, Colombo-6.	WP	011-2817739 011-2826364	N/A	011-2826365
		148	23	Battaramulla	No. 119, Pannipitiya Road, Battaramulla.	WP	011-2866357 011-5634629	N/A	011-2866357
		149	35	City Office	No. 288, Union Place, Colombo 2.	WP	011-2357562 011-2303914	011-5677136	011-2303914
		150	46	Dehiwala	No. 121/1/1, Ramanayake Automobile, Galle Road, Dehiwala.	WP	011-2713702 011-5744962	N/A	011-2713702
11	Western 01	151	106	Kirulapone	No. 88/1/1, 1st Floor, High Level Road, Kirulapone.	WP	011-2514348 011-5649541	N/A	011-2514348
		152	137	Moratuwa	No. 710, Gall Road, Idama, Moratuwa.	WP	011-2648581 011-5644634	N/A	011-5554451
		153	159	Pitakotte	No. 463, Kotte Road , Pita Kotte.	WP	011-2866755	N/A	011-2866755
		154	168	Ratmalana	No. 143/2/4, Mount City, Galle Road, Ratmalana.	WP	011-5635475 011-2715992	N/A	011-2715982
		155	114	Lanka Hospital Counter	No. 578, Elvitigala Mw, Colombo 5.	WP	011-2357562 011-2303914	011-5677136	011-2303914
		156	136	Moratumulla – ABDC	No. 50D, Molpe Road, Molpe, Moratumulla.	WP	011-2648581	N/A	N/A

Branch Network

No	Regional Office (Branch)	#	Branch Code	Branch	Address	Province	Telephone Number		Fax	
		157	103	Kiribathgoda	No.101/1, Kandy Road, Kiribathgoda.	WP	011-2912776	011-5635483	N/A	011-2912742
		158	36	Colombo Metro 1	125, Kynsey Road, Colombo 07	WP	011-2692118	077-2663971	N/A	N/A
		159	39	Colombo Metro 2	125, Kynsey Road, Colombo 07	WP	011-2692118	077-2663975	N/A	N/A
		160	40	Colombo Metro 3	125, Kynsey Road, Colombo 07	WP	011-2692118	077-2663975	N/A	N/A
		161	41	Colombo Metro 4	125, Kynsey Road, Colombo 07	WP	011-2692118	N/A	N/A	N/A
12	Western 02	162	42	Colombo Metro 6	125, Kynsey Road, Colombo 07	WP	011-2692118	077-2663973	N/A	N/A
		163	37	Colombo Metro 10	125, Kynsey Road, Colombo 07	WP	011-2692118	077-2015890	N/A	N/A
		164	38	Colombo Metro 11	125, Kynsey Road, Colombo 07	WP	011-2692118	077-2663975	N/A	N/A
		165	82	Kadawatha	No. 151/5, Kandy Road, Kadawatha.	WP	011-2921567	N/A	N/A	011-2921567
		166	47	Delgoda – ABDC	No. 328C, New Kandy Road, Delgoda.	WP	011-2921567	N/A	N/A	N/A
		167	101	Kelaniya – ABDC	No. 608A, Kandy Road, Bulugaha Junction, Kelaniya.	WP	011-2912776	N/A	N/A	N/A
		168	117	Maharagama	No. 128, Opposite Elhena Road, High Level Road, Maharagama.	WP	011-2843563	011-5635465	N/A	011-2843010
		169	12	Athurugiriya	No. 70/15C, Main Street, Athurugiriya.	WP	011-2077868	N/A	N/A	011-2077868
		170	74	Homagama	No. 64, High Level Road, Homagama.	WP	011-2893426	011-5634670	N/A	011-2893200
		171	79	Ingiriya	Padukka Road, Ingiriya.	WP	034-2268270	N/A	N/A	034-2268270
13	Western 03	172	84	Kaduwela	No. 482/8, Colombo Road, Kaduwela.	WP	011-2579976	011-5628269	N/A	011-2579976
		173	110	Kottawa	No. 129/10, High Level Road, Kottawa, Pannipitiya.	WP	011-2172273	N/A	N/A	011-2172273
		174	120	Malambe	No. 821/3C, New Kandy Road, Malambe.	WP	011-2762312	011-5651612	N/A	011-2762312
		175	158	Piliyandala	No. 34, Vidyala Mw, Piliyandala.	WP	011-2613976	N/A	N/A	011-2613976
		176	150	Padukka – ABDC	No. 56F, Colombo Rd, Padukka	WP	011-2579976	N/A	N/A	N/A

Branch Network

No	Regional Office (Branch)	#	Branch Code	Branch	Address	Province	Telephone Number			Fax
14	Western 04	177	20	Bambalapitiya	No. 22, Duplication Road, Colombo 04.	WP	011-5632790	011-5673296	N/A	011-5332427
		178	27	Borella	No. 27, D S Senanayaka Mw, Colombo 8.	WP	011-2678480	N/A	N/A	011-2678480
		179	108	Kotahena	No. 178, Gold Tower, George R De Silva Mw, Colombo 13.	WP	011-5673345	011-2335254	N/A	011-2335254
		180	109	Kotikawatta	No. 257/7/31, IDH Road, Kotikawatta.	WP	011-2568502	N/A	N/A	011-2568502
		181	156	Pettah	No. 101, 2nd Floor, Olcott Mw, Colombo 11.	WP	011-5741820	N/A	N/A	011-2423752
		182	166	Ragama	No. 34/1, Mahabage Road, Ragama.	WP	011-2956371	N/A	N/A	011-2956371
		183	191	Wattala	No. 396, Negombo Road, Wattala.	WP	011-5355531	011-5355532	011-5635480	011-5355532
		184	195	Wellawatta – ABDC	No. 9/1/1, Fuselese Lane, Wellawatta, Colombo-6.	WP	011-5632790	N/A	N/A	N/A
15	Uva	185	16	Badulla	No.175, Keppetipola Rd, Badulla	UP	055-2230972	055-5670251	055-2224777	055-2222372
		186	7	Ampara	No. 1, Inginiyagala Road, Ampara.	EP	063-2222073	063-5670307	N/A	063-2222073
		187	22	Bandarawela	No. 393-2/1, Iconic Landmark Building, Badulla Road, Bandarawela.	UP	057-2223526	057-5670703	N/A	057-2223526
		188	26	Bibile	68, Badulla Road, Bibile.	UP	055-5675673	N/A	N/A	055-5675673
		189	70	Hatton	No.01/1/1, Sunday Fair Road, Hatton.	CP	051-2222196	051-5670202	N/A	051-2222196
		190	118	Mahiyangana	No. 14, 1st Floor, Samanala Building, Kandy Road, Mahiyangana.	UP	055-2257179	055-5670344	N/A	055-2257179
		191	135	Monaragala	No. 114/1, Wellawaya Road, Monaragala.	UP	055-2276145	055-5670525	N/A	055-2276145
		192	148	Nuwaraeliya	No. 60/1, Park Road, Nuwara Eliya.	CP	052-2222759	052-5670529	N/A	052-2222759
		193	193	Welimada	No. 15/2/1, 2nd Floor, New Shopping Complex, Badulla Road, Welimada.	UP	057-2245174	057-5670702	N/A	057-2245174
		194	196	Wellawaya	No. 145/1/1, Hambantota Road, Wellawaya.	UP	055-2274133	055-5673345	N/A	055-2274874
195	154	Passara – ABDC	No. 158, Hospital Junction, Badulla Road, Passara.	UP	055-2230972	N/A	N/A	N/A		
196	173	Siyambalanduwa – ABDC	Main Street, Siyambalanduwa.	UP	055-2276145	N/A	N/A	N/A		

Corporate Information

ABOUT US
LEADERSHIP REVIEWS
REPORT PROFILE
STRATEGY AND FOCUS
MANAGEMENT COMMENTARY
GOVERNANCE AND RISK OVERSIGHT
FINANCIAL REPORTS
SUPPLEMENTARY INFORMATION

NAME OF THE COMPANY AND REGISTERED OFFICE

Sri Lanka Insurance Corporation Ltd
No. 21, Vauxhall Street, Colombo 2.
Tel : +94 11 2357457
Fax : +94 11 2447742
Web : www.srilankainsurance.com

COMPANY REGISTRATION NUMBER

Company was incorporated on 3 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

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 Koswatte, and Mr Nishantha Dayananda continue as Directors to the Board. Mr Vijitha Herath ceased to be a director with effect from 01 August 2022 whereas Mr Anil Kumara and Ms Surekha Alles ceased to be directors with effect from 22 August 2022 whilst Mr Samantha Upananda and Mr Lakmini Udaya Kumara ceased to be directors with effect from 30 September 2022.

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 Judgement on 04 June 2009, annulling the privatisation, 99.97 per cent shares are vested with the Secretary to the Treasury on behalf of the Government of Sri Lanka.

TAX PAYER IDENTIFICATION NUMBER (TIN)

294001590

VAT REGISTRATION NUMBER

294001590-7000

COMPANY SECRETARY

B A Ruwani Dharmawardana
LLB, Attorney at Law, MBA (UK)
ACISI (UK)

SUBSIDIARIES

Management Services Rakshana (Pvt) Ltd
The Lanka Hospitals Corporation PLC
Litro Gas Lanka Ltd
Litro Gas Terminal Lanka (Pvt) Limited
Canwill Holdings (Pvt) Ltd
Canowin Hotels & Spas (Pvt) Ltd

SUB-SUBSIDIARIES

Lanka Hospitals Diagnostics (Pvt) Ltd
Helanco Hotels & Spa (Pvt) Ltd
Sinolanka Hotels and Spa (Pvt) Ltd

AUDITORS

Auditor General

BANKERS

Bank of Ceylon
People's Bank
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank
Standard Chartered Bank
Sampath Bank PLC
Seylan Bank PLC
National Savings Bank
Regional Development Bank
Pan Asia Bank PLC
Development Finance Corporation of Ceylon
Cargills Bank Limited
National Development Bank

APPOINTED ACTUARY: LIFE

Kunj Behari Maheshwari, FIA
Appointed Actuary since: February-2019
The company: Wills Towers Watson India (Pvt) Ltd
Address: Unitech Business Park, 2nd Floor, Tower B, South City – I,
Sector 41, Gurugram – 122002, India
Tel/Fax: (91) 124 4322 2800
Email: Kunj.Maheshwari@wtwco.com

APPOINTED ACTUARY: GENERAL

Roberto Malattia, FIA
Appointed Actuary since (date): August-2022
The company: NMG Financial Services Consulting Pte Ltd
Address: 109, North Bridge Road #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 49th ANNUAL GENERAL MEETING of SRI LANKA INSURANCE CORPORATION LTD will be held at the Auditorium of the Company at its Registered Office at No. 21, Vauxhall Street, Colombo 2 on Monday, 26 June 2023 at 2.30pm for the following purposes:

- (1) To receive and consider the Report of the Directors and the Financial Statements for the year ended 31 December 2022 and the Report of the Auditors thereon.
- (2) To declare a Final Dividend of Rs. 1.67 per share amounting to Rs. 1,001,571,144 for the year ended 31 December 2022, as recommended by the Directors.
- (3) To re-elect Mr Nishantha Dayananda Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company.
- (4) To elect Mr Ronald C Perera, PC Director who retires in terms of Article 98 of the Articles of Association of the Company.
- (5) To elect Mr Dushmantha Thotawatte Director who retires in terms of Article 98 of the Articles of Association of the Company.
- (6) To elect Dr Kithsiri Manchanayakke Director who retires in terms of Article 98 of the Articles of Association of the Company.
- (7) To elect Mr Naomal Pelpola, Director who retires in terms of Article 98 of the Articles of Association of the Company.
- (8) To elect Mr Ravindra Pathmapriya Director who retires in terms of Article 98 of the Articles of Association of the Company.
- (9) To authorise the Board of Directors to determine donations for the financial year 2023 under the Companies Donations Act No. 26 of 1951.
- (10) 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.
- (11) Any other business of which due notice has been given.

By Order of the Board,



Company Secretary

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 C Perera, PC – of Colombo or failing him
Mr Anil Koswatte – of Colombo or failing him
Mr Nishantha Dayananda – of Colombo or failing him
Mr Dushmantha Thotawatte – of Colombo or failing him
Dr Kithsiri Manchanayakke – of Colombo or failing him
Mr Naomal Pelpola – of Colombo or failing him
Mr 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 Forty Ninth (49th) Annual General Meeting of the Company to be held on Monday, 26 June 2023 at 2.30pm. 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 2022 and the Report of the Auditors thereon	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a Final Dividend of Rs. 1.67 per share amounting to Rs. 1,001,571,144 for the year ended 31 December 2022, as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr Nishantha Dayananda, 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 elect Mr Ronald C Perera, PC, Director who retires in terms of Article 98 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
5. To elect Mr Dushmantha Thotawatte, Director who retires in terms of Article 98 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
6. To elect Dr Kithsiri Manchanayakke, Director who retires in terms of Article 98 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
7. To elect Mr Naomal Pelpola, Director who retires in terms of Article 98 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
8. To elect Mr Ravindra Pathmapriya, Director who retires in terms of Article 98 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorise the Board of Directors to determine donations for the financial year 2023 under the Companies Donations Act No. 26 of 1951.	<input type="checkbox"/>	<input type="checkbox"/>
10. 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 June 2023

.....
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.



**This Integrated Annual Report is
GHG-neutral**

Produced by Smart Media (Pvt) Limited, a GHG-neutral company that reduces and offsets its direct and indirect greenhouse gas emissions through certified sources.

Net-zero GHG since 2011



Sri Lanka Insurance Corporation Limited
No. 21, Vauxhall Street
Colombo 02

www.srilankainsurance.com