

W GROWTH WITHIN TRANSFORMATION N

GROWTH WITHIN TRANSFORMATION

Even though it was a challenging year for the nation and on a global scale, we remained an ever constant beacon of solidity, strength and leadership. We also proved, as we have in the past, that our mettle may be tested but we will continue to adapt and change as pioneers of great ideas, unwavering support and undaunted growth within the insurance landscape. Our innovation extended to the enhancement of our culture as well as the injection of digital know-how which continued through our accessibility strategies that were previously laid in place.

And while we maintain our impeccable standards and provide value for our stakeholders, we will continue to withstand the challenges of the future, achieving growth within the transformation of our people, processes and plans for the years ahead.

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GROWTH

**We are defining and
actualising **GROWTH** through
a transformation process**



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

The long history of SLIC in driving the development and advancement of the insurance industry in Sri Lanka has recorded many landmark achievements, such as the largest claim ever paid of Rs. 39.5 Bn, and the largest bonus ever declared to its policyholders of Rs. 9.8 Bn. SLIC's total assets are worth Rs. 268 Bn. and in the Sri Lankan insurance sector, accounts for the largest Shareholders' Fund of Rs. 75 Bn. and the highest Life Fund of Rs. 152.5 Bn.

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

OUR VISION

What do we aspire to be?

Our Vision

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

OUR MISSION

Why are we in business?

Our Mission

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

Board of Directors



1. ENG. VIJITHA HERATH
Chairman



2. MR. ANIL KOSWATTE
Director



3. MR. M. P. ANIL KUMARA
Director



4. MS. J. SUREKHA ALLES
Director



5. MR. S. A. NISHANTHA DAYANANDA
Director



6. MR. R A LAKMINI UDAYA KUMARA
Director

Board of Directors

1. MR. ENG. VIJITHA HERATH

Chairman

A renowned engineering professional Eng. Vijitha Herath joined SLIC as the Chairman on 03rd August 2021. Prior to joining SLIC Mr. Herath served as the Chairman of Ceylon Electricity Board (from 2019 to 2021).

Having started his own successful construction company in Sri Lanka in 2012, Eng. Herath's corporate experience spans across local and overseas organizations in the field of engineering mainly in oil and gas industries in off shore projects of Saudi Arabia (2003-2005 & 2009-2012). He also possesses excellent academic credentials, BSc. in Engineering, specialized in Mechanical based Chemical Engineering, from the University of Peradeniya. He is a proud product of Maliyadeva College Kurunegala.

He also has served as a Senior Mechanical Engineer of Taisei & Mitsubishi Joint Venture, Mechanical Engineer of Al Bader Est. Saudi Arabia (from 2003 to 2005) and Indo East Engineering & Construction Pte. Ltd (From 1999 to 2003). Further, he has served as a Director of Enova Engineering Services (Pvt) Ltd, and Lavinia Beach Resort. He worked as the Engineering Manager of Abans Engineering and Central Air Conditioning (from 2007 to 2009).

He also serves as the Chairman and CEO of Litro Gas Lanka Ltd and Litro Gas Terminal Lanka (Pvt) Ltd.

2. 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 26th January 2020 to 15th 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).

3. MR. M. P. ANIL KUMARA**Director**

Mr. Anil Meegahage was the Snr. Executive Vice President / CEO of EAP Holdings and a Director of EBC TV/Radio /EAP Films. He was the Former Director/ CEO of Swarnawahini and ETV. Mr Anil was the former Country Manager for Samsung Mobile in Sri Lanka. Previously, he was the Director Sales and International Business at Hemas Consumer Goods, for Sri Lankan and International Business. He directly managed the sales operations, distribution, customer marketing, international business and the sales management team. The 265 strong sales team and 108 distributors came under the sales management function. Also he headed one of the largest sales teams in the country at Sri Lanka Insurance Corporation Ltd as the General Manager, overlooking the branch network, sales and marketing, Training, Sales support divisions and a 5,000 member sales team and 1,200 staff as the General Manager. Mr. Anil has over 20 years of corporate experience at Unilever. Having joined Unilever in 1988, he held many leadership positions, such as Sales Executive, Sales Administration Manager, Area Sales Manager, and as Trade Category Manager looking after Home and Personal Care Category. He then moved on to Modern Trade, as the Trade Activation Manager. After working at Vietnam Unilever, he became the Channel Development and Trade Marketing Manager for Home and Personal Care categories and headed the pharmacy and cosmetic channel at Unilever Sri Lanka.

Currently, he is the Chairman of Canwill Holdings (Pvt) Ltd. In professional capacity, Mr Meegahage holds an MBA, a professional postgraduate Diploma in Marketing (DipM MCIM), from the Chartered Institute of Marketing, UK and is reading for his PhD at the Colombo University. Mr Meegahage also has over 18 years of lecturing experience for CIM and ICOSA students.

4. MS. J. SUREKHA ALLES**Director**

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

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

Ms. Surekha Alles is a Chartered Insurer and a Fellow of the Chartered Insurance Institute of London (FCII) and a Senior Associate of the Australian & New Zealand Institute of Insurance and Finance (Snr. Associate-ANZIIF). She has an MBA from University of Western Sydney. She has been the recipient of several prestigious awards, which include, the 'Woman Super Achiever Award' in 2019, the 'Women Icon of the Year' in 2018, 'CEO of the Year' in 2017 and 'Career Role Model of the Year' in 2016.

Board of Directors

5. MR. S. A. NISHANTHA DAYANANDA

Director

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

His academic prowess was evident at an early age as he secured a scholarship at the year 5 scholarship from the Mawathagama Central College to the Maliyadeva College in Kurunegala, where he reached his goal of university entrance. His character is always epitomized by the concept of “balance in life” and core competency of leadership, which was evident in the school cadet platoon, where he represented his school in the Hermann Loos Challenge and led his platoon in various events. Further, he is a well-recognized volleyball player at national level. During his years at the Law Faculty, he led initiatives for the wellbeing of students and provided much needed direction for his members as a student council member.

He continues to show leadership as a prominent lawyer and as a cricket all-rounder for his law society, and was the Vice President of the Bar Association of Mt. Lavinia during 2017- 2018. He is the Chairman of Canowin Hotels and Spas (Pvt) Ltd.

6. MR. R. A. LAKMINI UDAYA KUMARA

Director

Mr. Udaya Kumara serves as a Director of the Department of Public Enterprises, Ministry of Finance and counts over 12 years of experience in the General Treasury where he has been actively engaging with oversight of major State-Owned Enterprises. He has served as a Board Member at various State-Owned Enterprises including Employees’ Trust Fund Board, Coconut Research Institute, Kurunagala Plantations Ltd, Sri Lanka Handicraft Board, and in many other committees as well. He currently serves as a Board member of Sri Lanka Insurance Corporation Ltd, the Buddhasasana Fund and Selendiva Investments Ltd.

He has a bachelor’s degree in Financial Management from the University of Sri Jayewardenapura and has earned a Master in Financial Economics from the University of Colombo. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. He has also completed a Capital Markets Program at George Washington University, Washington DC with an internship at the International Finance Corporation as a short-term consultant. In addition, he has completed a Post Graduate Diploma in Commerce from the University of Kelaniya.

7. MR. W. A. SAMANTHA UPANANDA

Director

Mr. Samantha Upananda is a Public Financial Management Professional having over 28 years of professional experience in Public Sector. He has joined the Government Accountants' service in 1992 and has worked various Government organizations including General Treasury, Presidential Secretariat, and Parliament of Sri Lanka. He has assumed duties as the Director General of Department of State Accounts, General Treasury on 1st January 2021.

Mr. Samantha Upananda was graduated from the University of Sri Jayewardenepura with the Bachelor of Science (Business Administration) Special Degree with 2nd class and obtained Master's Degree in IT (MSc in IT). He also has completed a Post Graduate Diploma in Management, Post Graduate Diploma in IT, Diploma in Public Financial Management, Diploma in E-Government and Diploma in System Security Control and Auditing (DISSCA). In addition, Mr. Samantha Upananda is a Member of Chartered Public Finance Accountant (CPFA) of the Institute of Public Finance and Accounts UK. He is also a Fellow Member of Certified Management Accountants of Sri Lanka (FCMA) and a Fellow Member of Institute of Public Finance & Development Accountants. (FPFA).



1. MR. CHANDANA L. ALUTHGAMA

Chief Executive Officer

Mr. Aluthgama assumed duties as the Chief Executive Officer of the Sri Lanka Insurance Corporation Ltd in 2018. He counts over 29 years of experience across diverse facets within the Insurance industry. During his career, he has held many senior roles in organizations such as Eagle Insurance PLC and HNB Assurance PLC etc. Further, he has held many leadership positions outside his insurance career in both local and international associations. Mr. Aluthgama has conducted lectures as a visiting lecturer at the Postgraduate Unit of the University of Colombo - Management & Finance Faculty. He holds a Master's Degree in Business Administration from the University of Colombo, a Bachelor of Commerce Degree from the University of Kelaniya and he is a fellow of the Chartered Management Institute of UK (FCMI). He has presented research papers at local and international conferences on Insurance & Bancassurance and has undergone extensive training both locally and overseas including, at 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 the Sri Lanka Insurance Corporation Ltd.



2. MR. ALOKA JAYAWARDANE

Chief Information Officer

Mr Alok Jayawardane is a professional Executive in the Information Technology, ERP, and Project Management fields with around 20 years' experience in business domains like Telecommunications, Manufacturing, Sales and Distributions, Software, Capital Markets, and Insurance and serves as a Director of the Colombo Dockyard PLC Board since year 2020.

He obtained his BSc in Management Information Systems from the University College Dublin, Ireland, and Master of Business Administration from University of Southern Queensland, Australia. Further, he obtained a Higher Diploma in Computer Studies from the National Institute of Business Management and Postgraduate Diploma in Business and Financials from the Institute of Chartered Accountants of Sri Lanka. He is a PMP certified Project Manager from Project Management Institute of USA and CISM Certified Information Security Manager from ISACA, USA.

Further, he is a SAP certified Sales and Distribution Consultant. Currently he contributes as a Board Member in Sri Lanka SAP User group. He is a member of PMI Colombo Chapter related to Project Management domain and ISACA Sri Lanka chapter for Information Security related.



3. MR. PRIYANTHA PERERA

Chief Officer – General Insurance

Mr. Priyantha joined Sri Lanka Insurance on 01st 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.



4. MR. DAYARATNE PERERA

Acting Chief Officer-Life

Mr Dayaratne Perera began his career at Janashakthi Insurance 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 Insurance Institute. - ANZIIF (Fellow) CIP. He obtained his Master of Business Administration degree (MBA) from the Post Graduate Institute of Management (PIM), University of Sri Jayawardenepura.

Currently he is a Non-Executive Director 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 present Chairman of Life Insurance Forum (LIF) of Insurance Association of Sri Lanka (IASL).



5. MR. MALAKA BANDARA

Acting Chief Financial Officer

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.

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.



1. MR. SURESH PARANAVITANA

Chief Officer – Life Insurance

FCII, MBA, DipM, FCIM, MI Mgt, CMA (Aus)

(Retired w.e.f 11/05/2021)



2. MS. RUANTHI GOONERATNE

Chief Officer – General Insurance

FCII (UK), Chartered Insurer

(Resigned w.e.f 16/06/2021)



3. MS. MALANIE TENNAKOON

Chief Financial Officer

MBA, FCA (SL), CPA (Aus), CIMA (UK)

(Retired w.e.f 24/11/2021)



4. MR. RUKMAN WEERARATNE

Chief Officer – Business Development

ACIM

(Retired w.e.f 01/09/2021)

DEPUTY GENERAL MANAGERS

**1. MS. THANUJA HINGULAGE***DGM – General Insurance*

BSc (Hons), FCII (UK),
Chartered Insurer, ANZIIF
(Fellow) CIP
(Resigned w.e.f 31/08/2021)

**2. MS. B. A. RUWANI
DHARMAWARDANA***DGM-Compliance & Risk*

LLB (Hons), Attorney-at-Law,
MBA (UK), ACISI (UK)

**3. DR. (MRS.) SHERICA
FERNANDO***DGM – Medical*

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

**4. MR. LALITH DE SILVA***Head of Distribution-General*

PG in Finance and Bus
Administration, MBA

**5. MR. ROHITHA AMARAPALA***DGM – Human Resources*

and Employee Relations
Chartered Fellow CIPM, FCMI
(UK), MBA (University of Western
Sydney, Australia)

**6. MS. NAMALEE A SILVA***DGM – Marketing &
Distribution (Life)*

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

**7. MR. CHAMINDA GUNASINGHE***DGM – Administration*

BB Mgt (Accountancy) Sp (Hons),
FCA, ACMA, MBA – Finance,
(Colombo)

**8. MR. SARATH FERNANDO***DGM – Motor*

BSc Eng (Mechanical) Sp, AMIE
(SL)

ASSISTANT GENERAL MANAGERS



1. MR. CHAMINDA ATHAUDA

AGM – Life (Technical)

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



2. MR. ROSHAN COLLAS

*AGM-Bancassurance, Alternate
Distribution and Business Retention (GI)*
MBA, CMA (Aus), Dip in Marketing
(SLIM), MSLIM, FCPM, MIM (SL)



3. MR. MAHENDRA SILVA

AGM – Administration

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



4. MR. SUDATH NISHANTHA*

AGM - National Distribution – Life
MLRHRM (UOC), Pg. Dip. in Labour
Relations & HRM, BSc. (B/Admin.)
(Sp.), LIMRA (USA), AMTC [USA],
MIM (SL)



5. MR. PRIYAWANSHA DESHAPRIYA

Head of Internal Audit
FCA, BCom (Sp), FCMA



6. MR. JAGATH WELGAMA

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



7. MR. JEEVANTHA WELIHINDA

AGM – Engineering Services
BSc (Eng)



8. MR. SATHIKA WICKREMESINGHE

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

*(Mr. Nishantha functioned as the Head of Distribution until 31st May 2022).

ASSISTANT GENERAL MANAGERS



**9. MS. MADHUBHASHINI
BAKMEDENIYA**

AGM – Legal

Attorney-at-Law, MBA (PIM),
(SJPJ), NDHRM (IPM)



10. MS. NADIRA GUNAWARDENA

AGM – Non Motor Insurance

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



11. MR. SHASHIKA RANASINGHE

AGM – Investments

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



12. MR. MAHESH GAMAGE

AGM – Category Marketing

(General Insurance)

MBA (AUS), CMA (AUS), PG. Dip. M
(SL), MSLIM, CPM (ASIA)



13. MR. J. A. D. 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)



14. MS. W. SRIYANI KULASINGHE

AGM – Finance

FCA, ACMA, MBA-Finance
(Colombo), B.Com (Hons.) Sp.
(Appointed w.e.f. 01/08/2021)

SENIOR MANAGERS



1. MR. W. D. C. VITHANAGE
*Senior Manager – Head Office
Business Development*



2. MR. S. P. A. RODRIGO
*Senior Manager – Security &
Investigation*



3. MR. K. G. D. G. KANDEGAMA
Senior Manager – IT Data Centre



4. MR. D. P. J. S. MAITHIRIRATNE
Senior Manager – Casualty



5. MR. N. G. K. BANDARA
Senior Regional Engineer



6. MR. R. M. A. K. RAJAPAKSHA
Senior Regional Engineer



7. MR. M. D. CHANDIRAM
*Senior Manager – Corporate
Business Development*



8. MR. M. P. N. KUMARA
*Senior Manager – Club Members
Sales Department*



9. MR. D. N. K. NARANGAMMANA
*Senior Manager – Agency
Recruitment*



10. MR. L.H.A.S. SIRIMANNA
*Senior Manager - Business
Retention*



11. MR. R. N. SENADHEERA
Deputy Chief Motor Engineer



12. MS. M. D. ATTANAYAKE
Senior Manager – Legal (Life)

SENIOR MANAGERS



**13. MR. P. A. M. P. W.
GUNATHILAKE**

*Senior Manager – Network and
Communication*



14. MR. M. J. S. DABARERA
*Senior Manager – Bancassurance
(Life)*



**15. MS. G. K. M. S.
NANAYAKKARA**
Senior Manager – Life



16. MR. G. W. R. C. DE SILVA
Senior Manager – Life



17. MS. N. D. K. M. JAYATILAKA
*Senior Manager – Legal
(Litigation)*



18. MS. W. D. T. DEP
Senior Manager – SHE & PA



19. MR. J. S. JAYAWARDANA
Senior Manager – HR



20. MR. P. N. A. DHARMASENA
Senior Manager – Life



21. MS. B. H. N. K. K. PERERA
Senior Manager – Life



22. MR. K. A. S. RANATHUNGA
Senior Manager – Reinsurance



23. MR. A. U. RAJAPAKSHA
*Senior Manager – Financial
Operations*



24. MR. B. C. S. PERERA
*Senior Manager – Fire and
Engineering Claims*

SENIOR MANAGERS



25. MR. R. C. T. DE LIVERA
Senior Risk Engineer



26. MR J. M. K. C. K. L. JAYASINGHE
Senior Manager – Motor Claims



27. MS. K. V. N. NONIS
Senior Manager – Motor Underwriting



28. MR. A. H. S. ABEYGUNAWARDENA
Senior Manager – Special Projects



29. MR. K.K.A.P. MAPALAGAMA
Consultant - Investigation



30. MS. S.J.P. HETTIARACHCHI
Senior Manager - Software Development (Life)



31. MS. O.M. INDRANI
Senior Manager - Software Development (General)



32. MR. W.A.D. GUNAWARDENA
Senior Motor Engineer



33. MR. W.A.D.M. WEERAKKODY
*Senior Manager - Distribution Operation
(Personal Lines - General)*



34. MS. M.R. GUNASEKARA
*Senior Manager - Marine
(Appointed w.e.f. 01/07/2021)*



35. MR. L.A.P. PEIRIS
*Senior Manager - Colombo Circle Corporate Unit
(Appointed w.e.f. 02/08/2021)*



36. MR. D.M.J.P. ALWIS
*Senior Manager - MSI (ICT)
(Appointed w.e.f. 01/11/2021)*

SENIOR MANAGERS



37. MR. V.S.L. BULATHSINGHALA
*Senior Manager - General
 Insurance Sales Training
 (Appointed w.e.f. 01/12/2021)*

REGIONAL MANAGERS



1. MR. BANDARA WEERASURIYA
 Wayamba - 1



2. MR. SANATH FERNANADO
 Upper Western



3. MR. DEEPAL NAWAGAMUWA
 Western - 2



4. MR. T. D. P. PERIS
 Southern - 1



5. MR. U. G. U. R. KUMARA
 Western 1



6. MR. W. M. A. U. KULASENA
 Ratnapura



7. MR. R. HEWAPATHIRANAGE
 Western - 3



8. MR. N. K. S. S. KUMARA
 Southern - 2

REGIONAL MANAGERS



9. MR. P. SATHIAN
Northern



10. MR. H. J. S. MENDIS
Southern - 1



11. MR. KELUM JAYASINGHE
Uva



12. MR. SAMANTHA PEIRIS
Western - 1



13. MR. A. M. H. ADIKARI
Central - 1



14. MR. GAMINI SARATHCHANDRA
Central - 2



15. MR. DHAMMIKA BANDARA
Uva



16. MR. AJITH THILAKARATNE
North Central - 2



17. MR. MAHINDA DISSANAYAKA
Wayamba - 1



18. MR. P. PUVENDRAN
Eastern



19. MR. NAMAL LIYANAGE
Upper Western



20. MR. R. LINGESHWARAN
Eastern

REGIONAL MANAGERS



21. MR. D.M.S. DISSANAYAKE
Ratnapura



22. MS. N.S.S. LAXANA
Western - 4
(Appointed w.e.f. 01/10/2021)



23. MS. D.M.U.B. DISSANAYAKE
Southern - 2
(Appointed w.e.f. 01/10/2021)



24. MR. B.M.A. BASNAYAKA
Wayamba 2
(Appointed w.e.f. 01/10/2021)



25. MR. E.K.S. SENADEERA
Western - 2
(Appointed w.e.f. 01/10/2021)



26. MR. P.P.S. KUMARA
Wayamba - 2
(Appointed w.e.f. 01/10/2021)

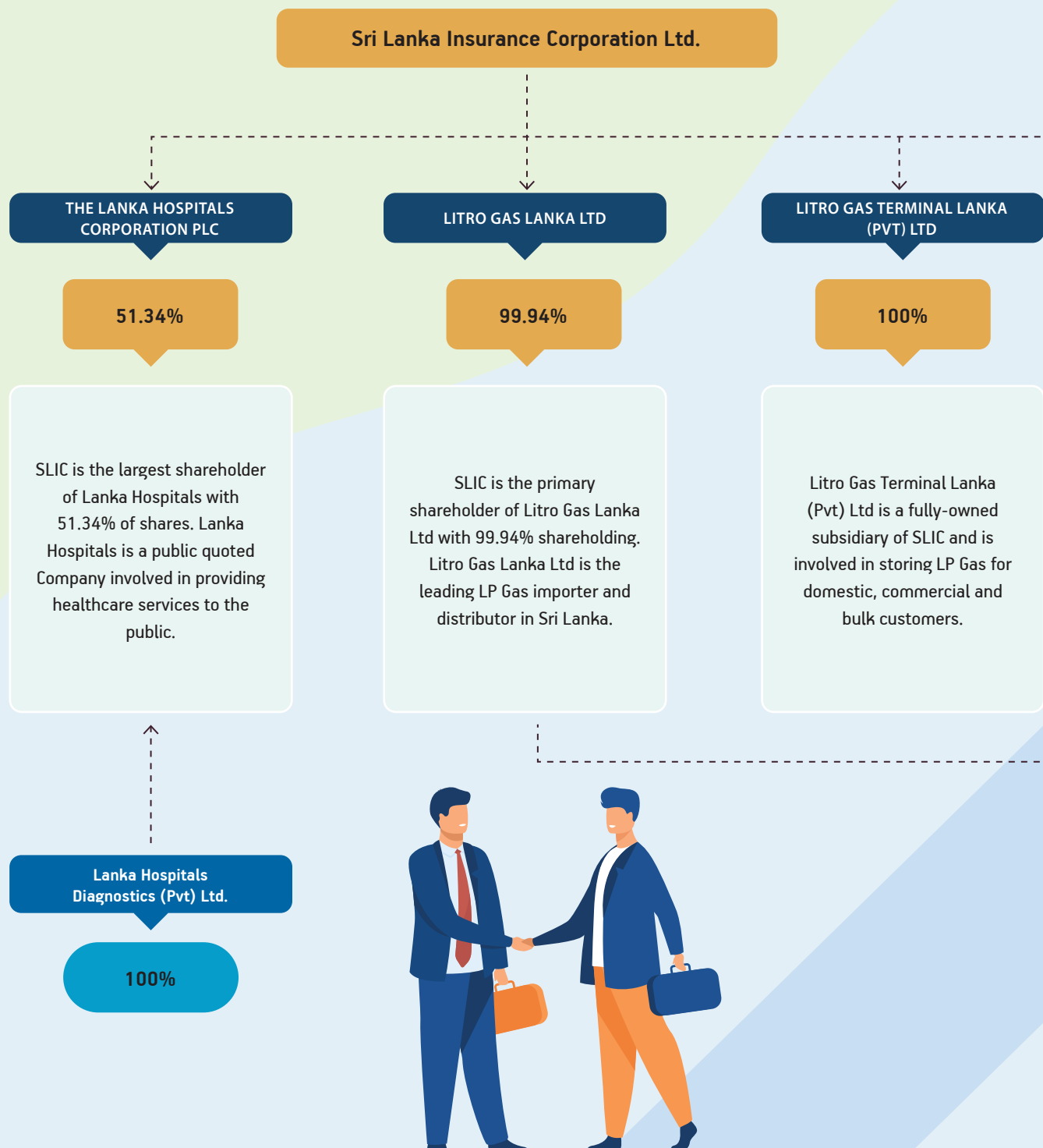


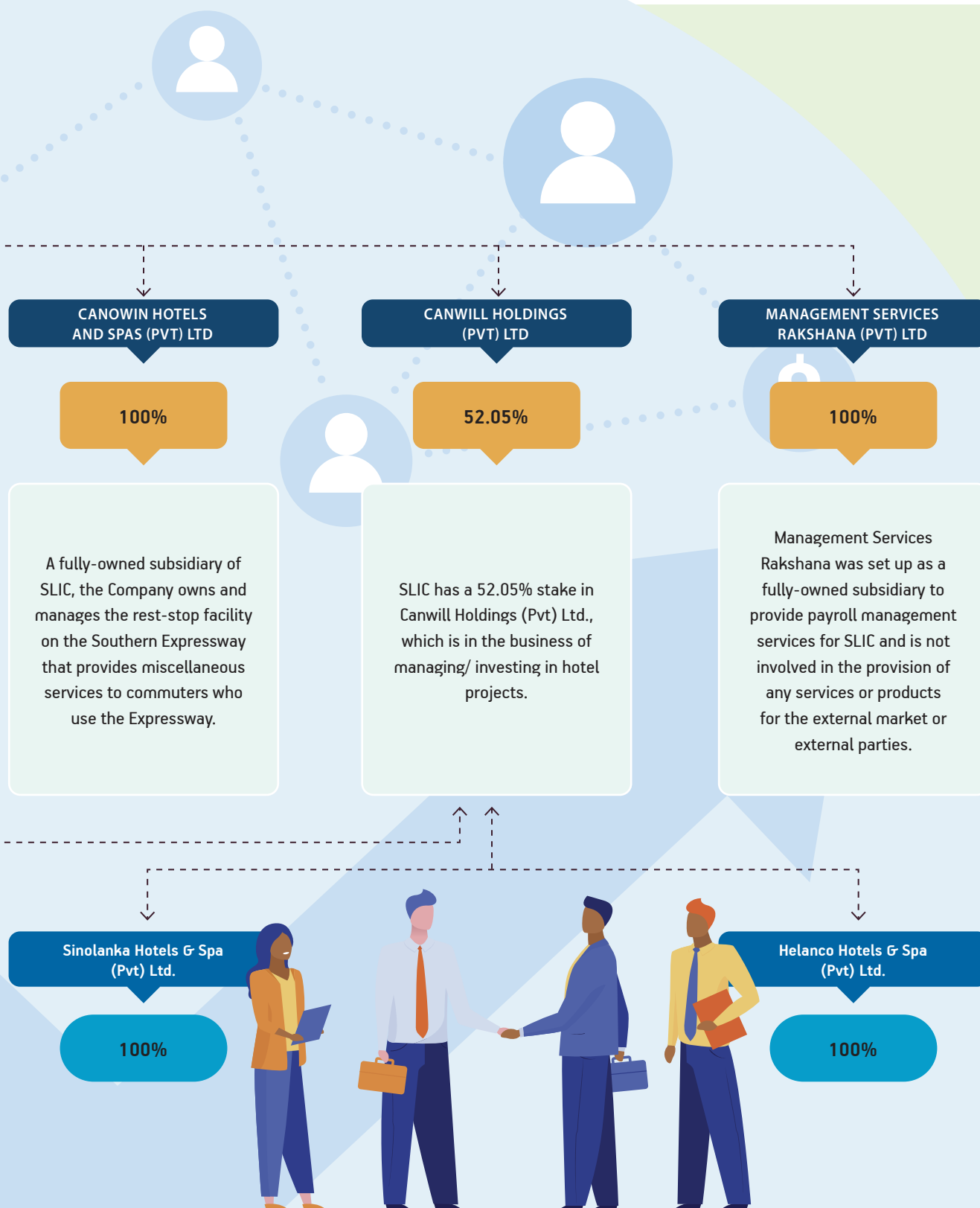
27. MR. W.S.I. WELGAMA
North Central
(Appointed w.e.f. 15/04/2022)



28. MR. S. KARNAN
Northern
(Appointed w.e.f. 02/05/2022)

SLIC Group Structure





Financial Highlights

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Sri Lanka Insurance Corporation Ltd.
Annual Report 2021

	2021 Rs. Mn	2020 Rs. Mn
Results for the Year		
Total Revenue	64,062	52,614
Gross Written Premium	43,231	39,421
Net Earned Premium	38,397	34,206
Investment and Other Income	25,665	18,408
Profit Before Tax (PBT)	11,725	7,972
Profit After Tax (PAT)	10,041	5,789
Benefits/Claims, Operating, Admin & Other Expenses	33,487	28,524
General Insurance		
General Insurance Fund	20,880	18,866
Net Claim Ratio (%)	60	51
Expense Ratio (%)	35	37
Life Insurance		
Life Insurance Fund	152,585	134,014
Expense Ratio (%)	34	37
Face Value Bonus	9,836	8,694



**TOTAL ASSETS**

Rs. 268,436 Mn (2021)

Rs. 235,630 Mn (2020)

**FITCH RATING**

AA(lka)

**BONUS DECLARED**

Rs. 9,836 Mn (2021)

Rs. 8,694 Mn (2020)

**PBT**

Rs. 11,725 Mn (2021)

Rs. 7,972 Mn (2020)

**LIFE FUND**

Rs. 152,585 Mn (2021)

Rs. 134,014 Mn (2020)

**GWP**

Rs. 43,231 Mn (2021)

Rs. 39,421 Mn (2020)

**TOTAL REVENUE**

Rs. 64,062 Mn (2021)

Rs. 52,614 Mn (2020)

Non-Financial Highlights 2021

28

Sri Lanka Insurance Corporation Ltd.
Annual Report 2021

- Emerged as the market leader of the general insurance sector.
- Motor Plus – Market Leader of the motor insurance category
- Recognized as a 'Great Place to Work' in Sri Lanka
- Awarded as the Most Loved Insurance Brand by Brand Finance for the 4th consecutive time
- General awarded as the Most Valuable General Insurance Brand by Brand Finance for the 4th consecutive time
- Life recorded the highest brand value growth in the Brand Finance Most Valuable Brand Index
- Produced 187 MDRT members including 5 COT and 1 TOT member for the MDRT conference 2021 as the highest ever representation from Sri Lanka Insurance.
- Awarded runner-up under the insurance category at the 17th edition of the National Business Excellence Awards 2021 organized by the National Chamber of Commerce
- Retain AA (Ika) Fitch rating for long term financial stability.
- SLIC has been certified by Messrs SGS Lanka (Pvt) Ltd to be compliant with the prestigious ISO 9001:2015, Management System Standard.
- Two segregated dedicated strategic Business Focus since 2021 (Life and General)
- Value additions through Corporate Plan
- Opening of 38 ABDCs



LEADERSHIP REVIEWS

30 - Chairman's Message

33 - Chief Executive Officer's Review

WITH/N

We sought from **WITH/N**,
the teamwork and morale to
create a progressive year

Chairman's Message

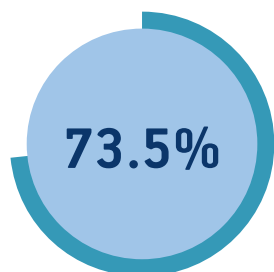
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Sri Lanka Insurance Corporation Ltd.
Annual Report 2021

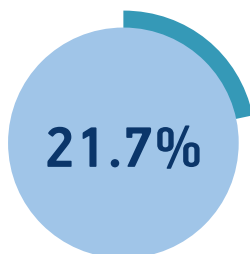


“At a time when most companies were struggling to keep their heads above water, your Company SLIC, reported an outstanding performance during the year reporting a 73.5% growth in profit after tax and a 21.7% growth in revenue over 2020FY. Continuing the positive performance, SLIC declared Rs. 9.8 Bn as a bonus to policyholders”

Growth in profit after tax over 2020FY



Growth in revenue over 2020FY



Dear Shareholders,

It is my pleasure to share the annual report of Sri Lanka Insurance Corporation for the financial year ending 31 December, 2021. At a time when most companies were struggling to keep their heads above water, your Company SLIC, reported an outstanding performance during the year reporting a 73.5% growth in profit after tax and a 21.7% growth in revenue over 2020FY. Continuing the positive performance, SLIC declared Rs. 9.8 Bn as a bonus to policyholders.

For SLIC, 2021 was a year of challenges and of promise. The year proved to offer an

opportunity to re-strategize and re-align our business to suite the demands of dynamic customer expectations and market needs. The COVID-19 pandemic and its experiences and lessons learnt, enriched our effort to adapt to the new normal and to face future challenges.

As we celebrate 60 years of excellence and step into an era of transformation, we continue to uphold the legacy we built as the nation's trusted insurer.

ACHIEVEMENTS AND PERFORMANCE

The past year brought us countless challenges as well as opportunities to extend our services further and fulfil our duty and responsibility to the country as the protector of the nation. We continue to contribute to shape the economic and social landscape of Sri Lanka and safeguard the people of this nation as the pioneer of the insurance industry of Sri Lanka. We reiterate the trust garnered through generations as the largest and strongest insurer and continue adding value to all our stakeholders while evolving ourselves to conquer greater heights.

Notwithstanding the stringent economic and social conditions that prevailed in the country, Sri Lanka Insurance's asset base increased to Rs. 268Bn and the Life fund to Rs. 152Bn to uphold

the position as the largest and strongest insurer in the country.

Although placed on a negative watch along with other local insurers due to the current economic conditions of the country, SLIC managed to retain AA (Ika) Fitch rating for long term financial stability. SLIC is the only insurer to be certified with an AA (Ika) rating.

SLIC also secured the 'Most Valuable General Insurance Brand' and the 'Most Loved Insurance Brand' of the year for the 4th consecutive year by Brand Finance, reaffirming SLIC's people-centric approaches over the years.

In 2021, the Company reported a 14.1% growth in life insurance premiums at Rs. 21.9Bn from 19.3Bn. Sri Lanka Insurance is the number 1 general insurance provider in the country, and reported a 5.4% premium growth increasing to Rs. 21.2Bn in the general insurance segment.

Continuing the positive performance, SLIC surpassed its own past record to declare a sum of Rs. 9.8 Bn as a bonus to policyholders. The cumulative life insurance bonus paid out during the past 10 years tops a massive Rs. 66 Bn, making the SLIC bonus payout unmatched.

PROTECTION WITH CARE

SLIC continues to explore avenues to provide protection to communities, individuals, professionals and industries through product and market development initiatives, and through practical and affordable insurance solutions. The strength of our extensive branch network of 201 branches and customer service locations, together with 8000 strong network serves beyond the mandate of insurance to provide protection to the people of this nation.

Efforts to improve flexibility and adaptability were at the forefront during the year and SLIC developed a wide range of products focusing on the various needs of Sri Lankan customers. Accordingly, we identified several products that required strategic realignment after a thorough analysis of changing customer requirements. A number of products were re-strategized and modified in both the Life and General insurance sectors. In addition to the introduction of new products, SLIC conducted projects for the enrichment of the Sri Lankan education sector.

A first of its kind during the year was the launch of a medical insurance cover dedicated to clergy. It is available at all SLIC branches to be purchased by the general public and handed over as an offering of 'pirikara'. Steps taken to aid the growth of small and medium enterprises (SME) and contribute to the growth

of the economy of Sri Lanka included the repositioning of existing insurance products and the launch of motor insurance cover for commercial vehicles used by SMEs.

SLIC also took the lead and made steady progress in transforming its operational architecture and front end customer interfaces to ensure increased digital integration, resulting in the motor claim settlement process being re-engineered to facilitate fast-tracked and contactless claim settlements to customers. SLIC also accelerated the digital strategy to systematically automate the systems and processes to migrate to a paperless environment at all levels of the business. The "Work Flow Management System" is transforming all internal manual and paper-based operations into digital-driven systemized operations. Payments processes are also transforming towards a more digital and paperless procedure to enhance efficiency as well as to reduce cost component.

ACKNOWLEDGEMENTS

Our success and growth has been a team effort on the field, in the office and at the boardroom. I would like to thank the SLIC team that includes our employees, the Board, and agents for their commitment in contributing to the success of the Company during a trying year. I would like to especially acknowledge all our valued

customers for continuing to employ our services and look forward to continue the journey of being your trusted insurance partner. I thank all Government institutions including the Ministry of Finance and the Department of Public Enterprises for their guidance to ensure SLIC's compliance to relevant policy and administrative matters.



Eng. Vijitha Herath
Chairman

24th May 2022

“In 2021, the Company reported a 14.1% growth in life insurance premiums at Rs. 21.9Bn from 19.3Bn. Sri Lanka Insurance is the number 1 general insurance provider in the country, and reported a 5.4% premium growth increasing to Rs. 21.2Bn in the general insurance segment”

Chief Executive Officer's Review

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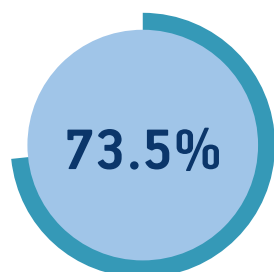
Sri Lanka Insurance Corporation Ltd.
Annual Report 2021



“Life Insurance Gross Written Premium grew by 14.1% contributing, Rs.21,976 Mn to the total aggregate Life Fund of Rs. 152.5Bn”

In 2021 we strengthened our leadership position. Our prudent pandemic response, customer centric structural and technology improvements, focused investments together with cost saving initiatives positioned us to gain the full benefits of the market recovery. One of the biggest lessons from the accounting year was the importance of bracing ourselves to stay prepared for unexpected challenges. We, at SLIC have remained resilient and delivered exceptional results despite challenges brought about by the effects of the pandemic and the macroeconomic conditions of the country. SLIC managed to remain innovative in the face of every new challenge to ensure customer needs are looked after and the business performance is unaffected.

Growth Over 2020 (PAT)



SLIC continued its growth trajectory with the systematic improvement of each of our business segments, tailoring them to the needs of each specific market. The broad based restructuring initiative proved to be a useful measure we took, enabling a wider management oversight across the general insurance business and life insurance business.

PERFORMANCE DURING THE YEAR

In the financial year that ended 31 December 2021, SLIC reported a profit after tax of Rs. 10,041Mn, a 73.5% growth over 2020. This performance was driven by the performance of both the Life and General segments, despite the COVID-19 lockdowns and economic challenges faced by customers and commercial enterprises. Profit before tax was Rs. 11,725Mn for the year, an increase of 47% compared to Rs.7,972 Mn, in 2020.

SLIC's combined Gross Written Premium (GWP) stood at Rs. 43.23Bn in 2021 with a combined GWP growth rate of 9.7%. Over the past 05 years SLIC has continued to record a Cumulative Average Growth Rate (CAGR) of 8.3% in Combined GWP. The Life Business contributed 51% of the GWP and the remaining 49% was contributed by the General Business. Life Insurance Gross Written Premium grew by 14.1%

contributing, Rs.21,976 Mn to the total aggregate of Rs. 152.5 Bn in the Life fund. SLIC's General insurance premiums recorded a growth of 5.4% and a total premium value of Rs.21,255 Mn in 2021.

The motor insurance segment which is the major contributor to the general insurance volumes were heavily impacted by the vehicle import ban and rising cost of vehicles and vehicle maintenance in the high inflationary environment, which impacted the overall motor insurance segment.

INTEGRATION OF TECHNOLOGY

SLIC considers digital transformations as the way forward. We employed technology to expedite insurance related processes and as a customer service tool, raising the bar of the industry. Digital apps and other digital platforms played a major role in catering to customers during the lockdowns. Recognizing the importance of strengthening our digital capabilities, SLIC took steps to further improve and introduce new digital services. During the year, a dedicated platform for motor claims was launched and the customer app was upgraded based on customer feedback.

Technology innovations were extended to improve efficiency of our internal processes. This focused on workflow management, process

automation, sales tracking and introduced dashboards to enable well informed decision making by utilizing business analytics.

IMPROVING OUR PRODUCT PORTFOLIO

As the longest serving insurance Company, SLIC has over the last six decades, introduced a wide range of products. Our versatile product portfolio is a major strength to SLIC which sets us apart from our competitors. We continue to innovate and reimagine our existing product range in line with market trends and consumer needs. During the year, we introduced new insurance products to the Life and General markets. We further conducted continuous evaluations of existing products to identify those requiring strategic realignment to better cater to evolving consumer needs. Benefits and features of a number of our products were redesigned as a result while some products were consolidated and streamlined.

The 'Praguna' insurance plan was repositioned as a speed investment while the 'Yasa Isuru' insurance plan was re-launched. 'Mini Muthu' was introduced as the ideal solution for all education needs of our young customers along with the 'Subapathum' scholarship scheme. Fulfilling its duties as the 'Desharakshakaya', SLIC continued the tradition of

offering the highest bonus in the country with Rs. 9.8Bn bonus declared for the year 2021.

Amongst the new insurance covers launched 'Nagaraja' policy was specifically launched to provide protection for the clergy and their family members. Additionally, SLIC continued to be the insurance partner for 'Suraksha', the national children's health insurance policy granted by the Ministry of Education to all school children offered free of charge. SLIC repositioned our Business Club insurance to provide comprehensive business insurance for small and medium enterprises (SME).

LIVING OUR VALUES

Delivering value to our customers and employees has always been an important part of SLIC's ethos. We continued to function with employee safety in mind and our special task force continued to oversee the implementation and adherence to COVID-19 safety measures to ensure safety of our employees and agency forces island-wide. During the lockdowns and subsequent challenging times we continued to pay wages and retain all staff as an encouragement and motivation. Our agency force was supported with relief to mitigate losses due to mobility restrictions during the lockdown.

During the year, we conducted a series of programmes in Anuradhapura, Kalutara, Matara, Giriulla, Dambulla, Nuwaraeliya and Bibila to educate people on how best to adapt and cope with changes experienced during the new normal.

It is with great pride I share that the staff members of SLIC contributed one day's salary to donate a PCR machine worth Rs. 5Mn to the Ratnapura teaching hospital, which was an essential item during an year dominated by COVID-19 variants and their spread.

We also initiated activities to coincide with the United Nations Global Road Safety Week to raise awareness on road safety such as 'Motor Plus Road Safety Heroes' and 'Life Saving 30'.

“In the coming year, we are keen to grow our presence in remote areas of the island and identify insurance needs of communities as a means of providing tailor made products”

Chief Executive Officer's Review

FUTURE OUTLOOK

The effects of the pandemic taught us a number of important lessons in resilience, adaptation and how best to move forward in a challenging environment. Learning from the challenges of the year, SLIC has developed a stronger and more adaptive strategies in facing the future. We have also made initiatives to look outside our comfort zone to explore new opportunities that may arise.

In the coming year, we are keen to grow our presence in remote areas of the island and identify insurance needs of communities as a means of providing tailor made products. At the same time, strengthening our captive market through innovative offerings and expansion of our product portfolio customized to meet changing customer needs. The increasingly competitive insurance market necessitates increasing our investment in technology to improve our expansion plans through which, we plan to further improve our internal capabilities and services.

ACKNOWLEDGEMENT

The positive performance of SLIC is an exemplary testament to the dedication of our staff. I would like to first thank all our employees for their professionalism and commitment during this testing year.

I thank all our valued customers for opting SLIC as their preferred insurance partner and reassure our commitment to service them with care and attention. I would also like to appreciate our sales agents, insurance brokers, reinsurance partners and related stakeholders for the unwavering support extended to us during the year.

I acknowledge and extend my appreciation to the Ministry of Finance and the Department of Public Enterprises for their assistance and cooperation throughout the year.

Before I conclude, my sincere gratitude is extended to the Chairman and other Board members for their insightful guidance and resolute leadership in guiding SLIC to be successful yet another financial year.



Chandana L Aluthgama
Chief Executive Officer

24th May 2022

REPORT PROFILE

38 - Report Profile

STRENGTH

Our **STRENGTH** lies in our
unshakeable values and
integrity

We welcome you to the 4th Integrated Annual Report of Sri Lanka Insurance Corporation Ltd (SLIC), which follows the core guidelines of the integrated reporting framework (IIRC). In line with the integrated principles, the Report covers an inclusive audience that encompasses customers, employees, investors, Government and regulatory authorities in Sri Lanka and any other stakeholders who have an interest in SLIC and plays a vital role in sustainable value creation.

Sri Lanka Insurance Corporation is the largest Government-owned Insurance Company in Sri Lanka that consistently provides innovative insurance solutions to its customers serving them through an extensive network of branches and service locations across the nation. The previous integrated annual report of SLIC was published in 2020 and all our Annual Reports can be accessed through our corporate website- www.srilankainsurance.com

SCOPE AND BOUNDARY

The report covers the period from 1st January 2021 to 31st December 2021 and discusses the SLIC's business activities, financial and operational performance, prospects, governance, and risk management against the operating environment providing the stakeholders with an inclusive portrait of the SLIC's performance during the financial year 2021. This report includes both quantitative and qualitative data covering all the 6 capitals of the integrated reporting framework.

REPORTING FRAMEWORK

SLIC has considered the following guidelines in compiling this Report;

- Sri Lankan Accounting Standards
- IIRC (International Integrated Reporting Council) framework
- The legal framework applicable to Government-owned insurance companies, Corporate Governance Code-2017
- 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 form the previous reporting period, nor are there any restatements compared to the Annual Report issued in the previous reporting year.

MATERIALITY

The principle of Materiality - the economic, environmental, and social aspect that substantially impacts 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 which 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 enhancing our strategy and realigning our resources via our six capitals to generate value for the organisation and deliver positive results for our stakeholders.

How we allocate resources through our capitals to address Material Issues

Material Issues	FINANCIAL	MANUFACTURED	INTELLECTUAL	HUMAN	SOCIAL	NATURAL
Economic Performance	✓	✓	✓			
Market Presence	✓	✓		✓	✓	
Anti-Corruption			✓		✓	
Anti-Competitive Behaviour			✓		✓	
Employment	✓			✓		
Occupational Health and Safety	✓			✓		
Training and Development	✓			✓		
Diversity Inclusive			✓	✓		
Non-discrimination			✓	✓		
Freedom of Association and Collective Bargaining				✓		
Local Communities	✓				✓	✓
Customer Health and Safety					✓	
Marketing and Labelling					✓	
Socio Economic Compliance					✓	✓

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

STRATEGY AND FOCUS

40 - Business Model

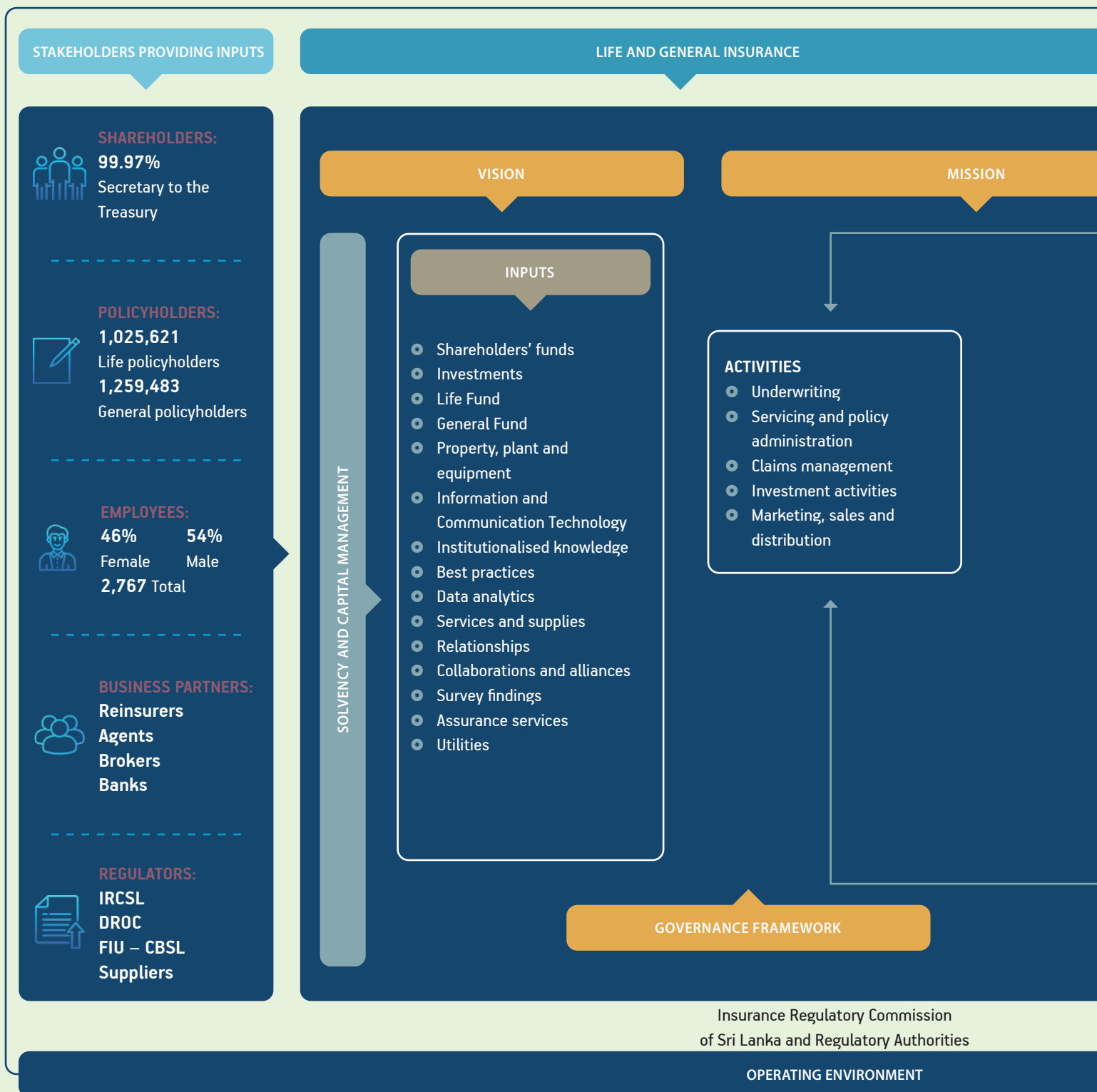
42 - Material Issues

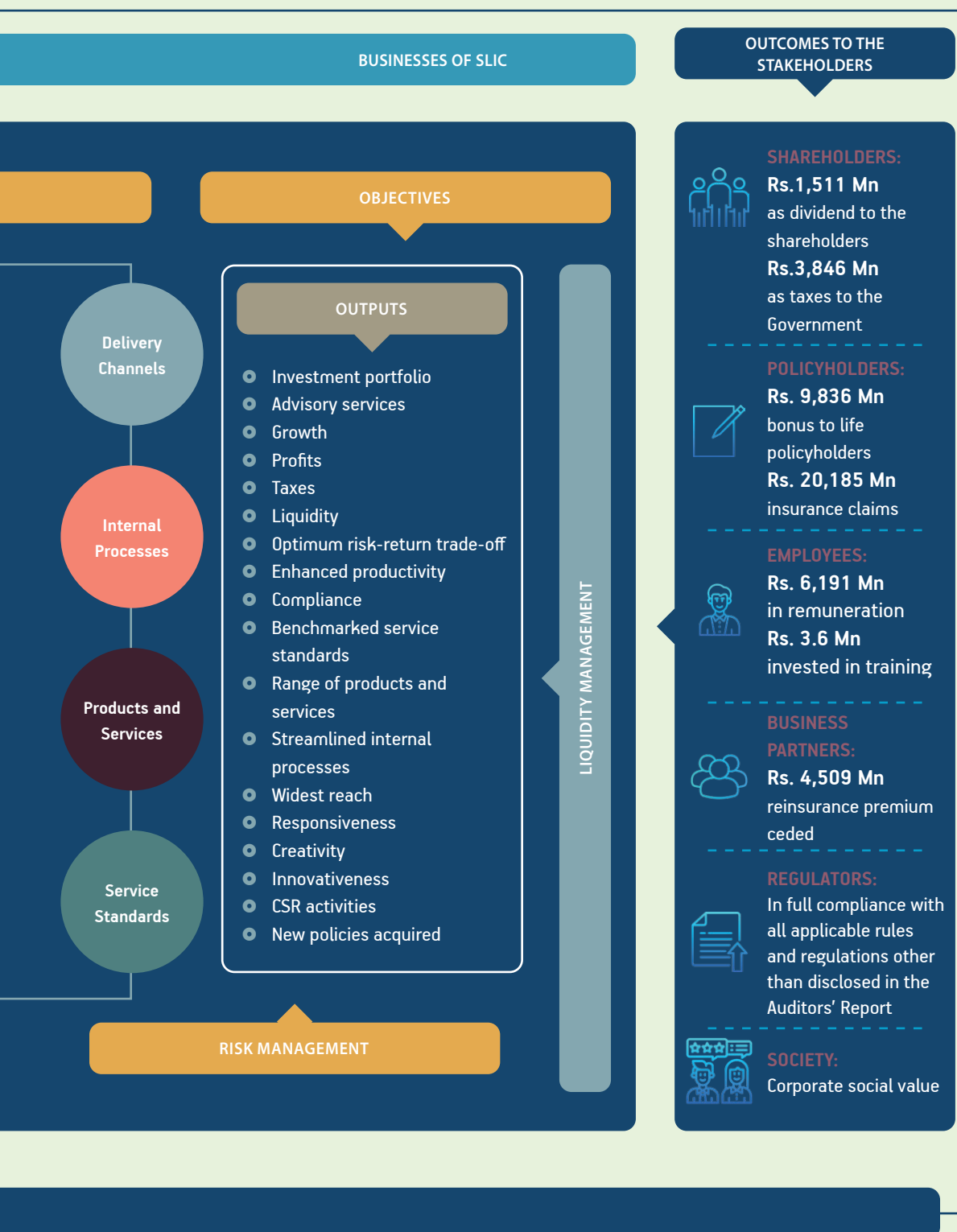
43 - Stakeholder Relationships

45 - Strategic Priorities

TRANSFOR- MATION

Our **TRANSFORMATION** has
been undoubtedly exemplary
and the best is yet to come





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

Material Issues

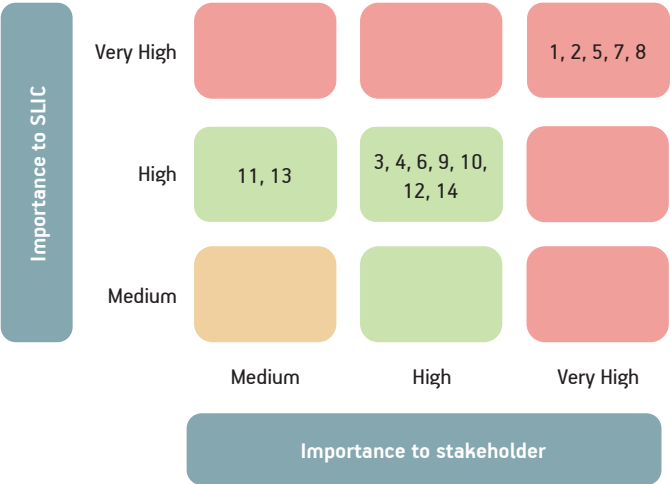
MATERIALITY

The concept of the Materiality is derived from the GRI (Global Reporting Initiative) standards. This shows how SLIC’s non-financial factors are positively impacting the stakeholders as well as their importance to SLIC. Through this report, we indicate how well we overcome material issues refining our strategy and resources.

MATERIALITY ISSUES

SLIC always considers Company growth as well as stakeholder value creation. To create economic, social and environment values SLIC effectively engages with the stakeholders in various ways.

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



Stakeholder Relationships

In our endeavour to remain the leading insurer in the Country and the most trusted by all Sri Lankans, we seek to strengthen relationships with our stakeholders over the long term. Engagement is an integral part of developing strong relationships.

Our diverse stakeholder groups hold a range of views on issues that impact our business, and we know that listening to these different perspectives offers real insight and value to support SLIC's long-term success and sustainability. We follow a systematic approach to stakeholder engagement, starting 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 organizational performance. Stakeholders identified in this way are prioritised according to the level of influence they have on SLIC.

METHODS OF ENGAGEMENT AND ENGAGEMENT PRINCIPLES

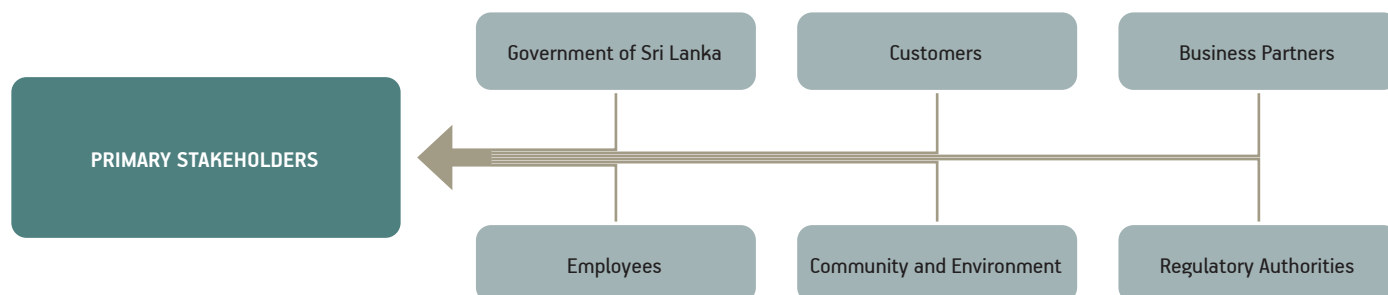
We employ different engagement methods for different stakeholders. While engagement channels are typically determined by the stakeholders' influence / impact on SLIC, the following principles apply to all engagement channels;

- Openness and Transparency to foster consultative discussion
- Timeliness 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 that manages all relationships and queries or concerns from stakeholders. All employees are held accountable for managing relationships and meeting expectations of internal and external stakeholders within their areas of responsibility.

As the ultimate governance body within the organization, SLIC's Board of Directors is regularly briefed on the state of stakeholder relationships and stakeholder needs, interests and expectations which serve as strategic input for planning and decision making.



Stakeholder Relationships

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	Annually
		Press releases	Need-based
		Meetings and discussions with Board and Senior Management	Need-based
Other Regulators Need-based Compliance with laws and regulations, good corporate governance, stability of industry, ethical conduct	HIGH	Meetings with regulatory authorities	Need-based
		Annual Report	Annually
		Industry forums	Need-based
		Statutory returns and status reports	Quarterly, annually
		Press releases	Need-based
Customers Customer relationship, retention, relevant products, product information, policy bonuses, policy claims Other Regulators	HIGH	Call Centre	Regular
		Customer Satisfaction Survey	Need-based
		One-to-one interactions	Regular
		Website, Social Media	Regular
		Customer feedback	Regular
Business partners	MEDIUM	Meetings	Need-based
Growth potential, timely payments		Communication via email, phone, etc.	Need-based
Employees Employee welfare, satisfaction, retention, training and development, recognition and rewards, career progression, job security	HIGH	Meetings	Regular
		Communication via email, phone, etc.	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
Community and environment Community investment, CSR initiatives	MEDIUM	Community projects	Regular
		Press releases	Need-based
		Website, Social Media	Regular
		Events	Need-based
		CSR projects	Regular
		Sustainability initiatives	Regular

Strategic Priorities

STRATEGIC PRIORITIES

Sri Lanka Insurance Corporation has operated in a very dynamic and volatile environment during the 2021 financial year. We faced challenges in implementing some strategic priorities due to the impact of unexpected external factors.

In identifying our strategic priorities, we have taken into consideration the macro-economic factors affecting our client base, SLIC strengths as well as our product profile viz a viz competitor products.

GENERAL BUSINESS

	SALES	MARKETING	EFFICIENCY IMPROVEMENT
Actionable Initiatives	<ul style="list-style-type: none"> Develop a well-dedicated workforce Increase the quality of the sales services with SLIC's quality policy philosophy called "Customer first in everything we do" Develop and maintain channel focus sales structure Promote insurance for all ICT strategy supports daily operation during the Covid 19 situation: web-based training Developed and maintain mobile solutions to enhance sales performances 	<ul style="list-style-type: none"> Enhance brand performances through customer centric product segmentation & positioning of Motor Plus brand and motor sub brands Introduce Mass Insurance projects through Tie- Ups Develop effective stakeholder engagement mechanisms to support business development Marketing support for the process innovations across non motor product categories which enables better user experience Provide necessary facilitation for Personal lines and Corporate distribution channels to reach their desired business goals with effective manner 	<ul style="list-style-type: none"> Strengthen our island-wide coverage to cater to our clients in a faster way Develop efficiency in overall business operations: payment options, self-services, ease of access to many information on SLIC Enhanced customer engagement
Progress in 2021	<ul style="list-style-type: none"> Invested Rs.2.4 Mn to strengthen the quality of our workforce ICT strategy support to conduct web-based training for all the employees 	<ul style="list-style-type: none"> Introducing "Motor Plus Commercial" for users of commercial vehicles with additional benefits to cater to the requirements of commercial vehicle owner's segment. Revamping of the benefits currently available under the "Business Club" product in order to cater better to the requirements of customers. Revamping the benefits provided under the Surgical and Hospitalization product to cater to the newly developed requirements of our clients due to the COVID-19 pandemic. Launching of a special surgical and hospitalization product 'Nagaraja' that caters to Buddhist clergy and their family members Conducting sales competitions to enhance the momentum of the sales force Initiating cross-selling initiatives for non motor business Conducting online product promotional and lead generation campaigns via social media by instantly connecting the leads to sales force & sales management 	<ul style="list-style-type: none"> Remodeling 16 CSC's revisions of branch governance structure was done in FY 2021 Measures were taken in efficiency development in business operations Maintain minimum operational standards for all aspects of our business: claims settlement and support services Digitalization of motor claim process
Targets For 2022	<ul style="list-style-type: none"> Investing to expand SLIC's branch network in underserved areas. Shifting to a low-cost branch model Maintain brand recognition while offering different values to our stakeholders 		

Strategic Priorities

LIFE BUSINESS

	SALES	MARKETING	EFFICIENCY IMPROVEMENT
Actionable Initiatives	<ul style="list-style-type: none"> ICT strategy support to connect with our sales force anywhere, anytime using a common gateway Increase agent engagement to generate more sales growth 	<ul style="list-style-type: none"> Strengthen the life umbrella brand and the product brands Review the life product basket and realign to modern customer needs and segments Support the distribution channel and open up digital channels 	<ul style="list-style-type: none"> Digitize the customer touchpoints to enhance our service quality and process automation Invest for enhance service efficiency of our workforce to overcome sales related issues Introduction of digital life proposal form Underwriting process re-engineering Claims process re-engineering
Progress for 2021	<ul style="list-style-type: none"> Generate expected FP and FYP in order to ensure faster growth. Achieve set FP and NOP objective through activations in order to maintain a minimum productivity of 3 per month. Increase agent engagement to drive the sales-force. 	<ul style="list-style-type: none"> Re-branding and re-launch of Early Cash and Speed Investment previously known as Praguna and Yasa Isuru to align with the key market segments and facilitate need based selling Identifying the short-term investment requirements and launching and actively marketing the Yasas - 2 year insurance plan Launching the digital proposal system with key products being enabled for online sales enabling customer and advisor convenience 	<ul style="list-style-type: none"> Development of online process manual for underwriting, servicing and claims Providing downloading facility of life bonus certificate through the Customer App Digital submission of life proposals Process improvements of underwriting, servicing and claims Introducing enhanced levels of service standards for underwriting, policyholder servicing and claims
Targets 2022	<ul style="list-style-type: none"> Identify new digital solutions and implement speedy digital solutions to further improve productivity and quality enhancement of our business Developing a dividend based life insurance plan Reviewing the reinsurance operation Enhancing the usage of digital proposal form Sending policy document in digital form (e-policy) Sending customer notices through digital media Enhancing the features of Customer App 		

MANAGEMENT COMMENTARY

48 - Operating Environment

49 - Financial Capital

54 - Manufactured Capital

58 - Intellectual Capital

62 - Human Capital

70 - Social and Relationship Capital

87 - Natural Capital

WIN

We celebrated the **WINS**, and
the people who have been
instrumental in our collective
growth

SRI LANKAN ECONOMY

The Sri Lankan economy strongly rebounded in the first half of the year as opposed to the pandemic induced contraction experienced in the previous year. The real economy grew by 8.0% year-on-year in the first half supported by the broad-scale growth witnessed in the key economic sectors, fiscal and policy stimuli extended by the Government and the Central Bank to support those affected by the pandemic, and the overall settling into 'new normal' driven by the island-wide vaccination campaign.

This growth momentum slowed down during the second half of the year with COVID-19 raising heads again pushing the country to impose lockdowns and mobility restrictions to curb the spread of the pandemic that hit with full intensity. As the daily life and business activities were once again impacted, the already weakened economy from the first wave of the pandemic was further pushed to the ground with an increasing trade deficit, rapidly depreciating LKR against the US Dollar, drop in foreign exchange earnings due to set back in tourism and worker's remittances. The financial system observed pressure due to these heightened vulnerabilities in the external sector. On the domestic front, the inflation continues to rise driven by food inflation while the unemployment levels also remained above average highlighting the labour market uncertainties. Amidst these developments, investor confidence also decreased considerably.

According to the provisional national accounts estimates of the Department of Census and Statistics (DCS), the Sri Lankan economy grew by 3.7 percent in 2021 in real terms as opposed to the contraction of 3.6 percent in 2020. All the key sectors including agriculture, industry, services, forestry, and fishing contributed to this growth.

Source: CBSL

Insurance Sector

The insurance industry in Sri Lanka comprises 27 companies that include 13 long terms insurance companies, 12 general insurance companies and 2 companies involved in both long term and general insurance business. The asset base of the sector recorded modest growth during 2021 with total assets growing by 11.4 percent reaching Rs. 879.8 Bn by the end of the year on a year-on-year basis. Besides, the Gross Written Premium (GWP) grew by 12.2 percent to Rs. 233.8 Bn from Rs. 208.2 Bn. During the period under review, the GWP of the long-term insurance subsector and general insurance subsector increased by 21.1 per cent and 3.6 percent respectively.

However, the profitability of the sector decreased during the year with profit before tax-reducing by 4.9 percent. The Profits before tax of the long-term insurance subsector increased by 16.1 per cent and in the general insurance subsector, it decreased by 20.7 percent.

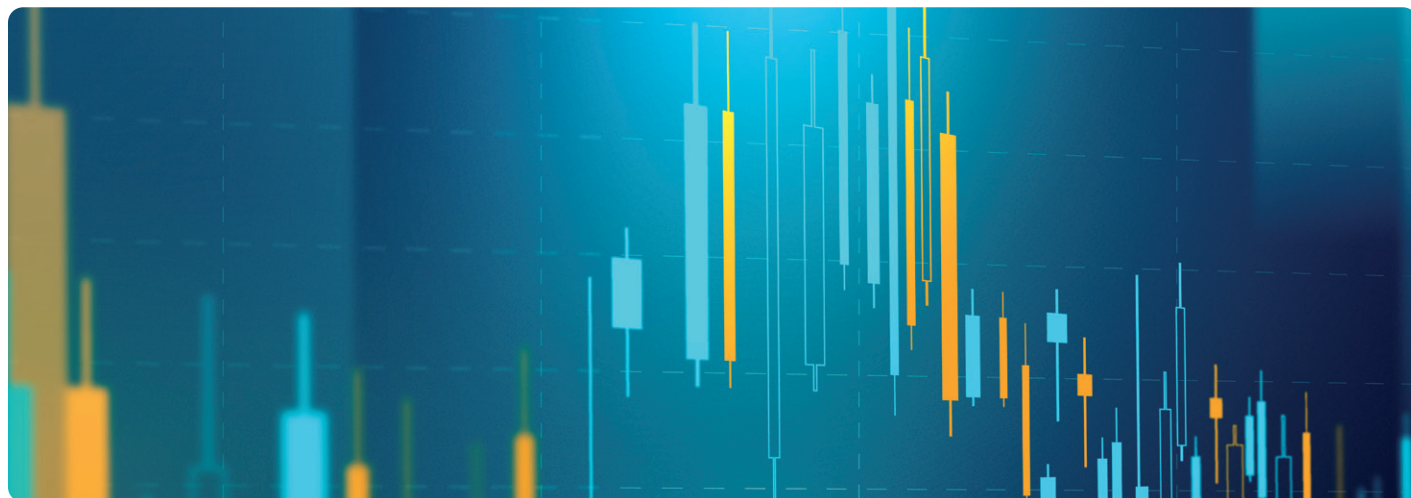
When compared to 2020, ROA and ROE of the long-term insurance subsector increased, while ROA and ROE of the general insurance subsector dropped during the year under review.

Capital to total assets of the long-term insurance subsector declined to 20.9 per cent by the end of 2021 from 22.1 per cent by the end of 2020, whereas the capital to total assets of the general insurance subsector increased to 50.4 per cent by the end 2021 from 48.3 per cent reported at end 2020.

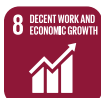
The investments made by the insurance sector continued to be highly concentrated on Government securities. The share of long-term insurance subsector assets on Government securities decreased to 46.1 per cent during the year compared to 2020 while the share of general insurance subsector assets on Government securities increased to 45.7 per cent in 2021 compared to 2020.

Source: CBSL Annual Report

Financial Capital



CONTRIBUTION TO SDG'S



- Revenue grown by 21.8%
- GWP grown by 9.7%
- Financial investment income grown by 41.7%
- Contribution to the Government in the form of taxes grown by 61%



- The largest bonus issue of the local insurance industry - Rs. 9,836 Mn
- Total assets of the Company grown by 14%

SLIC's Financial Capital presents the Company's financial performance and the financial position during the year under review. As a Company regulated by the Finance Ministry, SLIC abides by a set of accountability and financial regulations outlined by the state and the regulatory authorities. In addition, SLIC maintains a formal system of financial governance and internal controls to manage financial risks, financial reporting and accountability.



- The facilitator for the 'Suraksha' children's insurance policy
- The market leader in motor insurance
- Nagaraja special health insurance for clergy

Key Statistical Highlights

	2021	2020	Change %
GWP (Rs.)	43,231	39,421	9.7
PAT (Rs.)	10,041	5,788	73.5

Financial Capital

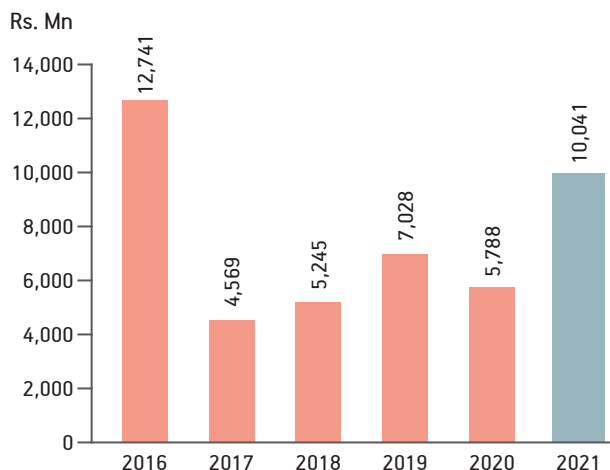
OVERVIEW

From the inception SLIC has been able to safeguard the interest of our key shareholder and the policy holders by prudently managing the financial capital pool of the Company to yield an attractive Return on Capital. Sustainable growth in the Financial capital pool is one of the most crucial elements to ensure the achievement of ultimate goals of the Company contributing to enhance the business and preserving stakeholder's contribution in ethical and prudent manner.

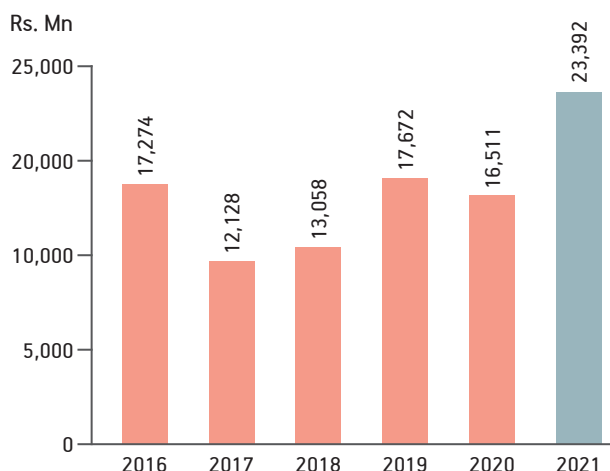
FINANCIAL RESULTS - COMBINED BUSINESS PERFORMANCE

SLIC achieved a healthy topline results for the FY 2021 with Revenue and Gross Written Premium (GWP) at Rs. 64,062Mn (52,614Mn - 2020) and Rs. 43,231Mn (39,421Mn - 2020) respectively, denoting a YoY growth of 21.8% and 9.7% respectively compared to 2020. Investment income from Financial Investments grew by 41.7% YoY to Rs. 23,392 Mn in FY 2021 (Rs. 16,511Mn - 2020). The increase was attributed mainly due to the brilliant performance of the equity market during the year 2021. Total Assets of the Company grew by 13.9% YoY to reach Rs. 268,436Mn as at 31st December 2021 (Rs. 235,630Mn - 2020). SLIC reported Profit Before Tax of Rs. 11,725 Mn for the FY 2021, a YoY growth of 47.1% from the Rs. 7,972 Mn recorded in 2020, while Profit After Tax for the FY 2021 was Rs. 10,041Mn (Rs. 5,788Mn - 2020), a growth of 73.5% compared to the previous year. Return On Equity (ROE) was 13.4% in year 2021 compared to the previous year 9.2%. SLIC's contribution to the Government of Sri Lanka in the form of taxes amounted to Rs 3,846 Mn for the year 2021 (Rs. 2,388Mn - 2020).

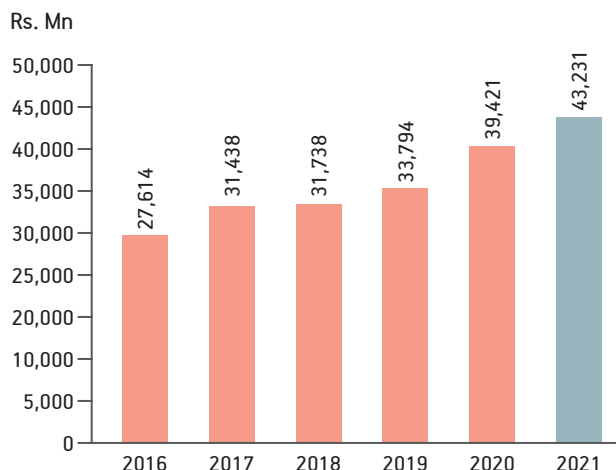
PROFIT AFTER TAX (PAT)



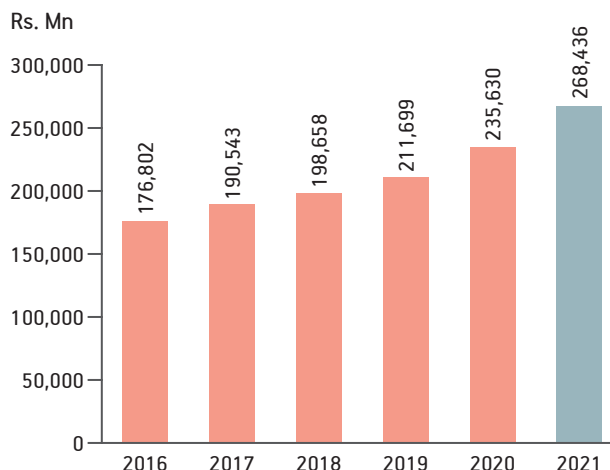
INVESTMENT INCOME FROM FINANCIAL INVESTMENTS



COMBINED GROSS WRITTEN PREMIUM (GWP)



TOTAL ASSETS

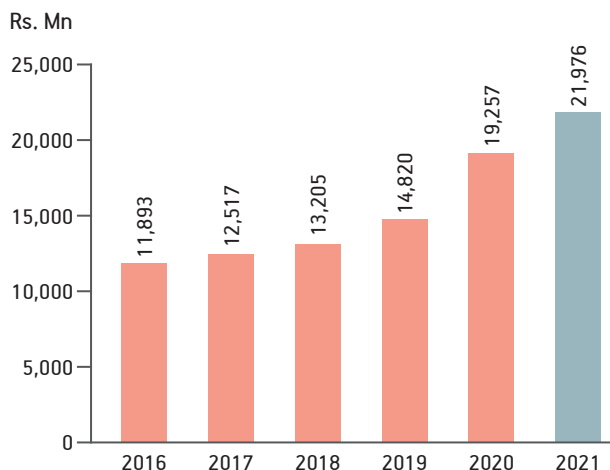


LIFE INSURANCE BUSINESS

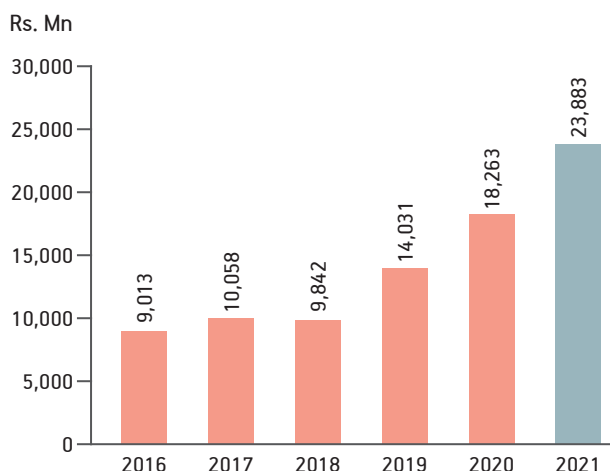
Despite the adverse economic effects stemming from COVID 19 pandemic including subdued economic activity in the Country, SLIC achieved a historical milestone by declaring the local Insurance industry's biggest ever Bonus issue to date. The total bonus declared to Life Participating Policyholders in the FY 2021 amounted to Rs. 9,836 Mn which surpasses SLIC's own record of Rs. 8,694Mn set in the previous year.

SLIC's Life Insurance Business recorded Gross Written Premium (GWP) of Rs. 21,976Mn for the FY 2021 (Rs. 19,257Mn - 2020) reflecting a YoY growth of 14.1% and also in tandem with a 05 year CAGR of 15.1%. Investment Income from Financial Investments of the Life Insurance Business increased by 43.7% YoY to Rs. 19,988Mn in the FY 2021 from Rs. 13,910Mn in the previous financial year. The Life Fund grew by Rs. 18,572Mn during the year under review to Rs. 152,585Mn as at 31st December 2021 (Rs. 134,014Mn - 2020), a YoY growth of 13.9%. The Life business posted Profit After Tax (Before transfer to the Life Fund) of Rs. 23,833Mn for the FY 2021 (Rs. 18,264Mn - 2020) a commendable 30.5% YoY increase.

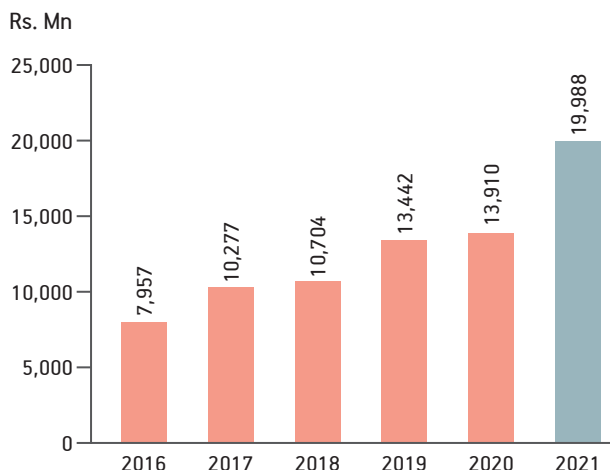
GROSS WRITTEN PREMIUM (GWP) - LIFE



PROFIT AFTER TAX (BEFORE TRANSFERRING TO THE LIFE FUND)



INVESTMENT INCOME FROM FINANCIAL INVESTMENTS - LIFE



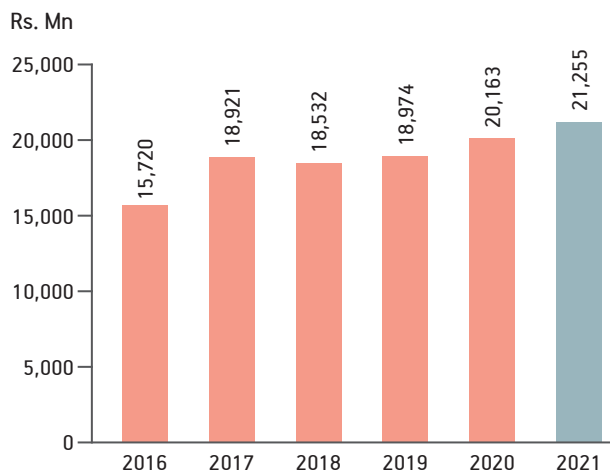
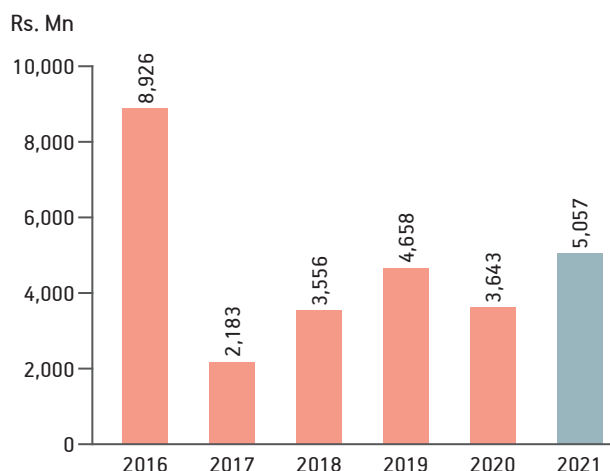
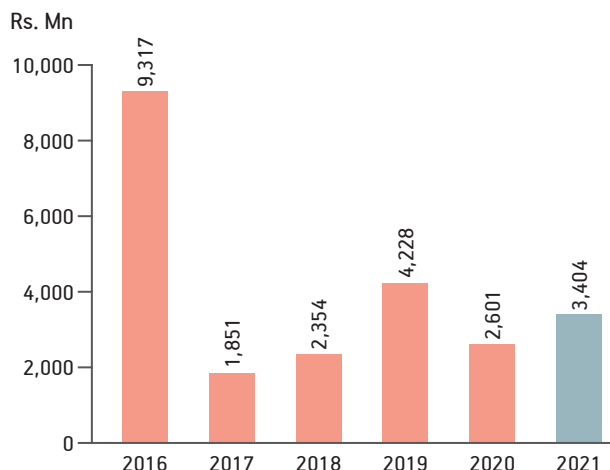
GENERAL INSURANCE BUSINESS

As the national insurance services provider in Sri Lanka and the pioneer on many fronts, SLIC was once again assigned as the facilitator for the 'Suraksha' children's insurance policy, enabling the Company to continue with the insurance scheme granted to all school students free of charge.

Affected by pandemic related challenges, the General Insurance Business reported modest topline growth for the FY 2021. Gross Written Premium (GWP) grew by 5.4% YoY increase from Rs. 20,163Mn in 2020 to Rs. 21,255Mn in the FY 2021. Over the last 5 years (2017 - 2021), GWP of the General Insurance Business has continued to maintain a CAGR of 2.9%.

Investment income from Financial Investments of the General Business was Rs. 3,404Mn (Rs. 2,601 - 2020), increased by 30.9% YoY. The increase was mainly due to the high performance of the equity market. The Profit After Tax tabled by the General Business for the FY 2021 which at Rs. 5,057 Mn showed a 38.8%YoY increased from the Rs. 3,643 Mn recorded in 2020.

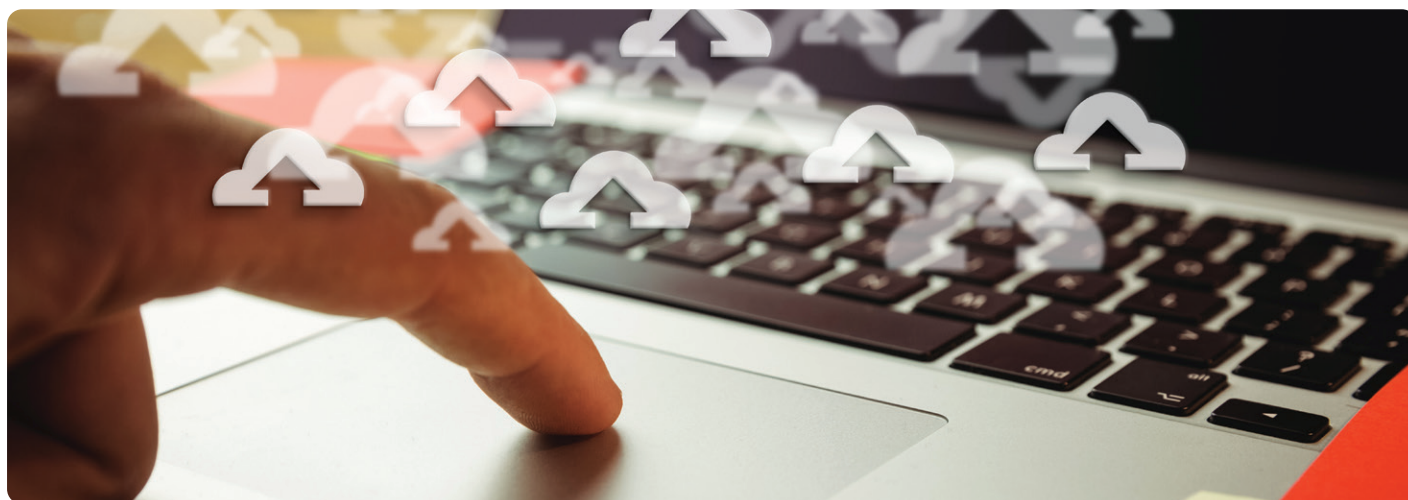
SLIC being the market leader in Motor Insurance for several consecutive years; recorded a GWP value of Rs. 11,673 Mn in FY2021 compared to Rs. 11,806 Mn in the previous year, the 1.1% YoY drop in the motor insurance GWP is attributed to muted economic activity and weak business sentiments due to the pandemic.

GROSS WRITTEN PREMIUM -GENERAL**PROFIT AFTER TAX -GENERAL****INVESTMENT INCOME FROM FINANCIAL INVESTMENTS- GENERAL**

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 2021 the Risk Based Capital Adequacy Ratio for the Life insurance business stood at 501% compared to 459% in FY2020. In FY2021, the Risk Based Capital Adequacy Ratio for General insurance business reported at 244% compared with 223% in FY2020.



CONTRIBUTION TO SDG'S



- Branches Relocated – 04 (no.)
- Branches refurbished – 05 (no.)



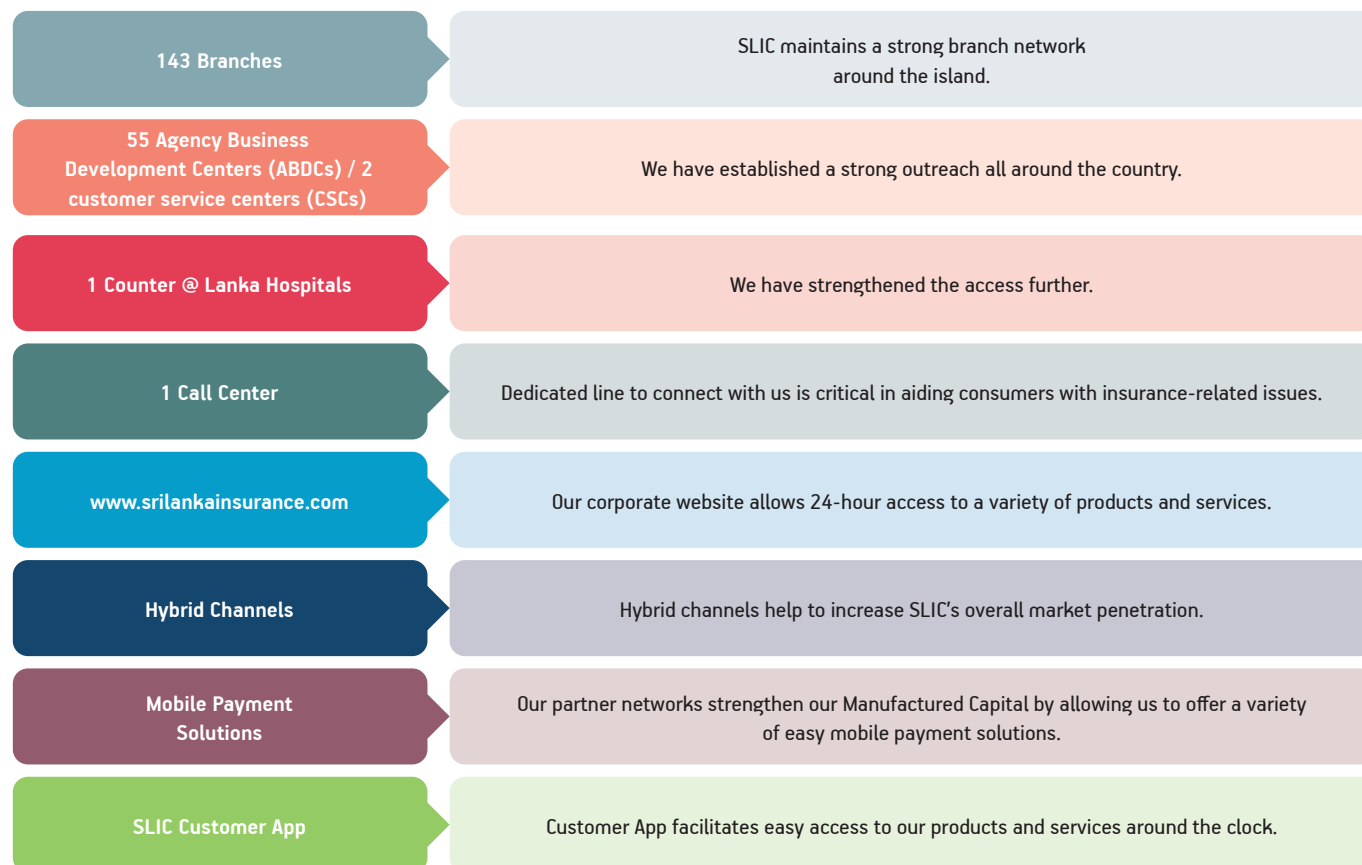
- Strong Branch network – Island wide coverage

The tangible fixed assets that make up SLIC's Manufactured Capital include our offices and branches, as well as the digital channels and other networks that allow consumers all around Sri Lanka to access SLIC's products and services.

Key Statistical Highlights

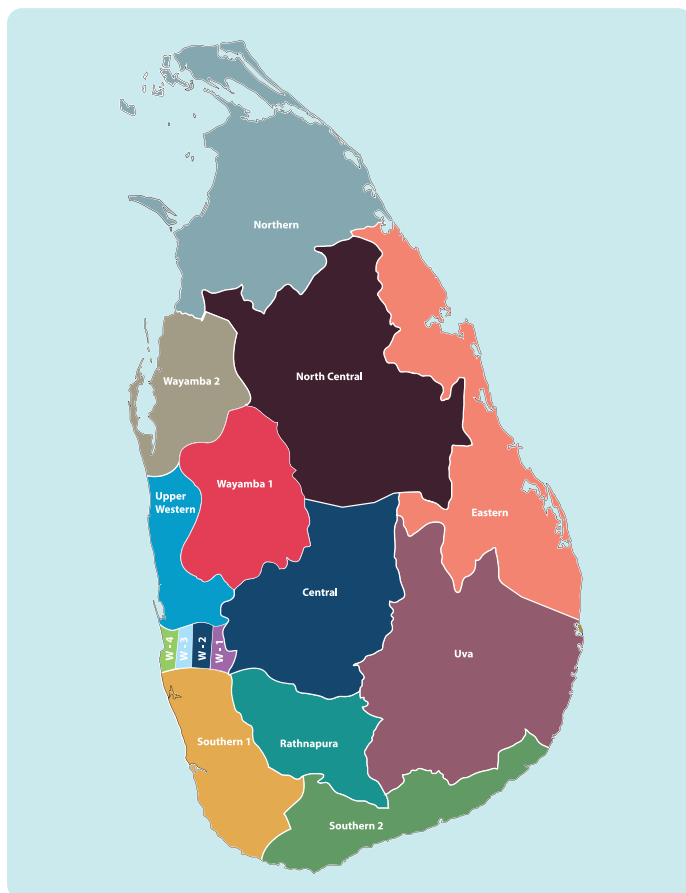
Investment in Fixed Assets (Rs. '000)	FY 2021	FY 2020	Change
Additions to Fixed Assets	256,145	231,437	11%
NBV of Fixed Assets	12,737,635	10,867,358	17%

OUR MANUFACTURED ASSETS AND VALUE CREATION



OUR BRANCH NETWORK

Branches before 2017	123
New Branches in 2017	7
New Branches in 2018	5
New Branches in 2019	6
New Branches in 2021	1
New ABDC in 2021	38
New ABDC in 2022	1
New Branches in 2022	1
CSCs converted to ABDC in 2022	16
CSCs	2
Counters	1
Total	201



Province	No. of branches	Branches
North Central	14	Anuradhapura, Horowpathana, Padaviya, Kekirawa, Higurakgoda, Dehiattakandiya, Kaduruwela, Aralaganwila, Bakamuna, Medawachchiya ABDC - Medirigirya, Nochchiyagama, Habranra, Mahaoya
Uva	12	Badulla, Welimada, Bandarawela, Mahiyanganaya, Nuwara Eliya, Hatton, Wellawaya, Monaragala, Ampara, Bibile ABDC - Passara, Siyambalanduwa
Eastern	7	Batticaloa, Kalmunai, Trinco, Akkaraipatthu, Kanthale ABDC - Pothuwil, Kaluwanchikudi
Southern 1	19	Galle, Ambalangoda, Elpitiya, Thalagawala, Udugama, Baddegama, Kalutara, Horana, Mathugama, Bandaragama, Panadura, Aluthgama ABDC - Thanipolgaha, Habaraduwa, Hikkaduwa, Karapitiya, Pitigala, Uragaha, Baduraliya

Province	No. of branches	Branches
Southern 2	21	Hambanthota, Beliatta, Ambalantota, Thissamaharama, Tangalle, Matara, Akuressa, Dickwella, Weligama, Deniyaya, Hakmana, Neluwa ABDC - Imaduwa, Middeniya, Urubokka, Kamburupitiya, Kekanadura, Deyyandara, Suriyawewa, Walasmulla, Morwaka
Rathnapura	12	Rathnapura, Awissawella - Life, Awissawella - General, Balangoda, Kahawatta, Embilipitiya, Kalawana, Eheliyagoda, Pallebedda, Ruwanwella ABDC - Deraniyagala, Hanwella
Wayamba 1	16	Kurunegala, Kurunegala City, Melsiripura, Narammala, Ridigama, Rambukkana, Warakapola, Giriulla, Polgahawela, Kuliapitiya ABDC - Alawwa, Pannala, Ibbagamuwa, Polpithigama, Katupola, Hettipola
Wayamba 2	11	Chilaw, Puttalam, Nikaweratiya, Maho, Dambulla, Galewela, Galgamuwa, Wariyapola, Thambuttegama, Anamaduwawa ABDC - Hiripitiya
Western 1	9	Pitakotte, Battaramulla, Nugegoda, Kirulapona, City Office, Rathmalana, Dehiwala, Moratuwa ABDC - Moratumulla
Western 2	12	Kadawatha, Kiribathgoda, Colombo Metro - 1, 2, 3, 4, 6, 7, 10, 11 ABDC - Kelaniya, Delgoda
Western 3	9	Homagama, Kottawa, Malabe, Piliyandala, Athurugiriya, Kaduwela, Maharagama, Ingiriya ABDC - Padukka
Western 4	8	Borella, Pettah, Kotahena, Bambalapitiya, Wattala, Ragama, Kotikawatta ABDC - Wellawatta
Upper Western	22	Gampaha, Veyangoda, Minuwangoda, Nittabuwawa, Yakkala, Negomobo, Kandana, Wennappuwa, Jaela, Kochchikade, Marawila ABDC - Divulpitiya, Pugoda, Ganemulla, Kirindiwela, Mirigama, Mahabage, Dankotuwa, Weliweriya, Udugampola, Urapola, Kirilawala
Central	16	Kandy, Digana, Kandy City, Matale, Gampola, Katugastota, Mawathagama, Kegalle, Pilimathalawa, Rikillagaskada, Mawanella, Nawalapitiya ABDC - Galagedera, Bulathkohupitiya, Aranayake, Peradeniya
Northern	10	Jaffna, Kilinochchi, Nelliadi, Mulathivu, Mannar, Chankanai, Vavuniya, Chavakachcherie ABDC - Mallavi, Chunnakam

Capital Improvement Initiatives

Expansion and relocation of branches

Given that SLIC is present in all key cities across Sri Lanka, we have shifted our branch expansion strategy to focus on townships that are fast urbanizing. As a result, our decision for new branches / customer service centers would be based on ensuring the appropriate branch penetration ratio in relation to the population density in a given region. Built on this approach's success, SLIC would use the same criteria to determine branch relocation.

NEW BRANCHES -2021

Branch	Address
Avissawella-Life	No.31, Kudagama Rd, Avissawella

NEW BRANCHES -2022

Branch	Address
Medawachchiya	In-front of Hospital, Medawachchiya

BRANCH RELOCATIONS 2021

Branch	Address
Deniyaya	No.06, 1st Floor, Deniyaya
Kalutara	No. 326/2, Photofine Building, Kalutara
Balangoda	No. 115/A, Bans Ratwatte Mw, Balangoda
Bandarawela	No.393-2/1, Iconic Landmark Building, Badulla Rd, Bandarawela

Improving the efficiency of branch operations

SLIC continues to take proactive steps to improve the efficiency and profile of our existing branch network. Our branch 'refresh' program is a progressive activity to maintain the physical infrastructure of our branch network.

Refurbishments-2021

Matale
Mawathagama
Moneragala
Kurunegala
Rikillagaskada

Increasing digital presence

SLIC has steadily expanded its digital footprint in recent years, beginning with the launch of the SLIC Customer Portal on the corporate website, followed by the release of the SLIC mobile app in 2019. While both systems are being upgraded on a regular basis to improve their overall usefulness, we are also looking at other options to expand our digital reach. SLIC has been able to move forward with a wide range of mobile payment solutions and other hybrid platforms which have resulted in value-added strategic tie-ups with prominent banks and telcos.

Further, it has been proposed to open a SLIC Premier Center along with all digital facilities to provide an excellent service to the customers.

FUTURE PLAN

- Investing to expand SLIC's branch network in undeserved areas.
- Shifting to a low-cost branch model: We have successfully remodeled 16 CSC's. By converting CSC's into Agency Business Development Centers (ABDCs), we are aiming to convert the other CSCs also in the near future
- Increasing ABDCs: We plan to broaden our branch network further by establishing new Agency Business Development Centers in areas identified by the adoption of the specific methodology, to increase SLIC's island-wide penetration.
- Implement speedy digital solutions: By identifying digital solutions that may be implemented speedily and efficiently at a low cost, we expect to improve the productivity and performance of our business.



CONTRIBUTION TO SDG'S



- Investments for IT system development in 2021 grown by 21 % compare to 2020.

SLIC's intellectual capital extends to its decades of experience and knowledge base. In addition, our Intellectual capital is made up of intangible assets such as technology, policies, systems and processes, brand equity as well as knowledge-based resources that help to improve the SLIC value offer and give the Company a competitive advantage over its competitors.

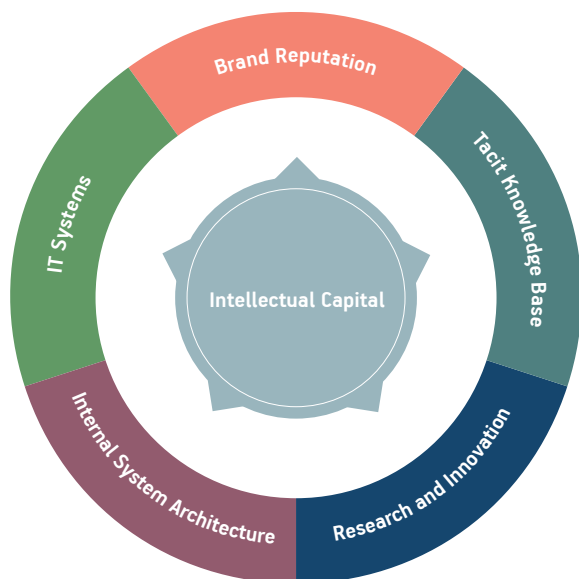


- 'Most Valuable General Insurance Brand'
- 'Most Loved Insurance Brand'

Key Statistical Highlights

Investments	2021	2020	Change
Developments IT systems	142.5 Million	116.9 Million	21.8%
Training programs for enhancing the knowledge base	9.7 Million	2.4 Million	292%

OUR INTELLECTUAL CAPITAL



STRONG BRAND EQUITY

Established in 1962, SLIC is the largest Government-owned insurance Company in Sri Lanka, with a managed asset base of over Rs.235 billion and the largest life fund in the local insurance industry. The Company is on a mission to be a customer-focused Company that is always innovating and delivering insurance services to customers through its network of 201 branches and ABDC centres.

Brand Achievements

- For the fourth consecutive year, Brand Finance named Sri Lanka Insurance the 'Most Valuable General Insurance Brand' in the country.
- SLIC was ranked as the 'Most Loved Insurance Brand' in Sri Lanka, competing against giant retail companies.
- SLIC was recognized as a "Great Place to Work" in Sri Lanka by Great Place to Work.

SLIC is well positioned to deliver on our brand promise to all stakeholders, thanks to its credible track record and strong brand. Our sheer size combined with local market knowledge has enabled SLIC to offer win our clients through differentiated value propositions that comprise a unique product portfolio and best-in-class service.

Guided by the ISO 9001: 2015 for Quality Management System, which serves as the foundation for SLIC's Quality Policy, SLIC implemented a minimum operational standards for all aspects of our business: life and non-life underwriting; claims; settlement; and support services at the SLIC Head Office and across our network of 201 branches and ABDC centers .

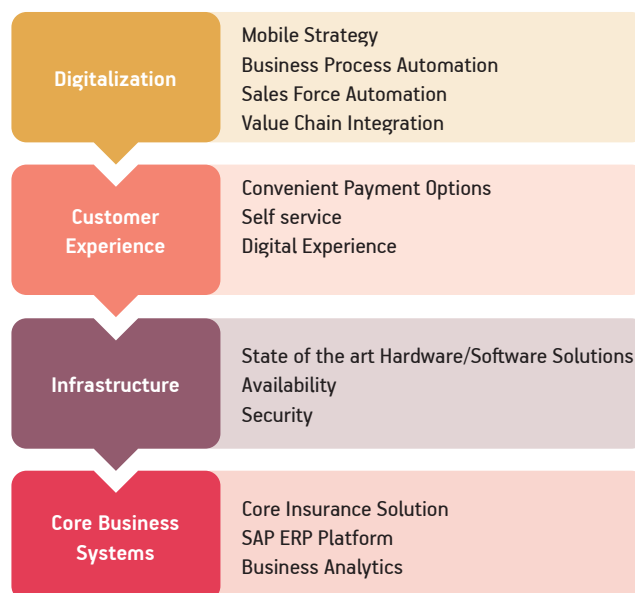
SLIC's Quality Policy reiterates the company's goal, "Customer first in everything we do". Therefore, all teams have internalized and implemented this Quality Policy as their primary operational philosophy.

EFFICIENT USE OF THE LATEST ICT

Our technology investment strategy aims to improve our competitiveness by differentiating the way SLIC meets client expectations and conducts business. Having set up a dynamic and well focused ICT strategy supported the company address client and company needs during the COVID pandemic. Realizing the need for a robust ICT framework that supports daily operations and future growth, a strategy has been set in place to address these multiple technology needs.

SLIC's ICT strategy centers around four main focus areas:

SLIC'S ICT STRATEGY



ICT Developments and Performance

Digitization of Life Proposal Processing System

We accelerated our digital strategy in the year under review, focusing on process automation with the goal of enhancing efficiencies, service standards, and creating a collaborative working environment.

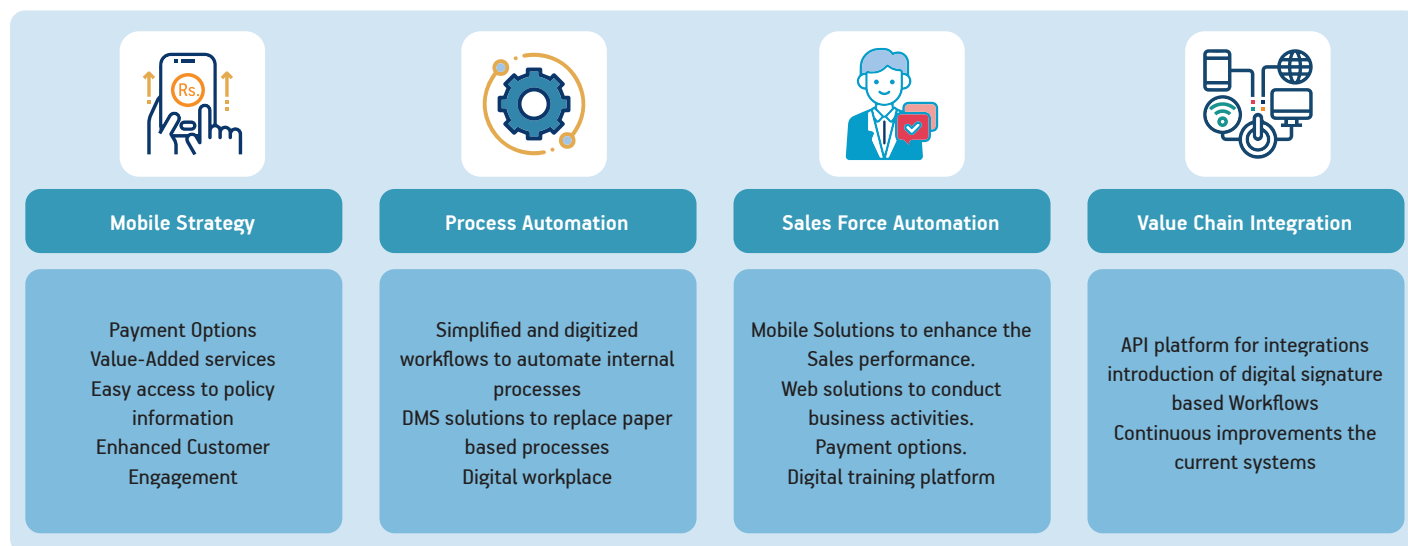
In order to increase the customer convenience, the Company introduced a digital proposal form in addition to the existing paper-based life proposal processing system where customer can submit the details for life insurance online.

Web-based Training System

The new web-based training system provided an opportunity for the Company to continue with the planned training programs without much difficulties even during the pandemic situation. This system enabled us to conduct training at multiple locations all over the country simultaneously using the web and this has been very effective and helped the Company to reduce its training cost drastically.

The system development took place during the year enabled the Company to carry out a significant volume of operation by working from home resulting minimal hindrance to the day to day operations of the Company.

KEY PRIORITIES IN 2021



BEST PRACTICES IN INFORMATION SECURITY

Data security and governance are critical components of sustaining consumer trust. With over 2.2 Mn customer accounts, data security is a top priority for SLIC. We remain fully committed to safeguarding client data privacy and providing highest level of security for personal information. We strive to meet our legal requirements in terms of data privacy and have put in place a number of technical and operational safeguards to ensure client information remains confidential. We also conduct employee training and educate our clients about cyber-crime in order to keep them informed about potential cyber dangers.

EXPERT KNOWLEDGE AND EXPERIENCE

One of SLIC's key competitive advantages is our human capital. The experience and skill of our 2,767 employees of whom approximately 59% counts for more than ten years in service has been a great strength in becoming a leader in the industry. Their extensive knowledge of the insurance sector is a significant advantage.

SLIC continues to invest in our human capital, to enhance their capacity to achieve both SLIC's goals as well as their own personal development goals. Our HR strategy is developed to meet the needs of the organization and the employee in relation to the following:

- Strategic Recruitment
- Performance Management
- Succession Planning and Talent Pool Management
- Training and Development

The leadership of the SLIC Board of Directors has been a vital component of the organization knowledge and experience base. Each Board member contributes a set of unique skills and knowledge that adds value and quality towards the strategic vision and leadership for effective decision-making.



CONTRIBUTION TO SDG'S



- Employee physical well-being – Special health and safety policy
- Employee mental well-being – Special policy on grievance handling



- Maintain Employee Age Diversity
- Maintain Strong Regional Representation in workforce
- Transparency and Impartiality in recruitment process

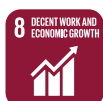
SLIC's human capital is the most valuable resource of the organisation, as it is the key driver of success and accomplishments. The value of an energetic and dedicated team for a service organisation is an immeasurable asset. The passion and perseverance of SLIC's employees have allowed our products and services to reach every part of Sri Lanka.



- Employee Training Programmes conducted



- Maintain Gender Balance – 54%-46% (M:F)



- Diverse and inclusive workplace

Key Statistical Highlights

Training Programmes	2021	2020
Number of Programmes	70	85
Number of Hours	625	680

Employees by Type of Contract	2021	2020
Permanent Staff	2,535	2,517
Contract Staff	232	109
Total	2,767	2,626

AGE ANALYSIS

Age Group	Male	Female	%
18-24	47	35	3.0%
25-29	186	214	14.5%
30-34	231	235	16.8%
35-39	269	141	14.8%
40-44	262	61	11.7%
45-49	218	178	14.3%
50-54	193	247	15.9%
55 & Above	91	159	9.0%
Total	1497	1270	2767

SERVICE ANALYSIS

No. of Years working at SLIC	Male	Female	%
0-5	504	355	33%
6-10	235	128	14%
11-15	388	196	22%
16-20	123	37	6%
21 & Above	247	554	31%

EMPLOYMENT BY GRADE AND GENDER

Grade	Number			Composition %	
	Male	Female	Total	Male	Female
Senior Managerial	74	18	92	80%	20%
Managerial	251	101	352	71%	29%
Assistant Manager	105	46	151	70%	30%
Executive	273	524	797	34%	66%
Clerical	426	540	966	44%	56%
Technical	188	0	188	100%	0%
Non-Clerical	108	15	123	88%	12%
Minor	72	26	98	73%	27%
Total	1497	1270	2767	54%	46%

BEST PRACTICES IN HR

SLIC reaffirms its commitment to providing a pleasant working environment for its employees by implementing fair employment practices in accordance with the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact, both of which are based on the Universal Declaration of Human Rights.

As a result, our human capital development initiatives 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 in the workplace	<p>SLIC is dedicated to creating a diverse and inclusive workplace where all employees are treated with decency and respect.</p> <p>Every effort is made to ensure that employees are not discriminated against because of their race, religion, gender, sex, age, marital status, or any other legally protected status.</p> <p>We endeavor to develop career possibilities for differently abled people wherever possible in order to fulfill this goal.</p>
Supporting the abolition of child labor, and the elimination of forced and compulsory labour	SLIC has a stringent policy against child labor, forced labor, or compulsory labor as a responsible corporate citizen.
Prioritizing the health and safety of employees	<p>SLIC's employees are not exposed to any significant occupational health and safety risks because they work in the service sector. Nonetheless, we have put in place strict measures to ensure that our workers operate in a safe and secure environment.</p> <p>Furthermore, SLIC's Risk Management Department assesses health and safety risks on a regular basis and takes preventive and corrective measures as needed, while 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 just completed a comprehensive Health and Safety Policy in order to establish a formal framework for the administration of workplace health and safety.</p>
Upholding ethics and integrity	<p>We require our workers to act with the utmost integrity, ethics, and professionalism in all of their interactions with clients, prospective clients, vendors, and other external stakeholders, as well as among their colleagues, superiors, and juniors.</p> <p>The SLIC Employee Code of Conduct must be known, understood, and followed by all SLIC workers, without exception. If an employee does not comply, appropriate disciplinary procedures will be taken against them, depending on the nature and severity of the infraction.</p> <p>Furthermore, all employees are expected to follow all terms and conditions mentioned in the letter of appointment without fail.</p>
A clear procedure on handling employee grievances	<p>SLIC has a clear procedure in place for dealing with employee grievances, with the goal of resolving them as close to the source as possible, avoiding 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.</p>

Policy	Implementation
A clear procedure on handling employee grievances	<p>The policy includes specific information on how to file a grievance, as well as information on the many sorts of grievances, which are divided into official and personal grievances, and which might affect an employee's performance or behavior directly or indirectly. 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> <p>SLIC's Human Resource Department is in charge of ensuring that the Grievance Handling Policy is implemented correctly .</p>

RECRUITMENT AND RETENTION

Recruitment Strategy	<p>Clearly defined recruitment policy of SLIC attempts to hire applicants who have the necessary qualifications, relevant knowledge and experience, adequate abilities, and the proper attitude.</p> <p>Internal candidates are given first preference in applying for open positions as they occur, with external recruitment considered only if no suitable candidate can be found inside.</p> <p>New recruits are subjected to a stringent selection process. As a result, all new hires are forced to take a series of aptitude tests to see if they are a good fit for the Company.</p> <p>While the SLIC's interview panel's composition may vary depending on the post and/or requirements, all panelists are subject matter experts and members of SLIC's senior leadership team.</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 preset evaluation standards.</p> <p>All new hires go through a thorough induction and orientation program to help them learning more about the Company and to better integrate into the SLIC culture.</p>
Retention Strategy	<p>As the insurance sector in Sri Lanka becomes more competitive, retaining competent individuals is critical to sustaining 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 business, ensuring that there are always suitable people ready to fill any vacancy in a vital position.</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>

BENEFITS TO PROMOTE EMPLOYEE SATISFACTION

Fair Remuneration

A highly market-competitive benefit structure is an important part of SLIC's overall human capital development strategy. All SLIC employees are paid fairly and equitably in line with market conditions and in accordance with the regulatory requirements that apply to our industry.

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 have recently introduced flexible working hours arrangement, especially in the light of the current energy crisis the country is encountering.
Family Leave	<p>Maternity Leave SLIC strictly follows all labor laws and goes above and beyond the legal requirements to ensure the safety and well-being of its employees. In this regard, while 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.</p> <p>Paternity leave Requests for paternity leave are also evaluated favorably, provided that the leave entitlement is used.</p>
Food and beverages	A staff café with all amenities and foods at concessionary rates
Welfare	A unique welfare shop that sells a variety of low-cost goods, together with other welfare activities.

Benefits For Health

Wellness	<p>Access to a range of facilities including a fully equipped Gymnasium with a qualified instructor who can assist them to maintain their physical fitness.</p> <p>Weekly yoga classes are conducted for those keen to support their mental and spiritual wellbeing.</p>
Healthcare	Health and wellness programs, providing a conducive working environment and health education.

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	Access to a library of over 1,800 books covering fictional and educational topics in the fields of insurance, management, finance, marketing, and sales. Adequate leave entitlements and annual get-togethers.
Travel and Accommodation	Every employee has access to three holiday homes in Nuwara-Eliya, Anuradhapura, and Kataragama, all of which are furnished with contemporary conveniences and well-trained caretakers. Employees and their families have access to SLIC's transportation fleet for long trips.
Perks for employee family members	Employees' children receive educational support. We hold seminars for students taking the year 5 scholarship exam and award cash awards to those who pass. 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."

CAREER DEVELOPMENTS TO ENHANCE WORKFORCE PRODUCTIVITY

Our training and development strategy aims to improve employees' skills and competencies in a way that supports SLIC's expansion goals. 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 while providing training opportunities to fill in the gaps.

Investment in Training and Development

Investment in Training and Development Type	2021 (LKR)	2020 (LKR)
In-house Training	477,840	302,824
External Training	2,769,290	556,229
Conferences	365,000	25,500
Insurance and Professional Education	4,182,678	27,134
Professional Memberships	1,981,787	1,583,682

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

We've also introduced a professional development reimbursement scheme to provide financial assistance to employees who decide to further their educational qualifications in a way that could add value to their respective work area in an effort to create a continuous learning environment and encourage employees to update their skills on a regular basis. SLIC also reimburses professional body membership expenses to encourage continued professional growth.

Reimbursement of Examination Expenses

	2021 (LKR)	2020 (LKR)
Total Investment on Employees	3,247,130	3,050,559

Major Training Programmes Conducted in FY 2021

Training Programmes	2021	2020
Number of Programmes	70	85
Number of Hours	625	680

Recognitions and Rewards

As a performance-driven Company, we believe that a successful Performance Appraisal System (PAS) provides a foundation for achieving corporate strategic goals while also 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 obliged to complete a bi-annual self-evaluation to grade their own performance against pre-agreed KPIs set at the start of the financial year as part of the process. 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 further help through customized Individual Development Plans established by the HR in co-operation 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 to strive for excellence jointly.

OTHER SIGNIFICANT KEY STATISTICS**Employees by Region**

Region	Number
Central	175
Eastern	48
North Central	78
Northern	55
Ratnapura	96
Southern 1	159
Southern 2	121
Upper western	160
Uva	97
Wayamba 1	111
Wayamba 2	77
Western 1	109
Western 2	60
Western 3	85
Western 4	62
Head Office	1274
Total	2767

Employee Recruitment

Age Group	Male	Female	Total	%
18-24	36	13	49	19%
25-29	46	12	58	23%
30-34	43	1	44	17%
35-39	54	2	56	22%
40-44	30	4	34	13%
45-49	12	0	12	5%
50-54	1	0	1	0%
55 & Above	1	0	1	0%
Total	223	32	255	100%

Employee Turnover

Age Group	Male	Female	Total	%
18-24	8	3	11	11%
25-29	8	3	11	11%
30-34	7	5	12	12%
35-39	9	1	10	10%
40-44	10	0	10	10%
45-49	1	2	3	3%
50-54	1		1	1%
55 & Above	20	22	42	42%
Total	64	36	100	100%

Staff Retention Rate

	2021	2020
Number of Staff	2,767	2,626
Staff Retention Rate %	96.20%	98.0%

FUTURE CONCERNS

- **Performance driven culture-**

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

- **Enhance the process of succession planning-**

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



CONTRIBUTION TO SDG'S

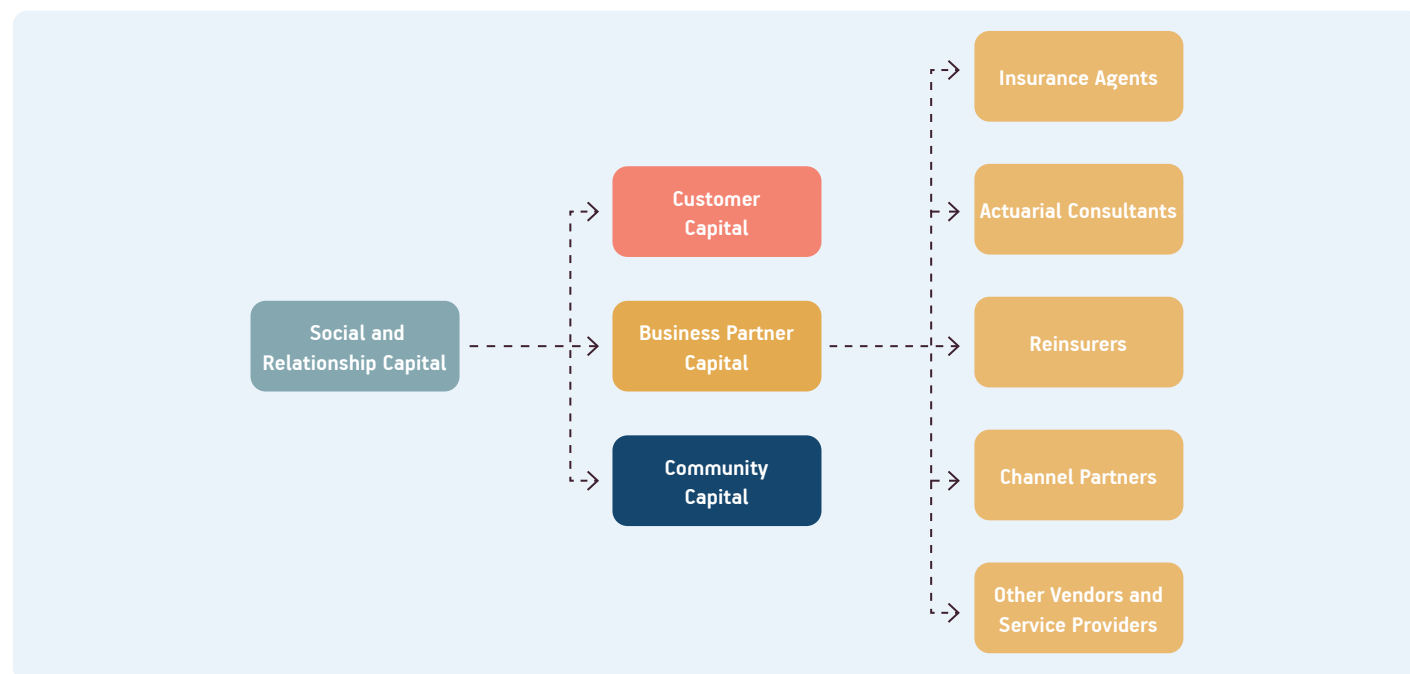
1 NO POVERTY <ul style="list-style-type: none"> A diversified set of risk protection and life investment solutions 	10 REDUCED INEQUALITIES <ul style="list-style-type: none"> Inexpensive and comprehensive "Insurance for All" concept 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION <ul style="list-style-type: none"> Over 2 Mn customers across Sri Lanka Sri Lanka Insurance Motor Plus - No 1 vehicle Insurance Special customer complaint management system 	17 PARTNERSHIPS FOR THE GOALS <ul style="list-style-type: none"> Partnerships with Mobitel, PB, BOC - for boosting payment solutions Strategic partnership with SLMA and PIMA Tie-up with leading merchant partners to provide benefits for Motor Plus policyholders
3 GOOD HEALTH AND WELL-BEING <ul style="list-style-type: none"> Comprehensive coverage for health needs 	11 SUSTAINABLE CITIES AND COMMUNITIES <ul style="list-style-type: none"> "Motor Plus Road Safety Heroes" "Minimuthulanthaya" for children "Rising to New Norm" Awareness Programme 		
4 QUALITY EDUCATION <ul style="list-style-type: none"> Agents career path 			
8 DECENT WORK AND ECONOMIC GROWTH <ul style="list-style-type: none"> Systematically operating agents' development model 			
9 INDUSTRY INNOVATION AND INFRASTRUCTURE <ul style="list-style-type: none"> Innovative tailor-made insurance solutions Mobile and other payment solutions Hybrid channels 			

Social and Relationship Capital form the base for the trust and confidence our stakeholders place in SLIC. The capital identifies our engagements and relationships with multiple stakeholders from partners, customers, suppliers, industry regulators and others; and recognize the value these ties create for stakeholders as well as for SLIC. SLIC takes a proactive approach to develop and strengthen relationships with stakeholders in order to generate trust-based relationships that benefit both parties.

Key Statistical Highlights

Market share	2021	2020	Change
SLIC's market share (Life business)	17.62 %	18.69 %	-1.07 %
SLIC's market share (Non-life business)	20.77 %	20.26 %	0.51 %

OUR SOCIAL AND RELATIONSHIP CAPITAL



VALUE ADDITION TO CUSTOMER CAPITAL

Driving Customer Capital towards Value Creation

To be genuinely successful, we think that we must first understand our consumers, then respond to their wants and requirements, and finally develop holistic customer experiences that are far superior to those provided by any other insurance provider in Sri Lanka. This approach underpins all of our strategic initiatives, as we aim to keep existing clients while also attracting new ones, resulting in increased income today and in the future. SLIC affirms its commitment to clients by adhering to the following guidelines:

A varied and distinctive product portfolio

SLIC offers a diverse suite of risk protection and life investment products for all customer segments, from individuals to SME's and micro entrepreneurs to major corporations, 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.



Protection
Solutions

Sri Lanka Insurance
Janadiri
Two year relief plan

Sri Lanka Insurance
Divi Thilina
Protection Plan

Investment
Solutions

Sri Lanka Insurance
Early Cash

Sri Lanka Insurance
Wealth Plus
Limited Premium Plan

Sri Lanka Insurance
SPEED INVESTMENT

Sri Lanka Insurance
YASAS
ILLUMINATE - INSURE - PROTECT

Children's Insurance
Solutions

Sri Lanka Insurance
Mini Muthu
Children's Plan

Sri Lanka Insurance
Mini Muthu
Dayada

Sri Lanka Insurance
Mini Muthu
Parithyaga

Sri Lanka Insurance
Early Cash

Retirement Insurance
Solutions

Sri Lanka Insurance
Freedom
RETIREMENT PLAN

Sri Lanka Insurance
Freedom LIFESTYLE PLUS
RETIREMENT PLAN

Health Insurance
Solutions

SLIC Comprehensive
Health Plus

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

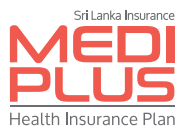


Life Portfolio

Product Category	Target Customers	Solutions	Description
Protection/ Investment	Customers who expect both protection and investment benefits	Divi Thilina Protection Plan Divisavi Protection Plan Speed Investment Plan Early cash Advance Benefit Plan Swarna Dhaja Jana Diri – Two Year Relief Plan Sri Lanka Insurance Wealth Plus	These products provide both protection and a better benefit return.
Retirement	Customers who expect both protection and investment benefits	Freedom Retirement Plan Freedom Single Premium Plan Freedom Lifestyle Plus	The said products provide a guaranteed monthly income for a set period of time.
Child Plan	Customers with children under 15 years of age	Minimuthu Dayada Minimuthu Children's Policy Minimuthu Parithyaga	These plans guarantee a fund for the child at the maturity and provide the protection to the parents.
Mortgage Protection	Loan borrowers who obtain loans from banks/financial institutions	Mortgage Protection Plan	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.
Health	General Public	Surgical Plan	Provides you with a comprehensive coverage that covers the costs of surgery up to a pre-determined maximum limit.
	General Public	Comprehensive Health Plus	Covers surgical, medical, and hospitalization costs both in Sri Lanka and abroad.
	persons with diabetes	Comprehensive D+ Plan	Gives peace of mind and financial aid to the policyholder by providing access to the best hospitals and medical treatment for diabetes.
Personal	General Public	Hospital Cash Plan	Gives a certain amount of coverage for each day you are in the hospital, regardless of actual bills or expenses.
	senior citizens (Between the Age of 60-70 years)	Medi 60	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.
	Sri Lanka Citizens between the age of 18-59 years	Annual Medical Plan	Individual health insurance policy that covers extensive number of in-patient health insurance perils. 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.
Employee related	Staff of Company	Protect – Group Term Policy	Covers all of your staff under one insurance to give a greater sense of security and belonging inside the Company.



Health Insurance Solutions



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නාගරාජ
සෞඛ්‍ය පුලු, ආර්ථික සේවයන් සැපයීමට

Business Insurance Solutions



Motor Insurance Solutions



Householders Insurance Solutions



Travel Insurance Solutions



Personal Accident Solutions



Sri Lanka Insurance
Jana Rekuma
Individual Personal Accident Cover



General Portfolio

Product Category	Target Customers	Solutions	Description
Motor	Ladies who own private cars and private dual purpose vehicles	Motor Plus Ladies Only	Contains special features that cater to the specific needs of the female customer segment who drives cars and dual-purpose vehicles.
	Tuk drivers	Motor Plus Tuk	Includes all important product features as well as unique value adds.
	Riders	Motor Plus Rider	Motorcycle riders have access to a special insurance policy.
	Owners of commercial vehicles	Motor Plus Commercial	Provides exclusive motor insurance coverage for your commercial vehicles (hiring cars, dual-purpose vehicles, private and hiring lorries) that contribute to the nation's economy.
Householders	Home owners	Burglary Insurance	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	Combination of both fire and burglary insurance policies
Travel	For all the travelers	Travel Protect	Health benefits, accident benefits, personal property coverage, and travel annoyance coverage are all included in the policy. Personal liability, airplane hijack coverage, and home safety coverage are among the additional benefits available.
Personal Accident	Labour force of Sri Lanka	Jana Rekuma	Provides comprehensive coverage for accidents that can happen anywhere and anytime.

Product Category	Target Customers	Solutions	Description
Business			
Property	Business Owners	Insurance for Business Premises	Provides coverage for loss or damage to your industrial or commercial property.
	Small & Medium Enterprise sector	Sri Lanka Insurance Business Club Traders Combined Insurance Policy	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.
	Tea Sector in Sri Lanka	Tea Factory Insurance	Includes tea plantations, factories, and storage, as well as risks to their machinery, structures, stocks, and ongoing activity.
	Hoteliers in Sri Lanka	Hoteliers Comprehensive Insurance	A comprehensive insurance coverage for hoteliers in Sri Lanka because the tourist business encounters unique obstacles over time.
	contractors undertaking civil construction projects	Contractors all Risks Insurance	A comprehensive insurance for contractors to address the multiple risks involved with today's fast-paced and high-demand construction business.
	Construction Projects	Erection all Risks Insurance	Covers machinery and equipment installations.
	Business Premises and Factories	Electronic Equipment Insurance	A custom coverage that protects your Company from risks that could damage your electronic and electrical gear and tools.
	Business Premises and Factories	Machinery Breakdown Insurance	Coverage for unforeseen and sudden physical loss or damage to insured items, allowing for urgent repair and/or replacement.
	Construction Projects	Contractors Plant and Machinery Insurance	Provides protection for contractors' plant and machinery against all types of risks encountered on the job site.
	Business Premises and Factories	Deterioration of Stock Insurance	Covers the risks of even minor temperature changes in cold storage for things like food, pharmaceuticals, or even flowers owing to mechanical problems, as well as the quick deterioration of such commodities in such unforeseen circumstances.
	Business Premises and Factories	Machinery Loss of Profits Insurance	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	Fishing boat owners and owners of vessels	Marine Hull and Machinery Insurance	Provides total protection for the hull and machinery of ocean-going and other boats operating on waterways from damage caused by various types of risks.
	Exporters and Importers	Marine Cargo Insurance	Designed specifically to meet the regulatory requirements of exporters and importers.

Product Category	Target Customers	Solutions	Description
Employee Related			
	Factories, Manufacturing Companies and Offices	Workmen's Compensation Insurance	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.
	Factories, Manufacturing Companies and Offices	Personal Accident Cover	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	Companies / Individuals own car fleets	Motor Fleet Solutions	Accident risk and damage coverage for corporate-owned car fleets.
	Individuals & Companies own agricultural or special vehicle types	Agricultural vehicles & Special vehicles	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 2021

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



'Nagaraja' - an exclusive medical insurance for buddhist clergy

'Nagaraja,' is an exclusive medical insurance cover for buddhist clergy and their families offered by Sri Lanka Insurance.

This is one-of-a-kind program, "Nagaraja," will be available for purchase and can be offered as pirikara to sangha through Sri Lanka Insurance branches around the country. The 'Nagaraja' insurance scheme is also part of Sri Lanka Insurance's "Insurance for All" concept, which aims to safeguard every person in Sri Lanka.

Buddhist clergy are entitled to in-patient benefits of upto Rs. 1,000 per day for hospitalization in a Government or private hospital (for up to 15 days) under this insurance scheme, as well as Rs. 25,000 for expenses incurred on drugs, tests, scans and x-rays during an admission in a Government or private hospital.

Social and Relationship Capital

The Company also rebranded two life insurance products namely Early Cash and Speed Investment.

Early Cash	Speed Investment
<p>'Early Cash' life insurance solution provides early returns while providing comprehensive protection for customers.</p> <p>The "Early Cash" plan from Sri Lanka Insurance Life is a long-term plan that pays up to 50% of the policy value in two advance payments before the policy period ends. (For a 10-year plan, 50%; for a 15/20-year plan, 40%).</p> <p>In addition, even if advance payments are made, policyholders will receive a bonus based on the overall policy value, making it a unique insurance solution on the market.</p>	<p>Recognizing the changing needs of customers in today's competitive market, SLIC Life has introduced a new life insurance solution to meet customers' long-term investment objectives while also protecting policyholders.</p> <p>'Speed Investment' is the most recent addition to the Sri Lanka Insurance Life product line, providing policyholders with increased returns. The new 'Speed Investment' insurance is a long-term plan in which the sum assured is increased by 5% annually while the premium remains the same, and policyholders receive a doubled basic sum assured in return with a bonus amount after 20 years, making it an unparalleled insurance solution in the market.</p>

Underwriting and Claim Settlement Excellence

We do not engage in anti-competitive action as a responsible corporate entity. Our formal pricing policy lays the groundwork for a systematic, consistent, and conservative approach to pricing our underwriting products. Our goal is to achieve a balance between premium pricing and claim settlement risks so that our customers may take advantage 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 and duties that prioritize customers' interests based on the following principles:

- Claims should be dealt with equally and expeditiously.
- The claim handling process is totally transparent in that the claimant is kept informed at all times about the status of their claim.
- In the case that a claim is partially resolved or refused, the claimant receives a written explanation.

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.

Highly-Valued and Optimal Customer Convenience

We recognize the need to innovate to stay ahead of the competition as customer behavior continues to shift in tandem with the fast use of smart devices and social media. In this environment, we seek to set ourselves apart 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
Our corporate website (www.srilankainsurance.com)		To locate and enjoy Motor Plus Loyalty Rewards partner
		To access a variety of products and services
	Mobile and other payment solutions	Partnership with Mobitel
		Partnership with People's Bank (PB)
		Partnership with the Bank of Ceylon (BOC)
	Service Counter at Lanka Hospitals	
		To provide a hassle free and convenient way for customers to pay their premiums using m-cash
		To settle their premiums via PB's network of ATM's and self-banking centers across Sri Lanka
		To enable QR based life insurance premium payments using BOC Smart Pay
		To facilitate the purchase of insurance policies, obtain information on insurance plans, make premium payment

Responsible Marketing and Transparent Communication

Our customer interaction strategy aims to give clear and straightforward information to customers. 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 educated decisions when transacting with us.

Our customers receive information about our products and services through a wide 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 center, our corporate website, and social media outlets.

All client concerns about our service quality is viewed as an opportunity to improve our services and improve doing business convenient, reliable, and gratifying. Our well-trained resource staff make certain that customer problems are logged, investigated, and, most importantly, swiftly addressed. We have a customer complaints management system in place that comprise 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, 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 organizations as the Motor Plus Loyalty Rewards program was expanded in 2021.

VALUE ADDITION TO BUSINESS PARTNER CAPITAL

Our business partners 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.

Given the importance of all of these stakeholders to our success, we are investing substantially in building the correct collaborative partnerships, with the goal of forming 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.

Insurance Agents

We want to make sure our insurance agents reflect the same high standards of ethics and integrity as the SLIC brand because they are the most visible brand ambassadors.

All agents are on boarded through SLIC's Sales Agreement, which lays out the terms and conditions that all agents must follow for the duration of their time as SLIC agents.

Furthermore, through SLIC's Agency Career Path, a highly streamlined value proposition that supports the methodical growth of agents and allows them to advance with the organization, we provide all of our agents with extra development opportunities. SLIC's internal award platforms recognize high performers identified through the Agency Career Path program.

In addition, we ensure that SLIC's digitization 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 road for existing performers to be properly positioned.

Actuarial Consultants

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

Reinsurers

Reinsurers provide critical support to our business by providing extra safeguards to absorb potentially high-value risks, allowing SLIC to achieve its growth ambitions.

Social and Relationship Capital

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, ranging 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.

We form these agreements through a Memorandum of Understanding (MOU), which helps partners comply with SLIC's operational standards and code of conduct. As a result, these MOUs ensure that business partners are treated fairly and equally as the foundation 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.

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

Agency Force

MDRT Members from 2017 to 2021

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

MARKETING CAMPAIGNS



1. Bonus Declaration

Sri Lanka insurance declared the largest ever life insurance bonus in the country amounting to a staggering Rs. 9.8 Bn for the year 2020 to its life insurance policyholders, recording the largest life insurance bonus ever to be declared in the insurance industry of Sri Lanka. The total life insurance bonuses declared to policyholders since 2005 to present is Rs. 73.2 billion.

The bonus certificates were available to download from SLIC mobile app as e-Bonus Certificates for the first time in the insurance industry.

2. SLIC Motor Plus provides comprehensive protection for Judicial Service Association Sri Lanka

Sri Lanka Insurance Motor Plus provides comprehensive protection with a special Motor Insurance package for Judicial Service Association Sri Lanka (JSASL), a leading body representing all the District Judges and Magistrates of Sri Lanka to provide comprehensive protection for their vehicles.

The unique insurance scheme provides cover for numerous other perils occurred in private use and third party liabilities including accidental damages.



3. Sri Lanka Insurance enters into a strategic tie up with Sri Lanka Medical Association

Sri Lanka Insurance signed a Memorandum of Understanding (MoU) with the Sri Lanka Medical Association (SLMA) to improve healthcare knowledge, enhance safety and ensure providing best insurance solution for healthcare professionals in Sri Lanka.

The MoU outlines the shared and individual commitment of Sri Lanka Insurance to provide a unique insurance scheme for every registered member of the Sri Lanka Medical Association. The insurance scheme made provisions for a vast variety of benefits exclusively available for health care professionals including comprehensive motor insurance solution.

Sri Lanka Medical Association (SLMA) and Sri Lanka Insurance Motor Plus collaborated to facilitate educational programs to raise awareness on road safety, conduct media seminars and social media programs to create a safe environment for all Sri Lankans.



4. Sri Lanka Insurance holds Minimuthulanthaya on Children's Day

Sri Lanka Insurance holds "Minimuthulanthaya" an exclusive series of informative and entertaining sessions for children and their parents commemorating the World Children's Day 2021. The programme was held from 01st to 3rd of October 2021 via Sri Lanka Insurance official Facebook page attracting more than 10,000 enthusiastic children across the country.

The first session of the series "Super Parents", an informative discussion on child education, mental health and nutrition was held for parents was well received by parents participated and the programme was followed by a Q & A session where many important issues were discussed regarding the education, health and wellness of children.

The other sessions of Minimuthulanthaya was held allowing children as well as their parents to enjoy a quality time together with educational and entertainments sessions. The Artist session, The Entertainer session, The Mastermind session and The Computer Wizard session was conducted allowing children to express their different talents and the sessions were concluded asking the participants to submit their own creative work to stand a chance to win valuable gifts from Sri Lanka Insurance and received tremendous response in return.

Social and Relationship Capital



5. SLIC join hands with Bank of Ceylon to provide Lanka QR payment solution for Life insurance customers

Understanding the importance of ensuring uninterrupted insurance service to customers amidst the pandemic situation of the country, SLIC joins hands with Bank of Ceylon providing ultimate convenience of paying Life Insurance premiums via Bank of Ceylon cashless QR payment solution- BOC SmartPay.

Bank of Ceylon QR payment solution enables SLIC Life Insurance policyholders to make faster and secure payments digitally while enjoying the seamless payment experience.

Sri Lanka Insurance is striving to enhance the service experience of customers through innovative technological solutions and extending the effort further, the insurance giant brings insurance closer to customers by providing them diverse digital channels for the ease of access and reach.

6. An exclusive Motor Insurance package for Route Permit Holders from Sri Lanka Insurance Motor Plus

Sri Lanka Insurance in collaboration with National Transport Commission introduces an exclusive Motor Insurance package to Route Permit Holders to settle their vehicle insurance premiums within a concessionary period.

As one of the most popular mode of transportation the buses are facing a difficult time amidst the pandemic as the country was under lockdown and the travel restrictions were imposed preventing the public transportation. The impact of the pandemic was severe as the bus owners were experiencing an unexpected shortfall in their income generation avenues. Sri Lanka Insurance together with National Transport Commission introduced the concessionary period for the route permit holders considering the necessity of restoring their normal day to day transport operations.



7. SLIC enters into a strategic tie up with PIMA to provide an exclusive vehicle insurance for members

Sri Lanka Insurance signed a Memorandum of Understanding (MoU) with the Postgraduate Institute of Management Alumni (PIMA) one of the leading professional bodies in Sri Lanka to provide an exclusive vehicle insurance package for the PIMA members.

The strategic tie-up between the two organizations intends to facilitate a unique customized comprehensive motor insurance solution for more than 3,000 members of the PIMA under the sector partnership.

As a part of the MoU signed by the two bodies, the Postgraduate Institute of Management Alumni (PIMA) and Sri Lanka Insurance will collaborate for various industry initiatives led by PIMA as a pioneering professional body in Sri Lanka.

SOCIAL CAMPAIGNS

1. Naagaraja Insurance

Sri Lanka Insurance launched 'Nagaraja' an exclusive medical insurance cover to provide protection for clergy and their family members.

This unique scheme "Nagaraja" is available at Sri Lanka Insurance Branches Island wide for the general masses to purchase and handover as an offering of pirikara to clergy. The 'Nagaraja' insurance scheme also falls under the 'Insurance for All' concept of Sri Lanka Insurance to provide protection for each and every citizen of Sri Lanka.



2. SLIC facilitates Suraksha children's insurance policy

The 'Suraksha' children's insurance policy granted by the Ministry of Education to all school going students free of charge has once again being awarded to Sri Lanka Insurance the state insurance giant to facilitate the process.

The Suraksha insurance assist safeguarding both the physical and mental well-being of all Sri Lankan children by ensuring financial assistance in case of illnesses, accidents and disabilities both in and out of school, ensuring uninterrupted education for children.

This unique scheme "Suraksha" was initiated as a collaboration of the education ministry and SLIC in the year 2017. SLIC will commence facilitation of the policy through its exclusive branch network of 158 outlets to 4.5 million school children from all walks of life in Government, private and international schools and also extends to venerable student priests in Pirivena education.



3. Rising to New Norm

Sri Lanka Insurance conducted a series of awareness programmes across the country to educate general masses on the importance of following good health practices against Covid 19 during the new normal condition in collaboration with health authorities in the particular area.

The series of programmes were held at Anuradhapura, Kegalle, Kalutara, Matara, Giriulla, Dambulla, Nuwaraeliya and Bibila areas educating people on how to cope during the new normal.

The programmes were comprised with several informative sessions with key personnel representing the health sector and defense sector in the respective area on how to continue the regular day-to-day activities while adhering to health and safety measures. The sessions were followed by a Q & A session conducted through SLIC social media pages which has received tremendous responses from people in the area.



4. Motor Plus Road Safety Heroes

Sri Lanka Insurance Motor Plus launched 'Motor Plus Road Safety Heroes' in parallel to the United Nations Global Road Safety Week to help raise awareness on road safety considering the alarming rate of road accidents and deaths in Sri Lanka.

On par with the Global Road Safety Week Sri Lanka Insurance Motor Plus launched "Life Saving 30" an initiative to amplify safety on the streets. With the "Life Saving 30" initiative, drivers were encouraged to reduce their speed to 30 km/h within city and residential zones. Campaign also focused on 30 most important road safety rules both for drivers and pedestrians can follow.

Further Motor Plus Road Safety Heroes voluntary community group was launched on social media platforms where volunteers joined the community to pledge to make the streets safer and liveable.



CSR

Donation of PCR machine

Sri Lanka Insurance staff members join hands to contribute towards the effort to donate essential PCR Machine to the Teaching Hospital Ratnapura.

Teaching Hospital Ratnapura is the largest tertiary care hospital in Sabaragamuwa province administered under the purview of the Ministry of Health, Nutrition and Indigenous Medicine. It provides specialized health care services mainly to the Sabaragamuwa province, which consists of Ratnapura and Kegalle Districts covering a population of 2,009,000 in an extent of 4968 km² area. People coming from other provinces such as Uva, Southern and Eastern seek specialized medical care from the hospital.

Understanding the essential requirement of a PCR machine to conduct regular PCR tests in the hospital, staff members of SLIC volunteered to contribute a one day salary to purchase the machine worth of LKR 5,000,000 approximately.

FUTURE CONCERNS

● New product planning for 2022

In order to further expand the diversity of our product portfolio, the Company is planning to develop a dividend-based life insurance plan in 2022.

Future plans in developing social and relationship capital – GI

Actively engage in building awareness on road safety through different tiers of consumer segments

Enhance value additions in the market segment of senior citizens through long-term partnerships

Providing constant value additions to consumers

Increase engagement and interaction between all the connected stakeholders of the business



CONTRIBUTION TO SDG'S

12
RESPONSIBLE
CONSUMPTION
AND PRODUCTION

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

13
CLIMATE
ACTION

- Compliance with National Environmental Policy

Key Statistical Highlights

Investments	2021	2020	Change %
Electricity Consumption (Units/kWh)	5,045,349	4,817,121	4.74%
Water Consumption (Units/m3)	55,325	52,047	6.30%
Paper Usage (Units/1000Kg)	85	39	117.95%

SLIC, being an insurance service provider, our dependency on natural resources is minimal except to carry out day-to-day business operations. We do acknowledge, however, that our business activities have an indirect impact on the environment, as a result of the natural resources used to generate the electricity needed to power our buildings, the water used by employees for utility purposes, and the paper and e-waste generated in our daily operations.

Ensuring our business operations are conducted in an environmentally friendly manner is important to SLIC. We have continuously invested in reducing our carbon footprint to ensure that we minimize the environment impact from our business.

Our digital strategy further complements SLIC's natural capital conservation efforts. By expanding the computerization of systems and processes of our business and improving the automated facilities with the eventual goal of promoting a paper-free working environment within our business, SLIC has increased efficiency of our resource usage and reduced waste.

Natural Capital

Notwithstanding the limited environmental impact, we recognize that our consumption of electricity, water gradually rise as our business expands, and so does waste generation.

We endeavor to improve our natural capital through below approaches:

1) Compliance with the Environment

Despite that SLIC is not subject to any direct environmental regulations, we ensure that our operations are conducted in accordance with the national environmental policy. As a result, there have been no recorded instances of non-compliance with environmental laws by the Company.

2) Consumption Tracking and Monitoring

Our efforts to make optimal use of resources across the business are based on tracking and monitoring our electricity consumption, water usage, and the volume of paper waste generated. The tracking and monitoring helped the Company gradually reduce our carbon footprint and natural resource usage.

3) Paper-free Operations

We've expedited our digital strategy to methodically automate our systems and procedures, with the objective of implementing a paperless environment at all levels of the organization. We have ensured that our workplace environment use minimal paper-based processes and rely more on digitized document sharing. These initiatives have steadily declined the use of paper on a monthly average in recent years. Paperless meeting environment has been introduced at Board meetings and Board sub-committee meetings and introduced Board meeting automation technology.

FUTURE CONCERNS

• Digitization of all key business processes

We have already digitized the processes of Sales force automation, further improvements in SLIC customer app, Launch of Management dashboards, start of work flow management solution to improve internal process automations and efficiency, Life digital proposal platform, enabled business analytics for effective business / decision making and we expect to expedite the digitization of Motor claims digital platform, new product developments in Life and General business in future with the objective of further strengthening the paperless work environment towards a responsible consumption of natural resources.

• Invest in renewable energy to lessen reliance on nonrenewable sources of energy

Shifting to renewable energy will assist SLIC in minimizing our non-renewable energy usage. This in turn will contribute to reducing SLIC's carbon footprint.

GHG assessment of Sri Lanka Insurance Corporation is being carried out for the first time and the Company is planning to implement GHG mitigation initiatives and programs to help combat the climate change impacts by minimizing GHG emissions released due to Company operations and to achieve carbon neutrality in future. Accordingly, followings are planned to introduce to top management to initiate in the future.

Conducting periodic energy assessment, and to see the possibilities of reducing its GHG emissions further. The Company will improve energy efficiency to reduce the carbon emission arising mainly from use of electricity to its maximum possible as the electricity has the highest impact on the overall GHG emissions of SLIC.

Moreover, the Company is planning to conduct employee awareness programs to raise their knowledge regarding this subject and to get their maximum support for implementing GHG mitigation initiatives successfully and for achieving carbon neutrality in near future.

Further, introducing carbon off set programs to the top management including followings,

- Installing solar panel systems
- Tree planting campaigns
- Carbon credits

GOVERNANCE AND RISK OVERSIGHT

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SOLIDITY

**We attribute our SOLIDITY
to our strong foundation
built on the trust of our
stakeholders**

CHAIRMAN'S INTRODUCTION

Sri Lanka Insurance Corporation Ltd (SLIC), being a State-Owned Enterprise has entrenched sound governance practices premised on accountability, transparency, ethical management and fairness, across the business, with the purpose of having nimble and swift decision-making. The Board considers itself accountable to a broad spectrum of stakeholders; namely, the Government of Sri Lanka, specially being a Government owned Company; regulators; financial institutions; employees; customers; suppliers; the economy as the overall objective of SLIC is to support the national economic and strategic interests and the environment.

The Board sets the tone and shared 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 17.11.2021 and we have already embraced the fundamentals of the said Code and working on further strengthening the governance framework in line with the said Code.

In a nutshell, our approach to corporate governance is as set out here: The Board 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 meets regularly, almost monthly, and monitors the performance of the executive management. Non-Executive Directors provide constructive challenge and offer specialist advice.

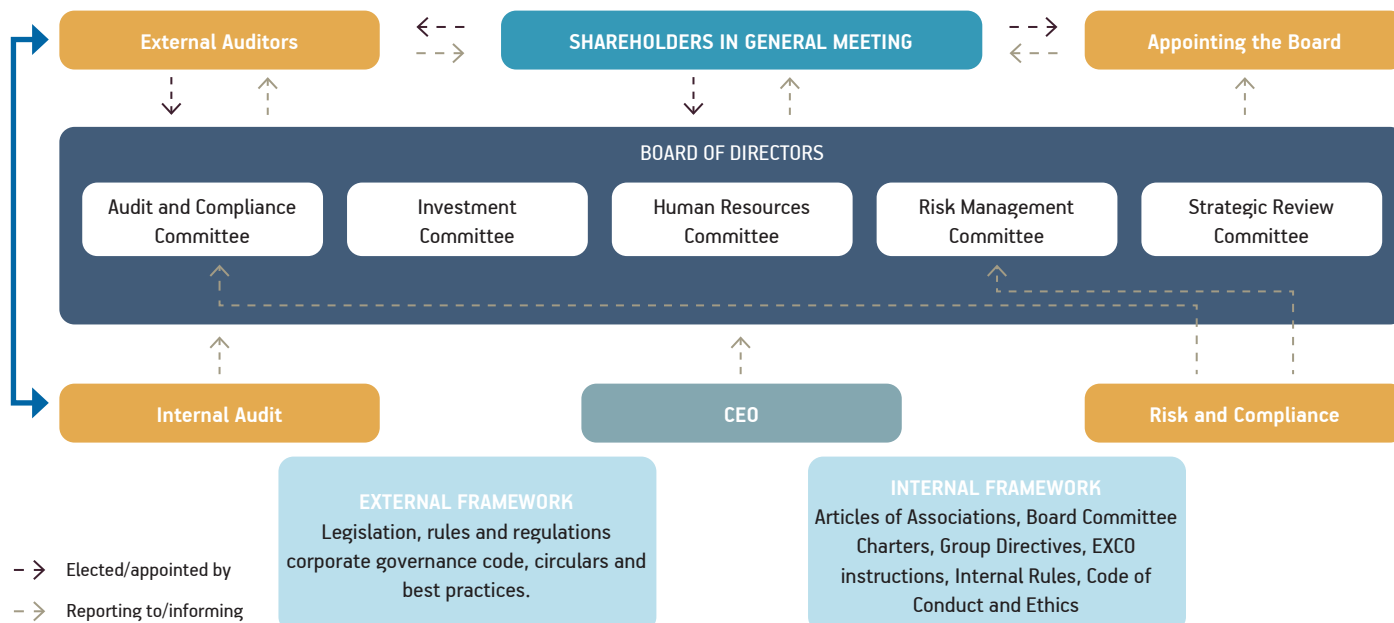
We fully appreciate the importance of sound governance in the efficient running of the Company and the following reports sets out how we do.



Eng. Vijitha Herath
Chairman
24th May 2022

FRAMEWORK

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



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 & experience. Being a State Owned Enterprise (SOE), the Board of Directors acts as an intermediary between the State as the main shareholder, and the Company and its management. The Board is responsible for the overall stewardship and provides leadership both directly and indirectly through the Board sub-committees, to deliver long-term values to the stakeholders. The main role of the Board of Directors is oversight and planning. The Company's financial and commercial performances are regularly assessed by the Board. In addition, the Board reviews and assesses the adequacy of the management of all risks the Company may be exposed to.

THE COMPANY SECRETARY

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

BOARD AND COMMITTEE PROCEEDINGS

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

The number of Board Meetings and Board Sub-Committees held during 2021 and details of attendance of each Director present at these meetings are given below:

Board Meetings – 2021

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.

Seventeen Board meetings were held during the year 2021. Ten Board meetings were chaired by Mr. Jagath Wellawatta, who ceased to hold the office w.e.f. 03rd August 2021 and seven meetings were chaired by Eng. Vijitha Herath who was appointed to the Board w.e.f. 03rd August 2021.

Name of the Director	No. of Meetings Attended
Eng. Vijitha Herath (Appointed w.e.f 03rd August 2021)	07
Mr. Jagath Wellawatta (Ceased to be a Director w.e.f 03rd August 2021)	10
Mr. K.A. Vimalenthirarajah (Ceased to be a Director w.e.f 14th March 2022)	17
Mr. Anil Meegahagedara	17
Mr. Anil Koswatte	17
Mr. Nishantha Dayananda	17
Ms. Surekha. Alles	17
Mr. W.A Samantha Upananda (Appointed w.e.f 24th February 2021)	16

Corporate Governance Report

Audit and Compliance Committee Meetings (ACCM) – 2021

Four ACC meetings were held during the year 2021. Two meetings were chaired by the Non- Executive Director, Mr. K. A. Vimalenthirarajah who resigned from being an ACC member w.e.f. 05th August 2021. Accordingly, the Board has appointed Mr. W.A. Samantha Upananda who is a Non- Executive Director, as the Chairman of the ACC in place of Mr. Vimalenthirarajah w.e.f. 05th August 2021.

Name of the Director	No. of Meetings Attended
Mr. W. A. Samantha Upananda (Chairman of the Committee-NED) (Appointed as the Chairman w.e.f 05th August 2021)	02
Mr. K. A Vimalenthirarajah (Resigned as the Chairman of the ACC w.e.f 05th August 2021)	02
Mr. Anil Meegahagedara	04
Mr. Nishantha Dayananda	04

Investment Committee Meetings - 2021

There were 18 .Investment Committee meetings during 2021. The meeting was chaired by a Non-Executive Director.

Name of the Director	No. of Meetings Attended
Mr. K.A. Vimalenthirarajah (Chairman of the committee-NED)	18
Eng. Vijitha Herath (Appointed w.e.f 03rd August 2021)	06
Mr. Jagath Wellawatta (Ceased to be a Director w.e.f 03rd August 2021)	09
Mr. Anil Meegahagedara	17
Ms. Surekha. Alles	18

Risk Management Committee Meetings - 2021

There were 03 Risk Management Committee meetings during 2021. 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.

Name of the Director	No. of Meetings Attended
Ms. Surekha. Alles (Chairman of the Committee-NED)	03
Mr. Anil Meegahagedara	03

Human Resources Committee Meetings-2021

There were nine Human Resources Committee meetings during 2021. The meeting was chaired by a Non-Executive Director.

Name of the Director	No. of Meetings Attended
Mr. Nishantha Dayananda (Chairman of the Committee-NED)	09
Mr. Jagath Wellawatta (Ceased to be a Director w.e.f. 03rd August 2021)	05
Mr. Anil Koswatte	09
Eng. Vijitha Herath (Appointed w.e.f. 03rd August 2021)	03

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 & 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 authorized 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 Secretaries, who is responsible for ensuring that Board procedures are observed and advising the Board on corporate governance matters. All Directors have access to Board and respective sub-committee papers through an electronic platform which ensures timely and secure delivery of information to Directors whilst at the same time reducing the environmental impact of Board/committee meetings. Minutes of the all the Board sub-committee meetings are submitted to the Board periodically.

FINANCIAL REPORTING

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

IMPACT OF COVID -19 ON THE GOVERNANCE FRAMEWORK

Covid-19 which started as a public health crisis subsequently turned out to a financial and economic crisis. Encountering with novel issues emanating from the above financial and economic crisis as cascading effect of Covid-19, the Board deliberates discussions weighing competing considerations and perspectives.

With Covid-19 decimating the economy and looming uncertainty about the complexity and period of the crisis, the decision making process has become a complex matter of contemplating and balancing various factors. The Board through the EXCO has engaged in an augmented and sustained open dialogue with Company management on both the business risks and the workplace health and safety issues posed by COVID-19. The Company's digital Board meeting platform provides for remote participation for Board meetings and sub-committee meetings via audio and video conferencing by Board members in the event of any travel restrictions or lock down due to the prevalent pandemic. Business Continuity Steering Committee (BCSC) consisting of the senior management and headed by the Chief Executive Officer ensures the business continuity, thereby protecting the business while safeguarding the employees and the stakeholders and navigates through this crisis.

Audit and Compliance Committee Report

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

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

TERMS OF REFERENCE

The terms of reference of the Audit and Compliance Committee of SLIC are clearly defined in the Charter of the Board's Audit and Compliance Committee which is based on the guiding principles and best practices on audit committees including the "Code of Best Practice on Corporate Governance" jointly issued by the Securities and Exchange Commission of Sri Lanka ("SEC") and The Institute of Chartered Accountants of Sri Lanka, 2017. 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 December 31, 2021, four 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 2021 is stated below:

Name of the Director	No. of Meetings Attended
Mr. W. A. Samantha Upananda (Chairman of the Committee-NED) (Appointed as the Chairman w.e.f. 05th August 2021)	02

Name of the Director	No. of Meetings Attended
Mr. K A Vimalenthirarajah (Resigned from being a committee member w.e.f. 05th August 2021)	02
Mr. Anil Meegahagedara	04
Mr. Nishantha Dayananda	04

INTERNAL AUDIT

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

EXTERNAL AUDIT

The Auditor General was appointed as the External Auditor in terms of article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. Messrs BDO Partners was appointed by the Auditor General as a qualified auditor to assist the Auditor General in the annual audit of the financial statements of the Company for the year ended 31st December 2021, in terms of article 154 (4) of the Constitution of the Democratic Socialist Republic of Sri Lanka. Also, the Committee reviewed the management letter and management's response to the external auditor's findings and recommendations.

INFORMATION FLOWS TO THE AUDIT COMMITTEE

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

VALUATION OF ASSETS & LIABILITIES AND IMPAIRMENT

Considering the increased use of fair value accounting and its pervasive significance the Audit Committee assures that significant assumptions used in deriving fair values have been disclosed, scrutinized 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 & RISK TO THE MEETING OF ACC

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

NON-AUDIT SERVICES

No non-audit services were provided by the external auditors during the year under review.

COMPLIANCE FUNCTION

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

CODE OF ETHICS, WHISTLEBLOWING AND FRAUD MANAGEMENT

The Company has in place a Board approved "Code of Ethics", "Whistleblowing Policy" and a Board approved "Fraud Management Policy", applicable to all employees. An employee, who observes any improper

or illegal activity or unethical practices of the Company, may report the same to the Whistleblowing Officer of Company who will take necessary actions accordingly in line with the whistleblowing policy. Further, we are committed to preventing, identifying and addressing all acts of fraud against the Company through the implementation of the Fraud Management Policy.

RISK MANAGEMENT

There is a separate Board Sub-Committee; namely, 'Risk Management Committee' (BRMC), which has been delegated from the Board the authority for monitoring the risk management function. Head of Internal Audit is also a member of the Risk Management Committee vice versa. The Enterprise Risk Management Department reviews the internal controls framework of the Company, in line with the "Framework for Internal Control Systems in Banking Organizations" issued on 21st September 1998, to make sure that the internal controls systems are in line with the risk management framework, embracing the fundamentals of the said BASEL framework. These include: management oversight and the control culture, risk recognition and assessment, control activities and segregation of duties, information and communication, monitoring activities and correcting deficiencies, and evaluation of internal control systems by supervisory authorities. Such reviews are periodically submitted to the BRMC. Further, the appropriate policies and procedures are in place to ensure the effective internal controls as well.

CONCLUSION

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

The Board approved this report on 24th May 2022.



W. A. Samantha Upananda
Chairman - Audit and Compliance Committee

24th May 2022

Investment Committee Report 2021

I assumed the duties as the Chairman of the IC w.e.f 14th March 2022; however, I am pleased to present the IC report which details the performance of the investment function in 2021.

OBJECTIVES OF THE INVESTMENT COMMITTEE

The mandate of the Investment Committee (IC) is to achieve optimal returns from investment activities within frameworks given by the regulator and the Company's risk tolerance and appetite. IC ensures the decisions made are executed efficiently and that the investment process adheres to the best practices in the industry in terms of ethics and regulatory compliance.

INVESTMENT STRATEGIES

The investment environment continued to pose significant challenges during 2021, as COVID 19 continued to spread unabated with many mutations during the year. Having locked in to attractive fixed income returns pre COVID and securing attractive base case returns the impact of low reinvestment rates were negated maintaining sustainable returns in to the foreseeable future. SLIC focused on short term fixed income investments as interest rates remained low during the year. However, the main focus was on equity trading, which helped reap significant benefits as Sri Lanka's equities provided high returns during the year.

Investment risks such as liquidity, interest rate and credit risk were given due attention by the IC as the operating environment was extremely volatile amidst the pandemic. All investments are thoroughly screened by the IC in granular detail prior to executing.

The low interest rate environment paved the way for attractive equity investments and the IC focused mainly on making use of opportunities that arose in the equity market to secure trading gains. The decisiveness of the IC in making quick decisions following a thorough investment vetting process, perfect and efficient execution resulted in substantial equity trading gains being realised.

SLIC's IC comprises a blend of experienced professionals and industry experts from various disciplines, who bring in a multitude of expertise and a wide scope in to the investment decision making process. Enhancing investment synergies through cross selling was given due consideration during the investment decision making process.

MONITORING AND CONTROL

Investment performance are monitored regularly and the committee stays focused on achieving investment targets. Prudent and stringent checks and balances are carried out by Investments Front Office, Middle Office and Back Office to facilitate investment of policy holders funds in a safe and equitable manner, where the IC strives to achieve above market returns for the funds.

YEAR UNDER REVIEW – SUMMARY OF INVESTMENT ACTIVITIES

The Long Term Insurance fund assets stood at Rs. 177.0 Bn, at the end of 2021, whilst the General Insurance fund assets stood at Rs. 57 Bn.

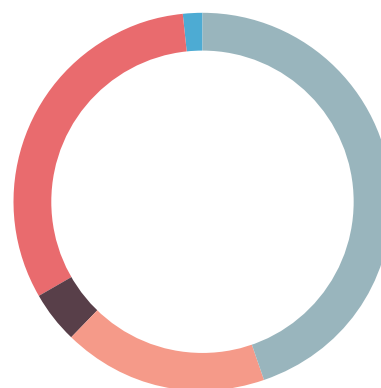
SAFETY AND STABILITY OF INVESTMENTS

The IC minimises non-systematic risks on investments by sufficiently diversifying amongst assets classes. Investments are strictly restricted to liquid investments of sound credit standings.

The following chart illustrates allocation of investment assets of the Long Term Insurance Fund Assets, the General Insurance Fund Assets and the total portfolio as at 31st December 2021 (values are based on market values).

LONG TERM INSURANCE FUND ASSETS

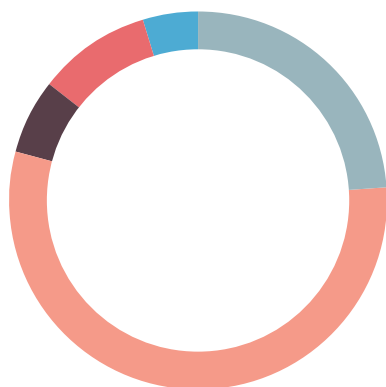
%



Government Securities	44.8%
Equity	17.5%
Term Deposits	4.5%
Corporate Debt	31.6%
Unit Trusts	1.6%

GENERAL INSURANCE FUND ASSETS

%



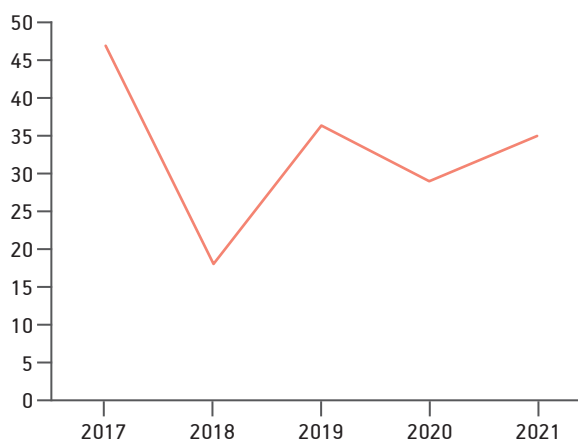
Government Securities	23.9%
Equity	55.3%
Term Deposits	6.4%
Corporate Debt	9.8%
Unit Trusts	4.6%

INVESTMENT INCOME

The total investment income for the year stood at a record high of Rs. 19.9 Bn for Life Insurance and Rs. 3.2 Bn for General Insurance. During the reporting period, investment income amounted 35 percent of the total Company revenue. 47.6 percent of the total revenue for Life Insurance and 13.4 percent of the total revenue for General Insurance was generated from investments.

INVESTMENT INCOME AS A PERCENTAGE OF TOTAL INCOME

%

**ASSET LIABILITY MANAGEMENT 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 remained low during the year. Locking in to higher yielding fixed income instruments during previous years helped sustain fixed income returns during 2021. Going forward we envisage rising interest and high inflation to pose challenges. However, they are likely to be transient. We also feel there will be immense potential in equity markets, which will continue to be hedges for inflation.

The Demand for Yasas, the single premium investment product, remained strong in spite of market interest rate remaining low, as they were backed by assets which provided sound returns at low risk levels.

The Investment Committee was satisfied with the record breaking performance of investment funds during 2021 and will strive to further enhance performance during 2022.

R. A. Lakmini Udaya Kumara
Chairman- Investment Committee

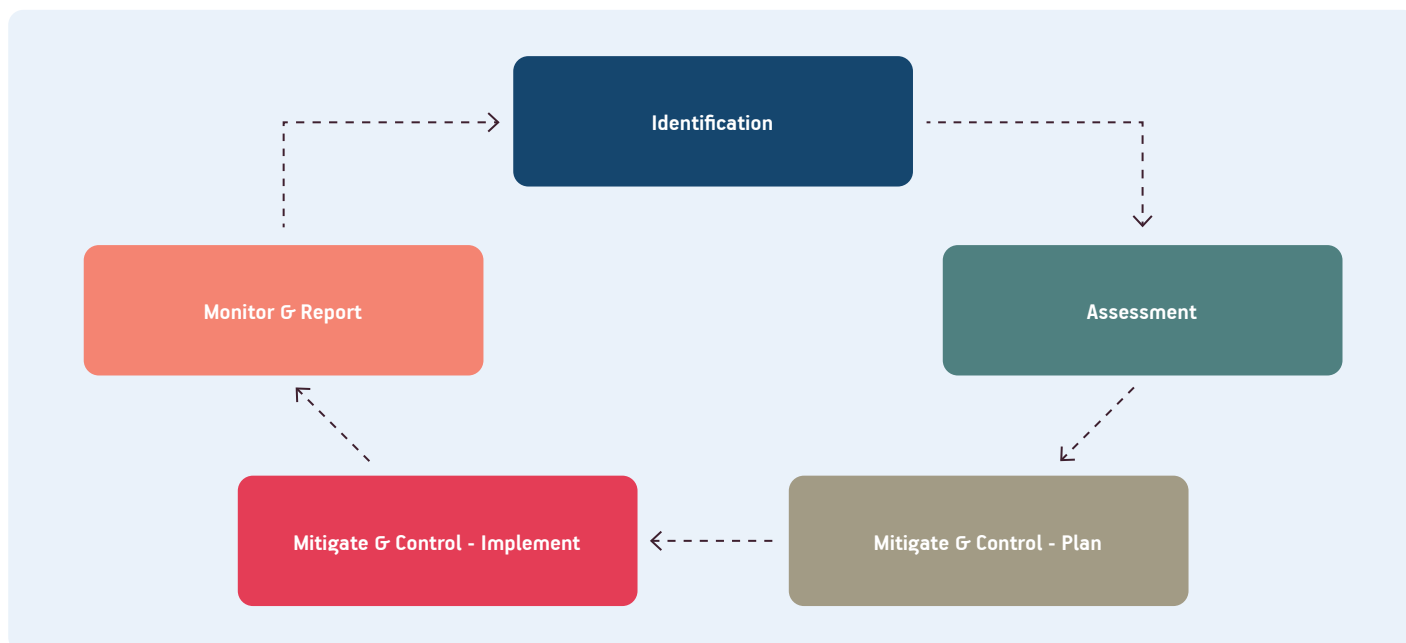
24th May 2022

INTRODUCTION

Expanding beyond simple financial governance, SLIC has adopted a risk management framework reaching into security, IT, third-party relationships and governance risk and compliance (GRC) and considers effective management of risk as an essential component of achieving strategic, business and operational objectives and create real business value.

In line with its quest for implementation of Enterprise Risk Management, SLIC has developed a robust Risk Management Framework in line with the ISO 31000 risk framework, to identify, assess and mitigate its key business & strategic risks.

The framework is as graphically presented below:



The stage of assessment will constitute of estimating the probability/ likelihood of occurrence and the consequence/ impact of the risk. Based on the probability/ likelihood of occurrence and the consequence/impact rating mentioned above, the overall risk category can be arrived at and the method of doing so can be depicted in the form of a risk matrix.

RISK GOVERNANCE

SLIC's Board of Directors is assisted by the Board Risk Management Sub-Committee in oversight of the risk. The Board Risk Management Sub-Committee which plays a vital role in ensuring risk management forms an integral part of organizational strategy. In this regard, the Board Risk Management Sub-committee is responsible for ensuring risk management policies and procedures are consistent with the SLIC's strategy and risk appetite.

The Board has also appointed several other sub-committees other than the said Risk Management sub-committee to assist in executing its risk oversight responsibilities in specific areas; mainly, the Audit & Compliance Committee and the Investment Committee.

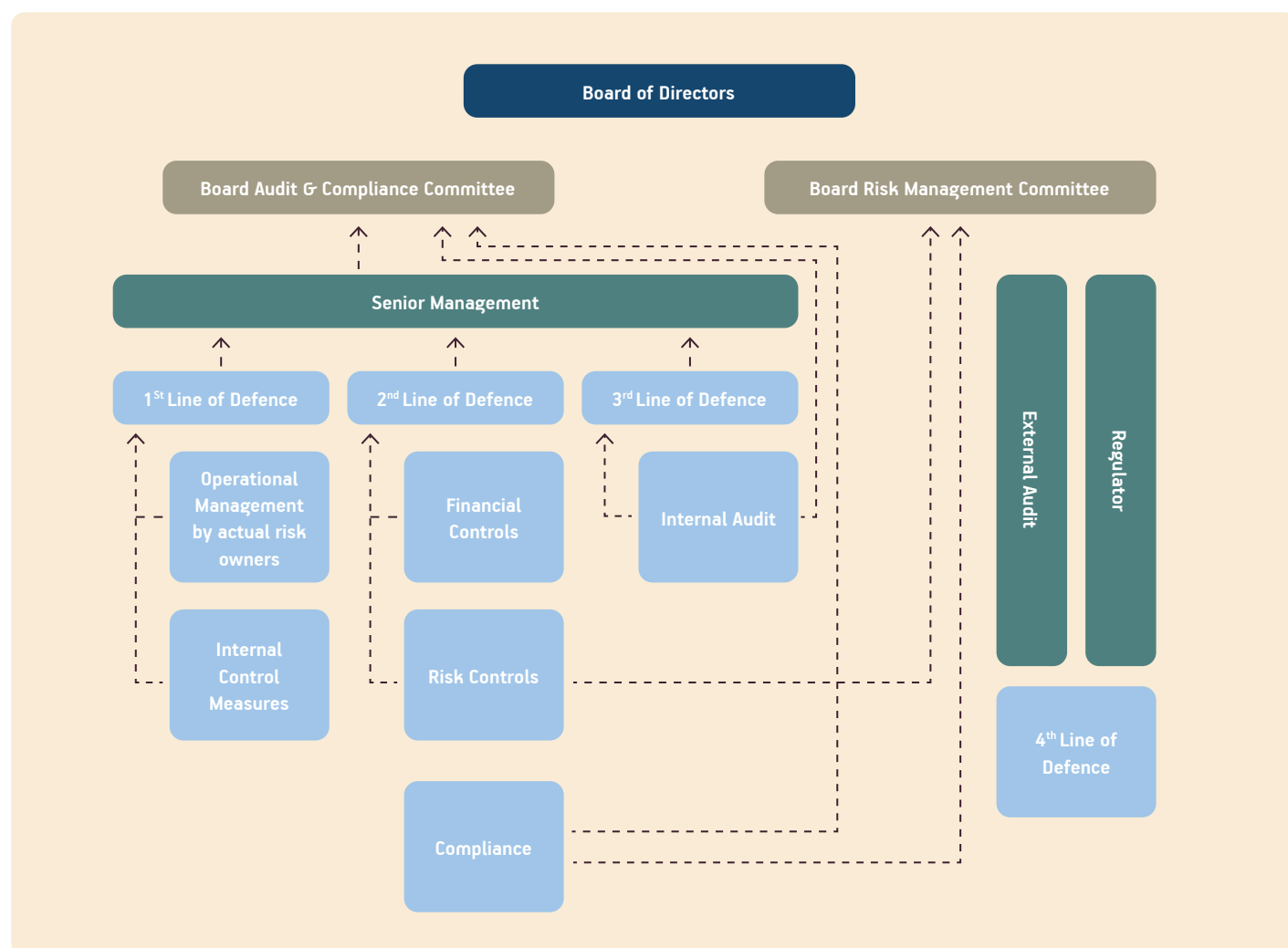
Oversight Structure

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

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

The fourth line of defence articulation would be accompanied by a closer interaction between internal auditors, external auditors and supervisors. The main regulator of the insurance industry is the Insurance Regulatory Commission of Sri Lanka.

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



Risk Management Report

RISK ASSESSMENT OF THE INTERNAL CONTROL FRAMEWORK

As part of its ongoing efforts to encourage sound risk management practices, we have premised our internal controls framework embracing the fundamentals of the internal control framework of the thirteen principles of the Framework for Internal Control Systems in Banking Organisations issued on 21st September 1998.

SOLVENCY POSITION

SLIC's strong risk management foundations provided a strong platform for managing risks in 2021. SLIC continued to maintain its Risk Based Capital Adequacy Ratio well above the required levels in 2021. The Risk Based Capital Adequacy Ratio for the Life insurance business was 501% in FY2021 compared to 459% in FY2020, while the Risk Based Capital Adequacy Ratio for General insurance business was 244% in FY2021 compared to 223% in FY2020

COVID 19 IMPACT

In 2021, after the short, sharp shock of Omicron, the pandemic phase of COVID-19 looks to be subsiding for most locations, unless otherwise a significant and severe new variant emerges. However, in order to grapple with the lingering effects of the COVID 19 pandemic, we have adopted risk mitigation strategies which mainly includes the Business Continuity Steering Committee (BCSC) consisting of the senior management and headed by the Chief Executive Officer ensures the business continuity, thereby protecting the business while safeguarding the employees and the stakeholders and navigates through this crisis.

Key ERM functions

1. Review of Asset-Liability Management Policy.
2. Developing the current year Risk Appetite and Tolerance Statement and reviewing the Risk Appetite and Tolerance Statement of the previous year.
3. Risk analysis of financial and non-financial factors and its business impact.
4. Reputational risk analysis from the perspective of customer satisfaction.
5. Ensure that internal controls are in line with the risk management framework.
6. Intergrade ICT/digital risks into the ERM function and build a cyber-security strategy.
7. Readiness for new legal risk including the legislation on data protection

IMPACT OF THE CURRENT ECONOMIC ELEMENTS

The recent economic observations which can be articulated as follows have caused unprecedented impact on the insurance business: increased inflation, increased unemployment, increasing Market Interest rates and yield on Government securities, widening fiscal deficit, widening Government debts and debt service payments, depreciation of Rupee against major currencies, growing export earnings but broadening balance of payment, drastic reduction in Gross Official Reserves, declining in tourism earnings & foreign remittance and Credit rating downgrades etc. From the risk management perspective, we work collaboratively with the main divisions; namely, Finance, Investment, Life, Non-Life and other divisions to formulate strategies to address such risk elements.

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' behavior in discontinuing and reducing contributions or withdrawing benefits prior to the maturity of the contract is worse than expected. Poor persistency rates may lead to fewer policies remaining on the books to defray future fixed expenses and reduce the future positive cash flows from the business written, potentially impacting its ability to recover deferred acquisition expenses.	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 SLIC uses matching instruments to back certain liabilities (ALM), if available.

Under the Risk Based Capital (RBC) framework, SLIC 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. SLIC is geared up to set best estimate assumptions for liability valuation based on the internal experience studies conducted periodically. This has enabled SLIC to manage policyholder liabilities in a consistent manner over the years.

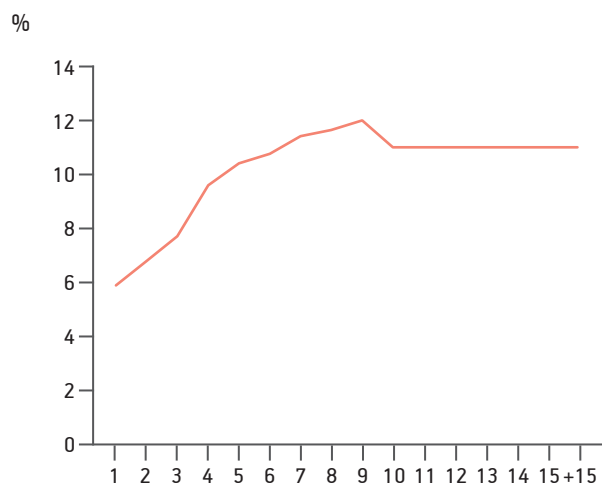


In addition, best estimated parameters considered for TBL calculation are further stressed called application of Risk Margin (RM) as per the guidelines given by IRCSL and TBL is computed with a margin for adverse deviation from its best estimates. The use of RM increases the statistical confidence of policy liabilities and hence enhance the protection provided to policyholder benefits and should increase the policy liabilities. The RM used by SLIC 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
Investment return	Risk Free Rate structure instructed by IRCSL as at 31.12.2021

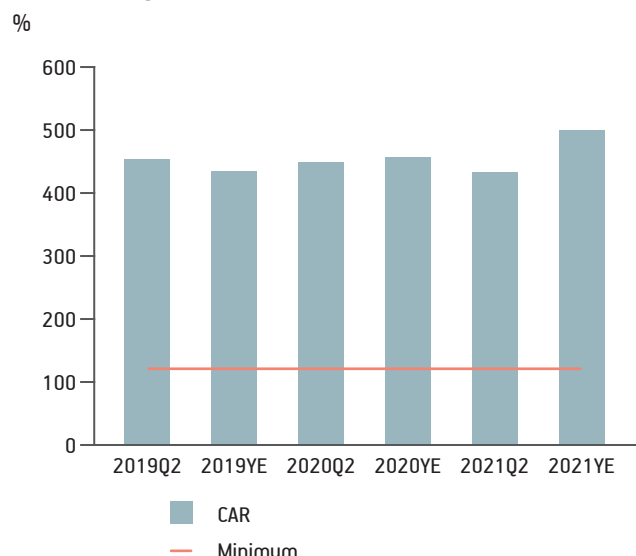
RISK FREE RATE



Risk Management Report

SLIC maintained steady and strong solvency ratio over the year 2021 for its Life Insurance business and as at 31.12.2021 the Risk-Based Capital Adequacy Ratio, CAR, stands at 501% and it was 459% as at 31.12.2020. This is well above the minimum regulatory requirement which is 120%.

CAPITAL ADEQUACY RATIO



Sensitivities Analysis for Life Insurance Risk

Assumption	Change in assumption	Impact on Best Estimated liability (Rs.)
Mortality	+10%	845Mn
	-10%	(848)Mn
Discount Rate	Up shock scenario under RBC	(16,434)Mn
	Down shock scenario under RBC	23,010Mn

Segregation of Policy liability based on product category

31st December 2021 Rs. '000	Insurance Liabilities (with profits)	Insurance Liabilities (without profits)	Total Benefit Liabilities
Whole Life	18,698	4,052	22,750
Endowment Assurance	60,885,389	4,297,782	65,183,170
Term Assurance	0	3,905,620	3,905,620
Annuity	10,868,079	4,340,973	15,209,052
Rider Benefits	93,286	3,381,027	3,474,313
Total	71,865,452	15,929,454	87,794,905

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

	Participating Rs. '000	Non-Participating Rs. '000	Total Rs. '000
2021	136,647,210	15,937,849	152,585,059
Percentage	89.55%	10.45%	

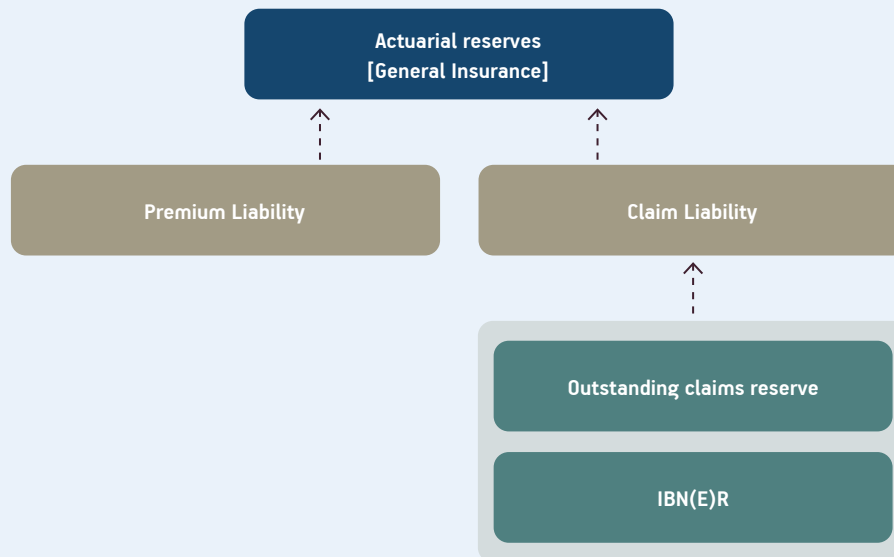
GENERAL INSURANCE RISK

From 01.01.2016, as per the mandatory requirement by the Insurance Regulatory Commission of Sri Lanka, IRCSL, SLIC 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.

Prudence in setting up reserves

There are two main components in General Actuarial reserves, namely the Premium Liability and the Claim Liability. SLIC 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.

	2016	2017	2018	2019	2020	2021
Gross reserves for losses and loss adjustment expenses	8,664	8,549	8,776	7,311	7,862	9,549
Reinsurance recoverable	(1,434)	(1,451)	(1,590)	(1,061)	(1,395)	(1,888)
Net reserves for losses and loss adjustment expenses	7,230	7,098	7,186	6,250	6,466	7,661

Cumulative paid as of December 31:

One year later	6,637	6,849	7,590	7,723	5,371	6,995
Two years later	8,392	9,004	9,632	9,451	7,043	
Three years later	8,539	9,185	9,772	9,589		
Four years later	8,722	9,242	9,996			
Five years later	8,801	9,315				
Six years later	8,830					

Cumulative Reported as of December 31:

One year later	7,913	8,297	9,467	9,153	6,493	8,980
Two years later	8,531	9,184	9,907	9,718	7,255	
Three years later	8,717	9,414	10,288	9,852		
Four years later	8,883	9,526	10,200			
Five years later	8,943	9,479				
Six years later	8,927					

* Rs. million

Sensitivities Analysis for General Insurance Risk

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

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

	Change in assumptions	Reported Gross Claim Outstanding Rs.	Reported Net Claim Outstanding Rs.	Impact on Gross Liabilities Rs.	Impact on Net Liabilities Rs.	Impact on Profit Before Tax Rs.	Impact on Equity (After Tax) Rs.
31st December 2021	+1%	6,678Mn	4,877Mn	89Mn	70Mn	(70)Mn	(53)Mn

Investment Risk Management

COVID 19 continued to pose significant challenges during 2021, as it did in 2020. 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) continued to be dynamic, proactive and efficient in making and executing investment decisions. Traditional trading strategies continued to take back stage, as the focus was on foreseeing investments that would perform beyond expectations during the pandemic.

Reinvestment risk continued to be a challenge for SLIC during 2020 as interest rates on Fixed Income securities remained low with central banks across the world adopting accommodative monetary policies.

The diversity of SLIC's investment portfolio helped to mitigate the negative impact of low reinvestment rates as reinvestments were mainly focused either on equity or on short term fixed income instruments. In addition to return, due attention was also given to liquidity and credit risks.

Sound investment decision making and monitoring by the IC helped SLIC exceed expectations on investment performance of the Fund. 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 towards the end of the year.

Going forward reinvestment risk is expected to reduce to a great extent, as interest rates appear to be rising. Trading opportunities can be anticipated possibly during the second half of the year as interest rates plateau out.

Exchange Rate Risk

Possibility of incurring losses due to adverse movements in exchange rates are called exchange rate risk. During 2021 the US Dollar appreciated to all-time highs against the Sri Lankan Rupee. However, prudent and timely measures implemented by the Central Bank helped the Rupee to recoup losses and settle at reasonable levels to sustain economic growth.

Risk Management Report

Equity Risk

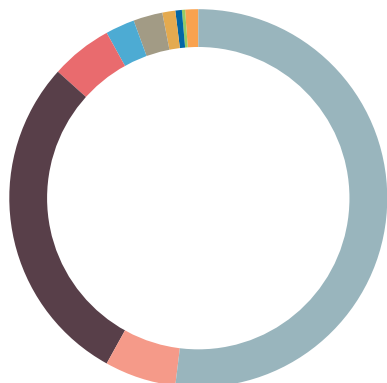
Equity Risk is the risk arising from adverse volatilities in stock prices.

Both the All Share Index and the more liquid S&P SL20 rose during 2021. However, the upward journey was challenging due to all the uncertainties that prevailed in the economy in the aftermath of the COVID lockdowns. 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 to mitigate the impact of the volatility in equity markets, whilst timely action to purchase shares at attractive multiples resulted in substantial trading gains.

SECTOR ALLOCATION - LISTED EQUITY
LIFE FUND AS AT 31.12.2021

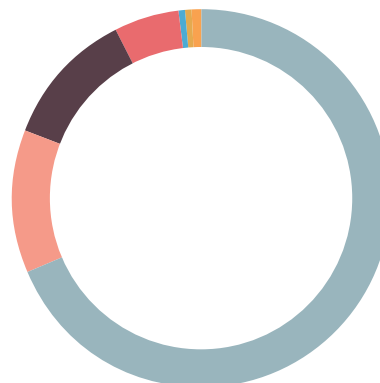
%



Financials	52.19%
Consumer Discretionary	6.04%
Industrials	28.53%
Health Care	5.36%
Telecommunication	2.41%
Materials	2.68%
Consumer Staples	1.11%
Real Estate	0.30%
Energy	0.52%
Utilities	0.86%

SECTOR ALLOCATION - LISTED EQUITY
GENERAL FUND AS AT 31.12.2021

%



Financials	68.65%
Health Care	12.37%
Industrials	11.62%
Utilities	5.51%
Telecommunication Services	0.60%
Materials	0.47%
Consumer Discretionary	0.07%
Energy	0.71%

Liquidity Risk

Losses that may need to be incurred in the process of purchasing or selling investment assets can be categorized 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 to 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.

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 minimize concentration risk.

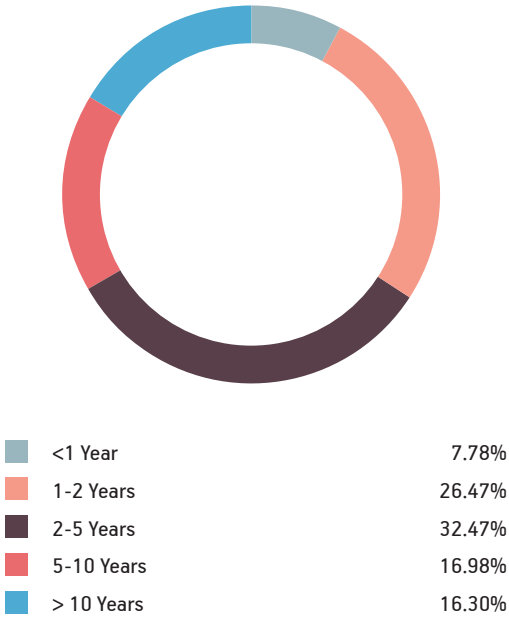
Operational Risk

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

MATURITY PROFILE

LIFE FUND AS AT 31.12.2021

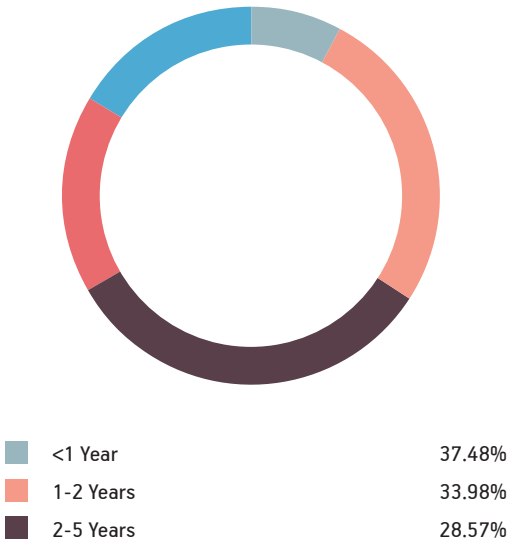
%



MATURITY PROFILE

GENERAL FUND AS AT 31.12.2021

%



Risk Management Report

ICT Risk Management

We have been working on many improvements in managing our ICT risks. This year we have improved our disaster recovery platforms with better service level commitment for business with minimum interruptions. Starting of SIEM (Security Information and Event Management) and SOC (Security Operation Center) are some of the strategic initiatives we have taken in protecting against possible cyber security threats. Whilst we continuously improve our security technology landscape, we have been focus 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 Board appointed Risk Management Committee 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 in 2021, 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 6 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.

HR Risk

With the uncertainty situation due to Covid 19 pandemic in mid-2021, HR Department underwent a variety of HR issues in accommodating employees to key business areas to run the operations without interruptions. This is due to the fact that there was a potential risk of exposing employees to the pandemic where we had to implement strict controls whilst adhering to health guidelines imposed by the Health Authorities.

However, we were able to maintain the same working conditions without any lay-off, salary deductions and any curtailment of benefits and in addition, we were able to provide the services through online/digital platforms as much as possible without compromising the quality of services to our valued customers and thereby mitigating potential risk for employees.

Further, we have taken initiatives to set-up a Covid Task Force to mitigate the health risk of our staff and a grievance committee to reduce the HR Risk which are actively functioning at present.

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 antifraud and misconduct efforts:

- A. Anti-Money Laundering and Counter-Terrorism Financing legislation: Prevention of Money Laundering Act, No. 5 of 2006 (PMLA), Financial Transactions Reporting Act No.6 of 2006 (FTRA) as amended, Insurers (Customer Due Diligence) Rules No. 01 Of 2019, UN Sanctioned lists, Rules & 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.

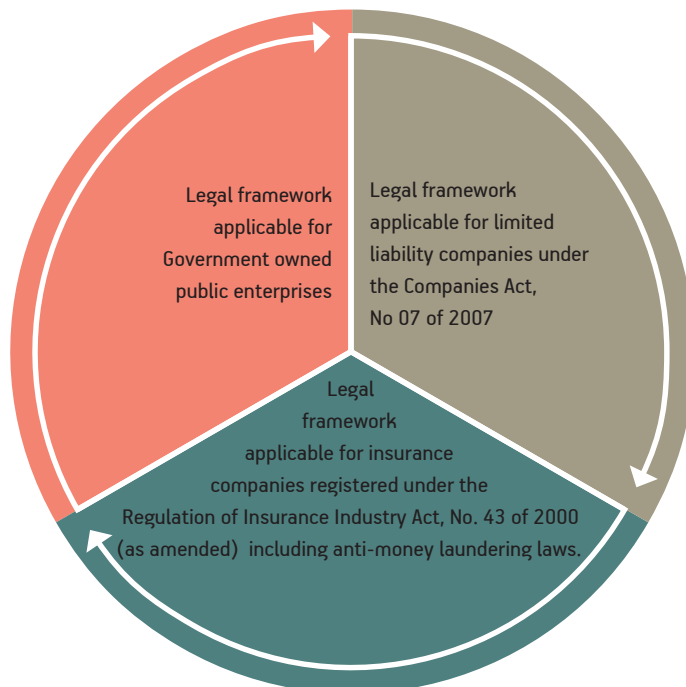
Compliance Report

In the insurance industry, increasing regulatory mandates and the evolving business environment necessitate more-active management of compliance risks. Specially, proliferation of diverse legal requirements requires increasing attention to issues as customer and data protection and privacy. These and other developments necessitate a compliance function that is much more active, sophisticated, and robust than the ones that most insurers currently have.

For insurance providers, transparency is key which requires stringent adherence to the compliance requirements and at SLIC, we have woven the compliance needs into the daily business practices. The speed and sheer breadth of regulatory change has become a continuous challenge for insurance companies and especially the new financial reporting standard IFRS 17 will certainly represent the most noteworthy change to insurance accounting requirements in over 20 years.

SLIC being a Government owned entity is subject to panoply of laws, rules and regulations applicable for limited liability companies, insurance companies and State-owned companies.

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



We are committed to complying with all the relevant legislation and therefore, a formal compliance framework for identifying, monitoring, reporting on and ensuring compliance has been developed and practiced. The compliance mandate sets out for the establishment and operation of a corporate compliance function. The Head of Compliance reports to the 'Audit & Compliance Committee', 'Risk Management Committee' and to the Board on a regular basis. The Board approved 'Compliance policy' of the Company sets out the guiding principles, key elements, and procedures designed to achieve the objective of the compliance function of the Company. Executive Committee of the Company helps to translate the "tone at the top" to a healthy "mood in the middle" by ensuring that compliance with laws, rules and regulations are adopted across the Board.

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

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

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

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

Compliance Report

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's 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 & Ethics' for Directors, Key Management Personnel and all other Employees" is designed to ensure that the organizational members are in line with the set out principles, rules, values, standards, as well as legal compliance when engage on business.

The Compliance Department also conducts department-wise training and educates the senior management by way of 'Compliance tips' through internal communication platforms. The Company is working on enhancing its information technology infrastructure which will, in the future, facilitate the utilization of skilled compliance capital to focus on compliance management more efficiently. During the year under review, the Compliance Department has conducted training sessions on emerging area like "e-commerce laws and Cybersecurity" to embed compliance cultural priorities into the fabric of the organization and plan to conduct 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 (IRCSL) and the External Auditors (Circular No. 29, dated, 23rd August 2010) act as the fourth line of defense. To ensure that the compliance risk agenda is not secondary to the audit agenda, the Compliance Department reports to both the Audit & Compliance Committee and the Risk Management Committee.

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

Amidst the prevalent COVID 19 environment, we are attentive of the need to remain aware of financial crimes and the importance of taking cyber resilience measures. Cybercrime, including theft of identity, compromise of email addresses and websites, and distributed denial of service ransomware attacks, is progressively existing globally. We are mindful of the need to manage emerging compliance risks such as data protection and inadvertent financing of terrorism.

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.

SRI LANKA INSURANCE CORPORATION LTD

Regulatory and Statutory Compliance - Submission of Returns and Payments to Regulatory / Monitoring Authorities Compliance Report for the Period From 01st January 2021 to 31st December 2021

Regulatory / Statutory Requirement	Frequency of Submission of Return / Payment	Due Date of Submission / Payment	Executed date	Compliance and Remarks
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Regulatory / Statutory returns / payments fall due in the period

INSURANCE REGULATORY COMMISSION OF SRI LANKA (IRCSL)

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 1st April 2012 (49 Formats)

Determination Formats	Quarterly within 45 days of end of quarter	4th QR (20)- 15th February	15.02.2021	
		1st QR (21) - 15th May	15.05.2021	
		2nd QR (21) - 15th August	13.08.2021	
		3rd QR (21) - 15th November	15.11.2021	
Risk Based Capital (Formats) - General	Quarterly within 45 days of end of quarter	4th QR (20)- 15th February	15.02.2021	
		1st QR (21) - 15th May	15.05.2021	
		2nd QR (21) - 15th August	13.08.2021	
		3rd QR (21) - 15th November	15.11.2021	
Risk Based Capital (Formats) - Life	Quarterly within 45 days of end of quarter	4th QR (20)- 15th February	15.02.2021	
		1st QR (21) - 15th May	15.05.2021	
		2nd QR (21) - 15th August	13.08.2021	
		3rd QR (21) - 15th November	15.11.2021	
Balance Sheet and Profit Loss Account (Formats)	Quarterly within 45 days of end of quarter	4th QR (20)- 15th February	15.02.2021	
		1st QR (21) - 15th May	15.05.2021	
		2nd QR (21) - 15th August	13.08.2021	
		3rd QR (21) - 15th November	15.11.2021	
Quarterly Certification by CEO & CFO & Principal Officer under the IRCSL circular 12 (Certification A)	Quarterly within 45 days end of the quarter	4th QR (20)- 15th February	15.02.2021	
		1st QR (21) - 15th May	15.05.2021	
		2nd QR (21) - 15th August	13.08.2021	
		3rd QR (21) - 15th November	15.11.2021	
Quarterly Certification by CEO & CFO & Principal Officer under the IRCSL circular 12 (Certification B)	Quarterly within 45 days end of the quarter	4th QR (20)- 15th February	15.02.2021	
		1st QR (21) - 15th May	15.05.2021	
		2nd QR (21) - 15th August	13.08.2021	
		3rd QR (21) - 15th November	15.11.2021	

Regulatory / Statutory Requirement	Frequency of Submission of Return / Payment	Due Date of Submission / Payment	Executed date	Compliance and Remarks
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Further Returns

1) Reinsurance Treaty Cover Notes	Annually	before 15th March in subsequent year	15.03.2021	
2) Reinsurance Risk Transfer Programme (year 2020)	Annually	on or before 31/01/2021	29.01.2021	
3) Facultative Arrangement	Quarterly	4th QR (20) - 15th February	15.02.2021	
		1st QR (21) - 15th May	15.05.2021	
		2nd QR (21) - 15th August	13.08.2021	
		3rd QR (21) - 15th November	15.11.2021	

Annual Filing under the Regulation of Insurance Industry Act No.43 of 2000

Risk Based Capital (Formats) - General	Annually	2020 year end - 30th April 2021	30.04.2021	
Risk Based Capital (Formats) - Life	Annually	2020 year end - 30th April 2021	30.04.2021	
Determination Formats	Annually	2020 year end - 30th April 2021	30.04.2021	
Balance Sheet and Profit Loss Account (Formats)	Annually	2020 year end - 30th April 2021	30.04.2021	
Actuarial Report & Abstract	Annually	2020 year end - 30th April 2021	30.04.2021	

Other Formats

1. Risk Assessment Report	Annually	2020 year end - 30th April 2021	28.04.2021	
2. Statement of Responsibility of Directors	Annually	2020 year end - 30th April 2021	30.04.2021	
3. Long Term Insurance Business - Certification with regard to compliance with the provisions of the Act by the insurer	Annually	2020 year end - 30th April 2021	30.04.2021	
4. General Insurance Business - Certification with regard to compliance with the provisions of the Act by the insurer	Annually	2020 year end - 30th April 2021	30.04.2021	
5. Annual Report of the Company	Annually	2020 year end - 30th April 2021	06.07.2021	Due to the delay in the finalization of Group Audit
6. Auditors Report on factual findings on Circular 29 of IRCSL	Annually	2020 year end - 30th April 2021	Draft submitted to IRCSL on 30.04.2021 and final submitted on 06.08.2021	
7. Management Letter	Annually	2020 year end - 30th April 2021	05.11.2021	Due to the delay in the finalization of Group Audit

Regulatory / Statutory Requirement	Frequency of Submission of Return / Payment	Due Date of Submission / Payment	Executed date	Compliance and Remarks
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8. Compliance Certification A - Long Term Insurance Business Compliance Certification A -General Insurance Business	Annually	2020 year end - 30th April 2021	30.04.2021	
9. Compliance Certification B	Annually	2020 year end - 30th April 2021	30.04.2021	

Payments

Cess Life 0.2%, General. 0.4% of Net Premium	Quarterly	4th QR (20) - 31st Jan	27.01.2021	
		1st QR (21) - 30th Apr	29.04.2021	
		2nd QR (21)-31st July	28.07.2021	
		3rd QR (21)-31st Oct	27.10.2021	
Annual Fees	Annually	One month after the Audited Accounts or before 31st July of the following year	29.04.2021	

Inland Revenue Department

Returns

VAT returns	Quarterly	4th QR (20) - 31st Jan	31.01.2021	
		1st QR (21) - 30th April	30.04.2021	
		2nd QR (21)-31st July	31.07.2021	
		3rd QR (21)-31st Oct	31.10.2021	
Stamp Duty	Quarterly	4th QR (20) - 31st Jan	14.01.2021	
		1st QR (21) - 30th April	12.04.2021	
		2nd QR (21)-31st July	15.07.2021	
		3rd QR (21)-31st Oct	15.10.2021	
PAYE Return	Annually	2020 -30th April 2021	Executed on due date	
Crop Insurance Levy	Quarterly	3rd QR(20) -30th Jan	29.01.2021	
		4th QR(20) -30th April	29.04.2021	
		1st QR(21) -30th July	30.07.2021	
		Final(20)-30th September	30.09.2021	
		2nd QR(21) - 30th October	29.10.2021	

Regulatory / Statutory Requirement	Frequency of Submission of Return / Payment	Due Date of Submission / Payment	Executed date	Compliance and Remarks
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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 15th Feb	15.02.2021	
		on or before 15th May	13.05.2021	
		on or before 15th August	13.08.2021	
		on or before 30th September	30.09.2021	
		on or before 15th November	15.11.2021	
Stamp Duty	Quarterly	4th QR (20) - 15th Jan	15.01.2021	
		1st QR (21) - 15th April	12.04.2021	
		2nd QR (21) - 15th July	15.07.2021	
		3rd QR (21) - 15th October	15.10.2021	
Crop Insurance Levy	Quarterly	3rd QR(20) -30th Jan	29.01.2021	
		4th QR(20) -30th April	29.04.2021	
		1st QR(21) -30th July	30.07.2021	
		Final(20)-30th September	No Payment	
		3rd QR(21) -30th October	29.10.2021	
Withholding Tax	Monthly	Abolished w.e.f. 01.01.2020		

CENTRAL BANK OF SRI LANKA

EPF Returns	Bi Annually	31st Jan & 31st July	Executed on due date	
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AML (Anty 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	-	
EPF Contribution	Monthly	one day before the last working day 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
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Employees Trust Fund Board

ETF Returns	Bi Annually	31st Jan & 31st 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 & Semi Luxury Tax	Monthly	15th of the following month	Executed on due date	
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Registrar of Companies

Registration of Financial Statements	Annually	Within 20 working days after the Financial Statements of the Company		
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Ministry of Transport

Payment - Road safety fund	Monthly	15th of the following month	Executed on due date	
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Municipal /Urban Council

Payment - Rates & Tax	Annually	Before 31st Jan of the current year(for the rebate)	Executed on due date	
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National Insurance Trust Fund

Payment - SRCC & Terrorism Fund	Monthly	Within 45 days from end of the month	Executed on due date	
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Commissioner for Workmen's Compensation

Renewal of License - Workmen's Compensation Insurance	Annually	Before 30th May	Executed on due date	
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The Board provides the eventual oversight and direction for the internal controls and risk management, to ensure that a sound system of internal controls is in place. The Board keeps abreast with the developments in the areas of risk and governance to ensure its effectiveness in safeguarding stakeholders' interests.

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

The Audit & Compliance Committee plays a strategic role in assisting the Board to achieve its oversight responsibilities in areas such as financial reporting, internal control systems, risk management systems and the internal and external audit functions. The Internal Audit Department verifies compliance of operations with policies and procedures and the adequacy and effectiveness of the internal control systems, and highlights significant findings in respect of any non-compliances. Audits are carried out on all units and branches, the frequency of which are determined by the level of risk assessed to provide an independent and objective report on operational and management activities of these units and branches. The annual audit plan is reviewed and approved by the Audit Committee and the findings of the audits are submitted to the Audit Committee for review at their periodic meetings. A special committee has been established to discuss the findings of the Branch audits.

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

and effectiveness of the identified controls are embedded within the normal operations of the organisation.

A robust compliance management system that is integrated into the overall risk management strategy of the institution is in place, as morefully described in the compliance risk management chapter. Compliance programme encompasses legal requirements to adhere being a limited liability Company governed by the Companies Act, insurance Company registered under the Regulation of Insurance Industry Act and legal framework applicable for State owned limited liability companies. In order to mitigate the vicious consequences on the integrity and stability of the operational framework, we have implemented a robust anti-money laundering framework which encompasses screening of customers with the designated data-base, due diligence of customers, e-learning module which form a part of the performance appraisal of the employees, annual internal audit and AML risk assessment.

The Board has delegated risk management function to a separate Risk Committee which focuses on the Company's most critical risks and risk management capabilities. Directors are satisfied that the risk management policies and procedures designed and implemented by the Company are consistent with the Company's strategy and risk appetite while fostering an enterprise-wide culture that supports appropriate risk awareness. Risk department makes representations to the Board appointed sub-committees; namely, Risk Management Committee and Investment Committee and also to the several management committees; namely, Executive Committee, Audit Follow up committee and Product Development Committee etc. Accordingly, ERM provides independent opinion from risk perspective which enables the management and Board to make informed decisions considering the risk impact.



Eng. Vijitha Herath
Chairman



W. A. Samantha Upananda
Chairman-Audit and Compliance Committee

24th May 2022

FINANCIAL REPORTS

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LEADER- SHIP

Visionary LEADERSHIP
has been a key element in
bringing our strategy from
paper to action

GENERAL

The Board of Directors of the Company has pleasure in presenting their Annual Report to the members, together with the audited financial statements for the year ended 31st December 2021 of the Company and the Group and the Auditor's Report on those financial statements confirming the requirements of the Companies Act No. 07 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 as amended and Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995 and amendments made thereon and the best practices of corporate governance.

As at 31st December 2021, 99.97% shares are vested with the Secretary to the Treasury, on behalf of the Government of Sri Lanka.

Litro Gas Terminal Lanka (Pvt) Ltd, Canowin Hotels and Spas (Pvt) Ltd and Management Services Rakshana (Pvt) Ltd are the fully owned subsidiaries of the Company. SLIC 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 Holdings (Pvt) Ltd as well.

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

This Report was approved by the Board of Directors on 24th May 2022.

PRINCIPAL ACTIVITIES OF THE COMPANY & THE GROUP

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

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

The Company has engaged in the above activities, in line with the applicable legal framework.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The financial statements for the year ended 31.12.2021 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 31.12.2021 and of its performance for the year ended on that date.

AUDITOR'S REPORT

The Auditor General acts 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 31.12.2021, in terms of article 154 (4) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

The Auditor's report on the 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.

	2021 Rs. 000	2020 Rs. 000
Statutory Audit Fees	5,198	5,602
Non-audit Related Services	-	-

ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are given in the annual report.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board and the executive management of the Company have put in place a comprehensive risk identification, measurement and mitigation process, in line with the ISO 31000 risk framework and as required by the corporate governance codes. A detailed overview of the said process is clearly articulated in the Enterprise Risk Management report.

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

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

GOING CONCERN

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

TURN OVER / GROSS WRITTEN PREMIUM (GWP)

The total turnover of the Company recorded Rs. 64,062 million for the year under review and Rs. 52,614 million for the comparative figure (2020). The total GWP, Rs. 43,231 million comprised of life insurance Gross Written Premium of Rs. 21,976 million and non-life insurance Gross Written Premium of Rs. 21,255 million, for the year 2021. The reported value for total Gross Written Premium in 2020 was Rs. 39,421 million out of which life insurance Gross Written Premium was Rs. 19,258 million and non-life insurance Gross Written Premium, Rs. 20,163 million 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

	2021 Rs. 000	2020 Rs. 000
Profit Before Taxation (PBT)	11,725,433	7,971,782
Income Tax Expenses	1,684,297	2,183,248
Profit After Taxation	10,041,136	5,788,533
Other Comprehensive Income	704,012	(368,153)
Prior year adjustment on depreciation	-	(182)
Revenue Reserves Other Liabilities	-	(118,402)
Unappropriated Profit Brought Forward	29,913,401	27,447,383
Realization of Revaluation Reserve on		
Land Disposal	-	5,182
Profits Available for Appropriation	40,658,549	32,754,362
Dividends Paid	899,603	695,693
Surplus attributable to Shareholders		
from Life Insurance	4,983,788	2,145,273
Unappropriated Profit Carried Forward	34,775,158	29,913,401

DIVIDENDS

The Board has declared an interim dividend of Rs. 1.26 per share (totaling a sum of Rs. 755,676,432), for the financial year 2021. Further, the Board of Directors recommends a final dividend of Rs. 1.26 per share (totaling Rs. 755,676,432), payable to the holders of issued and paid-up ordinary shares of the Company, as at the close of business on 30th June 2022.

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

Annual Report of the Board of Directors of the Company

DONATIONS

During the year 2021, the company made Rs. 1.04 million 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 & PROVISIONS

The Directors have taken all the 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 their report is also given in the Annual Report.

Gratuity liability has also been valued by an independent Actuary, as required by the LKAS 19-Employee Benefits.

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

DIRECTORS' AND OFFICERS' INSURANCE

The Directors and Officers are covered by a Directors' and Officers' Liability Insurance Policy.

INVESTMENTS

The amount of investments held by the company as at 31.12.2021 amounted to Rs 234,571 million (2020 - Rs. 205,746 million). A detailed breakup of the investments held is disclosed in the financial statements.

PROPERTY, PLANT AND EQUIPMENT

The details of Property, Plant and Equipment are given in the Annual Report.

MARKET VALUE OF FREEHOLD PROPERTIES

The Company uses the cost method as the accounting policy for recording Property, Plant and Equipment other than Land and Building. The Company's policy for revaluing the assets is once in every three years. Accordingly, the Land and Buildings were revalued in the financial year 2021 by M/S Trustus Business Solutions & Advisory Services (Pvt) Ltd. Such assets were valued on an open market value for existing use basis. The results of such revaluation were incorporated in the financial statements from its effective date which is 31.12.2021.

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 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. 5.1 million and the figure reported in the last year (2020) was Rs. 10.2 million.

STATED CAPITAL

The Stated Capital of the Company as at 31st December 2021 was Rs. 6,000 million, in compliance with the Companies Act No. 07 of 2007. As at 31.12.2021, 99.97% shares were vested with the Secretary to the Treasury, on behalf of the Government of Sri Lanka.

STATUTORY PAYMENTS

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

INTANGIBLE ASSETS

Intangible Assets as at 31.12.2021 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 the 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 28th April 2022

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

Mr. Herath Mudiyansele Vijitha Herath

Mr. Anil Koswatte

Mr. Sinhalage Aruna Nishantha Dayananda

Mr. Meegahagedara Prasantha Anil Kumara

Ms. Jayangani Surekha Alles

Mr. Wilvala Arachchige Samantha Upananda

Mr. Ranathun Achchige Lakmini Udaya Kumara

(Mr. R A Lakmini Udaya Kumara was appointed to the Board w.e.f 14th March 2022 as a Treasury representative on Board, in place of Mr. K A Vimalenthirajah)

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, 30th of June 2022, at 10.00 a.m., at the Auditorium of the Company, at its registered office, at No.21, Vauxhall Street, Colombo 02, or virtually given the prevalent COVID pandemic.

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 Secretaries

FOR BOARD OF DIRECTORS



Eng. Vijitha Herath
Director



W. A. Samantha Upananda
Director

24th May 2022

Statement of Directors' Responsibility

The responsibilities and obligations of the Directors in relation to the preparation and presentation of the Financial Statements in terms of the Section 150, Section 152 and Section 153 of the Companies Act No. 07 of 2007, are set out in the following statement. The responsibility of the auditors, in relation to the Financial Statements, is set out in the Report of the Auditors in the Annual Report.

In terms of the Companies Act No. 07 of 2007, the Directors of the Company are responsible for ensuring the Financial Statements of the Company provide a true and fair view of the state of affairs of the Company as at the Balance Sheet Date and the profit or loss or income and expenditure, as the case may be, of the Company for the accounting period ending on that balance sheet date.

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 confirm that appropriate accounting policies have been consistently applied and supported by prudent judgments and estimates in the preparation of Financial Statements. Further, the Directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future, and therefore has continued to adopt the going concern basis in 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 confirm that to the best of their knowledge all taxes, statutory levies and financial obligations payable by the Company and all contributions and taxes payable on behalf of employees of the Company and all other known statutory dues, as at the Balance Sheet date, have been paid or provided for.

The Directors adopted a report from the actuary on which bonus payable to policy holders and the surplus available to shareholders in the Life Insurance business were determined. The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By order of the Board.



N & N AGENTS AND SECRETARIES (PRIVATE) LIMITED
Secretaries to the Company

07th June 2022

Chief Financial Officer's Statement of Responsibility

The Financial Statements of Sri Lanka Insurance Corporation Ltd. (the Company) and the Consolidated Financial Statements of the Company and Subsidiaries (the Group) as at 31st December 2021 were prepared and presented in compliance with the requirements of the following.

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

The formats used in the preparation of the Financial Statements and disclosures made therein comply with the formats prescribed by the relevant regulators, which are also in compliance with the disclosure requirements of the Sri Lanka Accounting Standards. We confirm that to the best of our knowledge, the Financial Statements, Significant Accounting Policies and other financial information included in this Annual Report, fairly represents, in all material respects, the financial condition, and results of the operations and the cash flow of the Company during the year under review. In addition, we confirm that the Company has adequate resources to continue its operations and has applied the going concern basis in preparing these Financial Statements. The Board of Directors is responsible for ensuring that management fulfils its financial reporting responsibilities. As the Chief Financial Officer, I am responsible for having established and maintaining adequate accounting policies, procedures and internal controls over financial reporting. Management has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. Management believes that the internal controls provide reasonable assurance that the financial records are reliable and form a proper basis for preparing the Financial Statements, and that the assets are properly accounted for and safeguarded. The SLIC internal Auditors also conduct periodic Reviews to ensure that the internal controls and procedures are consistently followed.

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

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



Malaka Bandara
Acting Chief Financial Officer

24th May 2022

Willis Towers Watson

Private and Confidential

15 April 2022

The Board of Directors

Sri Lanka Insurance Corporation Limited No. 21, Vauxhall Street,
Colombo 02, Sri Lanka

Actuarial Valuation of the Long Term Insurance Business as at 31 December 2021

In accordance with the engagement letter dated 26 April 2019 and addendum dated 12 August 2021, Willis Towers Watson India Private Limited ("Willis Towers Watson", "we", "our" or "us") has carried out an actuarial review of the valuation of long term insurance liabilities of Sri Lanka Insurance Corporation Limited's Long Term Insurance Business as at 31 December 2021.

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 2021, 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 87,795 million. The value of assets held within the life fund is LKR 155,833 million on IRC SL basis and LKR 156,242 million on SLFRS basis. The gross surplus transferred to the shareholder fund from life fund is LKR 3,629 million during 2021. The gross surplus allocated for bonus declaration to policyholders during 2021 from participating fund is LKR 2,143 million. Subsequent to the shareholder transfers and post-tax, the life fund is LKR 152,176 million on IRC SL basis and LKR 152,585 million on SLFRS basis as at 31 December 2021.

Kunj Behari Maheshwari, FIA, FIAI

Director, Insurance Consulting and Technology, India Willis Towers Watson India Private Limited

E-mail: kunj.maheshwari@willistowerswatson.com

Signature

: 

Place : India

Date : 15 April 2022

Willis Towers Watson India Private Limited Registered Office:

2nd floor, Tower B, Unitech Business Park, South City – 1, Sector 41,
Gurugram 122001 India

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Liability Adequacy Test

Willis Towers Watson

Private and Confidential

22 March 2022

The Board of Directors

Sri Lanka Insurance Corporation Limited No. 21, Vauxhall Street,
Colombo 02, Sri Lanka

Liability Adequacy Test

1. The Sri Lanka Accounting Standard 'SLFRS 4, Insurance Contracts' prescribes that an insurer shall assess at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash-flows under its insurance contracts. Willis Towers Watson has undertaken a liability adequacy test for long term insurance provisions maintained within the life fund of Sri Lanka Insurance Corporation Limited as contemplated by SLFRS 4.
2. In carrying out the liability adequacy test, we have compared the provisions held as per the audited accounts with the actuarial liability. For this purpose, the value of the actuarial liability is computed following the principles laid out within the risk based capital framework as prescribed by the IRCSL (erstwhile IBSL) [the Solvency Margin (Risk Based Capital) Rules 2015], whereby liabilities are valued using a discounted cash-flow approach covering the full lifetime of all the cash in- and out- flows required to settle the obligations related to existing in-force insurance contracts.
3. The projections are based on in-force policies and riders as at 31 December 2021.
4. Based on the checks undertaken, I certify:
 - that the valuation of actuarial liability is based on internationally accepted actuarial methods and adheres to the requirements under SLFRS 4;
 - that the assumptions used for such valuation are reasonable estimates based on available experience studies and after allowing for suitable margins for adverse deviation; and
 - that the long term insurance provisions maintained within the life fund of Sri Lanka Insurance Corporation Limited as per the audited accounts of the Company for the year ended 31 December 2021 is in excess of the liabilities computed in the above mentioned manner.

Kunj Behari Maheshwari, FIA, FIAI

Director, Insurance Consulting & Technology, India Willis Towers Watson

Signature



Place : India

Date : 22 March 2022

Willis Towers Watson India Private Limited Registered Office:

2nd floor, Tower B, Unitech Business Park, South City – 1, Sector 41,
Gurugram 122001 India

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Certificate of Incurred but not (Enough) Reported Claims

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Sri Lanka Insurance Corporation Ltd.
Annual Report 2021



3 June 2022

TO THE SHAREHOLDERS OF SRI LANKA INSURANCE CORPORATION LIMITED

Sri Lanka Insurance Corporation Limited 31 December 2021 Net IBNR and LAT Certification

I hereby certify that the 75% confidence level IBNR provision of LKR 2,784,174,323 is adequate in relation to the Claim Liability of Sri Lanka Insurance Corporation Limited as at 31 December 2021, 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 2021, 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 2,871,669,761).

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 10,846,318,329 set by the Company, net of reinsurance and DAC, is adequate at a 50th percentile in relation to the unexpired risks of Sri Lanka Insurance Corporation Limited as at 31 December 2021, 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 'Matthew Tiong'.

Matthew Tiong
Fellow of the Institute of Actuaries of Australia (FIAA)
For and on behalf of NMG Financial Services Consulting
Dated 3 June 2022

Independent Auditors' Report



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No. }

INS/A/01/SLIC/AR/2021

ඔබේ අංකය
உமது இல.
Your No. }

දිනය
திகதி
Date }

28 April 2022

Chairman
Sri Lanka Insurance Corporation Limited

Report of the Auditor General on the Financial Statement and other Legal and Regulatory Requirements of the Sri Lanka Insurance Corporation Limited for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act, No.19 of 2018.

1. FINANCIAL STATEMENTS

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Insurance Corporation Limited (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 give a true and fair view of the financial position of the Company and the Group as at 31 December 2021, 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

- According to the judgment delivered by Supreme Court of Sri Lanka on 4th June 2009, the legal ownership of the majority of shares of the Company was vested with the Secretary to the Treasury to be held on behalf of the Government of Sri Lanka. Further, according to the said judgment, the Secretary to the Treasury was directed to cause profits of the Company during the period Distilleries Company of Sri Lanka PLC was the parent of the Company, be computed and the profits attributable to the previous parent be settled. However, the President's Counsel is of the opinion as stated in their legal representation letter dated 09 March 2022 that as per District Court of Colombo in case No DMR/02394/19, no relief is claimable from the Company by the petitioners to discharge obligation of the Secretary to the Treasury out of the proceedings in above stated Supreme Court applications (Sc FR No 117/2007 and SC/ FR No 158/2007). However, a judgement by the District Court of Colombo in the above case No DMR/02394/19 has not been pronounced as at the reporting period. Hence, considering the initial decision made by the Supreme Court, the Company has not made any adjustment in the Financial Statements pending determination of the aforesaid attributable profits.
- In the absence of confirmation of balances, I was unable to verify the completeness, existence and accuracy of the amounts receivables from Distilleries Company of Sri Lanka PLC Group of Companies amounting to Rs. 163,368,001 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 adjustment might be necessary to the financial statements for the year ended 31 December 2021.



Independent Auditors' Report



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

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

EMPHASIS OF MATTER

Without qualifying my opinion, I draw attention to the Note 50 to the financial statements which describes that the Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis

1.3 Other information included in the Company's 2021 Annual Report

The other information comprises the information included in the Company's 2021 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 2021 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 the going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 a significant doubt on the Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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. 7 of 2007 include specific provisions for following requirements.
- 2.1.1 Except for the effects 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) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.
- 2.1.2 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.
- 2.1.3 The financial statements presented include all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018 except for 1.2 (a) and (b) of this report.
- 2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- 2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018;
- 2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

Reference to law/ direction	Description
(a.) Section 53 of Regulation of Insurance Industries (Amendment) Act No. 03 of 2011	As discussed in Note 48 to the financial statements, the Company has not segregated the long-term insurance business and the general insurance business being carried on by it into two separate companies. Even though the budget proposal on exemption of the above section for the Company was tabled at the budget proposal discussion for 2022 on 12 November 2021, it has not yet been enacted by way of a gazette notification as at the reporting period.
(b.) Section 47 (2) of the Regulation of Insurance Industry Act, No. 43 of 2000	Due to the 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 utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018;

W.P.C. Wickramaratne
Auditor General

Statement of Financial Position

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Sri Lanka Insurance Corporation Ltd.
Annual Report 2021

As at 31 December	Note	Group		Company	
		2021	2020	2021	2020
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Assets					
Financial investments	5	200,747,278	173,514,327	195,897,306	170,307,333
Investment in subsidiaries	6	-	-	22,823,892	20,823,892
Investment in associates	7	198,673	164,125	198,673	164,125
Property, plant & equipment	8	65,391,507	56,752,233	12,737,635	10,867,358
Right of use assets	9	1,315,512	1,615,049	558,652	631,575
Investment properties	10	2,806,480	2,574,580	1,942,600	1,719,966
Intangible assets	11	3,085,231	3,087,290	36,398	37,172
Loans to policyholders	12	1,637,187	1,734,723	1,637,187	1,734,723
Reinsurance receivable	13	2,901,995	2,180,977	2,901,995	2,180,977
Premium receivable	14	7,977,747	6,733,833	7,977,747	6,733,833
Deferred tax assets	15	384,691	1,562	-	-
Other assets	16	11,565,202	9,333,530	4,319,691	3,801,278
Deferred expenses	17	483,822	478,162	483,822	478,162
Cash and cash equivalents	18	27,378,865	31,546,403	16,920,370	16,149,956
Total Assets		325,874,190	289,716,794	268,435,968	235,630,350
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	18,414,228	13,112,599	9,275,282	7,359,125
Available-for-sale reserve	21	6,008,859	5,704,652	6,008,859	5,704,652
Revenue reserves	22	65,716,612	59,314,487	53,805,055	43,959,510
Total Equity Attributable to Equity Holders of the Company		96,237,936	84,229,975	75,187,433	63,121,524
Non-controlling interest		9,125,663	8,985,168	-	-
Total Equity		105,363,599	93,215,143	75,187,433	63,121,524

As at 31 December		Group		Company	
		2021	2020	2021	2020
	Note	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Liabilities					
Insurance Contract Liabilities - Life	23	155,788,928	137,129,036	155,788,928	137,129,036
Insurance Contract Liabilities - Non-Life	24	20,879,547	18,866,402	20,879,547	18,866,402
Reinsurance payable		2,868,291	1,675,280	2,868,291	1,675,280
Current tax liabilities	25	2,216,343	2,305,626	1,684,872	2,033,053
Deferred tax liabilities	15	4,483,692	7,652,015	3,114,782	3,193,362
Right of use liabilities	9	936,686	1,194,978	467,910	528,450
Retirement benefit obligations	26	2,523,520	3,216,945	1,917,741	2,553,490
Other liabilities	27	27,278,863	22,193,986	5,987,181	6,075,756
Financial liabilities	28	3,534,721	2,267,383	539,283	453,997
Total Liabilities		220,510,591	196,501,651	193,248,535	172,508,826
Total Liabilities and Equity		325,874,190	289,716,794	268,435,968	235,630,350

The accounting policies and notes on pages 144 to 268 form an integral part of these Financial Statements.

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



Malaka Bandara

Acting Chief Financial Officer

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

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



Eng. Vijitha Herath

Chairman



W.A. Samantha Upananda

Director

28th April 2022
Colombo

Statement of Profit or Loss and Other Comprehensive Income

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Sri Lanka Insurance Corporation Ltd.
Annual Report 2021

As at 31 December	Note	Group		Company	
		2021 Rs. '000	2020 Rs. '000	2021 Rs. '000	2020 Rs. '000
Revenue	29	128,007,520	99,932,719	64,062,308	52,614,494
Gross Written Premium	30	43,063,839	39,266,270	43,231,011	39,421,293
Change in reserve for gross unearned premium		(778,671)	(1,548,103)	(778,671)	(1,548,103)
Gross Earned Premium		42,285,168	37,718,167	42,452,340	37,873,190
Premium ceded to reinsurers		(4,508,761)	(3,547,302)	(4,508,761)	(3,547,302)
Change in reserve for unearned reinsurance premium		453,247	(119,430)	453,247	(119,430)
Net Earned Premium	31	38,229,653	34,051,435	38,396,825	34,206,458
Revenue from other operations	30.1	62,143,038	46,505,729	-	-
Total Revenue		100,372,691	80,557,164	38,396,825	34,206,458
Other Income					
Investment income	32	24,044,877	17,754,928	23,392,497	16,511,316
Fees and commission income	33	76,441	67,886	76,441	67,886
Net realized/ unrealized gains	34	279,523	11,925	1,012,991	359,760
Other income	35	3,233,988	1,540,816	1,183,554	1,469,074
		27,634,829	19,375,555	25,665,483	18,408,036
Total Income		128,007,520	99,932,719	64,062,308	52,614,494
Benefits, Losses and Expenses					
Net benefits and claims	36	(20,185,417)	(15,772,296)	(20,185,417)	(15,772,296)
Underwriting and net acquisition costs (including reinsurance)	37	(3,220,308)	(2,996,793)	(3,220,308)	(2,996,793)
Change in contract liabilities - life fund		(18,849,187)	(16,118,705)	(18,849,187)	(16,118,705)
Other operating and administrative expenses		(16,692,204)	(15,500,345)	(10,081,963)	(9,754,918)
Cost of services of subsidiaries		(63,422,161)	(40,053,742)	-	-
Net Benefits, Losses and Expenses		(122,369,277)	(90,441,881)	(52,336,875)	(44,642,712)
Profit Before Tax	38	5,638,243	9,490,838	11,725,433	7,971,782
Income tax expense	39	942,720	(2,560,510)	(1,684,297)	(2,183,249)
Net Profit for the year		6,580,963	6,930,328	10,041,136	5,788,533

As at 31 December	Note	Group		Company	
		2021 Rs. '000	2020 Rs. '000	2021 Rs. '000	2020 Rs. '000
Other Comprehensive Income					
<i>Items that will not be reclassified to profit or loss</i>					
Gain/(loss) on revaluation of property, plant and equipment		3,408,477	215,014	-	-
Deferred tax effect on revaluation of property, plant and equipment	39.2	(518,333)	(46,099)	(467,016)	11,585
Deferred tax effects on realization of revaluation of reserve on Land disposal	39.2	-	(1,451)	-	(1,451)
Actuarial gains/(losses) on retirement benefit obligations	26	960,358	(480,974)	858,485	(431,136)
Deferred tax effect on actuarial gains/(losses)	39.2	(120,281)	67,511	(107,497)	62,983
Effect on deferred tax due to rate change on above items	39.2	670,513	-	381,182	-
<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		(55,321)	(2,703,169)	(55,321)	(2,703,169)
Deferred tax effect on fair value of available for sale reserve	39.2	77,371	(55,002)	77,371	(55,002)
Effect on deferred tax due to rate change on above item	39.2	4,488	-	4,488	-
Other comprehensive income for the year, net of tax		4,427,272	(3,004,170)	691,692	(3,116,190)
Total comprehensive income for the Year		11,008,235	3,926,158	10,732,828	2,672,343
Profit for the year attributable to:					
Equity holders of the company		5,326,971	6,792,682	10,041,136	5,788,533
Non-controlling interest		1,253,992	137,646	-	-
Net Profit for the year		6,580,963	6,930,328	10,041,136	5,788,533
Total comprehensive income attributable to:					
Equity holders of the company		9,218,684	3,713,007	10,732,828	2,672,343
Non-controlling interest		1,789,551	213,151	-	-
Total comprehensive income for the year		11,008,235	3,926,158	10,732,828	2,672,343
Basic / Diluted Earning per share (Rs.)	40	8.88	11.33	16.74	9.65
Dividend per share (Rs.)	41	2.52	1.50	2.52	1.50

The accounting policies and notes on pages 144 to 268 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

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Statement of Changes in Equity

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Sri Lanka Insurance Corporation Ltd.
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Group	Stated Capital	Revaluation Reserve	General Reserve
	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01 January 2020	6,000,000	13,058,735	643,442
Total Comprehensive Income for the year			
Profit for the year	-	-	-
Other comprehensive income, net of tax	-	92,358	-
Deferred tax effects on realization of revaluation of reserve on Land disposal	-	(1,451)	-
Total Comprehensive Income for the year	-	90,907	-
Transfer of revaluation reserve on disposal of property, plant and equipment	-	(6,470)	-
Prior year adjustment on depreciation	-	-	-
Depreciation transfer on surplus on revaluation of building	-	(25,391)	-
Realization of Revaluation Reserve on Land Disposal	-	(5,182)	-
Transaction with Owners of the Company recorded directly in equity			
Surplus Attributable to Shareholders from Life Insurance	-	-	-
Current year profit transfer allocated to Shareholders	-	-	-
Dividend paid	-	-	-
Dividend adjustment	-	-	-
Transferred AFS Reserves - Life Fund	-	-	-
Balance as at 31 December 2020	6,000,000	13,112,599	643,442

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'
9,472,362	466,179	98,237	10,791,219	41,810,610	82,340,785	8,767,718	91,108,503
-	-	-	-	6,792,682	6,792,682	137,646	6,930,328
(2,758,171)	-	-	-	(412,411)	(3,078,224)	75,505	(3,002,719)
-	-	-	-	-	(1,451)	-	(1,451)
(2,758,171)	-	-	-	6,380,271	3,713,007	213,151	3,926,158
-	-	-	-	6,470	-	-	-
-	-	-	-	(182)	(182)	-	(182)
-	-	-	-	25,391	-	-	-
-	-	-	-	5,182	-	-	-
-	-	-	2,145,269	(2,145,269)	-	-	-
-	-	-	-	(118,402)	(118,402)	-	(118,402)
-	-	-	-	(695,693)	(695,693)	-	(695,693)
-	-	-	-	-	-	4,299	4,299
(1,009,539)	-	-	-	-	(1,009,539)	-	(1,009,539)
5,704,652	466,179	98,237	12,936,488	45,268,378	84,229,976	8,985,168	93,215,143

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	-
Deferred tax effects on realization of revaluation of reserve on Land disposal	-	-	-
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

The accounting policies and notes on pages 144 to 268 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

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

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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'
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

Company	Stated Capital Rs. 000'	Revaluation Reserve Rs. 000'	General Reserve Rs. 000'
Balance as at 01 January 2020	6,000,000	7,354,173	643,442
Total Comprehensive Income for the Year			
Profit for the year	-	-	-
Other comprehensive income	-	11,585	-
Deferred tax effects on realization of revaluation of reserve on Land disposal	-	(1,451)	-
Total Comprehensive Income for the Year	-	10,134	-
Adjustments - Last year Depreciation	-	-	-
Realization of Revaluation Surplus on Disposal	-	(5,182)	-
Transaction with Owners of the Company recorded directly in equity			
Surplus attributable to shareholders from life insurance	-	-	-
Current year profit transfer allocated to Shareholders in the form of AFS	-	-	-
Dividend paid	-	-	-
Transferred AFS Reserves - Life Fund	-	-	-
Balance as at 31 December 2020	6,000,000	7,359,125	643,442
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	-	(38,857)	-
Deferred tax effects on realization 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

The accounting policies and notes on pages 144 to 268 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

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

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Colombo

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'
9,472,362	466,179	98,237	10,791,219	27,447,385	62,272,997
-	-	-	-	5,788,533	5,788,533
(2,758,171)	-	-	-	(368,153)	(3,114,739)
-	-	-	-	-	(1,451)
(2,758,171)	-	-	-	5,420,380	2,672,343
-	-	-	-	(182)	(182)
-	-	-	-	5182	-
-	-	-	2,145,269	(2,145,269)	-
-	-	-	-	(118,402)	(118,402)
-	-	-	-	(695,693)	(695,693)
(1,009,539)	-	-	-	-	(1,009,539)
5,704,652	466,179	98,237	12,936,488	29,913,401	63,121,524
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

Statement of Cash Flows

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Sri Lanka Insurance Corporation Ltd.
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For the year ended 31 December	Note	Group		Company	
		2021 Rs. '000	2020 Rs. '000	2021 Rs. '000	2020 Rs. '000
Cash flows from operating activities					
Premium received from customers		41,819,924	36,482,422	41,987,096	36,637,445
Reinsurance premium paid		(3,315,750)	(2,788,590)	(3,315,750)	(2,788,590)
Insurance claims and benefits paid		(19,518,285)	(15,318,308)	(19,518,285)	(15,318,308)
Reinsurance receipts in respect of claims and benefits		886,747	1,396,816	886,747	1,396,816
Cash received from debtors		63,086,333	47,210,506	648,672	309,454
Cash received on cylinder deposits		242,351	-	-	-
Cash paid to and on behalf of employees		(10,377,784)	(6,941,529)	(6,051,757)	(4,925,159)
Interest received		15,155,562	15,278,106	14,372,560	13,881,548
Dividend received		1,177,178	867,608	1,378,186	1,067,608
Other operating cash payments		(67,266,578)	(48,107,467)	(7,398,907)	(5,730,671)
Cash flows from operating activities		21,889,698	28,079,564	22,988,562	24,530,143
Retiring gratuity paid	26	(146,952)	(80,871)	(84,287)	(51,951)
Interest expense paid		(32,618)	(150,077)	-	-
Income tax paid	25	(2,584,261)	(1,984,845)	(2,222,530)	(1,283,799)
Net cash from operating activities		19,125,867	25,863,771	20,681,745	23,194,393
Cash flows from investing activities					
Acquisition of financial investments	5.5	(46,166,214)	(41,216,602)	(44,523,237)	(40,592,007)
Proceeds from financial investments	5.5	26,479,740	31,124,186	26,479,740	31,124,186
Investment in subsidiaries	6	-	-	(2,000,000)	-
Proceeds from disposal of property, plant & equipment		74,409	74,773	216	22,500
Acquisition of property, plant & equipment	8	(678,859)	(674,763)	(256,145)	(239,587)
Cash paid to contractors		(778,608)	-	-	-
Expenditure incurred on capital work in progress	8	(3,166,531)	(5,624,355)	-	-
Company Contribution on Staff Loans		17,375	-	-	-
Staff Loans Granted		(25,186)	-	-	-
Staff Loans Recovery		91,968	-	-	-
Acquisition of investment property	10	(1,360)	(5,010)	-	-
Loan granted to policyholders	12	(1,470,548)	-	(1,470,548)	-
Settlement of loans by policyholders	12	1,883,973	-	1,883,973	-
Adjustment for transfer of Leasehold Land to RoUA		-	(714)	-	-
Acquisition of intangible assets	11.2	(32,858)	(10,338)	(12,730)	(6,156)
Net cash used in investing activities		(23,772,699)	(16,332,823)	(19,898,731)	(9,691,064)
Cash flows from financing activities					
Dividend paid	22.2	(899,603)	(695,693)	(899,603)	(695,693)
Dividend paid to minority shareholders		(190,523)	-	-	-
Lease rental paid	9.2	(448,963)	(519,604)	(211,274)	(169,929)
Loans obtained		693,295	-	-	-
Net cash used in financing activities		(845,794)	(1,215,297)	(1,110,877)	(865,622)
Effect of exchange rate changes on cash and cash equivalents		1,012,991	359,760	1,012,991	359,760

For the year ended 31 December	Note	Group		Company	
		2021 Rs. '000	2020 Rs. '000	2021 Rs. '000	2020 Rs. '000
Net increase/(decrease) in cash and cash equivalents		(4,479,635)	8,675,411	685,128	12,997,467
Cash and cash equivalents at the beginning of the year		30,836,832	22,161,421	15,695,959	2,698,492
Cash and cash equivalents at the end 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					
Cash at bank & in hand		1,855,228	2,073,167	1,269,329	1,699,351
Short term investments		25,523,637	29,473,236	15,651,041	14,450,605
Bank overdraft		(1,021,668)	(709,571)	(539,283)	(453,997)
		26,357,197	30,836,832	16,381,087	15,695,959

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

Figures in brackets indicate deductions.

The accounting policies and notes on pages 144 to 268 form an integral part of these Financial Statements.

A RECONCILIATION OF OPERATING PROFIT WITH CASH FLOW FROM OPERATING ACTIVITIES

Company	2021 Rs. 000'	2020 Rs. 000'
Profit from operations	5,238,687	4,822,334
Increase in Long Term Insurance Fund	25,335,934	19,268,152
Depreciation charge	354,382	459,557
ROU Asset cost	223,695	-
Profit on Sale on Property Plant & Equipment	(213)	-
Investment Income - Unrealized Gain	(7,716,838)	(1,493,710)
Gratuity provision	307,025	785,626
Gain/(loss) on foreign exchange transaction	(1,012,991)	(359,760)
FV gain recorded in Income Statement	(222,634)	-
(Increase)/decrease in debtors	(2,274,608)	(3,331,930)
Increase/(decrease) in unearned premium	325,424	1,500,547
Increase/(decrease) in claims provisions	1,776,096	1,265,368
Increase/(decrease) in creditors	660,867	1,613,960
Increase/(Decrease) in Policy Holder Advance payments	(6,264)	-
Net cash from operating activities	22,988,562	24,530,143

Segmental Review: Statement of Financial Position

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Sri Lanka Insurance Corporation Ltd.
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As at 31 December	2021						
	Non Life Insurance	Life Insurance	Healthcare	Energy	Other	Eliminations	Total
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Assets							
Financial investments	35,343,058	160,554,249	4,749,971	100,000	-	-	200,747,278
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 & equipment	12,639,695	97,939	4,718,257	20,835,636	27,099,981	-	65,391,507
Right of Use Asset	170,593	388,059	533,477	200,749	22,634	-	1,315,512
Investment properties	1,942,600	-	-	-	863,880	-	2,806,480
Leasehold property	-	-	-	-	-	-	-
Intangible assets	36,398	-	55,276	-	752	2,992,805	3,085,231
Loans to policyholders	-	1,637,187	-	-	-	-	1,637,187
Reinsurance receivable	2,090,082	811,913	-	-	-	-	2,901,995
Premium receivable	7,470,356	507,391	-	-	-	-	7,977,747
Deferred tax assets	-	-	-	384,485	206	-	384,691
Other assets	1,044,622	3,539,443	1,488,988	4,725,720	2,040,611	(1,274,182)	11,565,202
Deferred expenses	483,822	-	-	-	-	-	483,822
Cash and cash equivalents	3,137,996	13,782,374	453,898	8,860,650	1,143,947	-	27,378,865
Total Assets	84,192,747	184,615,098	11,999,867	40,107,240	51,672,011	(46,712,772)	325,874,190
Liabilities and Equity							
Liabilities							
Insurance Contract Liabilities							
- Life	-	155,788,928	-	-	-	-	155,788,928
Insurance Contract Liabilities							
- Non-Life	20,879,547	-	-	-	-	-	20,879,547
Lease liabilities	17,602	450,308	248,041	220,545	190	-	936,686
Reinsurance payable	1,773,196	1,095,095	-	-	-	-	2,868,290
Current tax liabilities	427,587	1,257,284	265,224	264,374	1,873	-	2,216,343
Deferred tax liabilities	3,114,782	-	509,403	769,509	89,998	-	4,483,692
Retirement benefit obligations	1,000,561	917,180	277,776	166,890	161,112	-	2,523,520
Other liabilities	3,170,777	3,080,779	897,957	16,473,942	3,929,309	(273,899)	27,278,863
Financial liabilities	325,632	213,651	482,385	116,958	3,396,367	(1,000,272)	3,534,721
Total Liabilities	30,709,684	162,803,225	2,680,786	18,012,218	7,578,849	(1,274,171)	220,510,591
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	9,203,609	71,673	1,330,581	5,099,559	5,663,461	(2,954,655)	18,414,228
Available-for-sale reserve	2,748,526	3,260,333	-	-	-	-	6,008,859
Revenue reserves	35,530,928	18,381,630	5,316,957	15,048,354	(3,440,386)	(5,120,871)	65,716,612
Non-controlling interest	-	-	-	-	-	9,125,663	9,125,663
Total Equity	53,483,063	21,811,873	9,319,081	22,095,022	44,093,162	(45,438,602)	105,363,599
Total Liabilities and Equity	84,192,747	184,615,098	11,999,867	40,107,240	51,672,011	(46,712,773)	325,874,190

2020						
Non Life Insurance	Life Insurance	Healthcare	Energy	Other	Eliminations	Total
Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
31,693,115	138,614,218	3,106,994	100,000	-	-	173,514,327
19,634,852	1,296,543	-	5,000,000	18,500,000	(44,431,395)	-
164,125	-	-	-	-	-	164,125
10,781,351	86,004	4,757,114	18,859,283	22,268,479	-	56,752,233
172,755	458,820	551,719	408,772	22,982	-	1,615,048
1,719,966	-	-	-	854,614	-	2,574,580
-	-	-	-	-	-	-
37,172	-	56,532	-	781	2,992,805	3,087,290
-	1,734,723	-	-	-	-	1,734,723
1,692,118	488,859	-	-	-	-	2,180,977
6,202,338	531,495	-	-	-	-	6,733,833
-	-	-	-	1,562	-	1,562
637,709	3,877,779	1,118,908	4,206,856	1,251,067	(1,758,788)	9,333,531
478,162	-	-	-	-	-	478,162
3,186,885	12,963,071	290,657	14,702,187	403,602	-	31,546,402
76,400,548	160,051,512	9,881,924	43,277,102	43,303,087	(43,197,378)	289,716,794
-	137,129,036	-	-	-	-	137,129,036
18,866,402	-	-	-	-	-	18,866,402
17,474	510,975	272,170	394,141	217	-	1,194,977
1,059,939	615,341	-	-	-	-	1,675,280
919,374	1,113,679	47,914	220,416	4,243	-	2,305,626
3,193,361	-	1,052,709	3,333,001	72,943	-	7,652,015
1,332,256	1,221,234	294,427	187,860	181,168	-	3,216,945
3,528,994	3,260,971	785,047	12,358,676	2,974,396	(714,098)	22,193,986
281,487	172,510	260,343	167,007	2,430,615	(1,044,579)	2,267,383
29,199,287	144,023,746	2,712,610	16,661,101	5,663,582	(1,758,677)	196,501,651
6,000,000	-	2,671,543	1,947,109	37,870,087	42,488,740	6,000,000
-	98,237	-	-	-	-	98,237
7,301,747	57,378	1,093,047	3,349,535	4,063,395	(2,752,503)	13,112,599
2,819,764	2,884,888	-	-	-	-	5,704,652
31,079,750	12,987,262	3,404,724	21,319,357	(4,293,977)	(5,182,630)	59,314,486
-	-	-	-	-	8,985,168	8,985,168
47,201,261	16,027,765	7,169,314	26,616,001	37,639,505	41,438,702	93,215,143
76,400,548	160,051,512	9,881,924	43,277,102	43,303,087	43,197,378	289,716,794

Segmental Review: Statement of Income

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Sri Lanka Insurance Corporation Ltd.
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For the Year ended 31 December	2021						
	Non Life Insurance	Life Insurance	Healthcare	Energy	Other	Eliminations	Total
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Gross Written Premium	21,255,023	21,975,988	-	-	-	(167,172)	43,063,839
Change in Reserves for gross Unearned Premium	(778,671)	-	-	-	-	-	(778,671)
Gross Earned Premium	20,476,352	21,975,988	-	-	-	(167,172)	42,285,168
Premium Ceded to Re-insurers	(4,029,008)	(479,754)	-	-	-	-	(4,508,762)
Change in Reserve for Unearned Reinsurance Premium	453,247	-	-	-	-	-	453,247
Net Earned Premium	16,900,591	21,496,234	-	-	-	(167,172)	38,229,653
Revenue from other operations	-	-	10,033,567	53,925,156	112,010	(1,927,695)	62,143,038
Total Revenue	16,900,591	21,496,234	10,033,567	53,925,156	112,010	(2,094,867)	100,372,691
Benefits and Losses	-	-	-	-	-	-	-
Net benefits and claims	(10,206,589)	(9,978,828)	-	-	-	-	(20,185,417)
Underwriting and net acquisition costs	(653,821)	(2,566,486)	-	-	-	-	(3,220,308)
Change in contract liabilities - Life fund	-	(18,849,187)	-	-	-	-	(18,849,187)
Cost of services of subsidiaries	-	-	(5,270,035)	(59,869,936)	(27,701)	1,745,511	(63,422,161)
Total Benefits and Losses	(10,860,410)	(31,394,501)	(5,270,035)	(59,869,936)	(27,701)	1,745,511	(105,677,072)
Other Revenue	-	-	-	-	-	-	-
Investment income	3,404,457	19,988,041	252,324	580,484	77,325	(257,753)	24,044,878
Fees and commission income	-	76,441	-	-	-	-	76,441
Net realized gains	733,199	279,792	153,946	(541,584)	(345,830)	-	279,523
Other income	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
Expenses	-	-	-	-	-	-	-
Other operating, investment related and administrative expenses	(5,457,312)	(4,697,086)	(3,074,237)	(3,148,447)	(907,544)	592,422	(16,692,204)
Profit before Taxation	5,238,687	6,486,748	2,232,636	(8,969,308)	860,024	(210,542)	5,638,243
Income tax expense	(181,339)	(1,502,959)	(21,122)	2,671,765	(23,626)	-	942,720
Net Profit after Taxation/ Transfer to Shareholders' Fund	5,057,348	4,983,789	2,211,514	(6,297,543)	836,398	(210,542)	6,580,963

2020						
Non Life Insurance	Life Insurance	Healthcare	Energy	Other	Eliminations	Total
Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
20,163,296	19,257,997	-	-	-	(155,023)	39,266,270
(1,548,103)	-	-	-	-	-	(1,548,103)
18,615,193	19,257,997	-	-	-	(155,023)	37,718,167
(3,133,728)	(413,574)	-	-	-	-	(3,547,302)
(119,430)	-	-	-	-	-	(119,430)
15,362,035	18,844,423	-	-	-	(155,023)	34,051,435
-	-	6,803,676	41,222,971	107,925	(1,628,843)	46,505,729
15,362,035	18,844,423	6,803,676	41,222,971	107,925	(1,783,866)	80,557,164
(7,786,220)	(7,986,076)	-	-	-	-	(15,772,296)
(864,830)	(2,131,963)	-	-	-	-	(2,996,793)
-	(16,118,705)	-	-	-	-	(16,118,705)
-	-	(3,941,721)	(37,719,891)	(20,973)	1,628,843	(40,053,742)
(8,651,050)	(26,236,744)	(3,941,721)	(37,719,891)	(20,973)	1,628,843	(74,941,536)
2,601,161	13,910,156	198,161	1,196,496	48,955	(200,000)	17,754,929
-	67,886	-	-	-	-	67,886
261,998	97,762	51,382	(326,613)	(72,604)	-	11,925
296,068	1,245,441	62,461	223,354	722,066	(1,008,574)	1,540,816
3,159,227	15,321,245	312,004	1,093,237	698,417	(1,208,574)	19,375,556
(5,047,880)	(4,779,473)	(2,763,598)	(3,159,840)	(913,151)	1,163,597	(15,500,345)
4,822,332	3,149,451	410,361	1,436,477	(127,782)	(200,000)	9,490,839
(1,179,071)	(1,004,178)	(25,366)	(332,718)	(19,177)	-	(2,560,510)
3,643,261	2,145,273	384,995	1,103,759	(146,959)	(200,000)	6,930,329

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Corporate Information

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

The consolidated financial statements of the Group as at and for the year ended 31st December 2021, comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. The financial statements of all companies within the Group are prepared for a common financial year which ends on 31st December 2021.

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

1.2 Principal activities and nature of operations

1.2.1 Group/Company

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

1.2.2 Subsidiaries

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

The financial statements were authorized for issue by the Board of Directors on 28th April, 2022.

2.2 Basis of Measurement

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

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

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

2.3 Functional and presentation currency

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

2.5 Use of Estimates and Judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

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

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

Note 23 - Actuarial valuation of life insurance; key actuarial assumptions

Note 24 - Measurement of life insurance provision for non-life including IBNR

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 8&10 - fair valuation of Property Plant and Equipment and Investment Properties

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. Significant valuation issues are reported to the Company's and respective subsidiary's Audit Committee.

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

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

The Group assesses the fair value of its property, plant and equipment and investment property based on valuations determined by independent qualified valuers' best estimate based on the market conditions that prevailed, which in the valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement

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

Impact of COVID-19 Pandemic and the economic downturn

The COVID-19 pandemic, Government policy decision along with economic, political and market conditions have increased the uncertainty of estimate made in preparation of the financial statements. Management is aware and considered such circumstances when reviewing the estimates and underlying judgements. The estimation uncertainties are associated with:

- The extend and the duration of the disruption to the business operations created from spread of the virus and measures taken by the health authorities
- The effectiveness of the action taken by the Government and the central bank to minimize the disruption to the businesses
- The extend and the duration of expected economic downturn, impact to capital and money market and other macro-economic factors such as GDP growth rate, unemployment, inflation, currency fluctuations and international trade restriction as a result of the current economic downturn
- The extent of which the economic downturn affects to purchasing power of the customers and the consumer behaviour

The impacts of the COVID-19 pandemic and economic down turn on accounting estimates are discussed further under the relevant notes to these financial statements wherever applicable.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted LKAS 1 – "Presentation of Financial Statements".

Notes to the Financial Statements

2.7 Comparative information

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

2.8 Going Concern

The Directors have made an assessment of the Group/Company's ability to continue as a going being satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group/Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis. In determining the basis of preparing the Financial Statements for the year ended 31st December 2021, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group and the appropriateness of the use of the going concern basis

In preparing Financial Statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern. The Management has assessed the anticipated implications of low economic growth including foreign currency issue, changes in Government fiscal and monetary policies and movements of equity and money market on the Group and the Company. Sound business continuity plans which are already in place and the prudent investment strategy have minimized the impact came with this pandemic.

The Directors have made an assessment of the Company's and the Group's ability to continue as a going concern and is satisfied about the ability to continue in business for the foreseeable future. In determining the above, significant management judgments, estimates and assumptions including the impact of the current macroeconomic challenges has been considered. Furthermore, management has concluded that the range of possible outcomes considered in arriving at this judgement including impacts from COVID-19 pandemic does not give rise to material uncertainties related to the events or conditions that may cast significant doubt on the Group's or the Company's ability continue as going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

The additional information is disclosed in note 50 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation**3.1.1 Business combinations**

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

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

3.1.2 Non-controlling interests

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

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

3.1.3 Subsidiaries

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

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

3.1.4 Loss of control

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

3.1.5 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 between 20% or more of the voting power of the investee, unless this can be clearly demonstrated that this is not the case.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

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

3.1.6 Transactions eliminated on consolidation

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

3.2 Foreign currency transactions

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

Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated into the functional currency at the exchange rate when the fair value was determined. Non-

monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit and loss.

3.3 Insurance contracts

Product classification

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

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

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

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

3.3.1 Surplus Profit transfer from insurance contract liability to Shareholders

The company assesses the shareholder's 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

Notes to the Financial Statements

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 Appointed Actuary.

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 recognized as revenue when payable by the policyholder (policies within the 30 day grace period are considered as due). Any premiums received in advance are not recorded as revenue and recorded as a liability until the premium is due unless otherwise the relevant policy conditions require such premiums to be recognized as income. Benefits and expenses are provided against such revenue to recognize profits over the estimated life of the policies.

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

(b) Non - Life Insurance Gross Written Premium

Gross written premium comprises the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognized on the date on which the policy commences. Upon inception of the contract, premiums are recorded as written and are earned primarily on a pro-rata basis over the term of the related policy coverage.

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

Unearned Premium Reserve (UPR)

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

Unearned premiums are calculated on 365 basis in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000. However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums which is included under liabilities.

3.4.1.2 Reinsurance Premiums

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

(a) Non-Life Insurance Reinsurance Premium

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

Unearned Reinsurance Premium Reserve

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

(b) Life Insurance Reinsurance Premium

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

3.4.1.3 Fees and Commission Income

(a) Reinsurance Commission Income

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

(b) Other Fees Income

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

3.4.1.4 Investment income

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

(a) Interest income

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

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

(b) Dividend Income

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

3.4.1.4 Revenue from Contracts with Customers

Revenue from contracts with customers is recognized 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 recognizes revenue from hospital services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

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

3.4.1.6 Revenue from sale of goods

Revenue from sale of goods is recognized 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 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 recognized 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 recognized 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.

Notes to the Financial Statements

3.4.1.7 Rental Income from Investment Property

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

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

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

*3.4.2 Benefits, Claims and Expenses**3.4.2.1 Gross Benefits and Claims**(a) Life insurance business*

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

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

(b) Non - Life insurance business

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

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

Whilst the Directors consider that the provisions for claims are fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustments to the amounts provided. Such amounts are reflected in the financial statements for that period.

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

3.4.2.2 Reinsurance claims

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

3.4.2.3 Net deferred acquisition expenses

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

Acquisition expenses applicable to non-life insurance contracts are deferred and amortized over the period in which the related written premiums are earned. Reinsurance commission is also treated in the same manner within deferred acquisition costs.

3.4.2.4 Actuarial Valuation of Life Insurance Fund

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

3.4.2.5 Other expenses

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

*3.4.3 Employee benefits**(a) Short-term benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognized as an employment benefit expense in the statement of profit or loss in the periods during which services are rendered by employees.

Employee Provident Fund

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

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

Employees Trust Fund

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

(c) Defined Benefit Plan

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

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

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded.

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

The re-measurement of the net defined benefit obligation, which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

3.4.4 Income tax expense

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized in profit and loss except to the extent that it relates to items recognized directly in equity or in OCI.

3.4.4.1 Current tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the sections 67 of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto. As per this section the gains and profits of life insurance business on which tax is payable is aggregate of;

- Surplus distributed to shareholders from Life Insurance policyholders fund as certified by the actuary at the rate of 24%
- Investment Income of shareholder fund less any expenses incurred in the production of such income at a rate of 24%
- Surpluses distributed to Life Insurance policyholder who share the profits of a person engaged in the business of life insurance at a rate of 24%

But for Non-life insurance business, all other sections are applicable and gain and profit of such business are taxed at 24%.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

3.4.4.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Notes to the Financial Statements

Deferred tax assets and liabilities are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

Value Added Tax (VAT) on Financial services

VAT on financial services is calculated in accordance with the Value Added Tax (VAT) Act No.14 of 2002 and subsequent amendments thereto. The base for the computation of value added tax on financial services is the accounting profit before VAT and income tax, adjusted for the economic depreciation and emoluments payable to employees including cash, non-cash benefits and provisions relating to terminal benefits

3.4.4.3 Withholding Tax on Dividends

Withholding tax that arises from the distribution of dividends by the Group is recognized at the same time as the liability to pay the related dividend is recognized. As per notice (PN/IT/2020-03) dated 18th February 2020 published by the Department of Inland Revenue, requirement to deduct WHT on Dividends has been removed with effect from 1st January 2020.

3.4.4.5 Crop insurance levy (CIL)

The Crop Insurance Levy was introduced under the provisions of the Section 14 of the Finance Act No. 12 of 2013, and came into effect

from 1 April 2013. It is payable to the National Insurance Trust Fund and liable at 1% of the Profit after Tax.

3.5 Statement of Financial Position

3.5.1 Property, Plant and Equipment

3.5.1.1 Initial Recognition and Measurement

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of Property, Plant and Equipment is the cost of acquisition or construction together with any expenses incurred in bringing the assets to its working condition for its intended use.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following;

- the cost of materials and direct labour
- any other costs directly attributable to bringing the assets to a working condition for their intended use
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Any gain or loss on disposal is recognized in other operating income in profit or loss.

3.5.1.2 Subsequent expenditure and replacement

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.5.1.3 Revaluations

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date.

Valuation of the land & buildings are undertaken by professionally qualified valuers at a minimum of 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 recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss.

A decrease in the carrying amount as a result of revaluation, is recognized in profit and loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

3.5.1.4 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using straight line method over their estimated useful lives, and is generally recognized in profit or loss. This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	-	20-40 years
• Furniture and Fittings	-	5-10 years
• Office and Other Equipment	-	5-10 years
• Electrical Generators and Air Condition Plant	-	5-10 years
• Motor Vehicles	-	4-5 years
• Fixtures and Fittings	-	6 2/3 years
• Plant and Machinery	-	20 years
• Computers and Computer Equipment	-	4 - 7 years
• LP Gas Storage Tanks, Pine Lines and fittings	-	25 years
• LP Gas Cylinders	-	10 years
• Other fixed assets	-	3-12 years

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

3.5.1.5 De-recognition

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

3.5.1.5 Impairment

The Board of Directors has assessed the potential impairment loss of PPE as at 31 December 2021 by considering the impact from the COVID-19 pandemic 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.

3.5.1.6 Capital work-in-progress

Capital work-in-progress is stated at cost. These are the expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalization.

3.5.2 Intangible Assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost can be measured reliably.

3.5.2.1 Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Impairment of Goodwill

Goodwill acquired in a business combination is tested annually for impairment and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognized in profit or loss. Impairment loss on goodwill is not reversed.

Notes to the Financial Statements

3.5.2.2 Software

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The intangible assets with finite useful life are assessed for impairment whenever there is an indication that intangible assets may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit (CGU) level.

The Group has software acquired separately as other intangible assets as at reporting date.

Subsequent Expenditure

Subsequent expenditure on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization

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

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

De-recognition

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

The Group has assessed potential impairment indicators of intangible assets including impact from COVID-19 as at 31st December 2021. 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 1 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 consists of branches premises taken on rent which were previously recognised as operating leases under LKAS 17.

Initial Measurement

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

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

Where a subsidiary company has a right-of-use assets and lease liability as result of property rented out by the Company to the subsidiary, such right-of-use asset 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 re-measurements of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured 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 ROU assets

As at the reporting date, No impairment loss has been recognized by the Group in respect of impairment of right of use assets due to the COVID-19 pandemic since as 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 annual basis with any change therein recognized in profit or loss.

Investment properties are de-recognized when disposed or permanently withdrawn from use because no future economic benefits are expected. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Transfers are made to the investment properties when there is a change in use. When a group company occupies in a significant portion of an investment property of a subsidiary, such investment

property is treated as property, plant and equipment in the consolidated financial statements and accounted for as per LKAS 16 – 'Property, Plant and Equipment'.

3.5.5 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 Cash Generating Units (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.5.6 Inventories

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

Having evaluated the nature of the inventories held by the Group, the Group has assessed whether there is any impact to net realizable value of the inventories due to implications of the COVID-19 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.

Notes to the Financial Statements

3.5.7 Financial Instruments – LKAS 39

The Company classifies non derivative financial assets into following categories: available for sale financial assets, loans and receivables, held to maturity financial assets and financial assets at fair value through profit or loss.

The Company classifies non derivative financial liabilities into other financial liabilities category.

3.5.7.1 Non-derivative financial assets

The Company initially recognized loans and receivables and debt securities issued on the date at which they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is measured initially at fair value plus, for an asset not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Subsequent measurement**(a) Available-for-sale financial assets (AFS)**

Available-for-sale financial investments are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement at fair value, available-for-sale financial investments are subsequently measured at fair value and changes therein are recognized in other comprehensive income and accumulated in the available-for-sale reserve. When these

assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

Available for sale financial investments of the /Company comprise equity and debt securities, which are neither classified as held for trading nor designated at fair value through profit or loss.

(b) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

The assets and liabilities are part of a Company's financial assets, financial liabilities, or both, which are managed, and their performance evaluated on a fair value basis, in accordance with the Group's investment strategy. Financial assets at fair value through profit or loss of the Company comprise listed equity investments.

(c) Held to maturity financial assets (HTM)

These are non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has both the intention and ability to hold until maturity. These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Held to maturity financial assets comprise treasury bills and treasury bonds investments made by the Company.

(d) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

Loans and receivables comprise investments in unquoted corporate debt, term deposits, asset backed securities, development bonds, commercial papers, other loans and receivables, cash and cash equivalents.

• **Reinsurance Receivable**

Company cedes insurance risk in the normal course of business to recognized reinsurers through formal reinsurance arrangements.

Reinsurance assets include the balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance is recorded gross in the Statement of Financial Position unless a right to offset exists.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss, if any is recorded in profit and loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

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

• **Premium Receivable**

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration receivable. Collectability of premiums is reviewed on an ongoing basis. The Company considers a Premium Receivable in default when contractual payments are long due, based on industry practices and management judgment. Any Premium Receivable balance is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company accounts for life insurance premiums on accrual basis. Accordingly, Life Insurance premiums due (only the premiums due in the 30 day grace period) are recognized at each reporting date and will be reversed if the premiums are not settled during the subsequent month, and thus the policies will be lapsed as per the Company policy.

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

Other receivables and dues from Related Parties are recognized at cost less allowances for bad and doubtful receivables.

• **Loan to policy holders**

Policyholder Loans are granted up to 90% of the paid up value of a Life Insurance Policy at a rate equivalent to market rate. Policyholder loans are initially measured at Fair value of Loan amount granted and subsequently measured at the amortised cost. If the policyholder dies before the full repayment of the loan, the loan balance is deducted from the death benefit. The fair value of the policyholder loans is equal to its carrying value as those are given at competitive market rates. Policyholder Loans are reviewed for impairment at each reporting date.

Notes to the Financial Statements

● Cash and cash equivalents

Cash and cash equivalents comprise reverse repurchase agreements, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

3.5.7.2 Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to the initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

3.5.8 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;

- 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 Amortized Cost

The considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

3.5.8.2 Available for Sale Financial Assets (AFS)

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the available for sale reserve to profit or loss. The amount reclassified is the difference between acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

3.5.9 Financial Instruments – SLFRS 09

SLFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement. Additionally, the Group has adopted consequential amendments to SLFRS 07 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

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

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

SLFRS 09 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities and the adoption of the standard has not had a significant effect on the Group's except the Company's accounting policies related to financial liabilities.

3.5.10 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 amortized over the period in which the related revenues are earned. All other acquisition costs are recognized as an expense when incurred.

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

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying amount, an impairment loss is recognized in the Statement of profit of loss.

DAC is derecognized when the related contracts are either settled or disposed of.

3.5.11 Stated Capital

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

3.5.12 Liabilities and Provisions

3.5.12.1 Insurance contract liabilities

Insurance Provision – Life Insurance

Life insurance liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method as specified by the Insurance Regulatory Commission of Sri Lanka (IRCSL) ACT, No. 43 of 2000 based on the recommendation of the Independent Consultant Actuary. The liability is determined as the sum of the discounted value of the expected future benefits, less the discounted value of the expected future premiums that would be required to meet the future cash outflows based on the valuation assumptions used. Valuation assumptions are derived based on the best estimate experience with a prescribed risk margin to allow for adverse deviations. Non-participating Liabilities are discounted using the risk-free yields.

The value of participating policy liabilities is the higher of the value of the guaranteed benefits liability and the total benefits liability, derived at the participating insurance fund level. In calculating the guaranteed benefits liability, only the guaranteed benefits are considered, and the cash flows are discounted using the risk-free interest rate yield curve. Total benefits liability includes all the guaranteed and nonguaranteed benefits and discounts the cash flows using the fund-based yield of the participating insurance fund.

Furthermore, adjustments are performed to capture the likely liabilities that may arise due to currently lapsed contracts reviving in the future.

As required by the SLFRS 4- 'Insurance Contracts', the Company performed a Liability Adequacy Test (LAT) in respect of Life Insurance contract liabilities with the assistance of an external actuary. In performing the liability adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used.

Notes to the Financial Statements

Insurance Provision – Non - Life Insurance

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

The valuation of Unearned Premium Reserve are measured in accordance with guidelines of the Regulation of Insurance Industry Act, No. 43 of 2000 (i.e. based on the 365 basis). However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided).

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

No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

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

3.5.12.2 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 5 years or more. Thus, no profit is recognized in the first year of the policy given the higher probability of claims occurring in that year. From the 2nd year onwards, profit is recognized by amortizing the premium received and will be distributed throughout the remaining period of the policy using the straight line method. Profit for the first year will only be recognized in the 2nd year and thereafter it is periodically recognized.

If the corresponding loan of the Title Insurance Policy issued is settled before the maturity, full premium of such policies remaining as at the date of settlement of such loan is recognized in profit or loss upon confirmation of the same by the respective Bank.

3.5.12.3 Provisions (except on insurance contracts)

A provision is recognized in the statement of financial position when the Group/Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and can be measured reliably. Provisions except on insurance contracts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

3.6 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 in Note 41. Provision for dividend is recognised only at the time the dividend proposed by the Board of Directors is approved by the shareholders at the Annual General Meeting.

3.10 Events occurring after the reporting date

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements. 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 EFFECTIVE AS AT THE REPORTING DATE

4.1. Standards issued but not yet effective as at 31st December 2021

The following new Sri Lanka Accounting Standards/amendments which have been issued by the Institute of Chartered Accountants of Sri Lanka is effective for annual periods beginning on or after 1st January 2022.

The following amended standards and interpretations are not expected to have a significant impact on the company's financial statements.

SLFRS 3 – Business Combinations (effective from 1st January 2022)

The amendment intends to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets (effective from 1st January 2022)

Amendment specifies the costs that an entity needs to include when assessing whether a contract is onerous or loss-making.

LKAS 16 - Property, Plant and Equipment (effective from 1st January 2022)

Amendment prohibits entities from deducting any proceeds from selling items produced, while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management, from the cost of an item of property, plant and equipment.

None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group.

Temporary Exception from SLFRS 09

SLFRS 9 – “Financial instruments”

This standard replaces the existing guidance in LKAS 39 – ‘Financial Instruments: Recognition and Measurement’ SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. SLFRS 9 is effective for annual reporting periods beginning on or after 1st January 2018, with early adoption is permitted.

The company (SLIC) is predominantly based on the proposed amendments to SLFRS 4 ‘Insurance contracts’, the entities whose predominant activity is issuing insurance contracts are permitted to defer the full application of SLFRS 9 until the adopting the revised SLFRS 4, which is currently expected to commence in 2022. Consequent to the Global deferment of IFRS 17 - Insurance contract effective date from January 2021 to January 2023, the Company is expecting the temporary exemption to be deferred until 2023 January.

Notes to the Financial Statements

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

- a. It has not previously applied any version of SLFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss
- b. Its activities are predominantly connected with insurance, at its annual reporting date that immediately precedes 1 April 2016, or at a subsequent annual reporting date.

In accordance with the amendments to SLFRS 4 - Insurance Contract, An insurer's activities are predominantly connected with insurance if, and only if:

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

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

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

SLFRS 15 – "Revenue from Contracts with Customers"

SLFRS 4 - Insurance Contracts are scoped out from this standard. Therefore, the Company may not have a significant impact to insurance transactions from the standard. However, there could be an impact to other revenue transaction with the implementation of this standard. The company is assessing potential impact on its financial statements resulting from application of this standard.

SLFRS 17 – Insurance Contracts

SLFRS 17 is effective for annual periods beginning on or after 01st January 2023. Early adoption is permitted along with the adoption of SLFRS 9 and SLFRS 15. SLFRS 17 supersedes SLFRS 4 Insurance contracts. The Company is intended to adopt the new standard on its mandatory effective date.

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

SLFRS 17 requires liabilities for insurance contracts to be recognized as the present value of future cash flows, incorporating an explicit risk adjustment, which is updated at each reporting date to reflect current conditions, and a contractual service margin (CSM) that is equal and opposite to any day – one gain arising on initial recognition. Losses are recognized directly to the income statement. For the measurement purposes contracts are grouped together into contracts of similar risk profitability profile and issue year, with further divisions for contracts that are managed separately.

Profit for insurance contracts under SLFRS 17 is represented by the recognition of the service provided to policy holders in the period (release of CSM), release from non-economic risk (release of risk adjustment) and investment profit.

The CSM is released as profit over the coverage period of the insurance contract, reflecting the delivery of services to the policyholder. For certain contracts with participating features (where a substantial share of the fair value of the related investments and other underlying items is paid to policyholders) the CSM reflects the

variable fee to shareholders. For these contracts, the CSM is adjusted to reflect the changes in economic experience and assumptions. For all other contracts the CSM is only adjusted for non-economic assumptions.

SLFRS 17 introduces a new measure of insurance revenue, based on the delivery of service to policyholders and excluding any premiums related to the investment elements of policies, which will be significantly different from existing premium revenue measures, currently reported in the income statement. In order to transition to SLFRS 17, the amount of deferred profit, being the CSM at transition date, need to be determined.

SLFRS 17 requires, the CSM to be calculated as if the standards had applied retrospectively. If this is not practical, an entity is required to choose either a simplified retrospective approach or determine the CSM by reference to the fair value of the liabilities at transition date. The approach for determining the CSM will have a significant impact on both shareholders' equity and on the amount of profit on in – force business in future reporting periods.

SLFRS 17 is expected to have a substantial change in the presentation of the financial statements and disclosures, as the requirements of the new standard are complex and requires a fundamental change to accounting for insurance contracts as well as the application of significant judgement and new estimation techniques. The effect of changes required to the Company's accounting policies as a result of implementing these standards are currently uncertain, but these changes can be expected to, among other things, alter the timing of profit recognition.

With the implementation of the SLFRS 17, the shadow accounting to insurance related assets and liabilities will not be applicable.

The Company has an implementation program underway to implement SLFRS 17. The program is responsible for setting accounting policies and developing application methodologies, establishing appropriate processes and controls, sourcing appropriate date and implementing actuarial and finance system changes.

New Accounting Standards Issued During the Year/Changes to Already Existing Accounting Standards

The amendments to Sri Lanka Accounting Standard - SLFRS 16 (Leases): COVID-19 Related Rent Concessions, did not have a material impact on the Consolidated/Separate Financial Statements of the Company/Group. Apart from the above there were no new accounting standards/amendments to existing accounting standards that became effective during the year. The Group has applied all relevant accounting standards which have been issued up to 31st December 2021 in the preparation of the Financial Statements for the year ended 31st December 2021.

Notes to the Financial Statements

5 FINANCIAL INVESTMENTS

As at 31 December	Note	Group				Company			
		2021		2020		2021		2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Held to Maturity (HTM) Financial									
Assets	5.1	60,916,652	59,364,484	51,885,786	61,606,054	60,916,652	59,364,484	51,885,786	61,606,054
Loans & Receivables (L & R)									
	5.2	51,541,273	51,541,273	50,861,422	50,861,422	46,691,301	46,691,301	47,654,428	47,654,428
Available for Sale (AFS) Financial									
Assets	5.3	65,429,537	65,429,542	55,420,439	55,420,439	65,429,537	65,429,542	55,420,439	55,420,439
Fair Value Through Profit or Loss (FVTPL) Financial									
Asset	5.4	22,859,816	22,859,816	15,346,680	15,346,680	22,859,816	22,859,816	15,346,680	15,346,680
Total Financial Investments									
		200,747,278	199,195,115	173,514,327	183,234,595	195,897,306	194,345,143	170,307,333	180,027,601

5.1 Held to Maturity (HTM) Financial Assets

As at 31 December		Group				Company			
		2021		2020		2021		2020	
		Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Treasury Bonds		60,916,652	59,364,484	51,885,786	61,606,054	60,916,652	59,364,484	51,885,786	61,606,054
		60,916,652	59,364,484	51,885,786	61,606,054	60,916,652	59,364,484	51,885,786	61,606,054

5.2 Loans & Receivables (L & R)

	Group				Company			
	2021		2020		2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Unlisted Debentures	22,343,977	22,343,977	22,310,237	22,310,237	22,343,977	22,343,977	22,310,237	22,310,237
Term Deposit	16,440,634	16,440,634	17,293,583	17,293,583	11,590,662	11,590,662	14,086,589	14,086,589
Development Bond	12,756,662	12,756,662	11,257,602	11,257,602	12,756,662	12,756,662	11,257,602	11,257,602
	51,541,273	51,541,273	50,861,422	50,861,422	46,691,301	46,691,301	47,654,428	47,654,428

5.3 Available for Sale (AFS)

As at 31 December Company/Group	Group				Company			
	2021		2020		2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Listed Shares	20,373,280	20,373,280	19,215,501	19,215,501	20,373,280	20,373,280	19,215,501	19,215,501
Unlisted Shares	7,850	7,855	11,267	11,267	7,850	7,855	11,267	11,267
Unit Trusts	1,739,055	1,739,055	1,590,984	1,590,984	1,739,055	1,739,055	1,590,984	1,590,984
Listed Debentures	39,379,579	39,379,579	33,376,199	33,376,199	39,379,579	39,379,579	33,376,199	33,376,199
Treasury Bond	3,929,773	3,929,773	1,226,488	1,226,488	3,929,773	3,929,773	1,226,488	1,226,488
	65,429,537	65,429,542	55,420,439	55,420,439	65,429,537	65,429,542	55,420,439	55,420,439

5.4 Fair Value Through Profit or Loss (FVTPL)

As at 31 December	Group				Company			
	2021		2020		2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Listed Shares	19,198,031	19,198,031	12,454,354	12,454,354	19,198,031	19,198,031	12,454,354	12,454,354
Unit Trusts	3,661,785	3,661,785	2,892,326	2,892,326	3,661,785	3,661,785	2,892,326	2,892,326
	22,859,816	22,859,816	15,346,680	15,346,680	22,859,816	22,859,816	15,346,680	15,346,680

Fair value through Profit & Loss investment and available for sale investments have been measured at fair value. Held to Maturity Investment and Loans & Receivable are measured at amortised cost.

Notes to the Financial Statements

5 FINANCIAL INVESTMENTS (CONTD.)

5.5 Movement of Carrying Values in Financial Investments

Company	Available For Sale Financial Assets Rs. 000'	Fair Value Held To Maturity Through Financial Assets Profit or Loss Financial Assets Rs. 000'	Rs. 000'	Loans and Receivable Rs. 000'	Total Rs. 000'
As at 01 January 2021	55,420,440	15,346,680	51,885,786	47,654,428	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
Realized Capital Gains/(Losses)	(27,868)	-	-	-	(27,868)
Realized/Unrealized Capital Gains/(Losses)	-	(167,020)	-	-	(167,020)
Interest Amortization	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	65,429,572	22,859,816	60,916,653	46,691,265	195,897,306
As at 01 January 2020	59,956,407	5,643,021	53,113,519	43,437,082	162,150,030
Purchases	1,288,761	11,352,842	584,368	27,376,378	40,602,349
Maturities	(3,152,545)	(2,002,047)	(1,800,000)	(23,617,970)	(30,572,562)
Disposals	(38,609)	(1,112,592)	-	-	(1,151,201)
Fair Value Gain Recorded in Other Comprehensive income	(4,844,854)	-	6,625	-	(4,838,229)
Realized Capital Gains/(Losses)	25,908	-	-	-	25,908
Realized/Unrealized Capital Gains/(Losses)	-	1,474,881	-	-	1,474,881
Interest Amortization	2,123,057	-	-	-	2,123,057
Foreign Currency Translation Adjustments	19,342	(9,425)	-	269,095	279,012
Interest Income	3,914,179	-	5,511,279	4,022,605	13,448,063
Interest/Coupon Receipts	(3,871,206)	-	(5,530,005)	(3,832,762)	(13,233,973)
As at 31 December 2020	55,420,440	15,346,680	51,885,786	47,654,428	170,307,335

Group	Available For Sale Financial Assets	Fair Value Through Profit or Loss Financial Assets	Held To Maturity Financial Assets	Loans and Receivable	Total
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
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
Realized Capital Gains/(Losses)	(27,868)	-	-	-	(27,868)
Realized/Unrealized Capital Gains/(Losses)	-	(167,020)	-	-	(167,020)
Foreign Currency Translation Adjustments	196,925	-	2,906	-	199,831
Impairment of Assets during the year	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	65,429,571	22,859,818	60,916,654	51,541,235	200,747,278
As at 01 January 2020	59,956,406	5,643,023	53,113,520	46,019,481	164,732,430
Purchases	1,288,761	11,352,842	584,368	28,000,973	41,226,944
Maturities	(3,152,545)	(2,002,047)	(1,800,000)	(23,617,970)	(30,572,562)
Disposals	(38,609)	(1,112,592)	-	-	(1,151,201)
Fair Value Gain Recorded in Other Comprehensive income	(4,844,854)	-	6,625	-	(4,838,229)
Realized Capital Gains/(Losses)	25,908	-	-	-	25,908
Realized/Unrealized Capital Gains/(Losses)	-	1,474,881	-	-	1,474,881
Interest Amortization	2,123,057	-	-	-	2,123,057
Foreign Currency Translation Adjustments	19,342	(9,425)	-	269,095	279,012
Interest Income	3,914,179	-	5,511,279	4,022,605	13,448,063
Interest/Coupon Receipts	(3,871,206)	-	(5,530,005)	(3,832,762)	(13,233,973)
As at 31 December 2020	55,420,439	15,346,682	51,885,787	50,861,422	173,514,327

6 INVESTMENT IN SUBSIDIARIES

As at 31 December	Sub Note	Company	
		2021	2020
		Rs. 000'	Rs. 000'
At Cost			
Listed Subsidiaries	6.1	2,764,196	2,764,196
Unlisted Subsidiaries	6.2	20,059,696	18,059,696
		22,823,892	20,823,892

Notes to the Financial Statements

6.1 Listed Subsidiaries

	2021				2020			
	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	6,409,297	114,861,951	51.34%	2,764,196	6,179,573
			2,764,196	6,409,297			2,764,196	6,179,573

6.2 Unlisted Subsidiaries

As at 31 December	2021			2020		
	No. of Shares	SLIC Holding %	Carrying Value Rs. '000	No. of Shares	SLIC Holding %	Carrying Value Rs. '000
Litro Gas Lanka Ltd	35,976,853	99.94%	3,510,063	35,976,853	99.94%	3,510,063
Litro Gas Terminal Lanka (Pvt) Ltd	158,710,945	100.00%	5,280,188	158,710,945	100%	5,280,188
Management Services Rakshana (Pvt) Ltd	5	100.00%	-	5	100%	-
Canwill Holdings (Pvt) Ltd	1,085,294,117	52.05%	10,399,358	850,000,000	45.95%	8,399,358
Canwin Hotels & Spas (Pvt) Ltd	87,008,686	100.00%	870,087	87,008,686	100%	870,087
			20,059,696			18,059,696

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%.

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	
			2021	2020	2021	2020
The Lanka Hospitals Corporation PLC	Healthcare and Laboratory Services	Ordinary	51.34%	51.34%	48.66%	48.66%
Lanka Hospitals Diagnostics (Pvt) Limited	Healthcare and Laboratory Services	Ordinary	51.34%	51.34%	48.66%	48.66%
Litro Gas Lanka Limited	Import, Process, Store, Distribute and sell Liquid Petroleum Gas (LPG) and provide other incidental services.	Ordinary	99.94%	99.94%	0.06%	0.06%
Litro Gas Terminal Lanka (Pvt) Ltd	Provide bulk storage facilities for Liquid Petroleum Gas	Ordinary	100.00%	100.00%	0.00%	0.00%
Canowin Hotels & Spa (Pvt) Ltd	Hoteliering	Ordinary	100.00%	100.00%	0.00%	0.00%

Company	Principal activities	Class of shares held	Group Interest		Non Controlling Interest	
			2021	2020	2021	2020
Canwill Holdings (Pvt) Limited	Investment promotion in relation to leisure sector	Ordinary	79.06%	72.97%	20.94%	27.03%
Sinolanka Hotels & Spa (Pvt) Limited	Hoteliering	Ordinary	79.06%	72.97%	20.94%	27.03%
Helanco Hotels & Spa (Pvt) Limited	Hoteliering	Ordinary	79.06%	72.97%	20.94%	27.03%
Management Services Rakshana (Pvt) Ltd	Management Services	Ordinary	100.00%	100.00%	0.00%	0.00%

6.4 Non Controlling Interest

The Group has not identified any non controlling interest which is material to the Group on quantitative and qualitative basis.

Canwill Holdings (Private) Limited
As at 31 December

	Holding Percentage	Company	
		2021 Rs.	2020 Rs.
Sinolanka Hotels & Spa (Pvt) Ltd	100%	19,999,999,995	18,000,000,000
Helanco Hotels & Spa (Pvt) Ltd	100%	500,000,000	500,000,000
Nilyan Hotels & Spa (Pvt) Ltd	100%	10	10
		20,500,000,005	18,500,000,010
Provision for impairment		(10)	(10)
		20,499,999,995	18,500,000,000

The Board of Directors of the Nilyan Hotels & Spa (Pvt) Ltd has 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 proceed with business activities. Accordingly, a provision has been made as fall in value of the investment of Rs. 10/- under Nilyan Hotels & Spa (Pvt) Ltd in the year 2017.

7 INVESTMENT IN ASSOCIATES

Group/Company	2021				2020			
	No. of shares	SLIC Holding %	Carrying Value Rs. '000	Fair Value Rs. '000	No. of shares	Holding %	Carrying Value Rs. '000	Fair Value Rs. '000
Ceylon Asset Management Company Limited	1,250,000	18.95%	7,378	7,378	1,250,000	18.95%	5,808	5,808
Ceybank Asset Management Limited	759,998	26.57%	191,295	191,295	759,998	26.57%	158,317	158,317
			198,673	198,673			164,125	164,125

* 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 & EQUIPMENT

	2021 Rs.000'	2020 Rs.000'
8.1 Group		
Carrying Amount	44,936,097	40,012,092
Work-in-Progress (Note 8.1.3)	20,455,410	16,740,141
	65,391,507	56,752,233

	Land	Buildings on Freehold Land	Building on Leasehold Land	Equipment	Furniture & Fittings	Motor Vehicle
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'

Cost/ Valuation**Freehold**

Balance as at 01 January 2021	13,366,882	2,389,884	6,793,061	5,160,441	805,438	1,085,030
Additions during the Year	27,332	35,655	16,477	402,268	62,912	73,246
Revaluation	1,975,224	66,142	1,037,198	4,112	3,680	315,984
Accumulated depreciation transfer to Cost	-	(67,902)	-	-	-	(458,787)
Cost Transfers to Revaluation Reserve	729,561	466,262	-	-	-	86,858
Disposals	-	-	-	(15,854)	(689)	(50,949)
Transfers during the year	-	-	-	-	-	-
Transfers from Investment Property	-	-	-	-	-	-
Transfers from Working Progress	-	39,921	1,902	40,507	31,486	9,879
Balance as at 31 December 2021	16,098,999	2,929,962	7,848,638	5,591,474	902,827	1,061,261

Accumulated Depreciation**Freehold**

Balance as at 01 January 2021	11,022	293,380	100,835	2,935,481	446,655	796,560
Depreciation charge during the year	1,741	117,302	159,881	390,575	78,284	149,430
Cost transfer to Accumulated depreciation	-	(67,902)	-	-	-	(458,787)
Depreciation Transfers to Revaluation Reserve	-	(281,920)	-	-	-	(351,370)
Disposals	-	-	-	(11,043)	(423)	(50,946)
Transfers during the year	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Balance as at 31 December 2021	12,763	60,860	260,716	3,315,013	524,516	84,887

Net Book Value

As at 31 December 2020	13,355,860	2,096,504	6,345,738	2,571,452	358,785	288,470
As at 31 December 2021	16,086,236	2,869,102	7,587,922	2,276,461	378,311	976,374

Electrical Generators & passenger lifts	Fixtures & Fittings	Air-condition Plant	Plant and Machinery	Storage tanks, pipe lines and pumping stations	LPG Cylinders	Others	Total 2021	Total 2020
Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
56,482	5,283	127,882	1,522,003	5,494,161	17,321,748	343,515	54,471,811	48,749,625
3,826	-	15,361	-	-	-	45,640	682,717	666,453
-	-	-	-	-	-	-	3,402,340	(131,475)
-	-	-	-	-	-	-	(526,689)	-
(1,354)	-	2,583	-	-	-	-	1,283,910	-
-	-	-	-	-	(7,122)	(2,012)	(76,626)	(157,833)
-	-	-	-	-	-	-	-	(2,217)
-	-	-	-	-	-	709	709	-
-	-	-	9,237	227	672,645	-	805,804	5,347,262
58,954	5,283	145,826	1,531,240	5,494,388	17,987,271	387,852	60,043,976	54,471,815
21,156	3,488	34,514	463,225	2,051,572	7,043,965	257,874	14,459,727	12,867,853
6,574	20,406	19,542	69,964	222,892	641,679	39,171	1,917,441	2,072,424
-	-	-	-	-	-	-	(526,689)	-
(14,865)	-	(22,949)	-	-	-	-	(671,104)	-
-	(39)	-	-	-	(7,101)	(1,944)	(71,496)	(133,851)
-	-	-	-	-	-	-	-	(214)
-	-	-	-	-	-	-	-	(346,489)
12,865	23,855	31,107	533,189	2,274,464	7,678,543	295,101	15,107,879	14,459,723
35,326	1,795	93,368	1,058,778	3,442,589	10,277,783	85,641	-	40,012,092
46,089	(18,572)	114,719	998,051	3,219,924	10,308,728	92,751	44,936,097	-

Notes to the Financial Statements

8 PROPERTY, PLANT & EQUIPMENT (CONTD.)**8.1.1 Lands****Freehold Lands***The Lanka Hospitals Corporation PLC - carried at revalued amount*

Location	Extent (perches)	Method of valuation	Property valuer	Effective date of valuation	Significant unobservable inputs	Carrying value as at 31.12.2021 Rs.	Revaluation surplus Rs.	Carrying value at cost Rs.
Hathbodiya, Kirula Road, Narahenpita, Colombo 05	10.35	Open market value method	Mr. A A M Fathihu (FIV), Chartered Valuer	31st December 2020	Estimated price per perch Rs.3,144,963.23	37,127,764	30,659,318	6,468,447
Hathbodiya, Kirula Road, Narahenpita, Colombo 05	10.00	Open market value method	Mr. A A M Fathihu (FIV), Chartered Valuer	31st December 2020	Estimated price per perch Rs.3,144,963.23	35,872,236	29,622,529	6,249,706
						73,000,000	60,281,847	12,718,153

SinoLanka Hotels & Spa (Pvt) Ltd

The Company has purchased three blocks of land with buildings attached to land, with the intention of demolishing the buildings in 2014 to facilitate the expansion of ballroom, car parking facilities, re- organization of traffic circulation and compliance with the regulatory requirement. The total cost of the said properties purchased during 2013 was Rs 1,139,357,179. The total cost is allocated between freehold land and 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 Million 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 & Spa (Pvt) Ltd, requesting to issue a declaration from the Court that they are the lawful owner of property and to eject the present occupier from the property, to recover damages and issue a Permanent Injunction restraining Sinolanka Hotels & Spa (Pvt) Ltd from occupying and making carrying out further construction on the property. The case was subsequently rejected by the Learned District Court Judge of Colombo by her order dated 24th July 2018.

Leasehold Land***Sinolanka Hotels & Spa (Pvt) Ltd***

Sinolanka Hotels & Spa (Pvt) Ltd entered into an agreement dated 16th July 2012 with the Urban Development Authority (hereafter referred to as the "Lessor"), whereby Lessor allocated to the Company (hereafter referred to as the "Lessee") a block of land bearing assessment No. 116, Galle Road, Colombo 03 comprising in extent 0.6057 Hectares together with the partly constructed building thereon, for an annual nominal lease of Rs. 10,000/- for a 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 billion 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 billion. The balance value was included in capital work in progress. Of the above referred Rs. 5.0 billion, Rs 4.8 billion has been paid to date to the secretary to the treasury. During the year 2016, Rs. 200 million which was previously recognized 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 01st 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 capitalized and then amortized over the lease term in accordance with the pattern of benefits provided.

Helanco Hotels & Spa (Pvt) Limited

The Company entered into an agreement dated 1st 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 01st 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 capitalized and then amortized over the lease term in accordance with the pattern of benefits provided.

Notes to the Financial Statements

8 PROPERTY, PLANT & EQUIPMENT (CONTD.)**8.1.2 Buildings on Leasehold Land***The Lanka Hospitals Corporation PLC*

Location	Type of property	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs	Carrying value as at 31.12.2021 Rs.	Cumulative depreciation if assets were carried at cost Rs.	Net carrying value Rs.
No. 578, Etiviligala Mawatha, Colombo 05	Building		31st December 2020	Mr. A A M Fathihu (FIV), Chartered Valuer	Estimated value per square foot Rs.5,000 - 13,500	1,750,755,095	402,633,427	1,348,121,668

8.1.3 Capital Work-in-Progress

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
At the beginning of the Year	16,740,141	16,464,931	-	-
Transferred to Opex to profit and loss account	-	-	-	-
Cost incurred during the Year	3,346,943	5,624,355	-	-
Amount capitalised during the Year	(805,805)	(5,349,145)	-	-
Revaluation of asset	1,174,131	-	-	-
Provision for impairment	-	-	-	-
At the end of the Year	20,455,410	16,740,141	-	-

Sinolanka Hotels & 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 31st December 2021 of Grand Hyatt Colombo which is under construction as at the reporting date.

Divestiture the ownership of the Grand Hyatt Colombo Hotel project was approved by the Cabinet of Ministers on 01st August 2017 and the proposed divestiture program was to be completed before end of June 2019. However, the said divestiture program was not executed within the stipulated time period and construction works of the Project were on hold. After a lengthy stand still period of construction, The Cabinet of Ministers approval was granted to recommence the construction activities at the Cabinet of Ministers meeting dated 08th July 2020. Accordingly, construction works of the Grand Hyatt Colombo Project were recommenced during the year 2020 and successfully ongoing as at the reporting date.

8.1.4 Impairment of Property, Plant and Equipment*Helanco Hotels & Spa (Pvt) Limited*

In accordance with Sri Lanka Accounting Standards (LKAS) 16 – Property, Plant and Equipment, the initial costs incurred in relation to the commencement of construction of Hyatt Hotel at Hambantota were capitalized. The Board of Directors of the Company had since resolved to discontinue 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 Works-in-Progress of Rs. 111,103,548/- had been recorded in the financial statements of 2015.

The hotel in Hambantota was to be constructed on a leased-hold land obtained from the Urban Development Authority for 99 years. The consideration paid to the Urban Development Authority with related taxes and other charges paid thereon for the use of the rights to the land were recognized as leasehold land and property in the financial statements for 2014. As the company had since resolved to discontinue with the hotel project the Board of Directors are evaluating options available to the company. The Directors are of the view that the un-amortized leasehold land value of Rs. 159,555,147/- as at 31st December 2021 could be recovered from the disposal of the property. Hence, no impairment provision had been considered necessary on the asset.

Notes to the Financial Statements

8 PROPERTY, PLANT & EQUIPMENT (CONTD.)**8.1.5 Fully Depreciated Assets*****Sri Lanka Insurance Corporation Limited***

At the end of year 2021, there were fully depreciated assets amounting to Rs. 335.5 Mn.

The Lanka Hospitals Corporation PLC

Property plant and equipment as at 31st December 2021 includes fully depreciated assets having a gross carrying amount (cost) of Rs.1.96 Bn (2020 - 1.59 Bn).

Litro Gas Lanka Limited

Property, plant and equipment include fully depreciated assets, the cost of which as at 31 December 2021 amounted to Rs. 1,939,112,245 (2020 - Rs. 330,480,423).

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 (Private) Limited

Property, plant and equipment as at 31st December 2021 include fully depreciated assets, still in use. The cost of which as of 31 December 2021, amounted to Rs. 5,906,765 (2020 - Rs. 15,149,842).

8.1.6 Asset Requalification***Litro Gas Lanka Limited***

Certain types of assets: Storage tanks, pipelines, pumping stations, instrumentation equipment, tanks on bowzers 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 (Private) Limited

Certain types of assets: Storage tanks, Pipelines, Pumping stations, Instrumentation equipment and plant and machinery require periodically to be inspected, assessed and requalified to ensure that the said assets meet the required safety standards, to be used in the LPG industry. When such an asset is to be requalified for use, the cost and accumulated depreciation relating to the asset 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 Limited

The increase in an asset's carrying amount as a result of revaluation, has been recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Any decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. However, any excess revaluation decrease, if any, relating to an asset's carrying amount is recognised in profit or loss.

Revaluation of Property, Plant & 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 (Private) Limited, 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	Net book value under cost model
Land	Dec-21	36,652	36,652
Building, Site development	Dec-21	315,098	228,837
Motor vehicles	Dec-21	344,102	-
LPG storage tanks, pipes & fittings	Dec-16	116,435	12,164
Plant & machinery	Dec-16	299,709	69,311
Workshop equipment	Dec-16	464	-
Other equipment	Dec-16	34,166	1,783
Furniture, fittings and computers	Dec-16	151,517	11
LPG cylinders	Dec-16	4,120,298	-

Notes to the Financial Statements

8 PROPERTY, PLANT & EQUIPMENT (CONTD.)**8.1.7 Revaluation gain/(impairment)(Contd.)*****Litro Gas Terminal Lanka (Private) Limited*****Revaluation of Property, Plant & Equipment.**

Building site development and all other assets under property, plant and equipment have been revalued during the year 2016. The fair value of property, plant and equipment was determined by Sunil Fernando & Associates (Private) Limited 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	Net book value under cost model
Building & Site development	December - 2021	258,540	73,779
Motor vehicles	December - 2021	3,288	-
Plant & machinery	December - 2016	247,656	35,506
Storage tanks, pipeline & pumping Stations	December - 2016	3,175,167	130,223
Instrumentation equipment	December - 2016	736,798	13,367
Office equipment & computers	December - 2016	47,347	54

Sinolanka Hotels & Spa (Pvt) Ltd

In early 2019, the Sinolanka Hotels & Spa (Pvt) Ltd 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 Sinolanka Hotels & Spa (Pvt) Ltd as at 31st December 2019. Further a valuation has been carried out as at 31st December 2021 and Sinolanka Hotels & Spa (Pvt) Ltd has recognized 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 31st December 2021.

8.1.8 Transfers from Investment Property***Canowin Hotels and Spas (Pvt) Ltd***

During the financial year, the Canowin Hotels and Spas (Pvt) Ltd transferred Investment Property amounting to the aggregate value of Rs.708,500/- to Property Plant & Equipment. Further Motor Vehicle are revalued as at 31st December 2021.

8.1.8 Assets Revaluation - Company

Location	Extent of the land	Land Rs. '000	Building Rs. '000	Value at Cost 31-12-2021 Rs. '000
Land situated at No. 288, Union Place, Colombo 2	A 01 R 00 P 20.35	3,065,950	-	4,810
Land & Building situated at No. 21, Vauxhall Street, Colombo 2	A 02 R 00 P 17.52	4,219,000	1,847,544	96,519
Land & Building situated at Thelawala, Katubedda, Moratuwa	A 02 R 00 P 13	249,750	71,856	2,273
Land & Building situated at Lake Road, 4th Lane, Anuradhapura	A 0 R 0 P 30	24,498	2,642	282
Land & Building situated at Main Street, 2nd Lane Anuradhapura	A 0 R 0 P 34.9	108,090	54,515	704
Land & Building situated at 571, Hospital Road, Jaffna	A 0 R 1 P 26.38	154,000	-	601
Land & Building situated at No. 25, Kande Veediya, Kandy	A 0 R 0 P 16.45	139,740	54,283	19,773
Land & Building situated at No. 20, Rajapaksha Broadway, Negombo	A 0 R 0 P 19	99,550	37,536	1,924
Land & Building situated at No. 7, Hakmana Road, Matara	A 0 R 0 P 47.89	185,682	29,684	1,278
Land & Building situated at Waterfield Drive, Nuwara-Eliya	A 0 R 02 P 23.01	158,816	15,593	714
Building situated at No. 60/1, Park Road, Nuwara Eliya	0	-	20,600	-
Building situated at No. 16/1, Dambulla Road, Kurunegala	0	-	78,766	2,795
Land & Building situated at No. 14A, Pulathisigama, Hingurakgoda	A 0 R 0 P 49.42	4,909	522	295
Land & Building situated at No. 46, Main Street, Trincomalee	A 0 R 01 P 37.65	124,610	1,493	1,978
Land situated at Bauddhaloka Mawatha, Gampaha	A 0 R 0 P 24.54	98,160	76,689	3,759
Land & Building situated at No. 14, River Side Road, Kalutara	A 0 R 0 P 61.9	46,400	-	3,551
Land & Building situated at No. 32, Negombo Road, Marawila	A 0 R 0 P 10	30,300	-	1,894
Land & Building situated at No. 195, Bowela Village, Heerassagala, Kandy	A 0 R 01 P 02	37,800	-	3,366
Land & Building situated at No. 97, New Road, Ambalangoda	A 0 R 01 P 02	137,832	35,865	2,257
Land & Building situated at No. 211/C, Colombo Road, Pilimalawala	A 0 R 0 P 08	26,000	14,364	19,319
Land situated at No. 42, Kurunegala Road, Chilaw	A 0 R 0 P 15.63	37,100	-	2,587
Land & Building situated at No. 38, Miyugunagama, Mahiyanganaya.	A 0 R 0 P 09.96	5,976	390	205
Land & Building situated at Bogahahena, Dikwella Road, Beliatta	A 0 R 01 P 24.047	60,700	-	27,907
Land & Building situated at No. 68, Ragala Road, Rikillagaskada.	A 0 R 0 P 6.832	20,579	9,508	18,291
Land & Building situated at No. 69, Kothmale Road, Nawalapitiya.	A 0 R 0 P 05	16,250	36,080	13,088
Land & Building situated at No. 157, Thangalla Road, Thawaluwila, Ambalantota.	A 0 R 1 P 02.41	10,200	-	7,091
Land & Building situated at No. 6, Wadugodapitiya Veediya, Kandy .	A 0 R 0 P 08.50	63,750	28,672	16,465
Land & Building situated at No. 389, Main Street, Kegalle	A 0 R 0 P 07.51	31,917	13,692	14,864
Land situated at Kachchery Junction, Kandy Road, Jaffna	A 0 R 0 P 37.6	11,200	-	254
Land & Building situated at 43, Baily Road, Badulla	A 0 R 0 P 22.06	40,800	-	7,799
Land situated at Mapalagama-Elpitiya Road, Thalagaswala.	A 0 R 1 P 01.078	4,005	-	4,005
Land & Building situated at No. 176/B, Kandy Rd. Gampola	A 0 R 0 P 12.355	23,327	5,832	29,159
		9,236,891	2,436,126	309,807

Notes to the Financial Statements

8 PROPERTY, PLANT & EQUIPMENT (CONTD.)**8.2 Company**

As at 31 December

	2021 Rs. 000'	2020 Rs. 000'
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Carrying Amount	12,737,635	10,867,358
	12,737,635	10,867,358

	Land Rs. 000'	Buildings on Freehold Land Rs. 000'	Building on Leased hold Land Rs. 000'	Equipment Rs. 000'	Furniture & Fittings Rs. 000'
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Cost/Valuation

Balance as at 01 January 2021	8,479,999	1,864,508	69,700	423,344	181,855
Additions During the Year	27,332	35,655	-	131,222	22,075
Cost Transfers to Revaluation Reserve	729,561	466,262	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 December 2021	9,236,892	2,366,425	69,700	554,566	203,930

Accumulated Depreciation

Balance as at 01 January 2021	-	184,718	-	210,354	88,696
Depreciation charge for the Year	-	97,326	-	72,362	46,050
Depreciation Transfers to Revaluation Reserve	-	(281,920)	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 December 2021	-	124	-	282,716	134,746

As at 31 December 2020	8,479,999	1,679,790	69,700	212,990	93,159
As at 31 December 2021	9,236,892	2,366,301	69,700	271,850	69,184

During the year the Company has acquired property, plant & equipment amounting to Rs. 256.1 million (2020 Rs. 231.5 million)

At the end of year 2021, there were fully depreciated assets amounting to Rs. 335.5 Mn.

There were no assets pledged against the borrowings.

Transfers were made to correct the opening balances and correction of respective class of assets.

Motor Vehicle	Electrical Generators and Passenger Lift	Fixtures & Fittings	Air-cond Plant	Others	Total 2021	Total 2020
Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
429,620	56,482	312	127,882	56,589	11,690,291	11,512,013
1,166	3,826	-	15,361	19,510	256,147	231,437
86,858	(1,354)	-	2,583	-	1,283,910	-
(32)	-	-	-	-	(32)	(53,158)
517,612	58,954	312	145,826	76,099	13,230,316	11,690,292
267,725	20,634	128	34,514	16,167	822,936	438,082
83,674	6,574	65	19,542	15,285	340,878	422,566
(351,370)	(14,865)	-	(22,949)	-	(671,104)	-
(29)	-	-	-	-	(29)	(37,714)
-	12,343	193	31,107	31,452	492,681	822,934
161,895	35,848	184	93,368	40,422		10,867,358
517,612	46,611	119	114,719	44,647	12,737,635	

Notes to the Financial Statements

9 RIGHT OF USE ASSETS/LEASE LIABILITY

SLFRS 16 – “Leases”, requires lessee to recognise all leases to on their Statement of Financial Position as lease liabilities with the corresponding right-of-use assets w.e.f. 1 January 2019. Previously, these leases were classified as operating leases under LKAS 17 – “Leases”.

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

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Cost				
Balance as at 1 January	2,329,073	2,729,121	903,605	709,252
Additions	213,124	284,128	98,284	258,190
Reassessment of lease	(93,081)	51,979	-	-
Stamp duty on lease rentals	-	2,136	-	-
Disposals / write-offs during the year	(19,971)	(61,617)	-	-
Adjustment from derecognition of right-of- use assets	-	(612,837)	-	-
Adjustments for the branch relocations and termination of contracts	-	(63,837)	-	(63,837)
Right to Use Liabilities Lease Hold Liabilities	-	-	-	-
Balance as at 31 December	2,429,145	2,329,073	1,001,889	903,605
Amortisation				
Balance as at 1 January	714,024	361,449	272,030	117,200
Charge for the year	404,930	411,049	171,207	154,830
Adjustment from derecognition of right-of- use assets	-	(36,698)	-	-
Disposal during the year	(5,321)	(21,776)	-	-
Balance as at 31 December	1,113,633	714,024	443,237	272,030
Net balance as at 31 December	1,315,512	1,615,049	558,652	631,575

The Company has entered to the 99 year leases with the Government of Sri Lanka and previously recognized under LKAS 17 as Lease hold Properties were reclassified as Right of Use Assets -Lease Hold with adption of SLFRS 16 -Lease, with effect from 01st January 2019. Prior period amount has not been restated.

9.2 Right of use liabilities

The carrying amounts of lease liability recognised and its movements during the year:

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Balance as at 1 January	1,316,835	2,115,377	650,307	588,104
Reassessment of lease	(93,081)	51,979	-	-
Lease Liability Relating to New/Renewed Contracts during the year	176,001	291,977	114,208	268,357
Adjustments for the branch relocations and termination of contracts	-	(18,315)	-	(18,315)
Adjustment from derecognition of right-of- use assets	-	(713,278)	-	-
Lease rent paid	(421,406)	(537,514)	(204,119)	(187,839)
Net lease cost transfers	(1,414)	-	-	-
Exchange gain	-	20	-	-
Disposal during the year	(15,319)	(39,609)	-	-
Gain on disposals	(224)	-	-	-
Directly charged to Income Statement due to SLFRS 16	67,781	166,198	-	-
Balance as at 31st December	1,029,172	1,316,835	560,396	650,307
Adjustment on Interest In Suspense at Initial Application	121,857	123,108	121,857	123,108
Interest Recognized in Income Statement	(50,662)	(57,187)	(50,662)	(57,187)
Adjustments for the branch relocations and termination of contracts	-	(19,664)	-	(19,664)
Interest in Suspense Relating to the New Contracts recognized	21,291	75,600	21,291	75,600
Interest in suspense at the End of the Period	92,486	121,857	92,486	121,857
Balance as at 31 December	936,686	1,194,978	467,910	528,450

The amounts recognised in the Statement of Comprehensive Income for the year ended 31st December 2021

9.3 Amounts recognised in Statement of Profit or Loss

For the year ended 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Amortisation expenses on right-of-use assets	404,930	411,050	171,207	154,830
Interest expenses on lease liabilities	118,443	223,385	50,662	57,187
Finance Income on the net investment in the lease	-	585	-	585
Net charge to P&L	523,373	635,020	221,869	212,602

Notes to the Financial Statements

9 RIGHT OF USE ASSETS/LEASE LIABILITY (CONTD.)**9.4 Maturity Analysis - Contractual Undiscounted Cashflows**

For the year ended 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Less than 3 months	160,874	77,476	3,163	156
3 month to 6 month	7,073	70,072	7,073	1,994
6 moth to 1 year	112,619	93,729	14,972	8,611
1 to 5 year	620,769	792,676	447,639	362,286
More than 5 year	65,696	162,358	23,817	103,170
	967,031	1,196,311	496,664	476,217

Sri Lanka Insurance Corporation Ltd

Sri Lanka Insurance Corporation Ltd obtained leasehold rights to lands situated in Puttalam, Paradise Island - Bentota, Nuwara- Eliya and Monaragala for 99 & 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".

Canowin Hotels & Spas (Pvt) Ltd

In 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 19th August 2011. On 1st 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 utilized by Litro Gas Lanka (Pvt) Ltd.

Litro Gas Terminal Lanka (Pvt) Ltd

Litro Gas Terminal Lanka (Pvt) Ltd 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.

10 INVESTMENT PROPERTY

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Balance as at 01 January	2,574,580	2,571,466	1,719,966	1,719,966
Additions during the year	1,360	5,010	-	-
Transfer to Property, plant & Equipment	(709)	-	-	-
Fair Value Gains / (Loss)	231,249	(1,896)	222,634	-
Balance as at 31st December	2,806,480	2,574,580	1,942,600	1,719,966

Investment property held by Sri Lanka Insurance Corporation Limited is located at No.6, Sir Baron Jayathilake Mawatha, Colombo 1. Extent of land is A0 R0 P38.88 and extent of the building is 40,000 sq. ft. Property located at No 267, Union Place, Colombo, extent of land is A0 R0 P37.62 and the extent of building is 49,646 sq. ft & the bare land located at Gorkadeniya Rd, Yatinuwara, Extent of A0 R0 P118.47.

Investment property held by Canowin Hotels & Spas (Pvt) Ltd, represents the leasehold land located at the entrance of the Southern Expressway, Welipenna and buildings (rest area and food arcade) which have been constructed in the said property. The leasehold property in Welipenna has been leased from the Road Development Authority ("RDA") for a period of 99 years starting from 19th August 2011. No significant changes in the fair values as at 31.12.2021 were noted based on the management assessment carried out compared to the last reporting date.

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 recognized professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement of investment property has been categorized as a Level 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
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	1. Future rental and other income 2. Future operational expenses 3. Discount rates	Estimated fair value would increase (decrease) if: 1. future rental and related income changes 2. future operational expenses changes 3. Discount rate changes
Alhamra Property - Valuation Income Approach based valuation which considered SLIC the present value of net future cash flows has been used. This is based on observable rental income & the outgoing expenses. Under the income approach it also considered the out going expense to determine the net future cash flows.	SLIC	1. Future rental 2. Future operational expenses 3. Discount rates	Estimated fair value would increase (decrease) if: 1. future rental and related income changes 2. future operational expenses changes 3. Discount rate changes
Property situated in 267, Union Place - Valuation Income Approach based valuation which considered the present value of net future cash flows has been used. This is based on actual rental income currently earned & outgoing expenses. Under the income approach it also considered the out going expense to determine the net future cash flows.	SLIC	1. Future rental 2. Future operational expenses 3. Discount rates	Estimated fair value would increase (decrease) if: 1. future rental and related of income changes 2. future operational expenses changes 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 & the necessary adjustment is made to determine the fair value of the bare land.	SLIC	1. Value per perch of the land 2. Interest Rates	Estimated fair value would increase (decrease) if: 1. Value per perch of Land 2. Interest Rate Fluctuations

Notes to the Financial Statements

11 INTANGIBLE ASSETS

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Goodwill on Acquisition (Note 11.1)	2,992,805	2,992,805	-	-
Computer Software (Note 11.2)	92,426	94,485	36,398	37,172
	3,085,231	3,087,290	36,398	37,172

11.1 Goodwill on Acquisition

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Cost				
Balance at 01 January	2,992,805	2,992,805	-	-
On Acquisition of Subsidiaries	-	-	-	-
Balance as at 31 December	2,992,805	2,992,805	-	-

The aggregated carrying amount of goodwill allocated to each unit is as follows:

	2021	2020	2021	2020
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
The Lanka Hospitals Corporation PLC	1,577	1,577	-	-
Litro Gas Lanka Limited	842	842	-	-
Litro Gas Terminal Lanka (Pvt) Ltd	574	574	-	-
	2,993	2,993	-	-

There has been no permanent impairment of intangible assets that requires a provision.

11.2 Computer Software

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Cost				
Balance at 01 January	585,943	575,604	425,333	419,177
Additions	32,898	10,338	12,730	6,156
Disposals	(15)	-	-	-
Balance as at 31 December	618,827	585,943	438,063	425,333
Amortization				
Balance as at 01 January	491,458	433,030	388,161	352,615
Amortization Charge	34,943	58,428	13,504	35,546
Balance as at 31 December	526,400	491,458	401,665	388,161
Net Balance as at 31 December	92,426	94,485	36,398	37,172

Canwill Holdings (Pvt) Ltd

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.

Canowin Hotels & Spas (Pvt) Ltd

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

Notes to the Financial Statements

12 LOANS TO POLICYHOLDERS

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01 January	1,734,723	1,803,439	1,734,723	1,803,439
Loans granted during the year	1,470,548	1,590,784	1,470,548	1,590,784
Interest Receivable on loans	449,277	449,277	449,277	449,277
Loans settled during the year (Against claims)	(2,017,361)	(2,108,777)	(2,017,361)	(2,108,777)
Balance as at 31 December	1,637,187	1,734,723	1,637,187	1,734,723

The surrender value of the loans granted to policyholders as at 31st December 2021 amounted to Rs. 2,648 Mn (2020 Rs. 2,801 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 Company 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 policyholders.

The carrying value of the policyholders' loans approximates the fair value at the reporting date.

13 REINSURANCE RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Reinsurance Receivables on Settled Claims	252,296	348,966	252,296	348,966
Reinsurance Receivables on outstanding Claims	2,700,056	1,884,179	2,700,056	1,884,179
Impairment on Reinsurance Receivables	(50,357)	(52,168)	(50,357)	(52,168)
	2,901,995	2,180,977	2,901,995	2,180,977

Impairment of Reinsurance Receivables

The Company 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	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Premium Receivable from Policyholders (Note 14.1)	6,014,424	4,128,851	6,014,424	4,128,851
Premium Receivable from Agents and Brokers (Note 14.2)	1,963,323	2,604,982	1,963,323	2,604,982
	7,977,747	6,733,833	7,977,747	6,733,833

14.1 Premium Receivable from Policyholders

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Premium Receivable from Policyholders	6,248,966	4,315,940	6,248,966	4,315,940
	6,248,966	4,315,940	6,248,966	4,315,940

Impairment on Premium Receivable

As at the Beginning of the Year	(187,089)	(131,129)	(187,089)	(131,129)
Charge made during the Year	(47,453)	(55,960)	(47,453)	(55,960)
As at the End of the Year	(234,542)	(187,089)	(234,542)	(187,089)
Sub Total of Premium Receivable from Policyholders	6,014,424	4,128,851	6,014,424	4,128,851

14.2 Premium Receivable from Agents, Brokers and Intermediaries

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Premium Receivable from Agents and Brokers	2,076,459	2,740,461	2,076,459	2,740,461
	2,076,459	2,740,461	2,076,459	2,740,461

Impairment on Premium Receivable

As at the Beginning of the Year	(135,479)	(64,586)	(135,479)	(64,586)
Reversal / (Charge) made during the Year	22,343	(70,893)	22,343	(70,893)
As at the End of the Year	(113,136)	(135,479)	(113,136)	(135,479)
Sub Total of Premium Receivable from Agents and Brokers	1,963,323	2,604,982	1,963,323	2,604,982
Total Premium Receivable	7,977,747	6,733,833	7,977,747	6,733,833

The Board of Directors has assessed the potential impairment loss on premium receivables as at the reporting date and adequate provisions have been made in the financial statements.

Notes to the Financial Statements

15 DEFERRED TAX ASSETS & LIABILITIES**15.1 Recognized Deferred Tax Assets and Liabilities****15.1.1 Movement in deferred tax balances**

Deferred tax assets and liabilities are attributable to the following:

Group - 2021	Net Balance as at 01 January 2021	Recognized in profit or loss	Impact due to tax rate change recongized in profit or loss	Recognized in OCI	Impact due to tax rate change recongized in OCI	Net Balance at 31 December 2021	Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	7,664,606	(840,386)	(79,648)	518,333	(717,490)	6,545,415	-	6,545,415
Realization of revaluation of reserve on Land disposal	1,451	-	-	-	-	1,451	-	1,451
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)	2,023	-	-	-	(13,231)	(13,231)	-
	7,650,449	(3,369,210)	(68,486)	561,243	(675,001)	4,099,001	(2,782,891)	6,881,891
Group - 2020	Net Balance as at 01 January 2020	Recognized in profit or loss	Impact due to tax rate change recongized in profit or loss	Recognized in OCI	Impact due to tax rate change recongized in OCI	Net Balance at 31 December 2020	Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	7,984,758	(366,251)	-	46,099	-	7,664,606	-	7,664,606
Realization of revaluation of reserve on Land disposal	-	-	-	1,451	-	1,451	-	1,451
Intangible Assets	9,507	(2,380)	-	-	-	7,127	-	7,127
Investment Property	270,078	17,670	-	-	-	287,748	-	287,748
Employee Benefits	(353,273)	(55,835)	-	(67,511)	-	(476,619)	(476,619)	-
Carry forward tax losses	264,478	(36,067)	-	-	-	228,411	-	228,411
Available for sale financial assets	(39,215)	-	-	55,002	-	15,787	-	15,787
Provisions on inventory	(5,845)	(9,174)	-	-	-	(15,019)	(15,019)	-
Provisions on Trade Receivables	(10,409)	(37,378)	-	-	-	(47,787)	(47,787)	-
Right of use assets	(248,905)	233,650	-	-	-	(15,255)	(15,255)	-
	7,871,177	(255,768)	-	35,041	-	7,650,449	(554,680)	8,205,129

Company - 2021	Net Balance as at 01 January 2021	Recognized in profit or loss	Impact due to tax rate change recongized in profit or loss	Recognized in OCI	Impact due to tax rate change recongized in OCI	Net Balance at 31 December 2021	Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	3,553,199	(23,216)	(79,648)	467,016	(428,159)	3,489,192	-	3,489,192
Realization of revaluation of reserve on Land disposal	1,451	-	-	-	-	1,451	-	1,451
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
Company - 2020	Net Balance as at 01 January 2020	Recognized in profit or loss	Impact due to tax rate change recongized in profit or loss	Recognized in OCI	Impact due to tax rate change recongized in OCI	Net Balance at 31 December 2020	Deferred Tax Asset	Deferred Tax Liability
Property, Plant and Equipment	3,630,456	(65,672)	-	(11,585)	-	3,553,199	-	3,553,199
Realization of revaluation of reserve on Land disposal	-	-	-	1,451	-	1,451	-	1,451
Investment Property	29,895	-	-	-	-	29,895	-	29,895
Employee Benefits	(265,852)	(44,197)	-	(62,983)	-	(373,032)	(373,032)	-
Available for sale financial assets	(39,215)	-	-	55,002	-	15,787	-	15,787
Provisions on Trade Receivables	(10,584)	(23,354)	-	33,938	-	(33,938)	3,600,332	-
	3,344,701	(133,223)	-	(18,115)	-	3,193,362	(406,970)	3,600,332

Notes to the Financial Statements

15 DEFERRED TAX ASSETS & LIABILITIES (CONTD.)**15.1 Recognized Deferred Tax Assets and Liabilities (Contd.)**

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

Group	2021	2020
Deferred Tax Assets		
Canwill Holdings (Pvt) Limited	(206)	(1,562)
Litro Gas Lanka Limited	(384,485)	-
	(384,691)	(1,562)
Deferred Tax Liabilities		
Sri Lanka Insurance Corporation Limited- Non Life	3,114,782	3,193,362
The Lanka Hospitals Corporation PLC	509,403	1,052,709
Litro Gas Lanka Limited	-	2,359,748
Litro Gas Terminal Lanka (Pvt) Ltd	769,509	973,253
Canowin Hotels & Spa (Pvt) Ltd	89,998	72,943
	4,483,692	7,652,015
	4,099,001	7,650,453

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

Non-Life	2021		2020	
	Temporary difference Rs. 000'	Deferred tax Rs. 000'	Temporary difference Rs. 000'	Deferred tax Rs. 000'
Deferred tax asset				
Retirement benefit obligation	(1,000,561)	(240,135)	(1,332,255)	(373,032)
AFS negative reserve - Treasury bonds	(296,002)	(71,040)	-	-
Right of use Asset	(991)	(237)	(76)	(20)
Provision for Doubtful Debtors	(507,551)	(121,812)	(121,207)	(33,938)
	(1,805,105)	(433,224)	(1,453,538)	(406,990)
Deferred tax liability				
Property plant & equipment and revaluation reserve	1,895,459	454,910	1,991,277	557,558
AFS negative reserve - Treasury bonds	-	-	56,379	15,786
Available for Sale Reserve	49,686	4,969	-	-
Investment property	521,583	52,158	106,767	29,895
Revaluation reserve - Land	12,649,876	3,035,970	10,703,975	2,997,113
	15,116,604	3,548,007	12,858,398	3,600,352
Net deferred tax (asset)/liability	13,311,499	3,114,783	11,404,861	3,193,362

15.2 Sinolanka Hotels and Spa (Pvt) Ltd

Deferred Tax has not been provided for temporary differences as the tax impact and reversals are expected to take place within the tax exemption period. There will be no tax implications that arise after the expiration of the tax exemption period for such assets.

Helanco Hotels and Spa (Pvt) Ltd

A deferred tax asset has not been recognised since the company does not have any asset entitle for income tax.

15.3 Canowin Hotels and Spas (Pvt) Ltd

Deferred Income taxes are calculated on all temporary differences under the liability method using the principal tax rate of 24%.

16 OTHER ASSETS

	Note	Group		Company	
		2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Inventories	16.1	2,869,811	2,651,276	227,549	217,866
Other receivables		1,083,717	692,361	1,017,454	557,431
Impairment on Other Receivables		(130,468)	(126,665)	(109,517)	(105,620)
		953,249	565,696	907,937	451,811
Amount due from Distilleries Company of Sri Lanka PLC		163,368	168,763	163,368	168,763
Other financial assets		158,842	146,004	-	-
Staff Loans	16.2	1,860,627	1,897,739	1,697,813	1,701,294
Prepaid Staff Cost		598,603	685,744	495,647	538,986
Other Loans		908,562	803,745	808,302	703,485
Advance on Fixed Assets		19,073	19,073	19,073	19,073
Trade and Other Receivables	16.3	3,969,929	2,299,546	-	-
Value added tax receivable		21,666	54,472	-	-
Income tax recoverable		41,472	41,472	-	-
		11,565,202	9,333,530	4,319,691	3,801,278

16.1 Inventories

	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Insurance	227,549	217,866	227,549	217,866
Healthcare	455,449	438,907	-	-
Energy	2,186,813	1,994,503	-	-
	2,869,811	2,651,276	227,549	217,866

Notes to the Financial Statements

*Litro Gas Lanka Limited***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. 57,823,302,025 (2020 - Rs. 36,031,448,983).

16.2 Loans Due from Employees

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
At the Beginning of the Year	1,897,739	1,684,599	1,701,294	1,684,599
Loans Granted during the Year	566,150	605,745	566,150	409,300
Recoveries during the Year	(441,586)	(421,127)	(407,955)	(421,127)
Fair Value Adjustment on Staff Loan	(161,676)	28,522	(161,676)	28,522
At the End of the Year	1,860,627	1,897,739	1,697,813	1,701,294

16.3 Trade and Other Receivables

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Trade Receivables				
Trade & Other Receivables	1,999,262	1,406,400	-	-
Provision for Doubtful Debt	(104,195)	(89,719)	-	-
Total Trade Receivables - Net	1,895,067	1,316,681	-	-
Deposit and Prepayments	793,485	317,707	-	-
Advances and Other Receivables	1,281,377	665,158	-	-
	3,969,929	2,299,546	-	-

Canowin Hotels & Spas (Pvt) Ltd

Management has carried out an impairment provision based on the simplified approach of ECL method. The Canowin Hotels & Spas (Pvt) Ltd does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Canowin Hotels & Spas (Pvt) Ltd has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Management considered 100% ECL for debtors aged more than 360 days in determining the provision matrix for ECL. Further, Canowin Hotels & Spas (Pvt) Ltd has taken legal action against five of its trade debtors to recover the outstanding receivable balance of Rs. 12,521,411/-; However, despite the future outcome of the legal action; such trade debtors have been considered 100% ECL for debtors.

The Canowin Hotels & Spas (Pvt) Ltd has considered the current decline in the service area income due to the impact of Covid 19 pandemic as a specific factor to the economic environment. The Management has monitored the effect of the local and global economic downturn to its tenants through frequent discussions with them. Further, Canowin Hotels & Spas (Pvt) Ltd, negotiated the payment terms and future arrangements accordingly. All above receivables are due from well established tenants. The Canowin Hotels & Spas (Pvt) Ltd has decided to

provide a 25% concession for the month of January and February 2021 further 50% concession from the rental for the months of May and June 2021 to its tenants aggregate value of Rs.14,684,680/-

Helanco Hotels & Spa (Pvt) Ltd

Sinolanka Hotels & Spa (Pvt) Ltd, the owner of Grand Hyatt Colombo project had continuously experienced a short-fall in liquidity from January 2018. This was mainly attributed to the delay in the proposed loan 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 million was made by Helanco Hotels & Spa (Pvt) Ltd in January 2018 to Sinolanka Hotels & Spa (Pvt) Ltd. This was allocated from idling funds within the company at an interest rate of 8.79% per annum. The interest charged for the year end 31st 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.

17 DEFERRED EXPENSES - INSURANCE CONTRACT

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Net Deferred Acquisition Expenses				
Balance as at 01 January	590,430	662,056	590,430	662,056
(Decrease)/Increase in Deferred Acquisition Expenses	9,436	(71,626)	9,436	(71,626)
Balance as at 31 December	599,866	590,430	599,866	590,430
Deferred Reinsurance Commission				
Balance as at 01 January	(112,268)	(101,034)	(112,268)	(101,034)
Decrease/(Increase) in Deferred Acquisition Expenses	(3,776)	(11,234)	(3,776)	(11,234)
Balance as at 31 December	(116,044)	(112,268)	(116,044)	(112,268)
Net Deferred Acquisition Expenses	483,822	478,162	483,822	478,162

18 CASH AND CASH EQUIVALENTS

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Cash in Hand and at Bank	1,855,228	2,073,167	1,269,329	1,699,351
Short-Term Investments	25,523,637	29,473,236	15,651,041	14,450,605
Total Cash and Cash Equivalents	27,378,865	31,546,403	16,920,370	16,149,956
Bank Overdraft used for Cash Management Purposes	(1,021,668)	(709,571)	(539,283)	(453,997)
Cash and Cash Equivalents in the Statement of Cash Flow	26,357,197	30,836,832	16,381,087	15,695,959

Notes to the Financial Statements

18 CASH AND CASH EQUIVALENTS (CONTD.)

18.1 The reported bank Overdraft balance as at the reporting date is used for the cash management purpose and there is no physical overdraft in the bank statement. The Company has a bank overdraft facility of Rs. 9.3 mn.

18.2 Litro Gas Lanka Limited**Fixed deposits, repo and savings accounts:**

Investments in fixed deposits and repo's with a maturity period of less than 3 months have been classified as cash and cash equivalents.

*Litro Gas Terminal Lanka (Private) Limited***Fixed deposits, Treasury bills and savings accounts:**

- a) Investments in fixed deposits and treasury bills 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 7.07 %. (2020 - 6.8%)

19 STATED CAPITAL

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Issued and Fully Paid				
Ordinary Shares (600,000,000 shares)	6,000,000	6,000,000	6,000,000	6,000,000
	6,000,000	6,000,000	6,000,000	6,000,000

19.1 Right of Ordinary Shareholders

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitle to one vote per share at meetings of the Company.

20 REVALUATION RESERVE

		Group		Company	
		2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Revaluation Reserve	20.1	18,414,228	13,112,599	9,275,282	7,359,125
		18,414,228	13,112,599	9,275,282	7,359,125

20.1 Revaluation Reserve

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01 January	13,112,599	13,058,735	7,359,125	7,354,173
Depreciation transfer on surplus on revaluation of building	(26,592)	(25,391)	-	-
Realization of Revaluation Surplus on Disposal	-	(5,182)	-	(5,182)
Surplus on Revaluation of Land and Building	2,892,818	110,388	-	-
Deferred Tax on Revaluation (Surplus)/Deficit	(518,333)	(18,030)	(467,016)	11,585
Effect on deferred tax due to rate change	717,490	-	428,159	-
Deferred tax effects on realization of revaluation of reserve on Land disposal	-	(1,451)	-	(1,451)
Acquisition of NCI without a change in control	288,302	-	-	-
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)	(6,470)	-	-
Balance as at 31 December	18,414,228	13,112,599	9,275,282	7,359,125

21 Available For Sale Reserve

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01 January	5,704,652	9,472,362	5,704,652	9,472,362
Other Comprehensive Income For the Year	(55,321)	(2,703,169)	(55,321)	(2,703,169)
Deferred tax effect on fair value of available for sale reserve	77,371	(55,002)	77,371	(55,002)
Effect on deferred tax due to rate change	4,488	-	4,488	-
Transferred AFS Reserves - Life Fund	277,670	(1,009,539)	277,670	(1,009,539)
Balance as at 31 December	6,008,859	5,704,652	6,008,859	5,704,652

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.

Notes to the Financial Statements

22 REVENUE RESERVES

As at 31 December	Note	Group		Company	
		2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
General Reserve		643,442	643,442	643,442	643,442
Surplus from Life Insurance	22.1	17,920,276	12,936,488	17,920,276	12,936,488
Retained Earnings	22.2	46,686,714	45,268,378	34,775,158	29,913,401
Transferred to One off Surplus-Un restricted Reserve	22.3	466,179	466,179	466,179	466,179
		65,716,612	59,314,487	53,805,055	43,959,510

22.1 Surplus from Life Insurance

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Balance as at 01 January	12,936,488	10,791,219	12,936,488	10,791,219
Surplus Attributable to Shareholders from Life Insurance	4,983,788	2,145,269	4,983,788	2,145,269
Balance as at 31 December	17,920,276	12,936,488	17,920,276	12,936,488

22.2 Retained Earnings

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Balance as at 01 January	45,268,378	41,810,610	29,913,401	27,447,385
Profit for the year	5,326,971	6,792,682	10,041,136	5,788,533
Other comprehensive income	773,201	(412,411)	704,012	(368,153)
Impact from prior period error corrections	(2,338)	-	-	-
Prior year adjustment on depreciation	-	(182)	-	(182)
Depreciation transfer of surplus on revaluation of building	26,592	25,391	-	-
Surplus Attributable to Shareholders from Life Insurance	(4,983,788)	(2,145,269)	(4,983,788)	(2,145,269)
Acquisition of NCI without a change in control	1,170,231	-	-	-
Reverse of Shareholder Asset Transfer	-	(118,402)	-	(118,402)
Dividend Declared and Paid	(899,603)	(695,693)	(899,603)	(695,693)
Realization of Revaluation Surplus on disposal	7,070	6,470	-	-
Realization of Revaluation Reserve on Land Disposal	-	5,182	-	5,182
Balance as at 31 December	46,686,714	45,268,378	34,775,158	29,913,401

22.3 Transferred to One off Surplus-Un restricted Reserve

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01 January	466,179	466,179	466,179	466,179
Transferred to One off Surplus-Un restricted Reserve	-	-	-	-
Balance as at 31 December	466,179	466,179	466,179	466,179

23 INSURANCE CONTRACT LIABILITIES - LIFE

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Life insurance fund as at 01st January	129,151,483	112,914,376	129,151,483	112,914,376
Total profit transfer to life fund	23,832,975	18,263,974	23,832,975	18,263,974
Reverse of Shareholder Asset Transfer	-	118,402	-	118,402
Surplus distributed to Shareholders	(4,983,788)	(2,145,269)	(4,983,788)	(2,145,269)
Life Insurance Fund as at 31 December excluding one-off surplus	148,000,670	129,151,483	148,000,670	129,151,483
AFS Reserves				
Balance as at 01st January	4,862,059	3,852,520	4,862,059	3,852,520
Net change in the AFS reserve	(277,670)	1,009,539	(277,670)	1,009,539
Balance as at 31st December	4,584,389	4,862,059	4,584,389	4,862,059
Life Insurance Funds as at 31st December including AFS Reserves	152,585,059	134,013,542	152,585,059	134,013,542
Policyholders' Outstanding Claims	3,203,869	3,115,494	3,203,869	3,115,494
	155,788,928	137,129,036	155,788,928	137,129,036

Long duration contract liabilities included in the Life Insurance Fund, result primarily from traditional participating & non-participating life insurance products. The insurance provision has been established based upon the following.

- Investment return: Risk Free Rate structure proposed by IRCSL as at 31.12.2021
- 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

The amount of policyholder's reversionary 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.

Notes to the Financial Statements

23 INSURANCE CONTRACT LIABILITIES - LIFE (CONTD.)

From 01.01.2016 onwards SLIC 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. SLIC has adopted a more prudent valuation basis for its surplus computation with compared to minimum regulatory basis (RBC). SLIC followed the "Net Premium Valuation" basis (NPV) for the valuation of liabilities as at 31.12.2015. This change in valuation basis has resulted an one-off surplus in life insurance policy liabilities as at 01.01.2016.

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 20.03.2018 where minimum One-off Surplus computation is recommended. Accordingly, SLIC has quantified the one-off surplus as at 01.01.2016, and it stands out that the amounts are Rs: 6,281 million and Rs: 98 million 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, SLIC transferred the one-off surplus arising from Non-Participating Fund to Shareholder Fund and accounted in the statement of financial position as at 31.12.2017, under new line item called "Restricted Regulatory Reserve". The "Restricted Regulatory Reserve" is a part of Shareholder Equity, but distribution of the same to Shareholders as dividend is subject to meeting Governance requirements stipulated by the IRCSL and can only be released upon receiving approval from the IRCSL. SLIC maintains the same amounts in one-off surplus in Participating fund and Restricted Regulatory Reserve in Shareholders fund as at 31.12.2021. The One-off Surplus in the Shareholder Fund will remain invest in Repo at Commercial Bank PLC (Fitch Ratings AA-(lka)) as per the direction of the IRCSL.

	Rs: million
Long Term Insurance Fund excluding one-off surplus	146,304
Surplus created due to change in valuation method from NPV to GPV	6,281
Long Term Insurance Fund as at 31.12.2021	152,585

	Rs: million
Restricted Regulatory Reserve (One-off surplus Non Participating Fund)	98

The valuation of the Insurance Provision - Life Insurance Business, as at 31.12.2021 was made by Kunj Behari Maheshwari, Fellow of the Institute and Faculty of Actuaries UK, of Willis Towers Watson, for and on behalf of Sri Lanka Insurance Corporation Limited. In accordance with the consultants actuary's report, the sum of provision, Rs: 2,143 million (In 2020 Rs: 2,673 million), is included as the liability in respect of policyholders' Bonus. In the opinion of the consultant actuary, the admissible assets of the life insurance fund as at 31st December 2021 is adequate to cover the liabilities of the fund and the solvency margin requirement prescribed under sec 26 of the regulation of Insurance Industry Act no. 43 of 2000. The life fund also carried forward surplus for future growth and safeguard against the adverse deviation of the assumptions set out in the valuation.

The Life Insurance Fund assets inclusive of Shareholders' Transfer as at 31.12.2021 is Rs: 157,569 million (2020 - Rs: 136,159 million). The Board of Directors decided to transfer Rs: 4,984 million (2020: Rs: 2,145 million) to the Shareholders' Fund in the statement of financial position in life insurance. Subsequent to this transfer, the life insurance fund stands Rs: 152,585 million (2020 - Rs: 134,014 million).

Liability Adequacy Test (LAT)

A Liability Adequacy Test ("LAT") for life insurance contract liability was carried out by Kunj Behari Maheshwari, Fellow of the Institute and Faculty of Actuaries UK, of Willis Towers Watson, as at 31st December 2021 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the company has compared the provisions held as per audited accounts with the actuarial liability. For this purpose, the value of the actuarial liability is computed following the principles laid out within Risk Based Capital framework as prescribed by the IRCSL, whereby liabilities are valued using a discounted cash-flow approach covering the full lifetime of all cash in- and out-flows required to settle the obligations related to existing in-force life insurance contracts. The projections are based on in-force policies and riders as at 31st December 2021.

According to the actuary's report, assets are sufficiently adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31st December 2021. No additional provision is required against the LAT as at 31st December 2021.

24 INSURANCE CONTRACT LIABILITIES - NON-LIFE

The Non - Life Insurance Reserves as shown in the Statement of Financial Position represent the following:

	Note	Group		Company	
		2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Reserves for Net Unearned Premium	24.1	10,697,760	10,490,971	10,697,760	10,490,971
Reserves for Title Insurance and Unexpired Risk Reserve	24.2	632,379	513,745	632,379	513,745
Reserves for Gross Outstanding Claims	24.3	9,549,408	7,861,686	9,549,408	7,861,686
		20,879,547	18,866,402	20,879,547	18,866,402

24.1 Reserve for Net Unearned Premium

	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Reserve for Unearned Premium				
Balance as at 01 January	11,569,401	9,920,478	11,569,401	9,920,478
Transfer during the Year	660,036	1,648,923	660,036	1,648,923
Balance as at 31 December	12,229,437	11,569,401	12,229,437	11,569,401
Reserve for Unearned Reinsurance Premium				
Balance as at 01 January	(1,078,430)	(1,197,860)	(1,078,430)	(1,197,860)
Transfer during the Year	(453,247)	119,430	(453,247)	119,430
Balance as at 31 December	(1,531,677)	(1,078,430)	(1,531,677)	(1,078,430)
Total Reserve for Net Unearned Premium	10,697,760	10,490,971	10,697,760	10,490,971

Notes to the Financial Statements

24 INSURANCE CONTRACT LIABILITIES - NON-LIFE (CONTD.)**24.2 Reserve for Title Insurance and Unexpired Risk Reserve**

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Reserve for Title Insurance				
Balance as at 01 January	513,745	614,565	513,745	614,565
Transfer during the year	118,634	(100,820)	118,634	(100,820)
Balance as at 31 December	632,379	513,745	632,379	513,745
Total Reserve for Title Insurance and Unexpired Risk Reserve	632,379	513,745	632,379	513,745

24.3 Reserves for Gross Outstanding Claims

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01 January	5,630,195	5,344,276	5,630,195	5,344,276
Claims Incurred during the year	10,428,769	8,150,447	10,428,769	8,150,447
Claims paid during the year	(9,381,226)	(7,864,528)	(9,381,226)	(7,864,528)
Balance as at 31 December	6,677,738	5,630,195	6,677,738	5,630,195
IBNR/IBNER balance as at 01 January	2,231,491	1,966,569	2,231,491	1,966,569
Increase/decrease in IBNR/IBNER	640,179	264,922	640,179	264,922
IBNR/IBNER balance as at 31 December	2,871,670	2,231,491	2,871,670	2,231,491
Total Reserves for Gross Outstanding Claims	9,549,408	7,861,686	9,549,408	7,861,686

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.

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
As at 31 December				
Reconciliation between Insurance Contract Liabilities				
Non - Life and Technical Reserves				
Insurance Contract Liabilities Non - Life	20,879,547	18,866,402	20,879,547	18,866,402
Reserve for Net Deferred Acquisition Expenses	(483,822)	(478,162)	(483,822)	(478,162)
Reinsurance on Claims Reserves	(1,888,143)	(1,395,321)	(1,888,143)	(1,395,321)
Technical Reserves	18,507,582	16,992,919	18,507,582	16,992,919

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.

Amounts in Rs '000

As at 31 December	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.	2020 Rs.	2021 Rs.
Gross reserves for losses and loss adjustment expenses	8,663,903	8,548,958	8,776,040	7,310,845	7,861,686	9,549,407
Reinsurance recoverable	(1,434,140)	(1,451,271)	(1,589,981)	(1,060,735)	(1,395,321)	(1,888,143)
Net reserves for losses and loss adjustment expenses	7,229,762	7,097,687	7,186,059	6,250,110	6,466,366	7,661,264
Cumulative paid						
One year later	6,637,140	6,848,916	7,589,783	7,723,147	5,370,767	6,994,929
Two years later	8,392,494	9,003,830	9,631,805	9,451,250	7,043,437	-
Three years later	8,538,717	9,185,266	9,772,476	9,589,406	-	-
Four years later	8,722,102	9,241,762	9,996,134	-	-	-
Five years later	8,801,250	9,314,871	-	-	-	-
Six years later	8,829,621	-	-	-	-	-
Cumulative Reported						
One year later	7,912,768	8,296,549	9,466,947	9,152,921	6,492,661	8,980,052
Two years later	8,530,543	9,183,846	9,907,086	9,718,009	7,255,303	-
Three years later	8,716,667	9,414,493	10,288,268	9,851,857	-	-
Four years later	8,882,884	9,526,153	10,199,725	-	-	-
Five years later	8,943,295	9,479,377	-	-	-	-
Six years later	8,926,948	-	-	-	-	-

Notes to the Financial Statements

25 CURRENT TAX LIABILITIES

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Balance as at 01 January	2,305,626	1,350,734	2,033,053	916,466
Income tax charge for the Year	2,528,132	2,826,693	1,874,350	2,316,472
Income tax settlements made during the Year	(2,584,260)	(1,901,487)	(2,222,531)	(1,199,885)
Under/(over) provision in respect of previous year	(33,155)	(10,419)	-	-
Transfer from income tax receivable	-	40,105	-	-
Balance as at 31 December	2,216,343	2,305,626	1,684,872	2,033,053

26 EMPLOYEE BENEFITS

As at 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Balance as at 01 January	3,216,945	2,344,273	2,553,490	1,819,815
Recognized in the statement of profit or loss				
Current Service Cost	159,777	217,475	102,746	154,310
Interest cost	255,601	255,094	204,279	200,180
Recognized in the statement of other comprehensive income				
Actuarial (Gain)/ Loss	(960,358)	480,974	(858,485)	431,136
	2,671,965	3,297,816	2,002,029	2,605,441
Benefit paid by the plan	(146,952)	(80,871)	(84,287)	(51,951)
Benefits payable for those who left during the year/ transferred to other payables	(1,492)	-	-	-
Balance as at 31 December	2,523,520	3,216,945	1,917,741	2,553,490

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 31st December 2021 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. 1,917.74 mn. The actuarial valuation is performed annually.

Litro Gas Lanka Limited

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 (Private) Limited, as at 31 December 2021. The present value of the retirement benefits as at 31 December 2021 amounted to Rs. 152,188,266. The liability is not externally funded.

Litro Gas Terminal Lanka (Private) Limited

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 (Private) Limited, as at 31st December 2021. The actuarial present value of the promised retirement benefits as at 31st December 2021 amounted to Rs. 16,192,405.

Canwill Holdings (Private) Limited

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 31st December 2021. The actuarial present value of the promised retirement benefits as at 31st December 2021 amounted to Rs. 3,820,368 /- The liability is not externally funded.

26.2 Principal Actuarial Assumptions used

	Group		Company	
	2021	2020	2021	2020
Discount Rate	10.5% - 11.8%	6% - 8.5%	11.0%	8.0%
Salary Increment Rate	1% - 15%	1% - 10%	15.0%	10.0%
Staff turnover Factor	0%-18%	0%-28%	0%-18%	0%-19%
Retirement age; Female	60 years	60 years	60 years	60 years
Retirement age; Male	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.

Notes to the Financial Statements

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	2021		2020	
	Increase	Decrease	Increase	Decrease
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Discount rate 1%	1,746,144	2,138,183	2,428,165	3,079,077
Future salary growth 1%	2,149,487	1,733,407	3,088,415	2,380,102

Company	2021		2020	
	Increase	Decrease	Increase	Decrease
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Discount rate 1%	1,751,388	2,089,532	2,289,629	2,837,118
Future salary growth 1%	2,098,149	1,741,450	2,865,870	2,261,586

27 OTHER LIABILITIES

As at 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Policyholder Advance Payments	524,537	768,498	524,537	768,498
Other Payable				
Agency Commission Payable	1,111,998	965,187	1,111,998	965,187
Others Including Accrued Expenses (Note 27.1)	8,694,469	8,193,087	4,350,645	4,342,071
Trade Payable	7,341,341	2,956,548	-	-
VAT Payable	15,262	13,560	-	-
Other Payables	452,910	416,453	-	-
Advance Received	93,730	82,951	-	-
Customer Deposit Payable (Note 27.2)	9,041,968	8,797,254	-	-
Professional fees payable	2,647	448	-	-
Total Other Liabilities	27,278,863	22,193,986	5,987,181	6,075,756

27.1 Litro Gas Terminal Lanka (Pvt) Limited

Accrued expenses mainly consist of provision for ERP system maintenance amounting to Rs. 38,698,565 (2020 - Rs. 38,698,565) and provision for Hamabantota storage facility electricity expenses amounting to Rs. 21,600,000 (2020 - Rs. 21,600,000) and Other payables mainly consists of Retention money payable amounting to Rs. 5,684,551 (2020 - Rs. 3,842,441).

Sinolanka Hotel & Spa (Pvt) Ltd

After a tender exercise and a period of negotiations, Interna Contract Spa (now herein referred to as Interna) was awarded by Sinolanka Hotels & Spa (Pvt) Ltd (now herein referred to as Sinolanka) the contract to provide Interior Fit Out and Furnishing Works for the Grand Hyatt Colombo Project. Subsequently, Sinolanka 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 favor of Interna and Sinolanka was ordered to pay EURO 7,432,062.79 as damages with 2% simple interest per annum from 14th 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 favor of Interna.

However, Sinolanka has applied for leave to appeal at the Supreme Court of Sri Lanka on 18th 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 recognized in the financial year end 31st December 2019 and no expenditure has been recognized in the financial year end 31st December 2021 since the matter has been open up to negotiate for amicable full and final settlement for Euro 7.2 million which is favor to the company as at the reporting date. Next hearing has been fixed for 23rd March 2022. Recorded liability has been re-assessed with exchange fluctuations as of 31st December 2021.

27.2 Litro Gas Lanka Limited

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 & 2.3Kg cylinders are subject to a maximum refund of Rs. 2,476, Rs. 1500, Rs. 700, and Rs. 550 respectively at the time of return of the cylinders.

Notes to the Financial Statements

28 FINANCIAL LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Bank Overdraft	1,021,668	709,571	539,283	453,997
USD Bridging Loan Facility - Peoples Bank	2,513,053	1,557,812	-	-
Total Financial Liabilities	3,534,721	2,267,383	539,283	453,997

The above overdraft of the company mainly includes unpresented cheques and it is only a book balance.

Canwill Holdings (Pvt) Ltd - Group

Sinolanka Hotels & Spa (Pvt) Ltd, the owner of Grand Hyatt Colombo project, is continuously experiencing a short-fall in liquidity from January 2018. This is mainly attributed to the delay in the proposed loan 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 million was made by Helanco Hotels & Spa (Pvt) Ltd in January 2018 to Sinolanka Hotels & Spa (Pvt) Ltd. This was allocated from idling funds within the company at an interest rate of 8.79% per annum. The interest charged for the year end 31st December 2020 at a rate of 4.75% per annum.

Further to the above, a short term loan facility of USD 12 million 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 Million 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 18th 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 18th April 2021. The interest rate applicable for the extended tenure of the facility is 3 months LIBOR+6%.

As a security for the said loan facility, a Demand Guarantee has been given by Sri Lanka Insurance Corporation for the full amount of the facility and a counter guarantee has been issued by the Government of Sri Lanka through the General Treasury.

29 REVENUE

For the year ended 31 December	Note	Group		Company	
		2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Gross Written Premium	30	43,063,839	39,266,270	43,231,011	39,421,293
Net Change in Reserve for Unearned Premium	31.1	(778,671)	(1,548,103)	(778,671)	(1,548,103)
Gross Earned Premium		42,285,168	37,718,167	42,452,340	37,873,190
Premium Ceded to Reinsurers	31.2	(4,508,761)	(3,547,302)	(4,508,761)	(3,547,302)
Net Change in Reserve for Unearned Reinsurance Premium	31.3	453,247	(119,430)	453,247	(119,430)
Net Earned Premium	31.4	38,229,653	34,051,435	38,396,825	34,206,458
Income from Investments	32	24,044,877	17,754,928	23,392,497	16,511,316
Other Income	33-35	3,589,952	1,620,627	2,272,986	1,896,720
Hospital Revenue	30.1	6,537,999	5,249,334	-	-
Laboratory revenue	30.1	3,313,384	1,554,342	-	-
Room Rental and Services Charges	30.1	(17,287)	(12,730)	-	-
Revenue from Liquid Petroleum Gas (LPG) Activities	30.1	52,308,942	39,714,783	-	-
		128,007,520	99,932,719	64,062,308	52,614,494

Litro Gas Lanka Limited

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) Despite the increase in volume and the revenue, company shows gross losses for the year ended 31 December 2021. Gross Losses of the company is primarily due to non-revision of the selling prices in the domestic segment which is highly regulated by the Government , and accounts for 85% of the total revenue of the Company, to compensate for the steep rise in purchase cost of Liquid Petroleum Gas (LPG) coupled with the impact arising on depreciation of the Sri Lanka Rupee (Rs.) against United States Dollar (USD) which caused further increase in the purchase cost of LPG in the Company's functional currency. Accordingly, the Company has transferred an economic benefit of Rs. 11.4 billion (2020 - Rs. 4.5 billion) to its consumers due to non-revision of the selling prices according to the pricing formula with Consumer Affairs Authority for the domestic segment untill the removal of the price control on 8 Oct 2021.
- b) Entry and handling fees of the Company consist of the fees collected at the time of issuing new cylinders .

Notes to the Financial Statements

29 REVENUE (CONTD.)**Litro Gas Terminal Lanka (Private) Limited****Throughput fee:**

- a) Revenue consists of throughput fee invoiced to Litro Gas Lanka Limited, For the year 2020, US \$ 25 is charged per metric ton for both domestic and bulk segment at the Monthly Average Spot Exchange Rate of Central Bank of Sri Lanka. Litro Gas Lanka Limited and Litro Gas Terminal Lanka (Private) Limited are controlled by the same ultimate parent, Sri Lanka Insurance Corporation Limited.
- b) Monthly Average Spot Exchange Rate of the Central Bank of Sri Lanka was used to calculate throughput fee for the first two month 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 US \$ 20 per metric ton.

Canowin Hotels & Spas (Private) Ltd

Main revenue of the Company is the ground rent income from the tenants of the Southern Expressway Service Area Arcade. During the year Company has granted the concessions of ground rent and service charges for tenants, considering the Covid – 19 pandemic situation for the month of January & February 2021, 25% and May & June 2021, 50%. The total waived off amount is Rs.14,684,680/-

Canwill Holdings (Private) Limited

The Company is the parent entity of Sinolanka Hotels & Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd. Sinolanka Hotels & Spa (Pvt) Ltd is in the process of constructing the Grand Hyatt Hotel in Colombo and there were no commercial operations during the year 2021.

30 GROSS WRITTEN PREMIUM

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Life Insurance				
Group and Non Group	17,122,742	14,238,933	17,289,914	14,393,956
Group Term Life Assurance	4,686,074	4,864,041	4,686,074	4,864,041
Gross Written Premium - Life Insurance	21,808,816	19,102,974	21,975,988	19,257,997
Non- Life Insurance				
Fire & Engineering Risk	2,338,650	1,930,600	2,338,650	1,930,600
Motor	11,672,493	11,805,511	11,672,493	11,805,511
Marine	613,047	422,332	613,047	422,332
General Accident	6,630,833	6,004,853	6,630,833	6,004,853
Gross Written Premium - Non-Life Insurance	21,255,023	20,163,296	21,255,023	20,163,296
Total Gross Written Premium	43,063,839	39,266,270	43,231,011	39,421,293

"Suraksha" policy premium is included under the General Accident category, which is recognized based on the Cabinet Memorandum No: 21/1186/308/108 dated on 27th July 2021 and letter issued by the Ministry of State Ministry of Women and Child Development, Pre-School & Primary Education, School Infrastructure & Education Services dated on 1st December 2021.

30.1 Revenue from other operations

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Hospital Revenue	6,537,999	5,249,334	-	-
Laboratory revenue	3,313,384	1,554,342	-	-
Room Rental and Services Charges	(17,287)	(12,730)	-	-
Revenue from Liquid Petroleum Gas (LPG) Activities	52,308,942	39,714,783	-	-
Total Revenue from other operations	62,143,038	46,505,729		

31 NET EARNED PREMIUM**31.1 Net Earned Premium**

Company	2021			2020		
	Non-Life	Life	Total	Non-Life	Life	Total
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Gross Written Premium	21,255,023	21,975,988	43,231,011	20,163,296	19,257,997	39,421,293
Change in Reserve for Unearned Premium	(660,036)	-	(660,036)	(1,648,923)	-	(1,648,923)
Gross Earned Premium	20,594,986	21,975,988	42,570,974	18,514,373	19,257,997	37,772,370
Premiums Ceded to Reinsurers	(4,029,008)	(479,754)	(4,508,762)	(3,133,728)	(413,574)	(3,547,302)
Change in Reserve for Unearned Reinsurance Premium	453,247	-	453,247	(119,430)	-	(119,430)
Gross Reinsurance Premium	(3,575,761)	(479,754)	(4,055,515)	(3,253,158)	(413,574)	(3,666,732)
Transfer to Title Insurance Reserve	(118,634)	-	(118,634)	100,820	-	100,820
Net Earned Premium	16,900,591	21,496,234	38,396,825	15,362,035	18,844,423	34,206,458

31.2 Net Change in Reserve for Unearned Premium

For the year ended 31 December	Note	Group		Company	
		2021	2020	2021	2020
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Non-Life Insurance					
Change in Reserve for Unearned Premium	24.1	(660,036)	(1,648,923)	(660,036)	(1,648,923)
Transfer to Title Insurance Reserve	24.2	(118,634)	100,820	(118,634)	100,820
		(778,671)	(1,548,103)	(778,671)	(1,548,103)

Notes to the Financial Statements

31.3 Premiums Ceded to Reinsurers

For the year ended 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Life Insurance	479,753	413,574	479,753	413,574
	479,753	413,574	479,753	413,574
Non- Life Insurance				
Fire	2,069,081	1,711,756	2,069,081	1,711,756
Motor	302,032	331,121	302,032	331,121
Marine	442,303	315,875	442,303	315,875
Miscellaneous	1,215,592	774,976	1,215,592	774,976
	4,029,008	3,133,728	4,029,008	3,133,728
Total Premium Ceded to Reinsurers	4,508,761	3,547,302	4,508,761	3,547,302

31.4 Net Change in Reserve for Unearned Reinsurance Premium

For the year ended 31 December		Group		Company	
		2021	2020	2021	2020
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Non-life Insurance					
Change in Reserve for Unearned Premium	24.1	453,247	(119,430)	453,247	(119,430)
		453,247	(119,430)	453,247	(119,430)

32 INVESTMENT INCOME

For the year ended 31 December	Note	Group		Company	
		2021	2020	2021	2020
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Interest Income	32.1	15,318,568	15,393,609	14,455,545	13,949,997
Dividend Income	32.2	1,167,543	867,609	1,378,186	1,067,609
Capital gains/ (losses)	32.3	7,558,766	1,493,710	7,558,766	1,493,710
		24,044,877	17,754,928	23,392,497	16,511,316

32.1 Interest Income

For the year ended 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Financial Investment at Held To Maturity (HTM)				
Treasury Bonds	5,421,302	5,517,904	5,421,302	5,517,904
Financial Investments at Loans & Receivables (LGR)				
Development Bonds	669,613	617,212	669,613	617,212
Unlisted Debentures	2,277,155	1,189,723	2,277,155	1,189,723
Term Deposits	1,425,980	2,936,476	902,052	2,215,705
Financial Investments at Available For Sale (AFS)				
Treasury Bonds	185,670	122,341	185,670	122,341
Treasury Bills	87,467	-	87,467	-
Listed Debentures	4,120,792	3,791,838	4,120,792	3,791,838
Cash & Cash Equivalents				
Reverse Repurchase Agreements	808,362	469,906	762,635	466,674
Call & Savings Accounts	23,010	54,212	17,109	20,132
Short Term deposits-Interest income	287,467	685,529	-	-
Other Fee based Income				
Commission on Investments	11,751	8,468	11,751	8,468
Total Interest Income	15,318,568	15,393,609	14,455,545	13,949,997

Notes to the Financial Statements

32 INVESTMENT INCOME (CONTD.)**32.2 Dividend Income**

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Financial Investments at Cost				
Listed Subsidiaries	-	-	201,008	-
Unlisted Subsidiaries	-	-	-	200,000
Financial Investments at NAV				
Associates	11,400	-	11,400	-
Financial Investments at Available For Sale (AFS)				
Listed Shares	648,411	625,431	648,411	625,431
Unlisted Shares	910	-	10,545	-
WHT Adjustments	-	(14,003)	-	(14,003)
Financial Investments at Fair Value Through Profit or Loss (FVTPL)				
Listed Shares	506,822	319,511	506,822	319,511
WHT Adjustments	-	(63,330)	-	(63,330)
Total Dividend Income	1,167,543	867,609	1,378,186	1,067,609

32.3 Capital Gains/(Losses)

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Financial Investments at Available For Sale (AFS)				
Listed Shares	-	25,908	-	25,908
Unit Trusts	58,082	-	58,082	-
Treasury Bonds	106	-	106	-
Financial Investments at Fair Value Through Profit or Loss (FVTPL)				
Listed Shares	7,328,946	1,370,029	7,328,946	1,370,029
Unit Trust	171,632	104,852	171,632	104,852
Impairment				
Impairment-Unlisted Stocks	-	(7,079)	-	(7,079)
Total Capital Gains/(Losses)	7,558,766	1,493,710	7,558,766	1,493,710

33 FEES AND COMMISSION INCOME

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
For the year ended 31 December				
Reinsurance Commission	76,441	67,886	76,441	67,886
	76,441	67,886	76,441	67,886

Notes to the Financial Statements

34 NET REALIZED / UNREALIZED GAINS

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Foreign Currency Gains/(Losses)	279,523	11,925	1,012,991	359,760
	279,523	11,925	1,012,991	359,760

35 OTHER INCOME

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Rent Income	142,341	158,560	128,603	141,489
Interest on Policyholders and Other Loans	634,260	897,732	634,260	897,732
Sundry Income	1,014,878	306,925	198,057	429,853
Non refundable deposit income	-	8	-	-
Net gain from change in fair value of investment property	231,249	(1,896)	222,634	-
Gain / (Loss) on disposal of property, plant and equipment	34,959	43,735	-	-
Revaluation gain on CWIP	1,174,131	-	-	-
Other Income	1,276	-	-	-
Gain/(loss) on disposal of ROU assets (Note 35.1)	894	135,752	-	-
	3,233,988	1,540,816	1,183,554	1,469,074

35.1 Gain/(loss) on disposal of ROU assets***Litro Gas Terminal Lanka (Private) Limited***

In year 2020, Company purchased leasehold land which was previously recognised under right-of-use asset amounting Rs. 576,139,504 which resulted in a gain of Rs. 137,138,017 from derecognition of right-of-use asset.

36 NET BENEFIT AND CLAIMS

For the year ended 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
(a) Gross benefits and claims paid				
Non-Life Insurance				
Fire	(633,523)	(671,251)	(633,523)	(671,251)
Motor	(4,924,900)	(5,116,535)	(4,924,900)	(5,116,535)
Marine	(426,818)	(63,828)	(426,818)	(63,828)
Miscellaneous	(4,443,528)	(2,298,833)	(4,443,528)	(2,298,833)
Total	(10,428,769)	(8,150,447)	(10,428,769)	(8,150,447)
Life Insurance				
Death Claims	(1,562,495)	(772,988)	(1,562,495)	(772,988)
Policy Maturities	(6,311,463)	(5,688,384)	(6,311,463)	(5,688,384)
Surrenders	(1,327,787)	(871,219)	(1,327,787)	(871,219)
Disability, Ex-gratia, Annuities, Hospitalization & Mortgage Protection	(1,023,688)	(835,715)	(1,023,688)	(835,715)
Total	(10,225,433)	(8,168,306)	(10,225,433)	(8,168,306)
Total Gross Benefits and Claims Paid	(20,654,202)	(16,318,753)	(20,654,202)	(16,318,753)
(b) Claims Ceded to Reinsurers				
Claims Recovered from Reinsurers	616,142	476,793	616,142	476,793
Total Claims Ceded to Reinsurers	616,142	476,793	616,142	476,793
(c) Gross Change in Contract Liabilities				
Change in Non-Life Insurance Contract Outstanding Claims Provision	(640,179)	(264,922)	(640,179)	(264,922)
Total Gross Change in Contract Liabilities	(640,179)	(264,922)	(640,179)	(264,922)
(d) Change in Contract Liabilities Ceded to Reinsurers				
Change in Non-Life Insurance Contract Outstanding Claims Provision	492,822	334,586	492,822	334,586
Total Change in Contract Liabilities Ceded to Reinsurers	492,822	334,586	492,822	334,586
Total Net Benefits and Claims	(20,185,417)	(15,772,296)	(20,185,417)	(15,772,296)

Notes to the Financial Statements

37 UNDERWRITING AND NET ACQUISITION COSTS (INCLUDING REINSURANCE)

For the year ended 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Acquisition Cost	3,648,317	3,268,373	3,648,317	3,268,373
Net Change in Reserve for Deferred Acquisition Cost (DAC)	(9,435)	71,626	(9,435)	71,626
	3,638,882	3,339,999	3,638,882	3,339,999
Reinsurance Commission Received	422,350	354,440	422,350	354,440
Net Change in Reserve for Unearned Commission (UCR)	(3,776)	(11,234)	(3,776)	(11,234)
	418,574	343,206	418,574	343,206
	3,220,308	2,996,793	3,220,308	2,996,793

38 PROFIT BEFORE TAX

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

For the year ended 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Auditor Remuneration				
Fees for the assigned Auditors	4,520	4,871	4,520	4,871
Fees for Auditor General	5,824	6,018	678	731
Depreciation of Property, Plant and Equipment	1,917,441	2,072,424	340,878	422,566
Amortization of Intangible Assets	34,943	58,428	13,504	35,546
Amortization of Right of Use Asset	404,930	411,049	171,207	154,830
Amortization of Leasehold Land	2,162	11,931	2,162	11,931
Impairment loss of trade receivables	847	22,950	-	-
Impairment loss of inventories	(3,788)	33,414	-	-
Legal expenses	14,648	11,524	-	-
Staff Benefits	10,567,324	9,621,431	6,190,736	5,710,785
Marketing & Business Promotion Expenses	708,059	618,136	512,766	444,120

Litro Gas Terminal Lanka (Private) Limited**Common Cost Sharing.**

In the year 2017, Board signed a MOU with Litro Gas Lanka Limited to share common costs incurred by each company to show fair view of it's financial performances. Administrative cost of 2020 and 2021 including the common costs transferred from Litro Gas Lanka Limited under MOU is amounted to Rs. 68.9 Mn & Rs.68.1 Mn respectively.

39 INCOME TAX EXPENSE**39.1 Amounts recognized in profit or loss**

For the year ended 31 December	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Current Tax Expenses				
Current Tax Year	2,564,137	2,850,052	1,874,349	2,316,472
(Over)/under Provision in Previous Year	(69,161)	(33,777)	-	-
	2,494,976	2,816,275	1,874,349	2,316,472
Deferred Tax Expenses				
Origination/(Reversal) of Temporary Differences	(3,369,210)	(255,765)	(121,566)	(133,223)
Impact due to tax rate change recongized in profit or loss	(68,486)	-	(68,486)	-
	(3,437,696)	(255,765)	(190,052)	(133,223)
Income Tax Expenses Reported in the Income Statement	(942,720)	2,560,510	1,684,297	2,183,249

39.2 Amounts recognized in OCI

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Remeasurement of defined benefit liability	(120,281)	67,511	(107,497)	62,983
Revaluation of Property, Plant & Equipment	(518,333)	47,550	(467,016)	10,134
Fair value changes in available for sale financial assets	77,371	(55,002)	77,371	(55,002)
Effect on deferred tax due to rate change	675,001	-	385,670	-
	113,757	35,041	(111,473)	18,115

39.3 Tax loss Analysis

	Group		Company	
	2021	2020	2021	2020
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01 January	1,386,337	1,066,846	-	-
Tax loss incurred during the year	10,920,136	351,042	-	-
Tax loss claimed during the year	(61,932)	(31,551)	-	-
Balance as at 31 December	12,244,541	1,386,337	-	-

Notes to the Financial Statements

39 INCOME TAX EXPENSE (CONTD.)**39.3 Tax loss Analysis (Contd.)***Sri Lanka Insurance Corporation Limited*

The Company is liable to income tax of 24% 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 (Private) Limited

The Company's business profits were exempted from income tax for a period of 15 years according to the agreement entered into by the Company with Board of Investment of Sri Lanka. The said exemption period commenced in 2000 and expired in 2015. As per the Inland Revenue Act No. 10 of 2006 and subsequent amendments to, profits arising from operating and maintenance of storage facilities in accordance with item number 31 of the 5th schedule of the Inland Revenue Act were taxed at a concessionary rate of 10% up to March 2018. Litro Gas Terminal Lanka (Private) Limited is liable to income tax at 24% on the business income and 24% on non-business income for the year of assessment 2021/22.

The Lanka Hospitals Corporation PLC

The Lanka Hospitals Corporation PLC is liable to income tax at 14% for the year ended 31st December 2021.

In accordance with and subject to the power conferred on the Board of Investments of Sri Lanka, under section 17 of the BOI Law No 4 of 1978, the operating profits and income accruing to Lanka Hospitals Diagnostics (Pvt) Ltd is exempt from tax for a period of 6 years commencing from the year in which the enterprise commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever comes first. The Company commenced its commercial operations in July 2014 and the tax exemption period expires in 2020.

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

SinoLanka Hotels & Spa (Pvt) Ltd

Under the Strategic Development Projects Act, No 14 of 2008, the provisions of the Inland Revenue Act relating to income tax shall not apply to the profits from business of the company for a period of 10 years. The tax exemption period will commence from the first year in which the company makes taxable profits or 3 years after commencement of commercial operations, whichever comes first.

On the expiry of tax exemption period, profits and income of the company shall be charged at the rate of 6% or at 50% of the prevailing tax rate for the hotel industry, whichever is lower. These tax rates will be effective for a period of 15 years immediately succeeding the exemption period.

After the expiration of the aforesaid period, profits and income of the Company shall be taxed in terms of provisions in the Inland Revenue Act in force at that time.

Canwill Holdings (Pvt) Ltd and Helanco Hotels and Spa (Pvt) Ltd

The company and the Helanco Hotels and Spa (Pvt) Ltd have been calculated on their adjusted profits at 24% in terms of the Inland Revenue Act No. 24 of 2017 and amendments thereto.

Litro Gas Lanka Ltd

Provision for income tax for the year ended 31 December 2021 in respect of Litro Gas Lanka Limited has been made in the financial statements, in terms of the provisions of the Inland Revenue Act No. 24 of 2017, as amended. The Company is liable for income tax at a rate of 24% (2020 - 24%). However, the Company is not liable for tax for the year ended 31 December 2021 in view of a tax loss of Rs. 10,460,691,537.

40 BASIC / DILUTED EARNING PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. There were no potential dilutive shares on standing at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

	Group		Company	
	2021	2020	2021	2020
Amounts Used as the Numerators				
Net Profit Attributable to Ordinary Shareholders (Rs. 000')	5,326,971	6,792,682	10,041,136	5,788,533
Number of Ordinary Shares Used as Denominators				
Weighted Average Number of Ordinary Shares in Issue (000')	599,743	599,743	599,743	599,743
Basic Earnings per share (Rs.)	8.88	11.33	16.74	9.65

41 DIVIDEND PAID AND PROPOSED

	Group		Company	
	2021	2020	2021	2020
Dividend Paid/Proposed (Rs. 000')	1,511,353	899,615	1,511,353	899,615
Weighted Average Number of Ordinary Shares in Issue (000')	599,743	599,743	599,743	599,743
Dividend per Share (Rs.)	2.52	1.50	2.52	1.50

Notes to the Financial Statements

42 Financial Assets and Liabilities**42.1 Accounting Classifications and Fair Values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 December

Group	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	7,855
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 & 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	247,168,623
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

As at 31 December		2020					
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	12,454,354	19,215,501	-	-	31,669,855	31,669,855
Unlisted shares	5	-	11,267	-	-	11,267	11,267
Unit Trusts	5	2,892,326	1,590,984	-	-	4,483,310	4,483,310
Listed Debentures	5	-	33,376,199	-	-	33,376,199	33,376,199
Treasury Bonds	5	-	1,226,488	-	-	1,226,488	1,226,488
Financial assets not measured at fair value							
Treasury Bills & Bonds	5	-	-	51,885,786	-	51,885,786	61,606,054
Unlisted Debentures	5	-	-	-	22,310,237	22,310,237	22,310,237
Term Deposits	5	-	-	-	17,293,583	17,293,583	17,293,583
Development Bonds	5	-	-	-	11,257,602	11,257,602	11,257,602
Loans to Life Policyholders	12	-	-	-	1,734,723	1,734,723	1,734,723
Reinsurance Receivable	13	-	-	-	2,180,977	2,180,977	2,180,977
Premium Receivable	14	-	-	-	6,733,833	6,733,833	6,733,833
Other Receivables	16	-	-	-	5,977,437	5,977,437	5,977,437
Cash and Cash Equivalents	18	-	-	-	31,546,403	31,546,403	31,546,403
Total Financial Assets		15,346,680	55,420,439	51,885,786	99,034,796	221,687,701	231,407,968
Financial Liabilities not measured at fair value							
Reinsurance Payable		-	-	-	1,675,280	1,675,280	1,675,280
Bank Overdraft	28	-	-	-	709,571	709,571	709,571
Total Financial Liabilities		-	-	-	2,384,851	2,384,851	2,384,851

Notes to the Financial Statements

42 FINANCIAL ASSETS AND LIABILITIES (CONTD.)

42.1 Accounting Classifications and Fair Values (Contd.)

As at 31 December

2021

Company	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	7,855
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 & 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	-	-	-	11,590,662	11,590,662	11,590,662
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	-	-	-	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	227,359,862
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

As at 31 December		2020					
Company	Note	Fair Value Through Profit or Loss Rs. 000'	Available for Sale Rs. 000'	Held to Maturity Rs. 000'	Loans & Receivable Rs. 000'	Carrying Value Rs. 000'	Fair Value Rs. 000'
Financial assets measured at fair value							
Listed Shares	5	12,454,354	19,215,501	-	-	31,669,855	31,669,855
Unlisted shares	5	-	11,267	-	-	11,267	11,267
Unit Trusts	5	2,892,326	1,590,984	-	-	4,483,310	4,483,310
Listed Debentures	5	-	33,376,199	-	-	33,376,199	33,376,199
Treasury Bonds	5	-	1,226,488	-	-	1,226,488	1,226,488
Treasury Bills & Bonds	5	-	-	51,885,786	-	51,885,786	61,606,054
Unlisted Debentures	5	-	-	-	22,310,237	22,310,237	22,310,237
Term Deposits	5	-	-	-	14,086,589	14,086,589	14,086,589
Development Bonds	5	-	-	-	11,257,602	11,257,602	11,257,602
Loans to Life Policyholders	12	-	-	-	1,734,723	1,734,723	1,734,723
Reinsurance Receivable	13	-	-	-	2,180,977	2,180,977	2,180,977
Premium Receivable	15	-	-	-	6,733,833	6,733,833	6,733,833
Other Receivables	16	-	-	-	3,025,353	3,025,353	3,025,353
Cash and Cash Equivalents	18	-	-	-	16,149,956	16,149,956	16,149,956
Total Financial Assets		15,346,680	55,420,439	51,885,786	77,479,270	200,132,175	209,852,443
Financial liabilities not measured at fair value **							
Reinsurance Payable		-	-	-	1,675,280	1,675,280	1,675,280
Bank Overdraft	28	-	-	-	453,997	453,997	453,997
Total Financial Liabilities		-	-	-	2,129,277	2,129,277	2,129,277

Notes to the Financial Statements

42 FINANCIAL ASSETS AND LIABILITIES (CONTD.)**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 2021	Group				Company			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Available-For-Sale (AFS)								
Financial Assets								
Listed Shares	20,373,280	-	-	20,373,280	20,373,280	-	-	20,373,280
Unlisted Shares	-	-	7,855	7,855	-	-	7,855	7,855
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	7,855	65,429,542	38,558,007	26,863,680	7,855	65,429,542
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 Bonds	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	7,855	199,195,115	120,782,307	76,548,753	7,855	197,338,915

As at 31 December 2020	Group				Company			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Available-For-Sale (AFS) Financial Assets								
Listed Shares	19,215,501	-	-	19,215,501	19,215,501	-	-	19,215,501
Unlisted Shares	-	-	11,267	11,267	-	-	11,267	11,267
Unit Trust	1,590,984	-	-	1,590,984	1,590,984	-	-	1,590,984
Listed Debentures	13,949,718	19,426,481	-	33,376,199	13,949,718	19,426,481	-	33,376,199
Treasury Bonds	1,226,488	-	-	1,226,488	1,226,488	-	-	1,226,488
Total	35,982,691	19,426,481	11,267	55,420,439	35,982,691	19,426,481	11,267	55,420,439
Fair-Value-Through-Profit-or-Loss (FVTPL) Financial Assets								
Listed Shares	12,454,354	-	-	12,454,354	12,454,354	-	-	12,454,354
Unit Trusts	2,892,326	-	-	2,892,326	2,892,326	-	-	2,892,326
Total	15,346,680	-	-	15,346,680	15,346,680	-	-	15,346,680
Held-To-Maturity (HTM) Financial Assets								
Treasury Bills	-	-	-	-	-	-	-	-
Treasury Bonds	61,606,054	-	-	61,606,054	61,606,054	-	-	61,606,054
Total	61,606,054	-	-	61,606,054	61,606,054	-	-	61,606,054
Loans & Receivables (L & R)								
Financial Assets								
Unlisted Debentures	-	22,310,237	-	22,310,237	-	22,310,237	-	22,310,237
Commercial Papers	-	-	-	-	-	-	-	-
Term deposits	-	17,293,583	-	17,293,583	-	14,086,589	-	14,086,589
Development Bonds	-	11,257,602	-	11,257,602	-	11,257,602	-	11,257,602
Total	-	50,861,422	-	50,861,422	-	47,654,428	-	47,654,428
Total Financial Assets	112,935,425	70,287,903	11,267	183,234,595	112,935,425	67,080,909	11,267	180,027,601

Notes to the Financial Statements

42 FINANCIAL ASSETS AND LIABILITIES (CONTD.)**42.3 Valuation Techniques used in determining fair values**

1. The fair values of Listed Shares, Treasury Bills and Treasury Bonds are based on their market prices as they are traded in active markets.
2. The fair values of Unlisted Floating Rate Debentures and Development Bonds are estimated to be equal to their amortised cost.
3. The fair values of Term Deposits are estimated to be equal to their amortised cost as maturities do not exceed one year.
4. The fair values of Unlisted Fixed Rate Debentures are arrived at discounting the future cash flows at market yields of comparable newly issued Corporate Debt instruments carrying similar maturities and credit ratings.
5. The fair values of Listed Debentures, which are traded in active markets, are based on their market prices.
6. The fair values of Listed Debentures, which are not traded in active markets, are arrived at discounting the future cash flows at market yields of comparable newly issued Corporate Debt instruments carrying similar maturities and credit ratings.
7. The fair values of Unit Trusts are based on their bid prices as quoted by the Unit Trust management companies.
8. The fair values of Unlisted Shares, where the company pays regular Dividends, are derived using the Discounted Cash Flow method. Otherwise, the fair value will be based on the Net Asset Value.

42.4 Reconciliation of movements in Level 3 financial instruments measured at fair value

		Total Gains/ (Losses) in Income Statement	Total Gains/ (Losses) in OCI	Purchases	Sales	Transfers from Level 1 & 2	Total Gains/ (Losses) for the period included in profit or loss for assets held at 31/12/2021	
	As at 31/12/2020						As at 31/12/2021	
	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	(3,412)	-	-	-	7,855	7,133

		Total Gains/ (Losses) in Income Statement	Total Gains/ (Losses) in OCI	Purchases	Sales	Transfers from Level 1 & 2	Total Gains/ (Losses) for the period included in profit or loss for assets held at 31/12/2020	
	As at 31/12/2019						As at 31/12/2020	
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Available-For-Sale (AFS)								
Financial Assets								
Unlisted Stocks	24,411	(7,079)	(13,144)	-	-	-	11,267	(20,223)

Notes to the Financial Statements

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 2021

Nature of the Transaction/ Name of the Company/Entity	Bank of Ceylon	People's Bank	National Savings Bank	Regional Development Bank
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Reverse Repos	-	-	1,515,654	-
Listed Debentures	74,970	-	-	-
Unlisted Debentures	-	9,858,542	2,058,767	-
Fixed Deposits	56,918	2,710,252	3,115,110	-
Unlisted Shares	-	-	-	-
Listed Shares	-	-	-	-
	131,888	12,568,794	6,689,531	-

Outstanding Balances as at 31 December 2020

Nature of the Transaction/ Name of the Company/Entity	Bank of Ceylon	People's Bank	National Savings Bank	Regional Development Bank
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Reverse Repos	70,775	-	4,667,800	-
Listed Debentures	77,772	-	-	-
Unlisted Debentures	4,030,575	9,947,211	2,568,644	-
Fixed Deposits	-	2,154,250	5,535,626	15,482
Unlisted Shares	-	-	-	-
Listed Shares	-	-	-	-
	4,179,122	12,101,461	12,772,070	15,482

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.

People's Leasing & Finance PLC	People's Merchant 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'
-	-	-	-	-	-
2,859,556	-	2,476,699	152,071	-	4,266,411
-	-	-	-	-	-
5,110,637	-	-	-	-	-
-	-	-	-	3,615	-
343,652	-	778,358	-	-	-
8,313,845	-	3,255,057	152,071	3,615	4,266,411

People's Leasing & Finance PLC	People's Merchant 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'
-	-	-	-	-	-
1,307,609	-	2,497,099	151,891	-	-
-	-	-	-	-	-
5,043,576	-	-	-	-	-
-	-	-	-	6,892	-
93,960	13	665,753	-	-	-
6,445,146	13	3,162,852	151,891	6,892	-

Notes to the Financial Statements

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. H.M. Vijitha Herath	Enova Engineering Services (Pvt) Ltd, Lavinia Beach Resort
Mr. K A Vimalenthirarajah	Management Service Rakshana (Pvt) Ltd , Sri Lanka Investment Holdings Ltd, Sri Lanka Insurance Corporation General Ltd
Mr. W.A.Samantha Upananda	None
Ms. J Surekha Alles	None
Mr.Anil Koswatta	Lakarcade (Pvt) Ltd
Mr.S.A. Nishantha Dayananda	Canowin Hotels and Spas (Pvt) Ltd
Mr. Anil Meegahagedara	Canwill Holdings (Pvt) Ltd
	Sinolanka Hotels & Spa (Pvt) Ltd
	Helanco Hotels & Spa (Pvt) Ltd

43.1.1 Key Management Personnel compensation

Key management personnel compensation comprised of the following:

For the year ended 31 December	Group		Company	
	2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Salaries and Short Term Employee Benefits	79,277	42,973	5,099	10,178
Loan granted	-	19,505	-	-
Loan Repayment	18,396	1,108	-	-
Director fees and allowances	15,805	2,958	-	-
Attendance Fees	1,475	1,250	-	-

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	
		2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Management Services	Loan granted **	16,115	16,146	16,115	16,146
Rakshana (Pvt) Ltd	Payment of Emoluments ***	749,094	700,922	749,094	700,922
The Lanka Hospitals Corporation PLC	Insurance Premium	56,265	28,412	56,265	28,412
	Amount paid	(51,496)	(35,161)	(51,496)	(35,161)
	Dividend received	201,008	-	201,008	-
	Services	(169,011)	(127,908)	(169,011)	(127,908)
	Amount received from services	184,096	133,957	184,096	133,957
	Vehicle hiring charges paid	(13,173)	(14,114)	(13,173)	(14,114)
	Vehicle hiring charges	15,085	16,358	15,085	16,358
Litro Gas Lanka Ltd	Rent charged	123,405	107,309	123,405	107,309
	Insurance Premium	78,682	50,385	78,682	50,385
	Cash settlement	(202,367)	(155,705)	(201,618)	(155,705)
	Throughput fee	-	-	1,745,511	1,628,843
	Reimbursement of expenses	-	-	(49,684)	29,785
	Repayment for the services	-	-	(1,805,873)	(37,221)
	Term Loan	-	-	(3,600,000)	-
	Interest for Long Term Loan	-	-	28,110	-
	Sales of Goods/ Services	-	-	5,596	5,361
	Purchase of Goods /Services	-	-	(866)	-
	Cash Receipts	-	-	(5,916)	(4,986)
	Settlements of due to related parties	-	-	-	(3,660)
	Cost transfers	-	-	-	(6,892,215)
	Payment received	-	-	(31,708)	5,235,524
	Assets Transferred	-	-	-	2,222
	Adjustment for Dividend	-	-	-	4,300
Litro Gas Terminal Lanka (Pvt) Ltd	Insurance Premium	21,861	23,034	21,861	23,034
	Throughput fee	-	-	(1,745,511)	(1,628,843)
	Reimbursement of expenses	-	-	49,684	(29,785)
	Repayment for the services	-	-	1,805,873	1,693,912
	Repayment for the Expenses	-	-	(31,708)	-
	Interest for Long Term Loan	-	-	(28,110)	-
	Payments	(3,103)	(3,765)	(3,103)	(3,765)
	Dividend payment	-	200,000	-	200,000

Notes to the Financial Statements

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Canwill Holdings (Pvt) Ltd	Insurance Premium	6,991	3,603	6,991	2,271
	Receipts	9,510	743	9,510	743
	Claim paid	(2,579)	-	(2,579)	-
	Investment in Subsidiaries	2,000,000	-	2,000,000	-
	Staff salaries & allowances	-	(697)	2,467	(55,733)
	Insurance service cost	-	-	5,563	1,332
	Cash Settlement	-	(1,364)	(341)	(1,364)
	Dividend payable	-	(7,310)	-	(7,310)
	Expenses paid	-	-	(1,062)	(918)
	Allocation of Staff Cost	-	-	(673)	(494)
	Settlements	-	-	1,555	9,145
	Others Expenses	-	-	(1,518)	(14,516)
Canowin Hotels & Spas (Pvt) Ltd	Insurance Premium	2,823	2,550	2,823	2,550
	Claim Paid	(1,242)	(2,285)	(1,242)	(2,285)
	Sales of Goods/ Services	15	-	15	-
	Cash settlement	(1,993)	-	(1,993)	-
	Reversal of Receivable	-	-	(6)	-
	Reimbursement	-	-	(170)	-
	Utility expenses	-	-	(1,622)	(1,593)
	Supply of fuel	-	-	757	1,007
	Rent of fuel station	-	-	(4,125)	(3,767)
	Payment received	-	-	(762)	(1,041)
	Payments	-	-	5,751	5,316
Sinolanka Hotels & Spa (Pvt) Ltd	Insurance Premium	550	50,921	550	50,921
	Foreign Currency transactions	70	23	70	23
	Fund Transfer/Cash settlement	-	(53,110)	-	(53,110)
	Staff related cost	-	-	(2,467)	55,036
	Insurance service cost	-	-	(5,563)	1,332
	Other Expenses	-	-	1,518	14,516
	Expenses paid	-	-	(7)	(9)
	Purchase of Property Plant Equipment	-	-	2,189	-
	Interest Receivable	-	-	19,000	19,000
	Cash settlement	(550)	-	(471)	-
	Security Charges	-	800	-	800

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Helanco Hotels & Spas (Pvt) Ltd	Expenses paid	-	-	1,070	927
	Allocation of staff cost	-	-	673	494
	Settlement	-	-	(1,476)	(9,145)
	Interest payable	-	-	(19,000)	(19,000)
Lanka Hospitals Diagnostics (Private) Limited	Reimbursement of expenses / rent income received	-	-	102,270	106,689
	Amounts Received	-	-	-	(228,000)
	Laboratory Services provided	(7,128)	(5,119)	(997,152)	(613,943)
	Amounts Paid	4,963	6,430	639,963	659,376
Ceybank Asset Management Ltd	Investment in Unit trusts	-	-	-	-
	Insurance Premium Received	983	2,693	983	2,693
	Claim paid	-	(1,500)	-	(1,500)
	Dividends Received	6,479	-	6,479	-
Ceylon Asset Management Company Ltd	Sale of Unit Trust	533,536	-	533,536	-
	Purchase of Unit Trust	1,416,850	396,900	1,416,850	396,900
	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	
		2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Super Religare Laboratories Limited	Amounts Paid	-	-	-	(1,592)
Peoples's Bank	Cash Payment	-	-	-	93
Capital Alliance Investments Ltd	Dividend Received	10,544	-	10,544	-

Notes to the Financial Statements

43 RELATED PARTY DISCLOSURES (CONTD.)

43.4 Amount due from subsidiaries

	Balances with SLIC		Balances with Group Companies	
	2021	2020	2021	2020
Amount due from related parties	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Management Services Rakshana (Pvt) Ltd**	-	-	-	-
The Lanka Hospitals Corporation PLC	-	-	-	-
Lanka Hospitals Diagnostics (Private) Limited	-	4,769	-	4,769
Litro Gas Lanka Ltd	22,249	22,529	39,780	39,943
Litro Gas Terminal Lanka (Pvt) Ltd	2,989	3,103	91,727	143,686
Canwill Holdings (Pvt) Ltd	7	2,526	357,089	365,430
Canowin Hotels & Spas (Pvt) Ltd	616	788	1,409	1,580
Sinolanka Hotels & Spa (Pvt) Ltd	1,002	1,023	3,191	1,095
Helanco Hotels & Spas (Pvt) Ltd	-	-	507,076	488,076
	26,863	34,738	1,000,272	1,044,579

	Balances with SLIC		Balances with Group Companies	
	2021	2020	2021	2020
Amount due from other related companies	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lanka Investment Holdings Ltd	-	-	-	100,260
	-	-	-	100,260

43.5 Amount due to related parties

	Balances with SLIC		Balances with Group Companies	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Amount due to other related companies				
The Lanka Hospitals Corporation PLC*	1,834	3,745	1,834	3,745
Litro Gas Lanka Ltd	-	-	13,754	15,969
Litro Gas Terminal Lanka (Pvt) Ltd	-	-	88,644	140,583
Canwill Holdings (Pvt) Ltd	224	314	357,136	363,729
Canowin Hotels & Spas (Pvt) Ltd *	-	-	1,185	1,335
Sinolanka Hotels & Spa (Pvt) Ltd *	-	-	2,222	78
Helanco Hotels & Spas (Pvt) Ltd	-	-	507,076	488,076
	2,058	4,059	971,851	1,013,515

* 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.

Notes to the Financial Statements

44 INSURANCE AND FINANCIAL RISK MANAGEMENT**Overview**

The Group has exposure to the following risks arising from insurance business and from financial instruments:

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks as required by the SLFRS 4 and SLFRS 7 together with the quantitative disclosures relating to the same.

Risk Management Framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

44.1 Insurance Risk

Insurance risk is the likelihood that an insured event will occur, requiring the insurer to pay a claim. This risk is transferred to the Company through the underwriting process. The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

44.1.1 Life Insurance Contracts

The following paragraph describes the concentration of life insurance based on the nature of the contract;

Concentration of Insurance Risk

Concentration risk is defined as the risk of exposure to increased losses associated with inadequately diversified portfolios of assets or obligations. Concentration risk for a life insurer may arise with respect to investments in a geographical area, economic sector, or individual issuers, or due to a concentration of business written within a geographical area, of a policy type, or of underlying risks covered.

1. From a market risk perspective, although we have invested significantly in the financial sector, our portfolio is diversified and contains huge margins.
2. From an insurance risk perspective, the main factors that would affect concentration risk include mortality risk, morbidity risk, longevity risk, policyholder behavior risk (lapse, anti-selection) and expense risk. There is diversification across geographical regions, lines of business and even across the different insurance risk factors such that SLIC is not exposed to significant concentrations of insurance risk.

The risks associated with life insurance include:

- Mortality risk is the risk that actual policyholder death experience on life insurance policies is higher than expected.
- Longevity risk is the risk that annuitants live longer than expected.
- Morbidity risk is the risk that policyholder health-related claims are higher than expected.

- Policyholder behavior risk is the risk that policyholders' behavior in discontinuing and reducing contributions or withdrawing benefits prior to the maturity of the contract is worse than expected. Poor persistency rates may lead to fewer policies remaining on the books to defray future fixed expenses and reduce the future positive cash flows from the business written, potentially impacting its ability to recover deferred acquisition expenses.
- Expense risk 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 analyzed 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 analyzed 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 "Gross Premium Valuation" mechanism (GPV). 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).

Sensitivities analysis for life insurance risk

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

Assumption	Description
Mortality	- Factored A67/70 for non-annuity business to allow best estimate experience rate - Weighted average of a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants approximated 1% mortality improvement of annuitants
Investment return	Risk Free Rate structure proposed by IRCSL as at 31.12.2021

SLIC maintained steady and strong solvency ratio over the year 2021 for its Life Insurance business and as at 31.12.2021 the Risk-based Capital Adequacy Ratio, CAR, stands at 501% and it was 459% as at 31.12.2020. This is well above the regulatory minimum requirement which is 120%.

Assumption	Change in Assumption	Impact on Liability
Mortality	10%	845 million
	-10%	(848) million
Investment return	Up shock scenario under RBC	(16,434) million
	Down shock scenario under RBC	23,010 million

Notes to the Financial Statements

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.1 Insurance Risk (Contd.)****44.1.1 Life Insurance Contracts (Contd.)****Life**

In accordance with the RBC Rules, negative policy liability for long term insurance contracts are deemed acceptable and value of the liabilities with respect to individual contracts with negative policy liability have not been floored at zero. However for the purpose of distribution basis (i.e. for SLFRS purpose) liabilities, SLIC 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, SLIC 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	2021			2020		
	Insurance Liabilities (with profits)	Insurance Liabilities (without profits)	Total Gross Insurance Liabilities	Insurance Liabilities (with profits)	Insurance Liabilities (without profits)	Total Gross Insurance Liabilities
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Whole Life	18,698	4,052	22,750	22,137	4,394	26,531
Endowment Assurance	60,885,389	4,297,782	65,183,170	74,745,760	3,161,913	77,907,673
Term Assurance	-	3,905,620	3,905,620	-	3,858,121	3,858,121
Annuity	10,868,079	4,340,973	15,209,052	14,687,439	3,390,629	18,078,068
Rider Benefits	93,286	3,381,027	3,474,313	1,983	3,141,906	3,143,889
Total	71,865,452	15,929,454	87,794,906	89,457,319	13,556,963	103,014,282

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'
2021	136,647,210	15,937,849	152,585,059
Percentage	89.55%	10.45%	
2020	120,363,450	13,650,092	134,013,542
Percentage	89.81%	10.19%	

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 Group's underwriting strategy is to take advantage of the diversification of general insurance risks across industries and geographic regions in which the Group operates. The Group seeks to optimize shareholder value by achieving its mid-term return on equity goals. Doing so necessitates a prudent, stable underwriting philosophy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility. At the core of the Group's underwriting is a robust governance process.

In addition to the specific risks insured, each line of business could expose the Group to losses that could arise from natural and man-made catastrophes. The main concentrations of risks arising from such potential catastrophes are regularly reported to senior management.

The table below shows the Group's concentration of risk within the general insurance business by line of business based on direct written premiums before reinsurance and after reinsurance.

2021	GWP	Reinsurance	NWP	
Class	Rs. 000'	Rs. 000'	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%
2020	GWP	Reinsurance	NWP	
Class	Rs. 000'	Rs. 000'	Rs. 000'	%
Motor	11,805,511	331,121	11,474,390	67.38%
Fire	1,930,600	1,711,756	218,844	1.29%
Marine	422,332	315,875	106,456	0.63%
Other	6,004,853	774,976	5,229,877	30.71%
	20,163,296	3,133,728	17,029,568	100.00%

Notes to the Financial Statements

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**Reinsurance Risk**

The Group purchases reinsurance as a part of its risk mitigation programme. It protects against significantly large claims or disasters, allowing the insurance Company to cover more individuals without fear of bankruptcy should a disaster occur, resulting in multiple policyholders filing claims all at one time.

Reinsurance ceded is placed on both proportional and non-proportional basis. Proportional reinsurance arrangement includes both Quota Share and Surplus Treaty and Facultative programmes which are taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional reinsurance programmes, which are primarily excess-of-loss reinsurance arrangements, are designed to mitigate the Group net exposure to large single and catastrophic losses. Retention limits on the excess-of-loss reinsurance programmes vary by product line.

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 and others	a+	A	A.M.Best
Abu Dhabi National Insurance Company	A-	A-	S & P
AEGIS Managing Agency Limited	a+	A	A.M.Best
AIG Asia Pacific Insurance Pte Ltd, Singapore	A	A	A.M.Best
AIG London	A	A	A.M.Best
AIG MEA Ltd - Dubai	A	A	A.M.Best
Allianz Global Corporate and Specialty	aa	A+	A.M.Best
Allianz Global Corporate and Specialty SE	aa	A+	A.M.Best
American International Group UK Ltd	A	a	A.M.Best
Amlin Marine N.V/MS Amlin AG	a+	A	A.M.Best
Antares Managing Agency Limited	a+	A	A.M.Best
Antares UW Asia Pte Ltd	a+	A	A.M.Best
Apollo Syndicate Management Limited	a+	A	A.M.Best
Arch Insurance (UK) Limited	aa-	A+	A.M.Best
Arch Managing Agency Limited	a+	A	A.M.Best
Arch Syndicate at Lloyds 1955	a+	A	A.M. Best
Argenta Syndicate Management Limited	a+	A	A.M.Best
Ark Syndicate Management Limited	a+	A	A.M.Best
Ascot Underwriting Limited	a+	A	A.M.Best
Asia Reinsurance Corporation	bbb-	B+	A.M.Best
Assicurazioni Generali S.p.A.	a+	A	A.M.Best
Asta Managing Agency Limited	a+	A	A.M.Best
Atrium Underwriters Limited	a+	A	A.M.Best

Name of the Company	Credit Rating	Financial strength Rating	Name of the Rating Agency
AXA XL Insurance Company SE	aa-	A+	A.M.Best
AXA XL Reinsurance Ltd	aa-	A+	A.M.Best
AXIS Managing Agency Limited	a+	A	A.M.Best
Beazley Furlonge Limited	a+	A	A.M.Best
Berkly Insurance Company Ltd,Singapore	A+	A+	Fitch
Berkshire Hathaway Specialty Insurance Co.	aaa	A++	A.M.Best
Berkshire Hathaway Specialty Insurance Company	aaa	A++	A.M.Best
Best Meridian International Insurance Company	a-	A-	A.M.Best
Brit Syndicates Limited	a+	A	A.M.Best
British MARine /QBE Insurance Group	a+	A	A.M.Best
Canopius Asia Pte Ltd	a-	A-	A.M.Best
Canopius Managing Agents Limited	a+	A	A.M.Best
Catlin Underwriting Agencies Ltd	a+	A	A.M.Best
CCR Re	a-	A-	AM Best
Chaucer Syndicates Limited	a+	A	A.M.Best
China Re	a	A	AM Best
Chubb European Group SE	a+	A	A.M.Best
Chubb Underwriting Agencies Limited	a+	A	A.M.Best
Convex Insurance UK Ltd, London, England	a-	A-	A.M.Best
Dale Underwriting Partners 1729	a+	A	A.M.Best
Doha Insurance company	A-	A-	S & P
ERGO Reiseversicherung AG	AA	AA	Fitch
ERGO Versicherung AG	AA-	AA-	S & P
Falcon Insurance Co (HK) Ltd	A-	A-	S & P
Fidelis Underwriting Ltd , London,England	a	A	A.M.Best
First Capital Insurance Ltd	a+	A	AM Best
GARD MARINE & ENERGY INSURANCE (EUROPE) AS	A+	A+	S & P
Gard Marine & Energy Ltd, Singapore Branch	A+	A+	S & P
General Insurance Corporation of India	bbb+	B++	A.M.Best
Generali Assicurazioni General S.p.A	a+	A	A.M.Best
Halyk Insurance	bbb	B++	A.M.Best
Hannover Rück SE	aa	A+	A.M.Best
Hardy (Underwriting Agencies) Limited	a+	A	A.M.Best
HDI Global Specialty SE	a+	A	A.M.Best
HDI Global Specialty SE	a+	A	A.M.Best

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Name of the Company	Credit Rating	Financial strength Rating	Name of the Rating Agency
Helvetia Assurances S A	A	A	S & P
Hiscox Syndicates Limited	a+	A	A.M.Best
India International Insurance Pte Ltd	A-	A-	S & P
International General Insurance Company (UK) Limited	a	A	A.M.Best
International General Insurance Company (UK) Limited	a	A	AM Best
IRB- Brasil Resseguros- Brasil	a-	A-	A.M.Best
Korean Re	a	A	A.M. Best
Kuwait Reinsurance Company	a-	A-	A.M.Best
Liberty Mutual Insurance Company	A	A	S & P
Liberty Mutual Insurance Europe SE	a	A	A.M.Best
Liberty Specialty Market	A	A	S & P
Managing Agency Partners Limited	a+	A	A.M.Best
MAPFRE RE, Compañía de Reaseguros, S.A.	a+	A	A.M.Best
Markel Syndicate Management Limited	a+	A	A.M.Best
MS Amlin Underwriting Limited	a+	A	A.M.Best
Munchener Ruckversicherungs	aa	A+	A.M.Best
Munich Re Syndicate Singapore Pte Ltd	a+	A	A.M.Best
Navigators Underwriting Agency Limited	a+	A	A.M.Best
Navium Marine Ltd/Fidelis Underwriting Limited	a	A	A.M.Best
New Reinsurance Co.	aa	A+	A.M.Best
Norwegian Hull Club	A	A	S & P
Ocean International Reinsurance Company Limited	a-	A-	A.M.Best
Ocean Underwriting Consortium 4872	a+	A	A.M.Best
Olifield Insurance Agencies Ltd on behlf of Lloyd's syndicates	a+	A	A.M.Best
Oman Insurance Company	a	A	A.M.Best
Oman Insurance Company P.S.C	a	A	A.M.Best

Name of the Company	Credit Rating	Financial strength Rating	Name of the Rating Agency
Partner Reinsurance Europe SE - Zurich Branch	aa-	A+	A.M.Best
PICC Property & Casualty Company Ltd	A1	A1	Moody's
Ping An Property & Casualty Insurance Company of china	A-	A-	S & P
QBE Europe	A+	A+	S & P
QBE UK Limited	a+	A	A.M.Best
Royal & Sun allianz Insurance Plc	a+	A	A.M.Best
Samsung Reinsurance Pte. Ltd	a	A	A.M.Best
Santam Re on behalf of New reinsurance Company, Switzerland	AA-	AA-	S & P
Sirius International Ins. Corp. - Zurich Branch	a-	A-	A.M.Best
Starr International (europe) Limited	a	A	A.M.Best
Starr International Insurance (Asia) Limited	a	A	A.M.Best
Starr International Insurance (Singapore) Pte. Ltd.	a	A	A.M.Best
Starr Managing Agents Limited	a+	A	A.M.Best
Steamship Mutual Underwriting Association Ltd	A	A	S & P
Swiss Re Asia Pte Ltd.	aa	A+	AM Best
Swiss Re International SE	aa	A+	A.M.Best
Taiping Re	a	A	AM Best
Talbot Risk Services pte Ltd	a+	A	A.M.Best
Talbot Underwriting 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 Kiln Syndicates Limited	a+	A	A.M.Best
Travelers Syndicate Management Limited	a+	A	A.M.Best
Triglav Re	A	A	S & P
XL Catlin Insurance Company UK Ltd	aa-	A+	A.M.Best
Zurich Insurance Company	aa-	A+	A.M.Best

Notes to the Financial Statements

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (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 & 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 optimizing the investment returns.

Investment risk management is of paramount importance in current turbulent markets characterized by high volatility of asset returns, reduced diversification benefits due to high correlations, and wider dispersion in market sentiments & 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 optimizing the return.

The Group is maintaining 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	Impact on OCI	Impact on Profit	Impact on OCI
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
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)
As at 31 December 2020				
Shock Level:				
5%	622,514	960,775	(622,718)	(960,775)
10%	1,245,028	1,921,550	(1,245,435)	(1,921,550)
	1,867,542	2,882,325	(1,867,542)	(2,882,325)

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 mismatches.

Further the Group has adopted the following policies to mitigate the interest rate risk:

1. A considerable portion of the investments is made in risk free investments of Government securities with adherence to the rules and regulations issued by the IRCSL in maintaining risk free investments.
2. The major part of the investment portfolio is made in rated financial institutions or in rated instruments.
3. The Investment Committee makes the investment decisions and approval from the Board of Directors is sought wherever necessary.

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	2021 Rs. 000'	2020 Rs. 000'
Fixed Rate Instruments		
Held To Maturity (HTM)		
Treasury Bonds	60,916,652	51,885,786
Loans and Receivable (LGR)		
Unlisted Debentures	14,933,560	15,434,096
Term Deposits	11,590,662	14,086,589
Development Bonds	8,637,546	7,241,625
Available For Sale (AFS)		
Listed Debentures	39,379,579	33,376,199
Treasury Bond	3,929,773	1,226,488
	139,387,772	123,250,782
Floating Rate Instruments		
Loans and Receivables (L & R)		
Development Bonds	4,119,116	4,015,977
Unlisted Debentures	7,410,416	6,876,142
Available-For-Sale (AFS)		
Listed Debentures	-	-
	11,529,532	10,892,120
	150,917,304	134,142,902

Notes to the Financial Statements

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.2.1 Interest Rate Risk (Contd.)****Sensitivity Analysis**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and interest income by the amounts shown below.

31 December 2021	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
	Impact on Interest Income Rs. 000'	Impact on Equity Rs. 000'	Impact on Interest Income Rs. 000'	Impact on Equity Rs. 000'
Company				
Financial Investments				
Loans and Receivable (LGR)	767,620	-	(767,620)	-
Available For Sale (AFS)	-	38,215,582	-	39,397,702
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	767,620	38,215,582	(767,620)	39,397,702

31 December 2020	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
	Impact on Interest Income Rs. 000'	Impact on Equity Rs. 000'	Impact on Interest Income Rs. 000'	Impact on Equity Rs. 000'
Company				
Financial Investments				
Loans and Receivable (LGR)	718,524	-	(718,524)	-
Available For Sale (AFS)	-	33,814,222	-	35,884,582
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	718,524	33,814,222	(718,524)	35,884,582

* In case of a shift in yield curve, there is:

No impact to the Interest Income or to the Equity for the fixed rate debt instruments classified under HTM and LGR

An impact to the Interest Income but no impact to the Equity for the floating rate debt instruments classified under HTM and LGR

No impact to the Interest Income but there is an impact to the Equity for the fixed rate debt instruments classified under AFS

An impact to the Interest Income but no impact to the Equity for the floating rate debt instruments classified under AFS

The Central Bank of Sri Lanka (CBSL) adopted a tightening monetary policy stance during the latter part of the financial year, resulting in an upward trend in interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency in March 2022 have resulted in strong policy actions by the CBSL on monetary policy post the end of the reporting period. Such actions have raised monetary policy rates significantly and helped to bridge the gap between policy and market interest rates.

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	
	2021 Rs. 000'	2020 Rs. 000'
Development Bonds:		
USD	12,756,662	11,257,602
Fixed Deposits:		
USD	56,918	51,987
	12,813,579	11,309,589

The following significant exchange rates were applicable during the year;

	Average Rate		Reporting date spot rate	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
USD	191.50	181.93	198.50	184.50
GBP	258.60	241.37	266.67	250.53
AUD	136.83	131.35	142.31	140.66
EUR	218.42	211.49	225.36	225.33

Notes to the Financial Statements

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.2.2 Foreign Currency Risk (Contd.)****Sensitivity Analysis**

A strengthening of the LKR, as indicated below, against the USD,GBP,EUR,AUD at 31st December 2021 would have increased/ (decreased) the forex gain/loss and interest income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

As at 31 December 2021

Company

	Exchange Rate Shock Level		
	1.0%	1.5%	2.0%
	Rs. 000'	Rs. 000'	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

	Exchange Rate Shock Level		
	1.0%	1.5%	2.0%
	Rs. 000'	Rs. 000'	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

As at 31 December 2020 Company	Exchange Rate Shock Level		
	1.00%	1.50%	2.00%
	Rs. 000'	Rs. 000'	Rs. 000'
Impact on Forex Gain/Loss			
Floating Rate Instruments			
USD	112,576	168,864	225,152
Fixed Rate Instruments			
USD	520	780	1,040
	113,097	169,645	226,192
As at 31 December 2020			
	Exchange Rate Shock Level		
	1.00%	1.50%	2.00%
	Rs. 000'	Rs. 000'	Rs. 000'
Impact on Interest Income			
Floating Rate Instruments			
USD	6,172	9,258	12,344
Fixed Rate Instruments			
USD	-	-	-
	6,172	9,258	12,344

The Sri Lankan Rupee witnessed significant volatility in the period of March 2022. Whilst the exchange rate was maintained at stable levels during the year, as per the guidelines issued to the banks by the Central Bank of Sri Lanka (CBSL), the currency depreciated sharply in March 2022 once the CBSL allowed a free float of the currency which resulted in a steep depreciation of the rupee by subsequent period. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country. This resulted in a series of measures such as the continuation of certain import controls and stipulations on foreign currency conversions and remittances. The lack of confidence in the market however resulted in a sharp reduction in foreign currency employment remittances which exacerbated the liquidity situation. The Group adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. The Group was able to navigate the liquidity challenges through matching its obligations with foreign currency inflows as far as possible while also using the strength of its financial position to manage the situation.

Notes to the Financial Statements

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.2 Market Risks (Contd.)****44.2.3 Market Rate Risk**

The Group maintains the maximum exposure limit for the equity in managing the investment portfolio. Further, the Group has diversified the investment portfolio into different sectors to mitigate the unsystematic risks.

Portfolio Diversification of Equity Risks

Sri Lanka Insurance Corporation Limited - Life Insurance Business

Sector	Industry Group	2021		2020	
		Market Value Rs. 000'	%	Market Value Rs. 000'	%
Financials	Banks	13,588,432	46.90%	14,723,680	68.10%
	Diversified Financials	1,530,696	5.28%	-	0.00%
Financials		15,119,128	52.19%	14,723,680	68.10%
Consumer Discretionary	Consumer Services	1,692,833	5.84%	1,203,724	5.57%
	Consumer Durables & Apparel	-	0.00%	131,645	0.61%
	Retailing	56,165	0.19%	31,366	0.15%
	Automobiles & Components	-	0.00%	15,625	0.07%
Consumer Discretionary		1,748,998	6.04%	1,382,359	6.39%
Industrials	Capital Goods	8,265,137	28.53%	3,210,133	14.85%
*Health Care	Health Care Equipment & Services	1,552,512	5.36%	232,793	1.08%
Telecommunication Services	Telecommunication Services	697,921	2.41%	596,954	2.76%
Materials	Materials	776,696	2.68%	459,811	2.13%
Consumer Staples	Food & Staples Retailing	-	0.00%	124,759	0.58%
	Food, Beverage & Tobacco	321,780	1.11%	400,381	1.85%
Real Estate	Real Estate	89,265	0.31%	66,949	0.31%
Energy	Energy	149,795	0.52%	160,824	0.74%
Information Technology	Technology Hardware & Equipment	249,350	0.86%	263,044	1.22%
Total		28,970,583	100%	21,621,687	100%

* Including the Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

Sri Lanka Insurance Corporation Limited - General Insurance Business

Sector	Industry Group	2021		2020	
		Market Value Rs. 000'	%	Market Value Rs. 000'	%
Financials	Banks	8,746,720	64.92%	8,305,690	82.66%
	Diversified Financials	501,855	3.73%	93,974	0.94%
Financials		9,248,574	68.65%	8,399,664	83.59%
Consumer Discretionary	Consumer Durables & Apparel	9,239	0.07%	7,186	0.07%
	Retailing	-	0.00%	-	0.00%
Consumer Discretionary		9,239	0.07%	7,186	0.07%
Consumer Staples	Food, Beverage & Tobacco	-	0.00%	14,040	0.14%
*Health Care	Health Care Equipment & Services	1,666,678	12.37%	32,621	0.32%
Industrials	Capital Goods	1,566,065	11.62%	757,729	7.54%
Materials	Materials	63,432	0.47%	2,850	0.03%
Utilities	Utilities	741,970	5.51%	717,050	7.14%
Real Estate	Real Estate	-	0.00%	18,607	0.19%
Telecommunication Services	Telecommunication Services	80,437	0.60%	68,800	0.68%
Energy	Energy	96,032	0.71%	29,620	0.29%
Total		13,472,428	100%	10,048,167	100%

*Including The Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

44.3 Credit Risk

Credit risk is the risk of financial loss to the Group if investee companies, reinsurers and any other counter party to a financial instrument fail to meet their contractual obligations, and if arises principally from the Group's receivables from customers and investments in debt securities.

The Group has established its own limits on concentration of investments by single issuers and certain asset classes and also limits investments in illiquid instruments.

No investment has been made in term deposits other than in Licensed Commercial Banks and Licensed Specialized Banks.

Investment grade credit rating for both the entity and the instrument by a recognized credit rating agency is expected for all investments in corporate debentures and commercial papers.

No debt investment has been made in any of the related companies.

A comprehensive credit analysis is carried out internally prior to making any investment in a debt security.

Notes to the Financial Statements

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**The Maximum Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31 December	Note	Group		Company	
		2021 Rs. 000'	2020 Rs. 000'	2021 Rs. 000'	2020 Rs. 000'
Held To Maturity (HTM)	5	60,916,652	51,885,786	60,916,652	51,885,786
Loans and Receivable (LGR)	5	35,100,639	33,567,839	35,100,639	33,567,839
Available For Sale (AFS)	5	43,309,352	34,602,687	43,309,352	34,602,687
Loans to policyholders	12	1,637,187	1,734,723	1,637,187	1,734,723
Reinsurance receivable	13	2,901,995	2,180,977	2,901,995	2,180,977
Premium receivable	14	7,977,747	6,733,833	7,977,747	6,733,833
Other assets	16	8,695,391	6,682,254	8,695,391	6,682,254
Cash and cash equivalents	18	27,378,865	31,546,403	16,920,370	16,149,956
		187,917,828	168,934,502	177,459,333	153,538,055

Government Securities

Government securities consist of investments in treasury bills, treasury bonds, B615 development bonds and reverse repurchase agreements which are referred to as risk free instruments by nature.

Corporate Debt Securities

The corporate debt securities consist of corporate debentures which are listed in the Colombo Stock Exchange and are guaranteed by local and foreign credit rating agencies. An analysis of credit ratings of the issuers of debt securities are given in this note.

Loans to policyholders

Credit risk related to the policyholder loans is the financial losses which could arise due to non - settlement of loans by policyholders.

The Group has issued loans to policyholders considering the surrender value of the policy as collateral. As at the reporting date, the carrying value of the policy loans granted amounted to Rs. 1,471 mn (2020 - Rs. 1,591 mn). and the related surrender value is Rs. 2,648 mn (2020 - Rs. 2,801 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. 27,379 mn as at 31st December 2021 (Rs. 31,545 mn as at 31st December 2020) which represent its maximum credit exposure on these assets.

As at 31 December	2021	% of	2020	% of
Credit Risk Exposure - Life Insurance Business	Rs.000'	Allocation	Rs.000'	Allocation

Financial Investments

Debt Securities - Loans & Receivables	28,160,410	44%	29,178,899	49%
Debt Securities - Available For Sale	35,907,929	56%	30,096,138	51%
	64,068,339	100%	59,275,036	100%

As at 31 December	2021	% of	2020	% of
Credit Risk Exposure - General Insurance Business	Rs.000'	Allocation	Rs.000'	Allocation

Financial Investments

Debt Securities - Loans and Receivables	5,774,228	62%	7,217,928	47%
Debt Securities - Available For Sale	3,573,594	38%	8,083,372	53%
	9,347,822	100%	15,301,299	100%

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44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.3 Credit Risk (Contd.)**

Debt Securities Allocation according to Credit Ratings

Life Insurance Business

As at 31 December Rating	2021		2020	
	Rs. million	% of Total	Rs. million	% of Total
AAA	3,797	9%	3,825	10%
AA+	1,831	4%	2,058	5%
AA	75	0%	83	0%
AA-	15,793	36%	10,693	27%
A+	10,276	24%	8,291	21%
A	7,442	17%	5,855	15%
A-	2,419	6%	4,499	12%
BBB+	1,932	4%	1,986	5%
BBB	152	0%	152	0%
BBB-	-	0%	-	0%
BB+	-	0%	-	0%
BB-	-	0%	-	0%
Unrated	-	0%	1,515	4%
Total	43,717	100%	38,958	100%

*Credit Risk on Fixed Deposits is based on Credit risk of the Bank.

General Insurance Business

As at 31 December Rating	2021		2020	
	Rs. million	% of Total	Rs. million	% of Total
AAA	1,795	25%	4,207	49%
AA+	57	1%	52	1%
AA	23	0%	22	0%
AA-	1,627	22%	1,758	21%
A+	2,276	31%	599	7%
A	-	0%	7	0%
A-	1,343	19%	1,725	20%
BBB+	132	2%	134	2%
BBB-	-	0%	-	0%
Total	7,253	100%	8,505	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 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 and 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 and 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
Financial 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

Notes to the Financial Statements

44 INSURANCE AND FINANCIAL RISK MANAGEMENT (CONTD.)**44.4 Liquidity Risk (Contd.)****Maturity Analysis (Contd.)**

As at 31 December 2020 Company	Carrying Value Rs. 000'	No fixed tenure Rs. 000'	Up to 1 Year Rs. 000'	1 to 2 Years Rs. 000'	2 to 5 Years Rs. 000'	5 to 10 Years Rs. 000'	Over 10 Years Rs. 000'	Total Rs. 000'
Financial Investments								
Held-To-Maturity (HTM)	51,885,786	-	3,651,700	1,150,000	10,270,000	16,457,717	17,500,000	49,029,417
Loans and Receivables (L & R)	47,654,430	-	11,227,033	7,773,255	23,612,575	3,000,000	-	45,612,863
Available-For-Sale (AFS)	55,420,438	20,817,752	2,944,969	2,529,000	14,215,652	11,234,630	-	51,742,003
Fair Value Through Profit or Loss (FVTPL)	15,346,680	15,346,680	-	-	-	-	-	15,346,680
Loans to policyholders	1,734,722	-	1,734,722	-	-	-	-	1,734,722
Reinsurance receivable	2,180,978	-	1,896,152	168,993	55,037	60,009	787	2,180,978
Premium receivable	6,733,832	-	6,733,832	-	-	-	-	6,733,832
Other assets	3,801,275	-	3,801,275	-	-	-	-	3,801,275
Cash and cash equivalents	16,149,955	-	16,149,955	-	-	-	-	16,149,955
	200,908,097	36,164,432	48,139,639	11,621,248	48,153,264	30,752,356	17,500,787	192,331,726
Financial Liabilities								
Reinsurance payable	1,675,280	-	1,486,078	139,055	32,497	8,868	8,782	1,675,280
Current tax liabilities	2,033,052	-	2,033,052	-	-	-	-	2,033,052
Other liabilities	6,075,756	-	6,075,756	-	-	-	-	6,075,756
Financial liabilities	453,997	-	453,997	-	-	-	-	453,997
	10,238,085	-	10,048,883	139,055	32,497	8,868	8,782	10,238,085

44.5 Capital Management

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions.

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 amounted to Rs.43 Mn (2020 - Rs. 56 Mn).

Litro Gas Terminal Lanka (Pvt) Limited

The capital expenditure approved by the Board but not contracted for as at 31st December 2021 is amounted to Rs. 17.9 Mn (2020 - Rs. 18.4 Mn).

Litro Gas Lanka Limited

The capital expenditure approved by the Board but not contracted for as at 31st December 2021 is amounted to Rs. 104 Mn (2020 - 361 Mn).

Sinolanka Hotels & Spa (Pvt) Ltd & Helanco Hotels & Spa (Pvt) Ltd

The total establishment cost for the construction of Grand Hyatt Colombo is Rs. 50.7 Bn.

The following commitments for capital expenditure approved by the Directors as at 31st December 2021 have not been provided in the financial statements of Sinolanka Hotels & Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd.

	2021 '000	2020 '000
Approximate amount contracted for but not incurred	14,285,779	10,856,270

45.2 Contingent Liabilities & Guarantees

There were no significant Contingent Liabilities & Guarantees for which no provision has been made in the accounts or approved by the Board but not contracted as at the reporting date that would require adjustments to or disclosure in the Financial Statements, other than which is described below.

Sri Lanka Insurance Corporation Ltd.

Value Added Tax and Nation Building Tax Assessments issued by the Commissioner General of Inland Revenue

The Inland Revenue Department has taken a view that Reinsurance claims received from foreign reinsurers for the General insurance is liable for the Value Add Tax. Accordingly Company received a Value added Tax (VAT) Assessment on the Reinsurance Claims outstanding to Rs. 318,099,913/- and Rs. 26,903,739 years of assessments 2004/2005 and 2005/2006, respectively.

This is a common assessment issued by the department of Inland Revenue to most insurance companies in the General Insurance business. However as a General Insurance Industry view of that, they are not liable for the VAT on Reinsurance Claim.

The Company has filed valid appeals against these assessments with the consultation of tax consultants. The Board of Review by letter dated 21st July 2010 determined that the assessments are valid. The Company is making an appeal to the Court of Appeal contesting the determination made by the Board of Review. The Company has provided the Liability of Rs. 345Mn pending the decision of the Court of Appeal.

The Company has received an official communication from Inland Revenue Department stating that the company is liable for Value Added Tax and Nation Building Tax on the Financial Service based on the section 25C of the VAT Act, No 14 of 2002 . Accordingly Company received assessment on the VAT on Financial Service and NBT on the Financial Service for the period ending 31st December 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 amounting to Rs. 2,364 million, Rs. 374 million, Rs. 192 million, Rs. 232 million, Rs. 208 million, Rs. 247 million, Rs. 834 million, Rs. 464 million and Rs. 564 million respectively.

Notes to the Financial Statements

45 COMMITMENTS, CONTINGENCIES AND GUARANTEES (CONTD.)**45.2 Contingent Liabilities & Guarantees (Contd.)****Sri Lanka Insurance Corporation Ltd. (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 and 2012 are valid from their latter dated 01st July 2019, 26th June 2019 and 27th August 2020 respectively. Company has appealed against the said decisions in the Court of Appeal and further Company has applied for a Writ order to cease the decision of Tax Appeal Commission to encashment of Bank guarantee in the Court of Appeal. Status 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. 192Mn
2013/2014	Pending decision from Tax Appeal Commission	VAT on financial Services	An additional Tax Liability of Rs. 232Mn
2014/2015	Pending decision from Tax Appeal Commission	VAT on financial Services	An additional Tax Liability of Rs. 208Mn
2015/2016	Pending decision from 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 Commission General	VAT and NBT on financial Services	An additional Tax Liability of Rs. 464 Mn
2018/2019	Pending decision from Commission General	VAT on financial Services	An additional Tax Liability of Rs. 564 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 does not engage in the business of Financial Services. Hence, no additional provision has been made in the financial statements.

45.2 Contingent Liabilities & Guarantees

Income Tax

The Company received Income Tax Assessment for the year of assessment from 2011/2012 to 2017/2018 with respect to taxation of Life Insurance and assessment amounts of the said periods are shown in the bellow 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 the company's tax consultants are those assessment will not materialize. 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 2012/2013 and 2011/2012 are valid from their letter dated 18th August 2020 and 14th December 2021 respectively. Company has appealed against the said decision in the Court of Appeal and further Company has applied for a Writ order to cease the decision of Tax Appeal Commission to encashment of Bank guarantee in the Court of Appeal. Status of each assessment are provided in table below.

Year of Assessment	Status of Assessment	Nature of Contingent Liability	Measurement of contingent impact to the company
2011/2012	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 524 Mn
2012/2013	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 296 Mn
2013/2014	Pending decision from Tax Appeal Commission	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. 1,149 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

The Lanka Hospitals Corporation PLC

Pending litigations against The Lanka Hospitals Corporation PLC with a maximum liability of Rs. 56 Mn exist as at the reporting date. Based on the information currently available company has been adviced 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.

There were no material contingent liabilities as at the reporting date which require adjustments to or disclosure in the financial statements, other than mentioned above.

Notes to the Financial Statements

45 COMMITMENTS, CONTINGENCIES AND GUARANTEES (CONTD.)**45.2 Contingent Liabilities & Guarantees (Contd.)****Canwill Holdings (Pvt) Ltd**

There were no significant contingent liabilities other than what is disclosed below, which require adjustments to or disclosure in the financial statements.

Mr. D R P Abeyasinghe, who was the Managing Director of Canwill Holdings (Pvt) Ltd, ceased from his post on 23rd 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, reading with Article 25 (4) of the Articles of Association of the company at the Extraordinary General Meeting held on 06th August 2019.

Accordingly, Mr. Abeyasinghe has filed a case at the Labour Tribunal (case No LT2/907/2019) against the company on the grounds that his termination was unlawful. Furthermore, other complaints have also been made to the Department of Labour and to the Employees Trust Fund Board. The aforesaid case No LT2/907/2019 was a verdict in favor of the applicant as per the decision of the Hon. President of the Labour Tribunal dated 20th 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 19th February 2021. The next hearing will be on 22nd June 2022 and the case is ongoing to the reporting date.

Canwill Holdings (Pvt) Ltd (Contd.)

Further Mr. D R P Abeyasinghe has filled a complaint dated 15th August 2019 demanding Rs. 8,065,000 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.

Sinolanka Hotels & Spa (Pvt) Ltd

The Greenery Company (Pvt) Ltd, who was the Landscape (Softscape) works and maintenance contractor of the Grand Hyatt Project has breached their contractual obligations in execution of the said contract. Accordingly, SHSL intended to demand for the full value of the performance bond Rs. 3,629,275 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 19.07.2019. Hence, the Greenery Company agreed to extend the period by executing a similar Performance Bond for a period of 3 months from 22.07.2019. After tendering written submissions by both parties, the Court made an order refusing the interim injunction prayed by the Greenery Company (Pvt) Ltd and it has been fixed this case for trial which is ongoing as at the reporting date.

46 EVENTS AFTER THE REPORTING DATE

There were no significant contingent liabilities other than what is disclosed below, which require adjustments to or disclosure in the financial statements.

The Lanka Hospitals Corporation PLC

The Board of Directors of the Company has declared an interim dividend of LKR 1.00 per share for the financial year ended 31st December 2021 on 20th January 2021 and paid on 23rd February 2022.

46.1 Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8th April 2022, the Company is liable for the surcharge tax of Rs. 2,426,624,957 out of the taxable income of Rs. 9,706,499,829 pertaining to the year of assessment 2020/21. According to the said Act, the surcharge tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 01st January 2020. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted as recommended by the SoAT on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022.

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

	Company Rs. 000'	Group Rs. 000'
Profit after Tax for 31.12.2020	5,788,533	6,930,328
Surcharge Tax levied under Surcharge Act	(2,426,625)	(2,853,981)
Comparable Profit for the year 2020	3,361,908	4,076,347

Further, the Surcharge Tax liability of the Group for the year ended 31st December 2020 is as follows;

Company Name	Holding % of SLIC As at 31.12.2020 (Direct)	Holding % of SLIC As at 31.12.2020 (Indirect)	Taxable Income Liable for Surcharge Tax (Rs. 000')	Surcharge Tax (Rs. 000')
Sri Lanka Insurance Corporation Ltd	-	-	9,706,500	2,426,625
The Lanka Hospitals Corporation PLC	51.34%	-	140,381	35,095
Lanka Hospitals Diagnostics (Pvt) Ltd	-	51.34%	27,644	6,911
Litro Gas Lanka Ltd	99.94%	-	NIL	NIL
Litro Gas Terminal Lanka (Pvt) Ltd	100%	-	1,493,999	373,500
Canwill Holdings (Pvt) Ltd	45.95%	27.02%	NIL	NIL
Sinolanka Hotels & Spas (Pvt) Ltd	-	72.97%	NIL	NIL
Helanco Hotels & Spas (Pvt) Ltd	-	72.97%	17,706	4,426
Canowin Hotels & Spas (Pvt) Ltd	100%	-	NIL	NIL
Management Services Rakshana (Pvt) Ltd	100%	-	29,695	7,424
Group Total (Rs. 000')				2,853,981

Notes to the Financial Statements

46 EVENTS AFTER THE REPORTING DATE (CONTD.)**46.2 Covid 19 Impact To The Company'S Financial Position And Performance.**

COVID-19 outbreak which affected the Company and subsidiary Companies of the Group operations since early March 2020 continue to evolve and change as its effects are far reaching. Accordingly, in preparing the financial statements, the management has considered the impact of COVID-19 primarily as following: The Company and Group have not noted any events or conditions that may cast significant doubt about Group's ability to continue as a going concern in view of COVID-19 pandemic. Uncertainty due to COVID-19 related events are reflected in the Group's assessment of expected credit losses from its trade receivables and other financial assets which are subject to a number of management judgment and estimates.

47 RECLASSIFICATION OF COMPARATIVE FIGURES FOR INCOME STATEMENT, PROFIT AND OTHER COMPREHENSIVE INCOME AND THE STATEMENTS OF EQUITY CHANGES FOR THE YEAR

Certain comparative figures have been restated to confirm to the classifications and presentations as at 31st December 2020. Accordingly, lease interest expenses which was included in Net realised gains in the year 2021 amounting to Rs. 82.9 Mn has been reclassified to Other operating and administrative expenses.

48 THE SEGREGATION OF THE LIFE AND GENERAL INSURANCE BUSINESS

As stipulated in the Amendment to the Insurance Act, No. 03 of 2011, composite insurance companies are required to segregate the long-term insurance business and the general insurance business carried on by it, into two separately established companies and the said compliance was to be effective by 11.02.2015. The Company is currently discussing with the relevant ministries to agree a methodology to satisfy the legal framework. Since the Company has not been able to segregate the composite business due to the aforementioned facts, the disclosure requirements of the "Guidelines on the presentation and disclosure of the long-term and general business under Section 53 of the Regulation of Insurance Industry (Amendment) Act No. 3 of 2011 issued by the Institute of Chartered Accountants of Sri Lanka" are not applicable.

"Even though the budget proposal on exemption of the above section for the Company was tabled at the budget proposal discussion for 2022 on 12th November 2021. It has not yet been enacted by way of a gazette notification as at the reporting period."

49 USE OF TERMINAL FACILITY**Litro Gas Lanka Limited**

The company obtains bulk storage facilities for LPG from Litro Gas Terminal Lanka (Private) Limited. In obtaining this services, the company uses the latter's own storage tanks, pipelines and pumping stations and pays a 'throughput fee' to Litro Gas Terminal Lanka (Private) Limited for the facilities obtained. This throughput arrangement contains a lease arrangement identified under IFRIC 4 and, thus, constitutes a finance lease arrangement as per the terms of the contract. However, in view of the storage facility of the terminal being available for other importers as well and as it is the management's intention to enter into contracts with other importers to store the LPG, the said storage facilities have not been recognised in the books of account of the company. However, during the year under review Litro Gas Terminal Lanka (Private) Limited had not entered into any agreement to lease out the facilities in absence of any favourable proposal from prospective importers.

Litro Gas Terminal Lanka (Private) Limited

The Company provides bulk storage facilities for LPG and distribution of the same to Litro Gas Lanka Limited. In performing this function, the Company uses its own storage tanks, pipelines and pumping stations and receives a 'throughput fee' from Litro Gas Lanka Limited for the facilities provided. This throughput arrangement contains a lease arrangement identified under IFRIC 4 and, 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 in to 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 in to lease out the facilities in the absence of any favourable proposal from prospective importers.

50 GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Helanco Hotels and Spa (Private) Limited

The Board of Directors of Helanco Hotels & Spa (Pvt) Ltd have resolved to discontinue the project to construct the Hotel in Hambantota in the year 2015. As a consequence, the hotel construction activities of the project 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 01st August 2017. This program 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. Therefore, the Financial Statements of Helanco Hotel & Spa (Pvt) Limited continue to be prepared on the Going Concern basis.

Sinolanka Hotel and Spa Private Limited

The Management of Sinolanka Hotels & Spa (Pvt) Ltd has made an assessment on the Company's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. In addition, 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 08th July 2020. Accordingly, construction works of the project were recommenced during the year 2020. Accordingly, construction works of the project were recommended during the year 2020. Further, based on the Cabinet of Ministers approval Ref 21/2278/306/100 dated 01st January 2022, the Management of the Company is working on the arrangement of USD 175 Mn project finance by way of USD 25 Mn equity and USD 150 Mn debt capital.

Canwill Holdings (Pvt) Ltd

The Management of Canwill Holdings (Pvt) Ltd has made an assessment on the Company and its subsidiaries' ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

Notes to the Financial Statements

51 IMPACT OF CURRENT ECONOMIC OBSERVATIONS

The prevailing macroeconomic conditions and its implications have increased the uncertainty of estimates made in the preparation of the Financial Statements. The estimation uncertainty is associated with:

1. the extent and duration of the disruption to businesses arising from the prevailing macroeconomic conditions and the related actions of stakeholders such as Government, businesses, and customers.
2. the extent and duration of the prevailing macroeconomic conditions due to impact on GDP, capital markets, credit risk of customers, impact of unemployment and possible decline in consumer discretionary spending.
3. the effectiveness of Government and Central Bank measures that have been put in place in response to the prevailing circumstances

The recent economic observations which can be articulated as follows have caused unprecedented impact on the insurance business: increased inflation, increased unemployment, increasing Market Interest rates and yield on Government securities, widening fiscal deficit, widening Government debts and debt service payments, depreciation of Rupee against major currencies, growing export earnings but broadening balance of payment, drastic reduction in Gross Official Reserves, declining in tourism earnings & foreign remittance and Credit rating downgrades etc.

We have deliberated below the impact on the economic crisis on different facets of our business.

Implications for Investments

Negative real returns, as a result of high inflation is expected to pose significant challenges to the finance sector to provide real returns to clients and remain competitive. At the same time, the USD is also expected to gain significantly against the LKR. The uncertainty in the economy and the negotiations with the IMF would be keenly followed by all participants in the market. We envisage an equity driven strategy focused on USD based counters as a hedge for both of these scenarios.

Implications for General Insurance business

Due to the prevailing COVID 19 and economic recession situation of the country, it was decided that, the budgeted numbers for the FY 2022 for General Insurance business should be re-forecasted. Therefore, the Gross Written Premium for motor business is expected to decline by around 3% and Gross written Premium for Non- motor business will be decreased by around 4% than the budgeted GWP for the FY 2022. It is overall around 4% reduction in General Insurance business.

Apart from that, Claim / Loss ratio for motor business is expected to be increased by 35% due to the price escalation of the spare parts. In Non-motor business, SHE claims will rapidly grow up than budgeted claims, by around 35% due to upturn in prices of medical equipment's and medicines. Therefore, the overall claim ratio for General Insurance business would be 85%.

Management expenses for General Insurance business are also expected to increase mainly, because of the express growth of fuel prices and depreciation of rupee value against American dollar value. Therefore, it is assumed that, there will be 45% boost in fuel related expenses and 50% raise in dollar denominated expenses.

Claim cost will go up both in motor and medical sectors drastically due to the increase in spare parts cost and medicines. This is mainly due to two reasons: adverse fluctuation of LKR against USD and restriction of imports. Increase cost will impact on fire claims as well due to huge price increase in construction materials, machinery spare parts etc.

Our own operational cost too will increase due to the currency fluctuation and scarcity of supply.

Some motor customers might switch from comprehensive to 3rd party insurance, due to the financial difficulties. Non-motor customers might delay their insurance purchase decisions as they have to give priority to basic needs. Accordingly, we will have to encounter an escalating cost amidst the lower income than expected.

In addition, there can be development of moral hazards due to the economic crisis which will increase claims (arson, deliberate exaggeration, fraudulent claims etc.) For example, civil unrest might cause property damage and injuries which will eventually increase the claims

Threat of increase in cancellations and payment delays by customers

Implications for Life Insurance business

It is observed that 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, mainly for GI

On the other hand, there are operational difficulties on life business due to extended power cuts and transport difficulties. We are working on leveraging the technology to work remotely and to connect with our stakeholders digitally, in response to the pandemic and threats poses by the economic and energy crisis.

Further, such matters are addressed at the Business Continuity Steering Committees and financial impact and proposed strategies are followed-up with the EXCO members weekly.

Impact on Risk Based Capital and Solvency

In the interest of all our stakeholders, we are in the view that SLIC's business activities can be maintained without any major hindrance throughout the island. After a successful vaccination programme in Sri Lanka, the number of Covid 19 related incidents have reduced significantly over the country at the moment and SLIC with its strong financial strength and better management, have withstand the pandemic successfully during 2021. SLIC was able to maintain its Life Insurance CAR and General Insurance CAR during this challenging period well above 400% and 200% respectively. This shows SLIC's financial strength and sustainability at long term.

The ongoing economic crisis will have a short term as well as long term impact to insurance industry. Due to high inflation rates in the country, the customer needs will alter and payment of insurance premium may get impacted. SLIC will expect policy surrenders and lapses than normally observed. However the strong asset base will support the CAR to be maintained above minimum regulatory requirement in both Life and General Insurance segments.

Notes to the Financial Statements

51 IMPACT OF CURRENT ECONOMIC OBSERVATIONS (CONTD.)**Impact on mortality and morbidity related assumptions**

SLIC observed increase in health claims during 2021, due to Covid impact. However, given the success of the vaccination programme, where 14.3 million individuals have obtained at least two Covid-19 vaccines and out of them 7.9 million individuals obtaining the 3rd (booster) dose (source: <https://epid.gov.lk> as at 2022.04.02) , the number of cases have drastically reduced currently. Impact of fatality due to Covid 19 to SLIC was minimal during 2021.

There is no evidence up to date that there is another Covid 19 outbreak, however, it is well noted that SLIC is methodically following a more prudence basis, in providing liability for life policyholder benefits for the SLFRS purpose. Liabilities are set with prudence margin on the best estimate assumptions, having allowed margin for adverse deviation. Since the impact from the corona virus on the mortality and morbidity may deteriorate the experience only for a short time period, there are no concerns about the assumptions already set hence the adequacy of the liabilities.

Impact on Ratings

Fitch ratings affirmed SLIC "National Insurer Financial Strength Rating" AA(Ika) on 2021.11.24 with a stable outlook. SLIC remains the highest rated insurance company in Sri Lanka currently.

Any adverse economic condition may have a negative impact on ratings, however it is too early to predict such negative impact.

SUPPLEMENTARY INFORMATION

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ST **R**ATEGY

**We believe that a forward
focused ST**R**ATEGY is a vital
component of our continued
excellence**

Statement of Financial Position of the Life Insurance

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Sri Lanka Insurance Corporation Ltd.
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	Notes	2021 Rs.'000	2020 Rs.'000
Assets			
Financial Investments	A	160,554,249	138,614,218
Investments in Subsidiaries	B	3,296,543	1,296,543
Property, Plant and Equipment	E	97,939	86,004
Right of Use Asset		388,059	458,820
Loans to Policyholders	C	1,637,187	1,734,723
Reinsurance Receivable		811,913	488,859
Premium Receivable from Policyholders		507,391	531,495
Other Assets	D	3,539,443	3,877,779
Cash and Cash Equivalents		13,782,374	12,963,071
Total Assets		184,615,098	160,051,512
Equity			
Available-for-Sale Reserve	F	3,260,333	2,884,888
Revenue Reserves	G	18,381,630	12,987,262
Restricted Regulatory Reserves		98,237	98,237
Revaluation Reserve		71,673	57,378
Total Equity Attributable to Equity Holders of The Company		21,811,873	16,027,765
Liabilities			
Insurance Contract Liabilities (Provision) - Life	H	155,788,928	137,129,036
Right of Use Liabilities		450,308	510,975
Reinsurance Creditors		1,095,095	615,341
Tax Liability		1,257,284	1,113,679
Provision for Retirement Benefits		917,180	1,221,234
Other Liabilities	I	3,080,779	3,260,971
Financial Liabilities (Bank overdraft)		213,651	172,510
Total Liabilities		162,803,225	144,023,746
Total Equity and Liabilities		184,615,098	160,051,512

Notes to the Financial Statements - Life Insurance Fund

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A. FINANCIAL INVESTMENTS

As at 31 December

	Note	2021		2020	
		Carrying	Fair	Carrying	Fair
		Value	Value	Value	Value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Held-To-Maturity (HTM)	A.1	60,399,783	58,824,840	51,319,076	60,961,319
Loans & Receivables (L & R)	A.2	31,897,236	31,897,236	32,654,202	32,654,202
Available-For-Sale (AFS)	A.3	50,606,618	50,606,618	43,263,216	43,263,216
Fair Value Through Profit or Loss (FVTPL)	A.4	17,650,612	17,650,612	11,377,724	11,377,724
		160,554,249	158,979,305	138,614,218	148,256,461

A.1 Held-To-Maturity (HTM)

	2021		2020	
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Treasury Bonds	60,399,783	58,824,840	51,319,076	60,961,319
	60,399,783	58,824,840	51,319,076	60,961,319

A.2 Loans & Receivables (L & R)

As at 31 December

	2021		2020	
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Unlisted Debentures	20,248,744	20,248,744	20,215,004	20,215,004
Fixed Deposits	7,911,667	7,911,667	8,963,895	8,963,895
Development Bonds	3,736,825	3,736,825	3,475,304	3,475,304
	31,897,236	31,897,236	32,654,202	32,654,202

Notes to the Financial Statements - Life Insurance Fund

A.3 Available-For-Sale (AFS)

As at 31 December	2021		2020	
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Stocks	11,813,255	11,813,255	11,186,021	11,186,021
Unit Trusts	967,235	967,235	856,514	856,514
Listed Debentures	35,805,985	35,805,985	29,994,194	29,994,194
Treasury Bonds	2,020,143	2,020,143	1,226,488	1,226,488
	50,606,618	50,606,618	43,263,216	43,263,216

A.4 Fair Value Through Profit or Loss (FVTPL)

As at 31 December	2021		2020	
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Stocks	15,860,785	15,860,785	10,435,667	10,435,667
Unit Trusts	1,789,827	1,789,827	942,057	942,057
	17,650,612	17,650,612	11,377,724	11,377,724

FVTPL investments and AFS investments are valued at fair value. HTM and LGR Investments are valued at amortised cost.

B. INVESTMENTS IN SUBSIDIARIES

		2021	2020
		Rs. '000	Rs. '000
		3,296,543	1,296,543
		2021	2020
	Note	Rs. '000	Rs. '000
At Cost			
Listed Subsidiaries	B.1	1,296,543	1,296,543
Unlisted Subsidiaries	B.2	2,000,000	-
		3,296,543	1,296,543

B.1 Listed Subsidiaries

	2021			2020		
	No. of shares	Carrying Value	Fair Value	No. of shares	Carrying Value	Fair Value
		Rs. '000	Rs. '000		Rs. '000	Rs. '000
The Lanka Hospitals Corporation PLC	58,781,308	1,296,543	3,279,997	58,781,308	1,296,543	3,162,434
	58,781,308	1,296,543	3,279,997	58,781,308	1,296,543	3,162,434

B.2 Unlisted Subsidiaries

	2021		2020	
	No. of Shares	Carrying Value	No. of Shares	Carrying Value
		Rs. '000"		Rs. '000"
Canwill Holdings (Pvt) Ltd		235,294,117	-	-
		235,294,117	-	-

C. LOANS TO LIFE POLICYHOLDERS

	2021	2020
	Rs. '000	Rs. '000
Policyholder loans	1,637,187	1,734,722
	1,637,187	1,734,722

D. OTHER ASSETS

	2021	2020
	Rs. '000	Rs. '000
Inventories	97,275	49,167
Other Debtors and Receivables	176,693	170,662
Other Loans	2,506,115	2,404,777
Amount Due from General Division	263,713	714,188
Prepaid Benefit on Loans	495,647	538,986
	3,539,443	3,877,779

Notes to the Financial Statements - Life Insurance Fund

E. PROPERTY, PLANT AND EQUIPMENT

	Land Rs.'000	Building Rs.'000	Total Rs.'000
Freehold			
Cost			
Balance as at 01.01.2021	43,530	47,193	90,723
Additions	-	-	-
Revaluation	4,638	2,579	7,216
Accumulated Depreciation Transferred to Revaluation Reserve	-	-	-
Balance as at 31.12.2021	48,168	49,772	97,939
Accumulated Depreciation			
Balance as at 01.01.2021	-	4,719	4,719
Depreciation charge for the period	-	2,360	2,360
Transferred to Revaluation Reserve	-	(7,079)	(7,079)
Balance as at 31.12.2021	-	-	-
Carrying Amount			
As at 31st December 2021	48,168	49,772	97,939

F. AVAILABLE FOR SALE RESERVE

Life Policyholders are entitled to Rs. 4,584 Mn and Shareholders are entitled for Rs. 3,260 Mn respectively.

G. REVENUE RESERVE

	Note	2021 Rs.000	2020 Rs.000
General Reserve		42,100	42,100
Reserve on Actuarial Gain/(Loss) on Retirement Benefit		(46,924)	(457,504)
Surplus from Life Insurance	G.1	18,386,454	13,402,666
		18,381,630	12,987,262

G.1. Surplus from Life Insurance

	2021 Rs.000	2020 Rs.000
Balance as at 01st January	13,402,666	11,257,397
Surplus attributable to Shareholders from Life Insurance	4,983,788	2,145,269
Balance as at 31st December	18,386,454	13,402,666

H. INSURANCE CONTRACT LIABILITIES - LIFE

	2021 Rs.000	2020 Rs.000
Life Assurance Fund	129,151,483	112,914,376
Movement of the Fund	23,832,975	18,263,974
Current year profit transfer allocated to Shareholders in the fore of AFS	-	118,402
Transfers of Surplus from Long Term Insurance Business	(4,983,788)	(2,145,269)
	148,000,670	129,151,483
AFS Reserves		
AFS Reserves - Life Fund	4,584,389	4,862,059
Policyholder Outstanding claims	3,203,869	3,115,494
	155,788,928	137,129,036

I. OTHER LIABILITIES

	2021 Rs.000	2020 Rs.000
Premium Received in Advance	287,586	293,850
Trade Creditors & Accrued Expenses	2,793,193	2,967,121
	3,080,779	3,260,971

Ten Year Summary Statement of Income

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	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000
Non- Life			
Gross Written Premium	21,255,023	20,163,296	18,974,323
Reinsurance	(4,029,008)	(3,133,728)	(3,358,526)
Unearned Premium	(325,424)	(1,667,533)	(306,793)
Net Earned Premiums	16,900,591	15,362,035	15,309,003
Net Claims Incurred	(10,206,589)	(7,786,221)	(9,290,432)
Underwriting & Net Acquisition Expenses /Commission Expenses	(653,821)	(864,830)	(967,782)
Operating & administration Expenses	(5,457,312)	(5,047,881)	(4,546,109)
Investment and Other Income	4,655,818	3,159,227	4,483,050
Profit before Taxation	5,238,687	4,822,331	4,987,730
Taxation	(181,339)	(1,179,070)	(330,151)
Profit after Taxation	5,057,348	3,643,261	4,657,579
Long Term			
Gross Written Premium	21,975,988	19,257,997	14,820,025
Net Written Premium	21,496,234	18,844,423	14,463,057
Investment and Other Income	21,082,101	15,321,245	14,425,899
Net Claims Incurred	(9,978,828)	(7,986,076)	(7,333,265)
Commission Expenses	(2,566,486)	(2,131,963)	(2,018,406)
Operating & administration Expenses	(4,697,086)	(4,779,473)	(4,660,164)
Change in contract liabilities - Life fund	(18,849,187)	(16,118,705)	(11,659,844)
Profit before Taxation	6,486,748	3,149,451	3,217,278
Taxation	(1,502,959)	(1,004,178)	(845,900)
Profit After Taxation	4,983,789	2,145,273	2,371,377
Total Business			
Revenue	64,062,308	52,614,495	48,608,571
Gross Written Premium	43,231,011	39,421,293	33,794,347
Net Earned Premiums	38,396,825	34,206,458	29,772,061
Net Claims Incurred	(20,185,417)	(15,772,297)	(16,623,696)
Change in contract liabilities - Life fund	(18,849,187)	(16,118,705)	(11,659,844)
Investment and Other Income	25,665,483	18,408,038	18,836,510
Underwriting & Net Acquisition Expenses /Commission Expenses	(3,220,308)	(2,996,793)	(2,986,189)
Operating & administrative expenses	(10,081,963)	(9,754,918)	(9,133,838)
Profit before Taxation	11,725,433	7,971,782	8,205,004
Taxation	(1,684,297)	(2,183,249)	(1,176,052)
Profit after Taxation	10,041,136	5,788,533	7,028,955

2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000
18,532,092	18,920,562	15,720,793	14,049,934	12,544,828	12,953,151	12,803,592
(2,989,790)	(4,542,029)	(2,556,737)	(2,427,362)	(2,709,017)	(3,129,667)	(2,992,362)
(450,954)	(726,188)	(830,098)	(1,536,333)	15,662	(318,509)	(324,012)
15,091,348	13,652,345	12,333,957	10,086,240	9,820,149	9,504,974	9,487,217
(10,028,386)	(9,127,011)	(8,605,127)	(6,628,963)	(6,205,796)	(4,934,074)	(6,194,011)
(661,317)	(636,080)	(634,481)	(345,480)	(485,323)	(500,629)	(519,906)
(4,173,489)	(3,502,864)	(3,181,514)	(2,532,021)	(3,492,049)	(2,851,002)	(2,008,724)
4,168,839	2,189,129	9,322,418	2,472,763	2,224,732	2,516,799	2,064,835
4,396,994	2,575,519	9,235,253	3,052,539	1,861,713	3,736,069	2,829,411
(840,326)	(391,642)	(308,911)	(538,488)	(217,101)	(803,033)	(900,971)
3,556,668	2,183,878	8,926,342	2,514,051	1,644,612	2,933,035	1,928,440
13,205,802	12,517,120	11,893,640	10,470,079	8,121,159	8,397,718	7,369,032
12,913,268	12,285,325	11,679,336	10,307,235	7,984,758	8,300,082	7,281,225
12,278,853	11,272,939	8,772,049	8,290,528	9,272,341	7,658,997	6,811,038
(7,726,263)	(6,899,558)	(5,871,667)	(6,304,646)	(5,733,524)	(4,870,410)	(4,089,232)
(1,836,556)	(1,688,772)	(1,560,526)	(1,240,955)	(1,127,919)	(1,053,299)	(1,088,644)
(4,721,492)	(3,981,540)	(3,265,086)	(2,443,684)	(2,507,814)	(2,307,020)	(2,147,075)
(8,154,201)	(7,673,707)	(5,198,390)	(6,840,241)	(5,376,416)	(5,109,549)	(3,733,466)
2,753,606	3,314,688	4,555,715	1,768,238	2,511,426	2,618,801	3,033,847
(1,065,480)	(929,414)	(740,739)	(842,932)	(899,025)	(897,006)	(726,442)
1,688,126	2,385,274	3,814,976	925,306	1,612,400	1,721,795	2,307,405
44,379,869	39,399,736	42,107,760	31,156,767	29,301,980	27,890,852	25,644,316
31,737,894	31,437,682	27,614,433	24,520,012	20,665,987	21,350,869	20,172,624
28,004,616	25,937,670	24,013,293	20,393,475	17,804,905	17,805,056	16,768,441
(17,754,649)	(16,026,568)	(14,476,793)	(12,933,609)	(11,939,321)	(9,804,484)	(10,283,243)
(8,154,201)	(7,673,707)	(5,198,390)	(6,840,241)	(5,376,416)	(5,109,549)	(3,733,466)
16,375,253	13,462,066	18,094,467	10,763,292	11,497,075	10,175,796	8,875,872
(2,497,873)	(2,324,852)	(2,195,008)	(1,586,435)	(1,613,242)	(1,553,928)	(1,608,550)
(8,822,546)	(7,484,404)	(6,446,601)	(4,975,705)	(5,999,863)	(5,158,022)	(4,155,799)
7,150,600	5,890,205	13,790,968	4,820,777	4,373,139	6,354,870	5,863,255
(1,905,805)	(1,321,056)	(1,049,650)	(1,381,420)	(1,116,126)	(1,700,039)	(1,627,413)
5,244,795	4,569,150	12,741,317	3,439,357	3,257,013	4,654,830	4,235,842

Ten Year Summary Balance Sheet -Group

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	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000
Assets			
Property,Plant and Equipment	65,391,507	56,752,233	52,346,702
Investments	200,945,951	173,678,452	164,880,936
Other Assets	59,536,732	59,286,109	47,550,609
Total Assets	325,874,190	289,716,794	264,778,247
Equity and Liabilities			
Share Capital	6,000,000	6,000,000	6,000,000
Capital Reserve	18,414,228	13,112,599	13,058,735
Regulatory restricted reserves from one off surplus	98,237	98,237	98,237
General Reserve	643,442	643,442	643,442
Available for Sale Reserve	6,008,859	5,704,652	9,472,363
Revenue Reserve	65,073,169	58,671,046	53,068,008
Non-Controlling Interest	9,125,663	8,985,168	8,767,718
Total Capital and Reserves	105,363,599	93,215,144	91,108,503
LIABILITIES			
Insurance Provision-Long Term	155,788,928	137,129,036	119,167,865
Insurance Provision-Non -Life	20,879,547	18,866,402	16,648,028
Other Liabilities	43,842,116	40,506,213	37,853,852
Total Liabilities	220,510,591	196,501,651	173,669,744
Total Equity and Liabilities	325,874,190	289,716,794	264,778,247

2018	2017	2016	2015	2014	2013	Restated 2012
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
52,381,971	49,598,222	44,033,234	38,265,273	35,754,938	32,337,013	27,909,258
152,975,185	147,069,847	132,453,389	133,912,388	119,156,967	94,771,272	88,784,965
38,431,876	35,114,339	37,311,014	34,308,328	40,171,009	45,113,975	36,136,924
243,789,031	231,782,408	213,797,636	206,485,989	195,082,914	172,222,260	152,831,147
6,000,000	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	8,738,238	9,161,368
98,237	98,237	-	-	-	-	-
643,442	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	12,521,041
49,970,064	44,600,992	39,514,579	44,611,275	37,499,812	32,651,211	25,022,161
8,226,474	8,077,450	7,961,626	7,509,450	7,246,077	7,056,139	1,647,284
88,314,502	86,090,443	86,798,241	89,678,692	86,596,534	70,453,741	54,995,296
108,005,959	101,671,180	90,010,165	80,650,581	77,254,496	69,079,061	62,526,048
17,806,430	17,128,395	16,517,151	14,916,652	13,195,783	13,288,956	14,297,803
29,662,140	26,892,391	20,472,077	21,240,064	18,036,101	19,400,502	21,012,000
155,474,529	145,691,965	126,999,394	116,807,297	108,486,380	101,768,519	97,835,851
243,789,031	231,782,408	213,797,636	206,485,989	195,082,914	172,222,260	152,831,147

Ten Year Summary Balance Sheet -Compnay

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Sri Lanka Insurance Corporation Ltd.
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	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000
Non Life			
Assets			
Property,Plant and Equipment	12,639,695	10,781,351	10,985,571
Investments	55,176,583	51,492,092	50,817,353
Other Assets	16,376,469	14,127,105	9,622,380
Total Assets	84,192,747	76,400,548	71,425,304
Liabilities			
Insurance Provision -Non Life	20,879,547	18,866,402	16,648,028
Other Liabilities	9,830,137	10,332,885	8,579,759
Equity Attributable to Shareholders			
Share Capital	6,000,000	6,000,000	6,000,000
Capital Reserve	9,203,609	7,301,747	7,296,794
Revenue /Other Reserves	38,279,454	33,899,514	32,900,723
Total Equity	53,483,063	47,201,261	46,197,517
Total Liabilities	84,192,747	76,400,548	71,425,304
Long Term			
Assets			
Property,Plant and Equipment	97,939	86,004	88,364
Investments	163,850,792	139,910,761	132,412,578
Other Assets	20,666,368	20,054,747	8,380,566
Total Assets	184,615,098	160,051,512	140,881,508
Liabilities			
Insurance Provision -Life	155,788,928	137,129,036	119,167,865
Other Liabilities	7,014,299	6,894,710	5,530,662
Equity Attributable to Shareholders			
Capital Reserve	71,673	57,378	57,378
Revenue /Other Reserves	21,740,200	15,970,387	16,125,602
Total Equity	21,811,873	16,027,765	16,182,980
Total Liabilities	184,615,098	160,051,512	140,881,508

2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	Restated 2012 Rs.'000
11,075,190	10,072,272	10,187,556	8,070,735	8,543,067	8,209,893	8,410,145
50,194,451	51,222,698	47,386,662	48,020,073	44,903,556	37,363,745	32,578,464
9,584,542	7,860,467	9,929,691	8,551,152	9,848,360	12,169,388	8,809,821
70,854,183	69,155,437	67,503,909	64,641,960	63,294,983	57,743,026	49,798,430
17,806,430	17,128,395	16,517,151	14,916,652	13,195,783	13,288,956	14,297,802
7,466,740	6,927,412	4,383,676	5,144,280	4,401,951	5,544,445	4,752,531
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
8,291,124	7,633,144	8,115,786	5,822,625	5,805,655	5,370,974	5,591,269
31,289,889	31,466,484	32,487,296	32,758,403	33,891,594	27,538,651	19,156,828
45,581,013	45,099,628	46,603,082	44,581,028	45,697,249	38,909,625	30,748,097
70,854,183	69,155,437	67,503,909	64,641,960	63,294,983	57,743,026	49,798,430
90,724	66,048	61,343	41,658	42,172	55,969	57,012
121,200,379	114,714,700	104,129,909	96,996,254	92,914,464	75,100,934	73,029,821
7,126,908	6,958,990	5,333,967	6,055,405	6,140,885	11,039,795	9,497,113
128,418,011	121,739,738	109,525,219	103,093,317	99,097,521	86,196,698	82,583,945
108,005,959	101,671,181	90,010,165	80,650,581	77,254,496	69,079,061	62,526,048
4,801,678	4,032,344	3,089,687	3,239,146	3,216,460	2,744,593	2,510,653
57,378	31,128	43,296	27,877	27,877	40,892	40,892
15,552,996	16,005,085	16,382,071	19,175,713	18,598,687	14,332,153	17,506,352
15,610,374	16,036,213	16,425,367	19,203,590	18,626,564	14,373,045	17,547,244
128,418,011	121,739,738	109,525,219	103,093,317	99,097,521	86,196,698	82,583,945

Ten Year Summary Balance Sheet -Company

	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000
Total Business			
Assets			
Property,Plant and Equipment	12,737,635	10,867,358	11,073,931
Investments	218,919,871	191,295,350	183,122,430
Other Assets	36,778,461	33,467,642	17,503,383
Total Assets	268,435,967	235,630,350	211,699,744
Liabilities			
Insurance Provision -Life	155,788,928	137,129,036	119,167,865
Insurance Provision -Non Life	20,879,547	18,866,402	16,648,028
Other Liabilities	16,580,060	16,513,388	13,610,854
	193,248,534	172,508,826	149,426,747
Equity Attributable to Shareholders			
Share Capital	6,000,000	6,000,000	6,000,000
Capital Reserve	9,373,519	7,457,362	7,452,410
Revenue /Other Reserves	59,813,914	49,664,162	48,820,587
Total Equity	75,187,433	63,121,524	62,272,997
Total Liabilities	268,435,967	235,630,350	211,699,744

2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000	Restated 2012 Rs.'000
11,165,910	10,138,320	10,248,900	8,112,393	8,585,240	8,265,863	8,467,152
171,287,329	165,829,896	151,409,066	144,908,826	137,710,517	112,357,176	105,500,782
16,205,038	14,575,233	15,144,599	13,926,245	15,896,611	22,933,571	18,132,284
198,658,277	190,543,449	176,802,565	166,947,464	162,192,368	143,556,610	132,100,218
108,005,959	101,671,180	90,010,165	80,650,581	77,242,496	69,079,061	62,536,048
17,806,429	17,128,394	16,517,151	14,916,652	13,195,783	13,288,956	14,297,803
11,762,004	10,715,535	7,354,306	7,703,117	7,537,779	8,013,429	7,088,532
137,574,392	129,515,109	113,881,622	103,270,350	97,976,058	90,381,446	83,912,383
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
8,446,739	7,762,509	8,159,082	5,850,502	5,971,570	5,411,866	5,632,161
46,637,146	47,265,831	48,761,861	51,826,612	52,244,740	41,763,298	36,555,674
61,083,885	61,028,340	62,920,943	63,677,114	64,216,310	53,175,164	48,187,835
198,658,277	190,543,449	176,802,565	166,947,464	162,192,368	143,556,610	132,100,218

No	Regional Office (Branch)	#	Branch	Address	Telephone Number			FaX
1	Central	1	Kandy Main	No.25, Hill Street, Kandy.	081-2234296	081-2234954	081-2228172	081-2201685
		2	Matale	No.134, Dharmapala Mw, Matale.	066-2233989	066-2224735	066-5671653	066-2222417
		3	Gampola	No.176/A, Kandy Road, Gampola.	081-2351709	081-5675128	N/A	081-2351709
		4	Pilimathalawa	No.211/C, Colombo Road, Pilimathalawa.	081-2575444	081-5630070	N/A	081-2575444
		5	Mawathagama	No.54/A, 1st Floor, Mawathagama.	037-2299861	N/A	N/A	037-2299861
		6	Katugasthota	No.431, Katugastota Road, Kandy.	081-2229938	N/A	N/A	081-2229938
		7	Kandy City	No.6, Wadugodapitiya Road, Kandy.	081-2224246	N/A	N/A	037-2299861
		8	Kegalle	No.389, Main Street, Kegalle.	035-2222531	035-2231242	N/A	035-2222531
		9	Digana	No.42, Gonawala Road, Digana.	081-2376814	081-5630744	N/A	081-2376814
		10	Nawalapitiya	No.79, Kothmale Road, Nawalapitiya.	054-2222019	N/A	N/A	054-2222019
		11	Mawanella	No.238/1/1, Kandy Road, Mawanella.	035-2249335	035-5672981	N/A	035-2249335
		12	Rikillagaskada	No.68, Ragala Road, Rikillagaskada.	081-2365279	081-5674793	N/A	081-2365279
		13	Galagedara -ABDC	No.125/2, Rambukkana Road, Galagedara.	081-2234954	N/A	N/A	N/A
		14	Bulathkohupitiya -ABDC	No.63/4, Avissawella Road, Bulathkohupitiya.	035-2222531	N/A	N/A	N/A
		15	Aranayaka -ABDC	No.839C, Dippitiya, Aranayake.	035-2249335	N/A	N/A	N/A
		16	Peradeniya - ABDC	No.159, Colombo Road, Peradeniya.	081-2229938	N/A	N/A	N/A
2	Eastern	17	Batticaloa	No.30, Pioneer Road, Batticaloa.	065-2224470	N/A	N/A	065-2222331
		18	Trincomalee	No.46, Main Street, Trincomalee.	026-2222434	026-5675025	N/A	026-2223123
		19	Kalmunai	No.52/90, Batticalloa Road, Kalmunai.	067-2229912	067-5670168	N/A	067-2229912
		20	Kanthale	No.62/P, Main Street, Kantale.	026-2234043	N/A	N/A	026-2234043
		21	Akkaraipattu	No.143, Main Street, Akkaraipattu.	067-2279627	N/A	N/A	065-2222331
		22	Pothuwil -ABDC	Main Street, Pothuwil.	067-2279627	N/A	N/A	N/A
		23	Kalawanchikudi -ABDC	Main Street, Kaluwanchikudy.	067-2229912	N/A	N/A	N/A

No	Regional Office (Branch)	#	Branch	Address	Telephone Number			FaX
3	Northern	24	Jaffna	1st Floor, Pizza Hut Building, Jaffna.	021-2222023	N/A	N/A	021-2224526
		25	Nelliady	Main Street, Opposite Peoples Bank, Nelliady.	021-2264686	N/A	N/A	021-2264686
		26	Mannar	Station Road, Mannar.	023-2223236	N/A	N/A	023-2223235
		27	Mullaitivu	Main Street, Mullaitivu.	021-2290089	N/A	N/A	021-2290089
		28	Chankanai	No.45, Ponnalai Road, Main Street, Chankanai.	021-2250462	021-2250463	N/A	021-2250463
		29	Chavakachcheri	A9 Road, Chavakachcheri.	021-2270711	N/A	N/A	021-2270711
		30	Vavunia	No.119/1, Kandy Road, Vauniya.	024-2222380	024-5670021	N/A	024-2222380
		31	Kilinochchi	No.31, A-09 Road, Karadippokku, Kilinochchi.	021-2280031	N/A	N/A	021-2280032
		32	Mallavi -ABDC	Thunukkai Road, Anichiyam Kulam, Mallavi.	021-2290089	N/A	N/A	N/A
		33	Chunnakam -ABDC	No.122, KKS Road, Chunnakam.	021-2250462	N/A	N/A	N/A
4	North Central 01	34	Anuradhapura	No.248, Maithripala Senanayaka Mw, Anuradhapura.	025-2222167	025-5673819	N/A	025-2235258
		35	Horowpothana	Rest House Junction, Horowpothana.	025-2278600	N/A	N/A	025-2278600
		36	Padavi Parakramapura	Infront of School, Padavi Parakramapura.	025-2254115	N/A	N/A	025-2254115
		37	Kekirawa	No.81, Thalawa Road, Kekirawa.	025-2264573	025-5673430	N/A	025-2264573
		38	Hingurakgoda	No.31, Main Street, Hingurakgoda.	027-2246345	027-2246295	N/A	027-2246345
		39	Kaduruwela	No.25, Batticaloa Road, Polonnaruwa.	027-2222954	027-5672041	N/A	027-2222954
		40	Dehiattakandiya	No.256, Mahaweli Uyana, Dehiattakandiya.	027-2250318	N/A	N/A	027-2250318
		41	Bakamuna	No.10, Samupakara Mw, Bakamuna.	066-2256550	N/A	N/A	066-2256550
		42	Aralaganwila	No.208/14, New Town, Aralaganwila.	027-2050830	N/A	N/A	027-2050830
		43	Medirigiriya -ABDC	Pola Road, Medirigiriya.	027-3125370	N/A	N/A	N/A
		44	Nochchiyagama -ABDC	No.406, 1st Floor, Puttalam Road, Nochchiyagama.	025-2222167	N/A	N/A	N/A
		45	Habarana -ABDC	Main Street, Dambulla Road, Habarana.	027-2246345	N/A	N/A	N/A
		46	Mahaoya -ABDC	Block B Wijethunga Building, Mahaoya.	027-2050830	N/A	N/A	N/A
		47	Medawachchiya	Infront of Hospital, Medawachchiya	074-1967978	077-7325443	N/A	N/A

Branch Network

No	Regional Office (Branch)	#	Branch	Address	Telephone Number			FaX
5	Upper Western	48	Nittambuwa	New Super Market Complex, Nittambuwa.	033-2289709	033-5671351	N/A	033-2289709
		49	Veyangoda	No.166, Negombo Road, Veyangoda.	033-2288027	033-5676037	N/A	033-2288027
		50	Gampaha	No.116, Bauddhaloka Mw, Gampaha	033-2222676	033-2224710	033-5675786	033-2222676
		51	Yakkala	No.39/C/1, Kandy Road, Yakkala.	033-2225522	N/A	N/A	033-2225522
		52	Minuwangoda	No.21/B, M. P. De Z. Siriwardane Mw, Minuwangoda.	011-2280870	011-5667822	N/A	011-2280870
		53	Negombo	No.20, Rajapaksha Building, Negombo.	031-2231374	031-2235235	031-2224426	031-2233498
		54	Ja-Ela	No.205/1/1, Negombo Road, Ja-Ela.	011-2233169	011-5639270	N/A	011-2233169
		55	Marawila	No.2, Erick Suriyasena Mw, Marawila.	032-2254297	032-5672090	N/A	032-2254297
		56	Wennappuwa	No.236/3/A, Chilaw Road, Wennappuwa.	031-2253319	031-5672447	N/A	031-2253319
		57	Kandana	No.54, Negombo Road, Kandana.	011-2228848	011-5649536	N/A	011-2228848
		58	Kochchikade	No.18/1/4, Negombo Road, Kochchikade.	031-2274626	031-5677135	N/A	031-2274626
		59	Divulapitiya -ABDC	No.11, Circular Rd, In front of Bodjiya, Divulapitiya	031-5674774	N/A	N/A	N/A
		60	Pugoda -ABDC	No.40/1, Kospitiyana, Pugoda.	033-5621223	N/A	N/A	N/A
		61	Ganemulla -ABDC	No.187/A/8, Main Street , Ganemulla.	033-5621208	N/A	N/A	N/A
		62	Kirindiwela -ABDC	No.27/8/1, Colombo Road, Kirindiwela.	033-5621192	N/A	N/A	N/A
		63	Mirigama -ABDC	Opposit Police Station , Mirigama.	033-2273441	N/A	N/A	N/A
		64	Mahabage - ABDC	No.562, 1st Floor, Mahabage.	011-2228848	N/A	N/A	N/A
		65	Dankotuwa - ABDC	No.96/1, Pannala Road, Dankotuwa.	031-2274626	N/A	N/A	N/A
		66	Weliweriya -ABDC	No.480/46/1, Palliyawatta, Weliweriya.	033-2222676	N/A	N/A	N/A
		67	Udugampola - ABDC	No.13/14, Supper Market, Udugampola.	011-2280870	N/A	N/A	N/A
		68	Urapola - ABDC	No.269/A, Hanwella Road, Urapola.	033-2289709	N/A	N/A	N/A
		69	Kirillawala -ABDC	No.325/B, Webada, Kokiskade Junction, Kirillawala.	033-2225522	N/A	N/A	N/A

No	Regional Office (Branch)	#	Branch	Address	Telephone Number			FaX
6	Ratnapura	70	Ratnapura	No.258, Main Street , Rathnapura.	045-2222433	045-5674250	N/A	045-2231517
		71	Avissawella	No.77, Ratnapura Road, Avissawella.	036-2222311	036-5672324	N/A	036-2222311
		72	Avissawella Life	No.31, Kudagama Road, Avissawella.	036-2239201	N/A	N/A	036-2239201
		73	Embilipitiya	No.67, Pallegama, Embilipitiya.	047-2230389	047-5672205	N/A	047-2230389
		74	Balangoda	No.115/A, Bans Ratwatte Mw, Balangoda.	045-2287670	045-5678445	N/A	045-2287670
		75	Kahawatta	No.46/1A, Walawwatte Road, Kahawatta.	045-2270160	045-5674248	N/A	045-2270160
		76	Kalawana	No.56, Sampath Bank Building , Matugama Road, Kalawana.	045-2255930	N/A	N/A	045-2255930
		77	Eheliyagoda	No.344, Main Street , Eheliyagoda.	036-2259014	N/A	N/A	036-2259014
		78	Pallebedda	No.151/1, Main Street , Pallebedda.	045-2241717	N/A	N/A	045-2241717
		79	Ruwanwella	No.197, Avissawella Road, Ruwanwella.	036-2267737	N/A	N/A	036-2267737
		80	Deraniyagala -ABDC	No.38, Noori Road, Deraniyagala South.	036-2222311	N/A	N/A	N/A
7	Sothorn-01	81	Hanwella- ABDC	No.133D, Main Street, Hanwella.	036-2239201	N/A	N/A	N/A
		82	Galle	No.50A, Havelock Road, Galle.	036-2222311	091-2224029	091-5676528	091-2241981
		83	Ambalangoda	No.299, Wickramasuriya Road, Ambalangoda.	091-2258339	091-5678298	N/A	091-2255855
		84	Thalgaswala	New Town , Thalgaswala.	091-2296268	N/A	N/A	091-2296344
		85	Elpitiya	No.18/12, 1/1, New Road , Elpitiya.	091-2291365	091-5673672	N/A	091-2291365
		86	Udugama	Prasans New Building , Mavi Dola, Bar Junction.Udugama.	091-2285097	091-5674987	N/A	091-2285097
		87	Baddegama	No.60/1/1, Galle Road, Baddegama.	091-2292303	091-5624502	N/A	091-2292303
		88	Kalutara	No.326/2, Photofine Building , Kalutara.	034-2222474	034-5674535	034-2236616	034-2228696
		89	Horana	No.50/09/C, Graceland Circular Road , Horana.	034-2261351	034-5674512	N/A	034-2261351
		90	Panadura	No.534, Galle Road , Panadura.	038-2234736	038-5671547	N/A	038-2234736
		91	Mathugama	No.79/1/1, Kalutara Road , Matugama.	034-2247510	034-5674654	N/A	034-2247510
		92	Aluthgama	No.433, 1st Floor , Wickramarathne Building, Depot Junction, Aluthgama.	034-2276409	034-5674655	N/A	034-2276409
		93	Bandaragama	No.72, Jayakody Building, Horana Road, Bandaraagama.	038-2293940	N/A	N/A	038-2293940

Branch Network

No	Regional Office (Branch)	#	Branch	Address	Telephone Number			FaX
7	Sothorn-01	94	Thanipolgaha -ABDC	No.45, H. K. Edman Mw, Thanipolgaha.	091-2227041	N/A	N/A	N/A
		95	Habaraduwa -ABDC	Near the Petrol Shed, Habaraduwa.	091-2282605	N/A	N/A	091-2282605
		96	Hikkaduwa -ABDC	No.153B, Galle Road, Hikkaduwa.	091-5627494	N/A	N/A	N/A
		97	Karapitiya -ABDC	Hirimbura Road, Karapitiya.	091-2247191	N/A	N/A	N/A
		98	Pitigala -ABDC	No.25, Thotupala Para, Pitigala.	091-2296268	N/A	N/A	N/A
		99	Uragaha -ABDC	Opposite of Filling Station, Kelin Weediya, Uragasmanhandiya.	091-2291365	N/A	N/A	N/A
		100	Baduraliya-ABDC	1st Floor, Baduraliya.	034-2247510	N/A	N/A	N/A
8	Southern -02	101	Matara	No.5A, Hakmana Road, Matara.	041-2227962	041-2222352	N/A	041-2221472
		102	Deniyaya	No.6, 1st Floor, Deniyaya.	041-2273565	041-5674483	N/A	041-2273565
		103	Akuressa	No.40/2/1, Matara Road, Akuressa.	041-2283590	041-5674482	N/A	041-2283590
		104	Weligama	No.352/2, Matara Road, Weligama.	041-2250647	041-5673167	N/A	041-2250647
		105	Dickwella	No.95, Matara Road, Dickwella.	041-2255630	041-5674476	N/A	041-2255630
		106	Hakmana	New Pradesheeya Saba Buildig, Hakmana.	041-5670600	N/A	N/A	041-2287616
		107	Neluwa	2nd Floor, Delwala.Neluwa.	091-2285140	N/A	N/A	091-2285140
		108	Ambalantota	No.195, Main Street, Ambalantota.	047-2223235	047-5670906	N/A	047-2223235
		109	Beliatta	No.74, Tangalla Road, Beliatta.	047-2243211	047-5670908	N/A	047-2243211
		110	Tissamaharama	No.211B, Kachcheriyagama, Tissamaharama.	047-2237152	047-5670905	N/A	047-2237152
		111	Tangalle	No.85, Beliatta Road, Thangalle.	047-2242514	047-5676144	N/A	047-2242514
		112	Hambantota	No.59, Main Street, Hambantota.	047-2222572	N/A	N/A	047-2222571
		113	Imaduwa -ABDC	New Shopping Complex, Imaduwa.	091-5678781	N/A	N/A	N/A
		114	Middeniya -ABDC	Walasmulla Road, Middeniya.	047-5670437	N/A	N/A	N/A
		115	Urubokka -ABDC	2nd Floor, Shopping Complex, Main Street, Urubokka.	041-5670420	N/A	N/A	N/A
		116	Kamburupitiya -ABDC	No.154A/1, Matara Road, Kamburupitiya.	041-5670291	N/A	N/A	N/A
		117	Kekanadura - ABDC	No.9, Ratmale Road, Kekanadura.	041-2227962	N/A	N/A	N/A
		118	Deyyandara -ABDC	Kalugala Watta, Deyyandara.	041-5670600	N/A	N/A	N/A
		119	Suriyawewa -ABDC	1st Floor, Hambantota. Hambantota Road, Suriyawewa.	047-2222572	N/A	N/A	N/A
		120	Walasmulla -ABDC	No.43, Beliatta Road, Walasmulla.	047-2243211	N/A	N/A	N/A
		121	Morwaka - ABDC	Commercial Bank Building, Morawaka.	041-2273565	N/A	N/A	N/A

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9	Wayamba -01	122	Kurunegala	No.16/1, Dambulla Road, Kurunegala.	037-2222376	037-2227433	N/A	037-2224053
		123	Kurunegala City	No.111/2, Rajapihilla Road, Kurunegala.	037-2234176	N/A	N/A	037-2234176
		124	Narammala	No.159/A, Supper City Building, Kurunegala Road .Narammala.	037-2248920	N/A	N/A	037-2248920
		125	Melsiripura	No.197/1, Dambulla Road, Melsiripura.	037-2250459	N/A	N/A	037-2250459
		126	Warakapola	No.459, Main Street, Warakapola.	035-2267747	035-5671938	N/A	035-2267747
		127	Rideegama	No.107A, 1St Floor, Rideegama.	037-2251399	N/A	N/A	037-2251399
		128	Giriulla	No.101, Negombo Road, Giriulla.	037-2288304	037-5673405	N/A	037-2288304
		129	Kuliyapitiya	No.74/A, Hettipola Road, Kuliyapitiya.	037-2281304	037-5673401	N/A	037-2281304
		130	Polgahawela	No.130, Godawela, Polgahawela.	037-2244040	N/A	N/A	037-2244040
		131	Rambukkana	No.6, Thomas Silva Mw, Rambukkana.	035-2262708	N/A	N/A	035-2262708
		132	Alawwa -ABDC	No.9, Narammala Road, Alawwa.	037-2222376	N/A	N/A	N/A
		133	Pannala -ABDC	No.38C, Rajapaksha Building, Pannala.	037-2245100	N/A	N/A	N/A
		134	Ibbagamuwa - ABDC	No.6, Dambulla Road, Ibbagamuwa.	037-2222376	N/A	N/A	N/A
		135	Polpithigama - ABDC	Kudawewa Junction, Polpithigama.	037-2250459	N/A	N/A	N/A
		136	Katupotha -ABDC	Munamaldeniya, Katupotha.	037-2248920	N/A	N/A	N/A
		137	Hettipola -ABDC	No.112, Kurunegala Road, Hettipola.	037-2281304	037-5673401	N/A	N/A
10	Wayamba 02	138	Wariyapola	No.10, Puttalam Road, Wariyapola.	037-2267451	037-5673407	N/A	037-2267451
		139	Galewela	No.59-A, Kurunegala Road, Galewela.	066-2289285	066-5671651	N/A	066-2289285
		140	Anamaduwa	No.70, Puttalam Road, Anamaduwa.	032-2263033	032-5675227	N/A	032-2263033
		141	Nikaweratiya	No.196, Puttalam Road, Nikaweratiya.	037-2260279	037-5673441	N/A	037-2260279
		142	Galgamuwa	No.121, Anuradhapura Road, Galgamuwa.	037-2254141	037-5673406	N/A	037-2254141
		143	Tambuttegama	No.64, Kurunegala Road, Tambutteggama.	025-2275088	N/A	N/A	025-2275088
		144	Chilaw	No.431/1, Kurunegala Road, Chilaw.	032-2222371	032-5671749	N/A	032-2222371
		145	Puttalam	No.80, Kurunegala Road, Puttalam.	032-2265324	032-5672749	N/A	032-2265324
		146	Maho	Infront of Town Hall, Maho.	037-2050226	N/A	N/A	037-2050226

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10	Wayamba 02	147	Dambulla	No.642, Anuradhapura Road, Dambulla.	066-2284616	066-5671624	N/A	066-2284616
		148	Hiripitiya -ABDC	Dayarathna Shopping Complex, Kurunegala Road, Hiripitiya.	037-2267451	N/A	N/A	N/A
11	Western-01	149	Battaramulla	No.119, Pannipitiya Road, Battaramulla.	011-2866357	011-5634629	N/A	011-2866357
		150	Nugegoda	No.310A, High Level Road, Colombo-6.	011-2817739	011-2826364	N/A	011-2826365
		151	Kirulapone	No.88/1/1, 1st Floor, High Level Road, Kirulapone.	011-2514348	011-5649541	N/A	011-2514348
		152	Pitakotte	No.463, Kotte Road , Pita Kotte.	011-2866755	N/A	N/A	011-2866755
		153	Dehiwala	No.121/1/1, Ramanayake Automobile, Galle Road, Dehiwala.	011-2713702	011-5744962	N/A	011-2713702
		154	Moratuwa	No.710, Gall Road, Idama, Moratuwa.	011-5554451	011-5644634	N/A	011-5554451
		155	Ratmalana	No.143/2/4, Mount City, Galle Road, Ratmalana.	011-5635475	011-2715992	N/A	011-2715982
		156	City Office	No.288, Union Place, Colombo-2.	011-2357562	011-2303914	011-5677136	011-2303914
		157	City Circle	No.288, Union Place, Colombo-2.	011-2357562	N/A	N/A	N/A
		158	City Group	No.288, Union Place, Colombo-2.	011-2357562	N/A	N/A	N/A
		159	Moratumulla -ABDC	No.50D, Molpe Road, Molpe, Moratumulla.	011-5554451	N/A	N/A	N/A
		160	Lanaka Hospital Counter	No.578, Elvitigala Mw, Colombo-5.	011-2357562	011-2303914	011-5677136	011-2303914

No	Regional Office (Branch)	#	Branch	Address	Telephone Number			FaX
12	Western-02	161	Kadawatha	No.151/5, Kandy Road, Kadawatha.	011-2921567	N/A	N/A	011-2921567
		162	Kiribathgoda	No.101/1, Gala Junction, Kandy Road, Kiribathgoda.	011-5554485	011-5635483	N/A	011-2912742
		163	Colombo Metro 1	10th Floor, Head Office.	011-2357084	077-2663971	N/A	N/A
		164	Colombo Metro 2	10th Floor, Head Office.	011-2357091	077-2663975	N/A	N/A
		165	Colombo Metro 3	10th Floor, Head Office.	011-2357091	077-2663975	N/A	N/A
		166	Colombo Metro 4	10th Floor, Head Office.	011-2357060	N/A	N/A	N/A
		167	Colombo Metro 6	10th Floor, Head Office.	011-2357078	077-2663973	N/A	N/A
		168	Colombo Metro 07	10th Floor, Head Office.	011-2357072	077-2241703	N/A	N/A
		169	Colombo Metro 10	10th Floor, Head Office.	011-2357075	077-2015890	N/A	N/A
		170	Colombo Metro 11	10th Floor, Head Office.	011-2357061	077-2663975	N/A	N/A
		171	Kelaniya - ABDC	No.608A, Kandy Road, Bulugaha Junction, Kelaniya.	011-5554485	N/A	N/A	N/A
		172	Delgoda - ABDC	No.328C, New Kandy Road, Delgoda.	011-2921567	N/A	N/A	N/A
13	Western-03	173	Kaduwela	No.482/8, Colombo Road, Kaduwela.	011-2579976	011-5628269	N/A	011-2579976
		174	Maharagama	No.128, Opposite Elhena Road, High Level Road, Maharagama.	011-2843563	011-5635465	N/A	011-2843010
		175	Homagama	No.64, High Level Road, Homagama.	011-2893426	011-5634670	N/A	011-2893200
		176	Kottawa	No.119/1, High Level Road, Kottawa, Pannipitiya.	011-2172273	N/A	N/A	011-2172273
		177	Piliyandala	No.34, Vidyala Mw, Piliyandala.	011-2613976	N/A	N/A	011-2613976
		178	Malambe	No.821/3C, New Kandy Road, Malambe.	011-2762312	011-5651612	N/A	011-2762312
		179	Ingiriya	Padukka Road, Ingiriya.	034-2268270	N/A	N/A	034-2268270
		180	Athurugiriya	No.70/15C, Main Street, Athurugiriya.	011-2077868	N/A	N/A	011-2077868
		181	Padukka ABDC	No.56F, Colombo Road, Padukka	011-2579976			

No	Regional Office (Branch)	#	Branch	Address	Telephone Number			FaX
14	Western-04	182	Kotahena	No.178, Gold Tower, George R. De Silva Mw, Colombo-13.	011-5673345	011-2335254	N/A	011-2335254
		183	Wattala	No.396, Negombo Road, Wattala.	011-5355531	011-5355532	011-5635480	011-5355532
		184	Kotikawatta	No.257/7/31, IDH Road, Kotikawatta.	011-2568502	N/A	N/A	011-2568502
		185	Pettah	No.101, 2nd Floor, Olcott Mw, Colombo-11.	011-5741820	N/A	N/A	011-2423752
		186	Ragama	No.34/1, Mahabage Road, Ragama.	011-2956371	N/A	N/A	011-2956371
		187	Bambalapitiya	No.22, Duplication Road, Colombo-04.	011-5632790	011-5673296	N/A	011-5332427
		188	Borella	No.27, D. S. Senanayaka Mw, Colombo-8.	011-2678480	N/A	N/A	011-2678480
		189	Wellawatta -ABDC	No.9/1/1, Fuselese Lane, Wellawatta, Colombo-6.	011-5632790	N/A	N/A	N/A
15	Uva	190	Badulla	No.14, R. H. Gunawardane Mw, Badulla.	055-2230972	055-5670251	055-2224777	055-2222372
		191	Mahiyangana	No.14, 1st Floor, Samanala Building, Kandy Road, Mahiyangana.	055-2257179	055-5670344	N/A	055-2257179
		192	Welimada	No.15/2/1, 2nd Floor, New Shopping Complex, Badulla Road, Welimada.	057-2245174	057-5670702	N/A	057-2245174
		193	Hatton	No.01/1/1, Sunday Fair Road, Hatton.	051-2222196	051-5670202	N/A	051-2222196
		194	Nuwaraeliya	No.60/1, Park Road, Nuwara Eliya.	052-2222759	052-5670529	N/A	052-2222759
		195	Bandarawela	No.393-2/1, Iconic Landmark Building, Badulla Road, Bandarawela.	057-2223526	057-5670703	N/A	057-2223526
		196	Monaragala	No.114/1, Wellawaya Road, Monaragala.	055-2276145	055-5670525	N/A	055-2276145
		197	Ampara	No.1, Inginiyagala Road, Ampara.	063-2222073	063-5670307	N/A	063-2222073
		198	Wellawaya	No.145/1/1, Hambantota Road, Wellawaya.	055-2274133	055-5673345	N/A	055-2274874
		199	Bibila	1st Floor, Opposite R.S. Office, Bibile.	055-5675673	N/A	N/A	055-5675673
		200	Passara -ABDC	No.158, Hospital Junction, Badulla Road, Passara.	055-2230972	N/A	N/A	N/A
		201	Siyambalanduwa -ABDC	Main Street, Siyambalanduwa.	055-2276145	N/A	N/A	N/A

Corporate Information

NAME OF THE COMPANY & REGISTERED OFFICE

Sri Lanka Insurance Corporation Ltd.
No. 21, Vauxhall Street, Colombo 2.
Tel : +94 11 2357457
Fax : +94 11 2447742
Web : www.srilankainsurance.com

COMPANY REGISTRATION NUMBER

Company was incorporated on 3rd February 1993 under the Companies Act No.17 of 1982 bearing No. N(PBS/CGB)/ 159 and re-registered under the Companies Act No.07 of 2007 on 17th April 2008 bearing No. PB 289.

BOARD OF DIRECTORS

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

Mr. Herath Mudiyansele Vijitha Herath
Mr. Anil Koswatte
Mr. Sinhalage Aruna Nishantha Dayananda
Mr. Meegahagedara Prasantha Anil Kumara
Ms. Jayangani Surekha Alles
Mr. Wilvala Arachchige Samantha Upananda
Mr. Ranathun Achchige Lakmini Udaya Kumara
(Mr. K A Vimalenthirarajah ceased to be a Director w.e.f 14th March 2022 and accordingly, Mr. R A Lakmini Udaya Kumara was appointed w.e.f 14th March 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 privatization programme of the Government, the company was privatized in 2003 and was under the private management for a brief period of six years. The Company was re-registered under the companies Act No. 7 of 2007. Pursuant to the Supreme Court Judgment on 04th June 2009, annulling the privatization, 99.97 per cent shares are vested with the Secretary to the Treasury on behalf of the Government of Sri Lanka.

TAX PAYER IDENTIFICATION NUMBER (TIN)

294001590

VAT REGISTRATION NUMBER

294001590-7000

COMPANY SECRETARIES

N & N Agents and Secretaries (Private) Limited
Kandiah Neelakandan Building (Level 5)
No. 2, Deal Place, Colombo 03

SUBSIDIARIES

Management Services Rakshana (Pvt) Ltd.
The Lanka Hospitals Corporation PLC
Litro Gas Lanka Ltd
Litro Gas Terminal Lanka (Pvt) Limited
Canwill Holdings (Pvt) Ltd
Canowin Hotels and Spas (Pvt) Ltd

SUB-SUBSIDIARIES

The Lanka Hospitals Diagnostics (Pvt) Ltd
Helanco Hotels & Spa (Pvt) Ltd
Sinolanka Hotels & Spa (Pvt) Ltd

AUDITORS

Auditor General

BANKERS

Bank of Ceylon
People's Bank
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank
Standard Chartered Bank
Sampath Bank PLC
Seylan Bank PLC
National Savings Bank
Regional Development bank
Lankaputhra Development Bank
Pan Asia Bank PLC
Development Finance Corporation of Ceylon

ACTUARY-LIFE

Wills Towers Watson India Pte. Ltd.
Unitech Business Park, 2nd Floor, Tower B, South City – I,
Sector 41, Gurugram – 122002, India

ACTUARY-NON-LIFE

M/s NMG Financial Services Consulting
Level 31 Grosvenor Place, 225 George Street,
Sydney, 2000 Australia

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the FORTY EIGHTH (48TH) ANNUAL GENERAL MEETING of **SRI LANKA INSURANCE CORPORATION LIMITED**, will be held physically (with online Audio-Visual connectivity) from the Auditorium of the Company, at its Registered Office at No. 21, Vauxhall Street, Colombo 02, on Thursday, 30th June 2022 at 10.00 a.m. for the following purposes:

1. To receive and consider the Report of the Board of Directors and the Financial Statements for the year ended 31st December 2021 and the Report of the Auditors thereon.
2. To declare a Final Dividend of Rs. 1.26/- per share amounting to Rs. 755,676,432/- for the year ended 31st December 2021, as recommended by the Directors.
3. To re-elect Mr. Meegahagedara Prashantha Anil Kumara, Director who retires in terms of Article 92 of the Articles of Association of the Company.
4. To re-elect Ms. Jayangani Surekha Alles, Director who retires in terms of Article 92 of the Articles of Association of the Company.
5. To elect Mr. Herath Mudiyanseelage Vijitha Herath, Director who retires in terms of Article 98 of the Articles of Association of the Company.
6. To elect Mr. Ranathun Achchige Lakmini Udaya Kumara, Director who retires in terms of Article 98 of the Articles of Association of the Company.
7. To authorize the Directors to determine donations for the year 2022 and up to the date of the next Annual General Meeting.
8. 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.
9. Any other business of which due notice has been given.

By Order of the Board,



N G N AGENTS AND SECRETARIES (PRIVATE) LIMITED

Secretaries to the Company

Colombo

07th June 2022

NOTE:

The Shareholder/s who would not be attending the Annual General Meeting physically but intending to connect virtually via the available Audio-Visual capabilities is/are required to complete and submit the Registration Form which is enclosed herewith (together with the Proxy if applicable) to the Registered Office of the Company at Sri Lanka Insurance Corporation Limited, 8th Floor, No.21, Vauxhall Street, Colombo 00200 or via email to mail@nandn.lk not less than 48 hours before the time fixed for the Annual General Meeting to enable the Audio Visual meeting link to be sent.

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Registration Form

(FOR PARTICIPATION IN THE 48TH ANNUAL GENERAL MEETING OF SRI LANKA INSURANCE CORPORATION
ONLINE VIA AUDIO – VISUAL CONNECTIVITY)

REGISTRATION OF SHAREHOLDER DETAILS

To: Sri Lanka Insurance Corporation Limited
No. 21, Vauxhall Street
Colombo 02

1. Full Name of the Shareholder :

.....

2. Address of Shareholder/s :

.....

4. NIC No./ P.P. No. / Co. Reg. of Shareholder/s :

.....

5. Contact details of Shareholder/s :

Telephone Residence :

Telephone Office : Fax :

Mobile :

E-mail : (Please type clearly, mandatory)

6. In the event a Proxy is appointed by the Shareholder following details will be required if the Proxy is not a Director of Sri Lanka Insurance Corporation Limited :

i. Name of Proxy :

NIC No. :

Mobile :

E-mail :(Please type clearly, mandatory)

.....

Shareholder's Signature

Further information and instructions

- The Board of Directors and Key Officers of the Company, will be present in person at the venue of the Annual General Meeting.
- All the shareholders or their respective proxyholders participating at the Meeting online via the online platform are required to identify themselves when speaking online at the Annual General Meeting.
- The method by which the Shareholders could vote on the Agenda items/ resolutions and the relevant procedures to be followed in casting the votes will be explained before the commencement of the meeting.
- The shareholders who are unable to participate at the AGM, may forward their queries, if any, via email to mail@nandn.lk, not less than 48 hours before the time fixed for the Annual General Meeting. The responses from the Board of Directors and the Management to the queries/matters will be forwarded to the Shareholders by the Company, in due course.

Form of Proxy

I/We.....of.....
..... being a shareholder/shareholders of Sri Lanka Insurance Corporation Ltd, hereby appoint
..... of
..... or failing him/her*

Mr. H. M. Vijitha Herath - of Colombo or failing him
Mr. Anil Koswatta - of Colombo or failing him
Mr. Anil Meegahagedara - of Colombo or failing him
Ms. J. Surekha Alles - of Colombo or failing her
Mr. Nishantha Dayananda - of Colombo or failing him
Mr. W.A. Samantha Upananda - of Colombo or failing him
Mr. R.A.L Udaya Kumara - of Colombo

all of whom are members of the Board of Directors of Sri Lanka Insurance Corporation Limited;
as my/our* Proxy, to represent me/us*, and to vote on my/our* behalf at the Forty Eighth (48th) Annual General Meeting of the Company to be held physically (online with Audio-Visual connectivity) from the Auditorium of the Company, at its Registered Office at No.21, Vauxhall Street, Colombo 02 on Thursday, 30th June at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting thereof.

I/we* the undersigned, hereby direct my/our* Proxy to speak and vote for me/us* and on my/our* behalf** on the resolutions set out in the Notice convening the meeting, as follows***:

Resolutions	For	Against
1. To receive and consider the Report of the Directors and the Financial Statements for the year ended 31st December 2021 and the Report of the Auditors thereon.		
2. To declare a Final Dividend of Rs. 1.26 per share amounting to Rs.755, 676, 432 /- for the year ended 31st December 2021, as recommended by the Directors.		
3. To re-elect Mr. Meegahagedara Prashantha Anil Kumara, Director who retires in terms of Article 92 of the Articles of Association of the Company.		
4. To re-elect Ms. Jayangani Surekha Alles, Director who retires in terms of Article 92 of the Articles of Association of the Company.		
5. To elect Mr. Herath Mudiyansele Vijitha Herath, Director who retires in terms of Article 98 of the Articles of Association of the Company.		
6. To elect Mr. Ranathun Achchige Lakmini Udaya Kumara, Director who retires in terms of Article 98 of the Articles of Association of the Company.		
7. To authorize the Directors to determine donations for the year 2022 and up to the date of the next Annual General Meeting.		
8. 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.		
9. Any other business of which due notice has been given.		

Signed on thisday of.....2022 at

.....
Signature of Shareholder/s

*Please strike off the inappropriate words

** If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

*** Please indicate with an "X" in the space provided as to how you direct your Proxy to vote on the above Resolutions.

NOTES:

1. A Form of Proxy is attached hereto, for use, if necessary, in which event, it should be completed and returned to the Registered Office of the Company at Sri Lanka Insurance Corporation Limited, 08th Floor, No.21, Vauxhall Street, Colombo 00200 or via email to mail@nandn.lk not less than 48 hours before the time fixed for the Annual General Meeting together with the Registration Form.
2. A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxyholder need not be a Shareholder of the Company. The vote by Proxy will be identified and recorded as if such Shareholder was present at the Meeting.
3. Shareholders are encouraged to appoint one of the Directors of the Company as their Proxy to act on their behalf with their voting preferences marked against each resolution to be taken up at the Meeting.
4. The instrument appointing a Proxy may be in writing under the hand of the appointor or of his/her Attorney (a copy of the Power of Attorney should be annexed), or if such appointor is a corporation under its Common Seal or under the hand of its Attorney or duly authorized person (in terms of the Articles of Association).

