



**Beacon of Resilience**





# BEACON OF RESILIENCE

Standing at a formidable height, overlooking the choppy waters and casting a guiding light for those in search of security is People's Insurance PLC — a beacon of resilience, resilient through both calm and storm.

For well over a decade, we have built our resilient tower, stone by stone, to construct an unbreakable monument to perseverance and achievement in the face of adversity.

With our customers firmly at the top of our pillar of priorities, we fortify our foundation through efficient operations, outstanding leadership, seamless workflows, consistent sustainability initiatives, advanced digital processes, financial stability and impeccable corporate governance. This foundation stands unshakable, held together by the dedication of our people and the strategic vision of our leaders.

As we strive the beacon of resilience across turbulent waters, we ensure that everyone we protect receives our best service and utmost care.

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# Report Report Profile Profile

## Designing Diversity

Here at People's Insurance PLC, we are built to serve the diverse needs of our customers. Our wide-ranging, inclusive solutions are designed to support individuals from all corners of the island and lead them into a future of transformation and change.

Lighthouses are designed with overall dynamics in mind, and are built using varying techniques to ensure they align with their environment. The many shapes and sizes of lighthouses represent incredible diversity and serve as a personalised solution that serves the needs of the surrounding community.

# About this Report

Welcome to the 11th Integrated Annual Report published by People's Insurance PLC (PI). This report highlights the strategic initiatives undertaken by the Company to drive growth, resilience, and stakeholder value while documenting the financial and non-financial outcomes achieved.

In line with PI's commitment to transparency and continuous improvement, the current report features enhanced quantitative and qualitative disclosures, offering a more comprehensive view of the Company's performance.

All previous integrated reports, including the most recent report for FY 2023, has been made available for viewing and download under the investor relations tab on the corporate website - <https://peoplesinsurance.lk/investor-relations/>

## Target Audience

This report aims to provide information deemed pertinent to PI's various stakeholders including customers, suppliers, business partners, investors, shareholders, employees, regulators and the community.

## Key Improvements captured in the Current Report

- ★ Improvements to the Risk Report to demonstrate **TRANSPARENCY** in managing sustainability and climate related risks and opportunities - Risk Report page 180 to 187
- ★ Adoption of the Double Materiality methodology to showcase greater **ACCOUNTABILITY** in the determination of Material Matters - page 42-47
- ★ Commitment to strengthen **GOVERNANCE** in line with the IRCSL compliance requirements and the CSE's new listing rules - Corporate Governance page 122-159
- ★ Demonstrating the commitment to improving **SUSTAINABILITY** disclosures by working towards the adoption of SLFRS S1 & S2 - page 12

## PI's Award Winning Reports Over the Years



2023



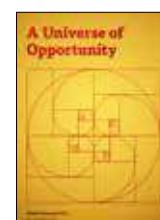
2022



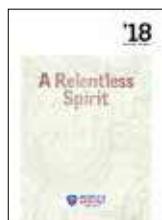
2021



2020



2019



2018



2017



2016



2015



## Scope and Boundary

The integrated report for FY 2024 covers the activities of People's Insurance PLC for the period 01 January 2024 to 31 December 2024 which coincides with the Company's annual financial reporting period.

## Leveraging Integrated Reporting to Demonstrate the Commitment to TAGS (Transparency, Accountability Governance and Sustainability)

PI's Annual Report for FY 2024 is prepared in accordance with the International Integrated Reporting

Council's (IIRC) <IR> Framework, ensuring a holistic and transparent presentation of the Company's value creation process and commitment to TAGS (Transparency, Accountability Governance and Sustainability).

A key aspect of alignment with the <IR> Framework is the emphasis on connectivity of information, illustrating the interlinkages between the Company's business model, strategy, risks, opportunities, resource allocation and performance. In this regard, the report presents a clear narrative on

how People's Insurance integrates risk management, governance, and stakeholder engagement into its decision-making process, for the purpose of shaping strategy and effectively mobilising resources via the six capitals.

Further, the report adopts a forward-looking perspective, outlining both short-term and long-term strategic priorities while considering external factors such as regulatory changes, market dynamics, and sustainability trends.

## Guiding Principles

### Strategic focus and future orientation

Description of the strategy of the company and its relation to value creation and capitals.

### Connectivity of information

Relates to the interrelatedness of the factors that affect the organization's ability to create value over time.

### Stakeholder relationships

Description of the key stakeholders, including how the stakeholders' interest are taken into account.

### Materiality

Relates to number of disclosures about matters that affect the organization's ability to create value.

### Conciseness

Relates to the concise format of the report.

### Reliability and completeness

Relates to the balanced, complete character of the report, which should not include any material errors.

### Consistency and comparability

Relates to the Consistency and comparability of the information within the report.

## Connectivity of Information



## Content Elements

### Organizational overview and external environment

Description of the organization and the external environment (eg competition).

### Governance

Description of the governance structure and its relation to value creation.

### Business model

Description of the business model with input, output and capitals included.

### Risk and opportunities

Description of the risk and opportunities and the risk mitigation system.

### Strategy and resource allocation

Description of the concrete strategy of the company, both short term and long term focused.

### Performance

Description of the results, compared with the targets, previous years and capitals.

### Outlook

Description of the future challenges in relation to the company.

### Basis of preparation and presentation

Description of the materiality determination process, reporting boundaries and frameworks used.

## About this Report



## Reporting Frameworks

### INTEGRATED REPORTING (V)

- ★ The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- ★ "A Preparer's Guide to Integrated Corporate Reporting" issued by the Institute of Chartered Accountants of Sri Lanka

### SUSTAINABILITY REPORTING (V)

- ★ Global Reporting Initiative (GRI) standards - 'In Reference', issued by Global Sustainability Standards Board
- ★ United Nations Sustainable Development Goals
- ★ Disclosure on Gender Parity Reporting (ICA Sri Lanka)

### FINANCIAL REPORTING (M)

- ★ Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- ★ Companies Act No. 07 of 2007
- ★ Listing Rules of the Colombo Stock Exchange

### GOVERNANCE, COMPLIANCE AND RISK REPORTING

- ★ Code of Best Practice for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (V)
- ★ Corporate Governance Requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) - (M)
- ★ Regulation of Insurance Industry Act No. 43 of 2000 and amendments (M)

**M** - Mandatory Requirements

**V** - Voluntary Adoption

## Assurance

Assurance regarding this report is provided by a combination of internal and external sources. Accordingly, the content included in this Integrated Report has been first approved by the respective business heads and then reviewed by the Board Audit Committee prior to submission to the Board of Directors for approval.

The financial statements included in this report have been audited by the Auditor General. The Report by the Auditor General is on page 194-198.

## Forward-Looking Statements

This Integrated Annual Report may contain statements that can be interpreted as "forward-looking." While these statements are based on information available at the time of publication and reflect expectations regarding future performance, actual results may differ due to various internal and external factors, including market conditions, regulatory changes, and economic developments.

Readers are advised to exercise caution and not to place undue reliance on these forward-looking statements, as they are inherently subject to uncertainty. The Board of Directors of People's Insurance PLC assumes no obligation to publicly update or revise any such statements following the publication of this report, should circumstances change.

Furthermore, the Board confirms that there are no restatements related to prior annual reports issued by the Company, ensuring the integrity and consistency of the reported financial and non-financial information.

## Board Responsibility Statement

The Board of Directors of People's Insurance PLC accepts the responsibility for the authenticity and integrity of this Integrated Report. The Board, having collectively reviewed the output of the reporting process and the content of the Integrated Report, remains satisfied that Integrated Annual Report for FY 2024 complies with all applicable regulatory requirements and adheres to global reporting best practices.

The Annual Report of the Board of Directors on page 122-127 includes an acknowledgement of the Directors' responsibilities with regard to the Annual Report.

Signed on behalf of the Board



**Ms. Nadhra Zanoon**  
Company Secretary

03 April 2025  
Colombo

## Feedback

In its endeavour to continuously improve the quality of its reports, the Company welcomes feedback on the effectiveness of this report.

Any feedback and queries should be directed to:

**Amila Rajapaksha**  
The Chief Financial Officer  
**People's Insurance PLC**  
No. 07, Havelock Road,  
Colombo 05. Sri Lanka.  
Email: amilaur@peoplesinsurance.lk

# About PI

**People's Insurance PLC (PI) was incorporated in 2009 and listed on the main board of the Colombo Stock Exchange in 2016.**

Since the inception, PI has remained committed to provide fully-fledged general insurance solutions to protect and preserve the wellbeing of the people and businesses across Sri Lanka. Backed by a strong island-wide footprint, PI services 164,555 personal and corporate customers around the country.

## OUR STRATEGY

Business Growth

Enhance Operational Efficiency and Compliance

Develop a Skilled Workforce

Increase Social and Environmental Responsibility

## STRATEGIC VALUE UNLOCKS



Market Leading Client Experience



Efficient Execution



Positive Work Culture



Creating Positive Impacts



Digital Adoption

## UNDERPINNED BY

Strong Captive Base | The recognition of the People's Brand

### Our Key Targets

Short Term



ROE

>7%

GWP

>86%

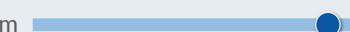
Loss Ratio

<68%

Profitability

>86%

Medium Term



ROE

>9%

GWP

>90%

Loss Ratio

<65%

Profitability

>86%

Long Term



ROE

>15%

GWP

>95%

Loss Ratio

<60%

Profitability

>90%

## Vision

To lead in value growth in general insurance through innovation and service excellence.

## Mission

People's insurance will build upon its sound heritage of financial strength and market reach by excelling as the trusted provider of timely and innovative insurance solutions. We will achieve through the commitment and passion of all our people working in an atmosphere of openness and trust, with respect for the environment and fulfilling stakeholder expectations.

## Corporate Values

- ✳ Respect for integrity and business ethics
- ✳ We act responsibly
- ✳ Be customer-driven
- ✳ To have a sense of urgency
- ✳ Respect diversity and the environment

## Our Ownership Structure

People's Bank

75%

People's Leasing & Finance PLC

75%



**PEOPLE'S  
INSURANCE**

Public  
25%

# What differentiates People's Insurance?

**A strong, experienced and diversified board and leadership team**

**Technically competent and experienced management team**



## A purpose-led business

Delivering positive societal and environmental impact, aligned with the UN SDGs and supported by good governance and ESG leadership.

Group synergies including island wide low cost distribution through People's Leasing and Finance branches



Access to the largest banking network in Sri Lanka-People's Bank

Enabled the Company to position as a top tier player and become a trustworthy insurance services provider through the People's Brand recognition



Access to world-class modern technology platform and market-leading digital innovations through the parent

## STRONG BALANCE SHEET

The Company is rated "A" by Fitch Ratings, reflecting its financial strength as an insurer

## Fitch Ratings



Unique corporate culture and high levels of employee satisfaction

- ★ Market-leading and transparent reporting and disclosure
- ★ Seamless leadership succession
- ★ Strong Reinsurer Panel with 25 of global reinsurers

## Young staff

50% of staff is below 30 years with the ability to adopt environment dynamism and face technology driven challenges

## Unique Value Proposition

### Personal Insurance

Lifestyle products specially designed to help families prepare for the unexpected and reduce the financial burden in times of loss.

### Business Insurance

Range of products caters to a diverse clientele from individual businessmen to corporate customers with tailor-made packages to help thrive amidst a plethora of challenges

## Captive business base



Large base of captive business which consists of more than 60% of its total business portfolio.

**THE WAIT IS OVER**



"Call and Go" unique feature for all Motor Insurance customers

# Commitment to Sustainable Business

**Sustainability remains at the heart of PI's core business as a general insurer, where disciplined underwriting, investments, and operational practices aim to safeguard the continuity of operations and ensure the business model remains resilient, and forward-looking.**

Recognising that its role to sustainability extends beyond these conventional practices, the Company has in recent years begun actively working towards environmental protection, social well-being and ethical governance. A critical aspect of PI's sustainability approach is its commitment to mitigating climate risks and reducing its environmental footprint. Internally, efforts to enhance its operational efficiency have been significantly enhanced by prioritising responsible consumption of resources, including by adopting energy-efficient practices in its offices.

On the social front, the Company leverages digital innovation to expand financial protection to those previously excluded from traditional insurance models. By utilising mobile and online platforms, PI enhances accessibility, allowing customers, particularly in rural and remote areas to purchase policies, submit claims, and access support services seamlessly. Employee well-being and diversity are also central to PI's social commitment, with policies that promote equal opportunity, skills development, and a workplace culture rooted in inclusivity. The Company also engages in impactful corporate social responsibility initiatives, supporting disaster relief efforts, road safety awareness programs, and financial literacy campaigns.

From a governance perspective, the Company focuses on ethics through a zero-tolerance of unethical practices, supported by a Code of Conduct and whistleblower mechanisms. Data security is another key priority. Additionally, PI maintains a comprehensive risk management framework, overseen by the Board, ensuring effective internal controls, fraud prevention, and regulatory compliance to support long-term sustainability.

Sustainability Focus Areas	KPI	Current Status (2024)	Short Term Target	Medium Term Target	Long Term Target
Environmental	Responsible consumption	Waste Prevention and Management  Optimise energy consumption	Company currently do not monitor the waste generated	Reduce current food wastage by 5% (2024 baseline)  Reduce energy consumption by 5%	10% reduction in food waste  15% reduction food waste
	Net Zero emission target	Measurement of Carbon footprint in annual basis	478.25(tCO2e)	5% reduction  10% reduction	15% reduction
	Climate risk management	Alignment with SLFRS S1 & S2	Pre-Implementation Analysis	Compliance By 2026	Long Term Enhancement of the indicators  Long Term Enhancement of the indicators

Sustainability Focus Areas	KPI	Current Status (2024)	Short Term Target	Medium Term Target	Long Term Target
Social	Promoting diversity and gender balance	Equal opportunity for women in decision making roles	21% women in the decision making roles	30% Women in decision making roles	35% women in the decision making roles
	Respect for Employees	Increase in internal recruitments	13 positions filled internally	10% increase in the internal recruitments	15% increase in the internal recruitments
	Financial inclusion	Increasing company's digital footprint	1,179 customers acquired through digital channels	5% increase in digital customers	10% increase in digital customers
Governance	Values and ethics	Employee training on PI's code of conduct	100% employees trained on PI's code of conduct	100% employees trained on PI's code of conduct	100% employees trained on PI's code of conduct
	Data Privacy	Data privacy violations	Zero data privacy violations	Zero data privacy violations	Zero data privacy violations
	Management systems	Conducting audits on management systems	11 audits on management systems	15 audits on management systems	18 audits on management systems

## SLFRS S1 and S2 Adoption

### Update for FY 2024

In 2024, PI made good headway in aligning with the requirements of SLFRS 1 and SLFRS 2. The process kicked off with the Board undertaking to formulate the Company's ESG agenda based on the guidance provided in these standards to enable the integration of ESG considerations into strategy development. As a first step, PI commitment to ESG institutionalised through a formal Board-approved policy developed in line with the provisions of Section 9 of the Colombo Stock Exchange's (CSE) listing rules on corporate governance. The policy aims to

- ★ Provide clear guidance on PI's position with regard to environment, social and governance performance.
- ★ Integrate ESG consideration into PI's business activities and establish an effective reporting framework to

track and report the progress made on ESG factors.

- ★ Achieve superior shareholder performance through environmentally and socially sustainable operations.
  - ★ Promote diversity and inclusion while ensuring a respectful workplace to empower individuals.
  - ★ Adding value through continuous improvement and innovating sustainable solutions.
- Simultaneously, a cross functional management committee led by the Chief Executive Officer was established and tasked with identifying ESG-related risks applicable to the Company. The Carbon Footprint calculation process was also initiated in line with the requirement of the standard. The steps taken by the committee are reflected in the 2024 Annual Report, which incorporates the following key improvements to enhance transparency and accountability.
- ★ Specific sustainability related risks and opportunities (SRROs) and climate related risks and opportunities (CRROs), their severity of the financial impact on the management strategies have been identified and reported in the risk management section.
  - ★ ESG risks also have been taken into consideration in the materiality assessment through the application of the double materiality methodology.
  - ★ High level key risks identified with regard to each of the capitals have been disclosed in the capital management review.
  - ★ Sustainability initiatives taken by the Company has been disclosed in the Natural Capital section and Social and Relationship Capital section of the report.

# Commitment to Sustainable Business

## Plans for 2025 and Beyond

### Governance

- ★ Establishment of Board oversight on ESG related matters by aligning with an existing board subcommittee with clearly outlined terms of reference.
- ★ Quarterly ESG risk reporting to Audit Committee and Group Integrated Risk Management Committee.



To be included in the Annual Report 2026

### Strategy

- ★ Embedding sustainability and climate related risk and opportunities into company's strategy formulation.
- ★ Incorporating climate strategy into;
  - Underwriting practices
  - Product development process
  - Distribution networks
  - Procurement practices
  - Marketing initiatives



To be included in the Annual Report 2025

### Risk Management

- ★ Establishment of a detailed process to identify, assess, prioritise and monitor SRROs and CRROs and integrate them into the entity's overall risk management process.



To be included in the Annual Report 2026

### Metrics and Targets

- ★ Setting up sustainability and climate related metrics and targets
- ★ Full compliance with Scope 3 emission disclosure requirement
- ★ Calculation of GHG emission based on GHG protocol



To be included in the Annual Report 2026

To be included in the Annual Report 2028

# Awards

## GLOBAL BANKING AND FINANCE

### **Non-Life Insurance Brand of the Year**

Sri Lanka 2024

### **Best Auto Insurance Process (Call & Go)**

Sri Lanka 2024



## THE GLOBAL ECONOMICS

### **Non-Life Insurer of the Year**

Sri Lanka  
2024

## ICONIC AWARDS SRI LANKA

### **The Best Customer Service in General Insurance**

People's Excellency Awards 2024



## INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

### **Gold in the Insurance Sector**

(Gross Premium up to LKR 10 Bn)

at the TAGS Awards 2024  
for the Annual Report



SLIM

### **Recognition as one Best Corporate Client**



## SRI LANKA INSURANCE INSTITUTE

### **Runners Up**

Inter-Insurance/  
Broker Company  
Six a Side Cricket  
Tournament-2024

# Milestones and Key Events

## 2010

Commenced commercial operations in January with 15 employees as a Non-life (general) insurer.

## 2011

Became the Non-life insurer which achieved Rs. 1 Bn annual Gross Written Premium (GWP) within the shortest period of time in the non-life insurance industry in Sri Lanka and recorded the first-ever profit after tax of Rs. 72 Mn.

## 2012

- ★ Invested in a customised Enterprise Resource Planning (ERP) system.
- ★ Established a new call centre equipped with the latest technology.
- ★ Opened the first regional office in Galle.

## 2013

- ★ Entered into a Bancassurance agreement with People's Bank.
- ★ Launch of corporate website
- ★ Release of first annual report.

## 2014

- ★ Reconstituted the Board Audit Committee to ensure a better balance.
- ★ Implemented the Electronic Board papers application, 'Board PAC' solution.

## 2015

- ★ Introduced a travel policy and a Takaful window.
- ★ Opened the Initial Public Offering (IPO) with over subscription of almost six times on the opening day, making the Company's IPO one of the most successful.

## 2016

- ★ Listing company shares on the Main Board of the 'Colombo Stock Exchange'.
- ★ Launch of internet payment gateway.

## 2017

- ★ Launch of new corporate logo
- ★ Moved the Corporate Office to a newly-constructed iconic building located at No. 07, Havelock Road, Colombo 05.

## 2020

Recorded the history highest profit after tax of Rs. 1.2 Bn.

## 2024

Recorded highest ever GWP of Rs. 6.2 Bn with an overall growth of 8.4%.

## 2021

Partnered with Sri Lanka Tourism Development Authority (SLTDA) to provide mandatory COVID-19 insurance cover for inbound travellers of Sri Lanka to regain the economy during the pandemic.

## 2018

- ★ Rated 'A+ (lka)' with a stable outlook by Fitch Ratings.
- ★ Introduced a web based e-marine system for corporate clients.
- ★ Implementation of the Human Resources Information System (HRIS).

## 2022

Restructuring the National Sales Channel to ensure a more focused business operation and sales strategy.

## 2019

- ★ Awarded the ISO 9001:2015 certificate.

## 2023

Strengthening the IT governance by implementing comprehensive set of IT policies and procedures and introduction of performing system audits.

# Year at a Glance

## January

Marked the 14th anniversary of People's Insurance PLC with a celebratory gathering held at the head office and commenced the operations for 2024 with a ceremony at Head Office featuring traditional and religious rituals

## February

Town storming sessions were conducted to improve awareness among the customers on PI's products

## March

Department-wise archived box cleaning competition was conducted to improve employee engagement and encourage re-use of paper

## April

Company celebrated Sinhala and Tamil New year by conducting a traditional ceremony at Head Office

Company Appointed Mr Dennis Hewagama as the Chief Sales Officer of the National Sales Division



## May

Achievers' Night 2024, was held to celebrate the achievements and recognition of the employees for the outstanding performance excelled in 2023

Winners of the Staff Talent Contest also performed at the Achiever's Night showcasing their dancing and singing skills



## June

Head Office and number of branches of PI has organized Poson Dansel to enhance the connectivity with the community



## July

Company has conducted a successful free vehicle check-up event in partnership with Car Bees and People's Insurance at Thalawathugoda



## August

Company has unveiled a photo wall to tribute the remarkable journey and contribution of the past and present leadership



## September

Relocation of Negombo Branch & opening of Badulla Branch to ensure better customer accessibility



## October

Company has kicked off Annual Planning process to prepare budgets for 2025

Opening of Gampaha, Batticaloa & Kegalle branches in line with the branch expansion strategy

## November

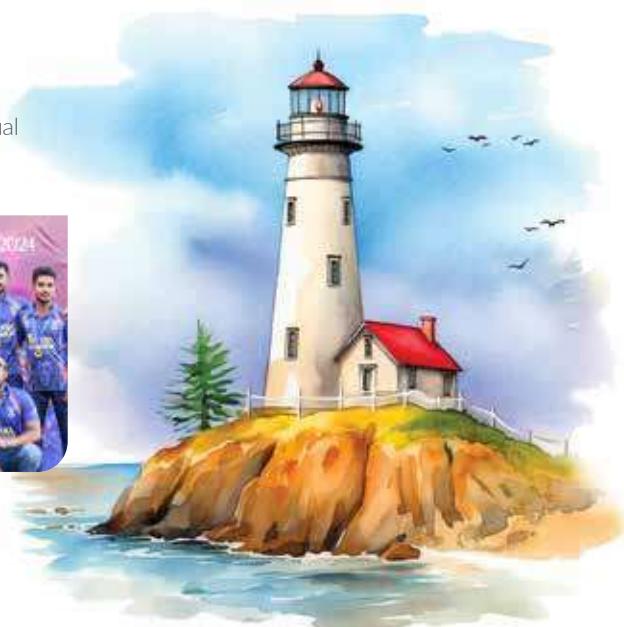
Company emerged as the most profitable Listed General Insurance provider for Q3 2024

## December

Company has conducted inter department Christmas Carol competition and Annual cricket match to enhance the employee connectivity



**Like a steadfast lighthouse in a storm, our resilience guided us through this year's challenges. With thoughtful investments and a commitment to excellence, we have strengthened our foundation, ensuring a safe, secure future for all.**







# FY 2024 Overview

## An Unshakeable Foundation

Our goal is to be strong – for our customers, for our employees, for our leaders, for our stakeholders. Our strength determines our effectiveness, which is the driving force behind our relationship with our customers. This strength is our foundation, and will hold us together in the face of any and all adversity.

For a lighthouse to continue serving the community, its foundation must be strong enough to withstand all manner of distress. The strength of this foundation determines the longevity of the structure and ensures that it stays resilient and unperturbed in the face of difficulty and challenge.

# Non-Financial Highlights

## ENVIRONMENTAL PERFORMANCE

### Resources



Water consumption for operations

**4,474 m<sup>3</sup>**

FY 2023: 3,705 m<sup>3</sup>

21%



Non-renewable energy consumption for operations

**2,287 GJ**

FY 2023: 2,167 GJ

6%

### Waste



Waste recycled

**11,035 kg**

FY 2023: 3,807 kg

190%

PI maintains a responsible and systematic approach to waste management focused on minimising waste generation, promoting recycling, and ensuring proper disposal.

### Emission

Carbon emitted from operations

**478.3 tCO<sub>2</sub>e**



Scope 1 emission

**18.8 tCO<sub>2</sub>e**

4%

Scope 2 emission

**246 tCO<sub>2</sub>e**

51%

Scope 3 emission

**213.5 tCO<sub>2</sub>e**

45%

Emission intensity

**0.73 tCO<sub>2</sub>e**

## SOCIAL PERFORMANCE

### Employees

Total employees as at 31 December	Employee turnover	Female employees as a percentage of total employees
<b>655</b> FY 2023: 568	<b>33.6%</b> FY 2023: 37.9%	<b>20%</b> FY 2023: 22%
<b>15% ↑</b>	<b>-11% ↓</b>	<b>-8% ↓</b>
Female employees in decision making roles	Total number of injuries	Average training hours per employee
<b>3</b> FY 2023: 3	<b>Zero</b> FY 2023: Zero	<b>37</b> FY 2023: 21
		<b>77% ↑</b>
Investment in training	Total employee benefits distributed	
<b>Rs. 9.2 Mn</b> FY 2023: Rs. 6.7 Mn	<b>Rs. 907 Mn</b> FY 2023: Rs. 771 Mn	<b>18%</b>
<b>37% ↑</b>		



### Customers and Society

Customer Satisfaction Index	Tax paid	Investment in Sustainability Initiatives	No. of interns added to permanent cadre
<b>85%</b> FY 2023: 84%	<b>Rs. 1,307 Mn</b> FY 2023: Rs. 1,157 Mn	<b>Rs 2.2 Mn</b> FY 2023: Rs. 0.8 Mn	<b>5</b> FY 2023: 8
<b>1%</b>	<b>13%</b>	<b>185%</b>	<b>-38%</b>



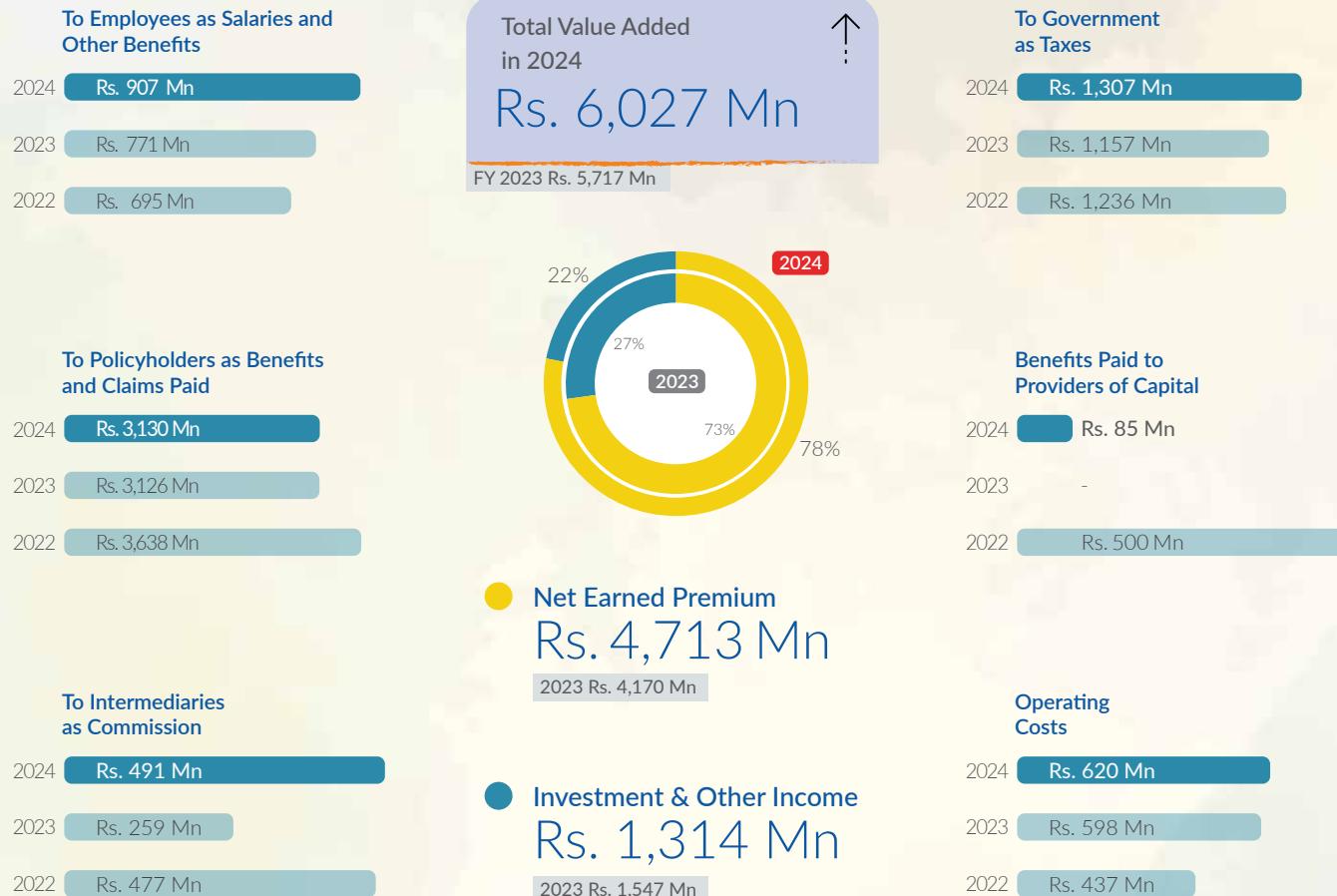
## GOVERNANCE AND ETHICS

Female representation on Boards	Employee trained on data privacy	Number of whistle-blowers cases reported and solved	Number of incidents with regards to Human rights violations
<b>17%</b> FY 2023: 17%	<b>655</b> FY 2023: 568	<b>Zero</b> FY 2023: Zero	<b>Zero</b> FY 2023: Zero
<b>15% ↑</b>			
Employees trained on PI's code of conduct	Number of Board Meetings Held	Number of total audits conducted on management systems	
<b>655</b> FY 2023: 568	<b>11</b> FY 2023: 11	<b>11</b> FY 2023: 2	
<b>15%</b>		<b>450%</b>	

# Financial Highlights

	Measurement Unit	2024	2023	Change
<strong>FINANCIAL PERFORMANCE</strong>				
Revenue	Rs. Mn	5,928	5,630	5%
Gross written premium	Rs. Mn	6,249	5,763	8%
Net earned premium	Rs. Mn	4,713	4,170	13%
Net claims	Rs. Mn	3,130	3,126	0%
Underwriting and net acquisition costs	Rs. Mn	491	259	89%
Operating and administrative expenses	Rs. Mn	1,644	1,474	12%
Underwriting results	Rs. Mn	513	675	-24%
Other revenue	Rs. Mn	1,215	1,460	-17%
Profit Before Tax	Rs. Mn	702	784	-11%
Net Profit After Tax	Rs. Mn	429	522	-18%
Net claims ratio	%	66	75	-11%
Net expense ratio	%	44	41	7%
Net combined ratio	%	110	116	-5%
Return on equity	%	8	10	-23%
Investment Yield	%	14.9	19.4	-23%
<strong>FINANCIAL POSITION AND STABILITY</strong>				
Total Assets	Rs. Mn	12,689	12,144	4%
Financial investments	Rs. Mn	10,086	9,671	4%
Total liabilities	Rs. Mn	7,052	6,896	2%
Insurance contract liabilities	Rs. Mn	4,852	4,259	14%
Equity	Rs. Mn	5,638	5,249	7%
Credit rating (Fitch rating)	FITCH (Ika)	A	A-	-
<strong>INVESTOR RATIOS</strong>				
Market value per share (Last traded price)	Rs.	32.00	22.60	42%
No. of shares in issue	Mn	204	200	2%
Market capitalisation	Rs. Mn	6,516	4,520	44%
Earnings per share	Rs.	2.13	2.58	-17%
Net asset value per share	Rs.	27.69	26.24	6%
Dividend per share	Rs.	0.50	-	100%
Price/Earnings ratio	Times	15.02	8.76	2%
Dividend cover	Times	4.26	-	100%
<strong>REGULATORY RATIOS/LEVERAGE</strong>				
Capital Adequacy Ratio (CAR)	%	389	336	16%
Total Available Capital (TAC)	Rs. Mn	5,183	4,696	10%

# Economic Value Added



## Economic Value Retained

Depreciation <b>Rs. 111 Mn</b>	Amortisation <b>Rs. 5 Mn</b>	Retained Profit <b>Rs. 399 Mn</b>	Change in General Insurance Fund <b>Rs. 593 Mn</b>
2023 - Rs. 105 Mn	2023 - Rs. 3 Mn	2023 - Rs. 593 Mn	2023 - Rs. 573 Mn

## Market Value Retained

Market Value of Equity <b>Rs. 6,516 Mn</b>	Shareholders' Funds <b>Rs. 5,638 Mn</b>	Market Value Added <b>Rs. 878 Mn</b>
2023 - Rs. 4,520 Mn	2023 - Rs. 5,249 Mn	2023 - Rs. 729 Mn

# A Message from the Board of Directors



The Board of Directors of People's Insurance PLC takes great pleasure in presenting the Annual Report and Financial Statements of the Company for the year ending 31 December 2024.

Throughout this past year, the Board continued to review and refine the Company's strategic initiatives in response to evolving market dynamics and regulatory changes. The Board also provided strategic guidance on investment decisions, capital allocation, and cost management to drive profitability and enhance shareholder returns. Risk management remained a critical priority, with the Board overseeing the implementation of robust risk mitigation strategies in light of macroeconomic uncertainties, regulatory developments, and emerging industry risks.

PI's governance framework was further strengthened in the year under review against the backdrop of the latest regulatory developments. We wish to take this opportunity to highlight the key governance initiatives undertaken by the Board during the year, to ensure our governance model remains agile, responsive, and aligned with the Company's strategic objectives.

## Governance Update for FY 2024

Influenced by a series of significant regulatory changes that reshaped the corporate governance landscape, compliance took centre stage in the Board's agenda in 2024. A key development was the introduction of Section 9 of the Colombo Stock Exchange (CSE) Listing Rules on Corporate Governance, which enumerated Board independence,

strengthened the functioning of Board Sub-Committees, and mandated a more disciplined approach to shareholder relations and corporate disclosures. Additionally, the new governance requirements also emphasised the need for a structured approach to Environmental, Social, and Governance (ESG) practices. Keen to adhere to all compliance deadlines, the Board revisited the Company's existing policies, procedures and structures, with necessary changes instituted to meet compliance deadlines.

Further, in light of the new directive and circulars issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), the Board, with the support of Sub Committees, moved swiftly to strengthen internal operational controls and monitoring mechanisms to achieve full adherence with these mandates.

**A special note of appreciation goes to PI's former Chairman, Mr. Isuru Balapatabendi. His exemplary leadership, integrity and dedication have left a lasting impact, and we are deeply grateful for his invaluable contributions.**

Another major priority for the Board was ensuring full readiness for SLFRS 17, a landmark financial reporting standard that fundamentally changes the way insurance contracts are recognised, measured, and disclosed. Throughout the year, PI undertook a comprehensive transition strategy, which included upgrading financial reporting systems, enhancing actuarial modelling capabilities, and conducting rigorous staff training programs. A dedicated project team was established to oversee compliance, ensuring that PI met all reporting requirements seamlessly.

In parallel, PI commenced preparations for the adoption of SLFRS S1 and S2, the new sustainability reporting standards that will set a global benchmark for corporate disclosures on sustainability risks and climate-related financial information. The Board led efforts to develop internal sustainability reporting frameworks, integrate ESG metrics into financial reporting, and enhance data collection

and verification mechanisms. PI also engaged with external consultants to align its reporting practices with international best practices, reinforcing the Company's commitment to transparency and sustainable value creation.

#### Declaration

The Board has exercised its fiduciary duties in accordance with the Board Charter and the Company's Articles of Association. Further, the Board, Corporate Management and all employees of PI have acted in compliance with the applicable regulatory and statutory requirements and have discharged their duties in accordance with the policies, procedures and standards set out under the Company's internal Governance Framework.

#### Appreciations

As we reflect on the achievements and challenges of the past year, the Board extends its heartfelt gratitude to all those who have contributed to the Company's continued success in 2024. A special note of appreciation goes to PI's former Chairman, Mr. Isuru Balapatabendi. His exemplary leadership, integrity and dedication have left a lasting impact, and we are deeply grateful for his invaluable contributions.

We also wish to thank our valued shareholders for their unwavering trust and confidence, our customers for their loyalty, and our employees for their dedication and commitment to excellence and our business partners for their continued support. Your collective efforts and resilience have been instrumental in driving our growth and sustaining our position as a trusted

leader in the insurance industry.

A special word of thanks to the Insurance Regulatory Commission of Sri Lanka for their guidance.

As PI embarks on a new chapter, the Board will remain focused on delivering sustainable growth and value for all stakeholders in the years ahead.

Mr. Sanjeewa Bandaranayake  
Non-Executive,  
Non-Independent Director

Ms. Nayanganie Wickramasingha  
Non-Executive, Independent Director

Mr. Johnson Fernando  
Non-Executive, Independent Director

Dr. Kasun Wijetilleke  
Non-Executive, Independent Director

Mr. Azzam Ahamat  
Non-Executive, Non-Independent  
Director

Mr. Dulinda Perera  
Non-Executive,  
Non-Independent Director

03 April 2025  
Colombo

# Chairperson's Message



**As I bid farewell, I wish to extend my sincere gratitude to the Board, corporate management and staff for their unwavering commitment to the Company's vision.**

It was a remarkable year of growth and progress for People's Insurance PLC. Led by a firm conviction to position the Company among top non-life insurers in Sri Lanka, the Board prioritised sustainable top-line growth, profitability, and capital adequacy, to further reinforce financial stability.

I can confidently say, the strategic direction by the Board has been instrumental in achieving these objectives. For instance, the decision to restructure our sales channels and expand our talent pool which has imbued a more disciplined and results-driven approach across the organisation, culminated in a 8.4% increase in PI's Gross Written Premium (GWP) from 2023 to 2024. Backed by key strategic initiatives to enhance financial resilience, our solvency position also strengthened significantly, with Total Available Capital (TAC) rising

to Rs. 5,183 Mn as at 31 December 2024, up by Rs. 487 Mn from Rs. 4,696 Mn in the previous year.

Similarly, the Company's Risk-based Capital Adequacy Ratio (CAR) reported a 53% fold increase from 336% in 2023 to an impressive 389% in 2024, far exceeding the regulatory minimum of 120%.

Our asset base too has grown substantially, reaching Rs. 12,689 Mn by end December 2024, a testament to prudent asset management and our success in attracting and retaining customers.

## Governance and Compliance

The past year has been one of significant regulatory advancements and strategic realignments for PI. A key development was the introduction of Section 9 of the Colombo Stock Exchange (CSE) Listing Rules on Corporate Governance. Taking cognisance of the new changes, the PI Board promptly revisited existing policies and structures to ensure full compliance with these new governance mandates, specifically to strengthen Board independence, enhance the effectiveness of Board Sub-Committees, and reinforced transparency in shareholder relations and corporate disclosures.

Moreover, in alignment with directives from the Insurance Regulatory Commission of Sri Lanka (IRCSL), we also took decisive steps to strengthen internal controls and monitoring mechanisms, ensuring full adherence to regulatory requirements.

Another major priority was improving our readiness for SLFRS 17, a transformative financial reporting standard that redefines the basis of recognition, measurement, and disclosure of insurance contracts.

Considering the complexity of the work involved, a dedicated project team was deployed to oversee the implementation of a comprehensive transition strategy, including the revamp of the financial system and significant enhancements to the actuarial modelling structure coupled with extensive training and gap bridging for the Company's internal teams.

Simultaneously, we also began preparations for SLFRS S1 and S2, the latest sustainability reporting standards set to come into effect from the next financial year. The Board spearheaded efforts to integrate the relevant metrics into financial reporting, enhance data collection frameworks, and align PI's sustainability disclosures with these best practices.

## Appreciations

As I bid farewell, I wish to extend my sincere gratitude to the Board, corporate management and staff for their unwavering commitment to the Company's vision. Looking ahead, I am confident that the solid foundation we have built will propel PI to secure a place among Sri Lanka's top non-life insurers. I look forward to witnessing this vision come to life in the years ahead and take great pride in having contributed to this journey over the past 5 years.

In conclusion, I extend my best wishes to the Board, the management team, and the entire PI family as they forge ahead in shaping a future of success, stability, and long-term value for all stakeholders of the Company.

**Isuru Balapatabendi**  
Chairman  
(Resigned with effect from  
18 November 2024)

# Reflections from Our Chief Executive Officer

As I reflect on 2024, I readily acknowledge that People's Insurance PLC has not just navigated a rapidly evolving operating environment but has done so with great success to emerge stronger and more resilient. In an industry marked by intense competition, regulatory shifts, and economic fluctuations, we have remained steadfast in delivering value to our stakeholders.

Moreover, our unwavering commitment to excellence, strategic agility, and customer-centric approach have positioned us as one of the most profitable general insurance providers in Sri Lanka. Let me take this opportunity to outline the key aspects of our journey over the past year, the challenges and opportunities we encountered, and recap our performance for FY 2024.

## The Sri Lankan Economy Regains Momentum

The Sri Lankan economy in 2024 demonstrated encouraging signs of recovery, marking a shift from the turbulence of previous years. With key sectors such as agriculture, construction, services, and tourism driving economic momentum, GDP growth for 2024 projected to have touched 5%. Inflation remained within a manageable range of 4%-6%, while prudent monetary policies by the Central Bank helped stabilise interest rates. The Sri Lankan Rupee appreciated by 10.7% against the US dollar. Collectively signalling the long awaited economic correction.



## Reflections from Our Chief Executive Officer

**In 2024, we made strong strides in the sustainability sphere through conscious efforts to reduce waste, improve resource efficiency, and embed environmental responsibility across our operations.**

### A Resilient Performance by the Local General Insurance Industry

Against this backdrop of economic resurgence in 2024, Sri Lanka's general insurance industry demonstrated resilience to record 6.9% increase in Gross Written Premiums (GWP). The non-motor segment saw strong expansion, with medical insurance emerging as the top performer, recording an impressive 17% growth, driven by increased consumer awareness and Sri Lanka's ageing population. Fire and marine insurance also maintained steady momentum, growing at 6% and 5%, respectively. The motor segment recorded the lowest growth. Yet again stymied by stagnation in the vehicle market resulting from the import restrictions that have been in place since 2020, the motor insurance segment grew by a mere 8%. Nevertheless, given its historical dominance, the motor segment accounted for more than 54% overall GWP mix.

Claims trends reflected the spillover effects of the 2022 economic crisis and its related developments. Higher claims, particularly in the health segments, were attributed to the rise in medical expenses driven by inflationary conditions in the recent past. Similarly, the rise in motor claims was due to the combined impact of inflationary pressures and the exchange rate volatility in 2023.

While higher claims brought pressure on underwriting profits of non-life insurers, the situation was further exacerbated owing to the government-mandated 100% cession of Strike Riot Civil Commotion & Terrorism premiums to the National Insurance Trust Fund (NITF). As a result, underwriting profits reported by the general insurance industry declined compared to 2023.

### A Clear and Balanced Business Strategy

The economic recovery presented both opportunities and challenges for PI. One of the key challenges we faced was the price wars among competitors, making it difficult to maintain a profitable pricing strategy which led to margin erosion. For our part, we decided to adopt a risk-based pricing model. We continued to remain flexible and adapted our underwriting approach to account for externalities. Our focus on data-driven decision-making proved to be a significant advantage in improving pricing accuracy and risk assessment.

Meanwhile, rather than competing solely on pricing, we opted to differentiate ourselves against peers by focusing on superior customer service, innovative products, and a streamlining claims settlement process.

We continued to invest in digital platforms to enhance service delivery and improve the accuracy, transparency, and efficiency of our claims processes. Significant upgrades were made to the assessor application, improving efficiency and service quality in claim settlements alongside the introduction of a mechanism to facilitate claim payouts to be made directly to customers' bank accounts.

A new online onboarding process was rolled out greatly simplifying the process of obtaining a motor insurance third party policy online. We also expanded and upskilled our sales staff to provide door-to-door service, enabling a more personalised approach and greater convenience for policyholders. I am convinced that the strong focus on customer experience has gone a long way in building trust with existing clients while supporting new customer acquisition strategies.

I am happy to see the economic turnaround creating some robust growth opportunities. For instance, the revival in tourism created a surge in demand for insurance products, particularly travel and motor insurance, as well as personal accident covers for inbound tourists. Recognising this opportunity, we tailored our offerings to the tourism sector and forged partnerships with travel agencies and hospitality providers to grow PI's bandwidth across the tourism vertical.

In parallel, we amplified our market penetration strategies in other segments as well. Forming partnerships with several leading financial institutions we focused on expanding our distribution network to leverage



cross-selling of insurance products as a strategy to make inroads into high growth potential markets. At the same time, targeted localised strategies in these markets were aimed at ensuring that our products met the specific needs of each region. Inspired by the success of these initial attempts, we worked to further strengthen our partner networks aiming to grow our market presence across Sri Lanka.

### Financial Highlights for FY 2024

PI recorded GWP growth of 8.4% year-on-year, which while falling short of our ambitious 22% target, was nevertheless ahead of the market average.

Several factors influenced the Company's profitability during the year. The cascading effect of inflationary conditions and the depreciation of the LKR in 2023 led to increased claim payouts across both medical and motor segments in 2024.

The 17% decline in investment income, driven by the low-interest rate environment was another key concern. With the prevailing low interest rate

environment adversely affecting income from our investment portfolio, we resorted to greater portfolio diversification. Well-timed strategies were instrumental in offsetting the low returns from traditional fixed-income investments.

The 10% rise in operating expenses attributed to higher staff costs, technology investments, and branch network expansion, added pressure on the bottom line. However, the most significant adverse impact on the current year bottom line was due to the mandatory 100% cession of Strike Riot Civil Commotion & Terrorism premiums to the NITF.

Despite these challenges, the relentless focus on optimising operational efficiency and stringent cost management enabled PI to achieve a PBT of Rs. 701.6 Mn for FY 2024, which I am proud to say has cemented our position as the most profitable listed general insurer in Sri Lanka for the year.

I am very pleased to announce that PI's capital position strengthened significantly in the year 2024. The Capital Adequacy Ratio (CAR) rose to 389%, up from 336% in the previous year, reflecting prudent liquidity management and disciplined investment strategies.

On that note, I wish to confirm that we have made excellent progress on the adoption of the SLFRS 17 standards with ongoing efforts to assess the impact on existing Company practices and determine the optimal transition approach. With implementation well underway we are confident of full compliance by the 01 January 2026 deadline.

### People Development

Regrettably, we continued to witness the lingering effects of the 2022 economic downturn affecting our ability to attract and retain young talent, as the overseas migration trend continued well into year 2024. To address this, we worked on enhancing our employee value proposition by strengthening compensation packages and revamping our approach to career development with the introduction of a robust succession planning structure mapped against PI's medium term growth trajectory. We also rolled out several targeted employee engagement initiatives to enhance workplace satisfaction and promote employee wellbeing. Additionally, we forged a series of partnerships with universities and training institutions to bolster our chances to access top talent to support our future workforce needs.

### Sustainability Stewardship

In 2024, we made strong strides in the sustainability sphere through conscious efforts to reduce waste, improve resource efficiency, and embed environmental responsibility across our operations.

On the waste reduction front, we focused mainly on tackling paper waste. We extracted over 1,700 boxes of archived documents to create a stock of one-side printed A4 sheets for internal use over the next two years. Further, following a deep dive into our existing inventory it was found that purchase of external correspondence sheets will not be required for the next three years.

## Reflections from Our Chief Executive Officer

I would like to extend my heartfelt gratitude to the Board of Directors for their outstanding leadership, which has enabled People's Insurance PLC to strengthen its market position despite countless challenges in the 2024 financial year.

Reinforcing our commitment to reduce single-use plastic waste, we replaced plastic water bottles and cups with glass bottles and reusable cups. In parallel, a structured monitoring and reporting mechanism was established to track and reduce food and polythene waste, with separate collection bins introduced to promote proper waste segregation. We also started sharing waste tracking metrics with staff to promote awareness and accountability.

As part of our overall approach to reducing waste, we also encouraged recycling and reuse. Creative competitions were launched to inspire employees to repurpose materials for seasonal decorations.

We also initiated a Company-wide carbon footprint calculation project, with the first phase focused on measuring Scope 1 and Scope 2, while the second phase of the project will aim to integrate Scope 3 emissions reporting for better monitoring and quantifiable disclosures. In the third

phase we are targeting to obtain independent assurance for PI's emission profile in line with global standards.

### Awards and Accolades

It was another rewarding year for PI as we added to our growing list of awards and accolades from both local and global awarding bodies.

Our achievements at the Global Banking and Finance Awards 2024 include the highly-coveted Non-Life Insurance Brand of the Year – Sri Lanka and also claimed the award for Best Auto Insurance Process (Call & Go) – Sri Lanka, which I must reiterate stands as a testament to our commitment to excellence and innovation in customer service.

Further solidifying our position as a market leader in the industry, PI was declared the Non-Life Insurer of the Year – Sri Lanka at the Global Economics Awards 2024.

At the Iconic Awards Sri Lanka, PI's dedication to delivering exceptional customer service earned us the prestigious Best Customer Service in General Insurance – People's Excellency Award 2024.

Our commitment to accountability and reporting transparency was recognised at multiple forums. PI's Integrated Annual Report for 2023 secured Gold in the Insurance Sector (Gross Premium up to Rs. 10 Bn) at the TAGS Awards 2024, organised by the Institute of Chartered Accountants of Sri Lanka, and also received a Merit Award at the CMA Excellence in Integrated Reporting Awards 2024, presented by CMA Sri Lanka.

PI's dedication to building strong corporate relationships was acknowledged by SLIM, where we were recognised as one of the Best Corporate Clients.

### Looking Ahead: 2025 and Beyond

As Sri Lanka moves toward economic stability, I anticipate a more predictable regulatory environment, improved investor confidence, and a gradual normalisation of the insurance sector which will create a strong foundation for PI to accelerate its growth trajectory.

We will continue to focus on expanding our business by targeting high-revenue growth sectors such as SMEs, construction, solar energy, and tourism. Even as we accelerate our market reach, strong underwriting discipline will be crucial to achieving long-term profitability. Our goal will be to implement more stringent underwriting frameworks to reduce loss ratios and ensure that risk assessments align with our financial objectives. A key target for 2025 is to achieve underwriting profitability by guiding our sales teams to focus on profitable classes of business in line with the objectives set by our Board and Parent Company.

To that end, expanding the non-motor segment through our regional sales force will be a key priority, underscored by a cost break-even strategy for the national sales channel. Equally importantly we will seek to strengthen corporate client engagement through customised insurance solutions that will help us secure long-term partnerships and increase market share. I also see immense potential in strategic partnerships as a key lever to drive market penetration and market development as well as target more profitable segments.

Technology adoption will be at the heart of PI's strategy for improving customer experience and operational efficiency. We will continue expanding our online policy issuance capabilities while opening up to AI-driven underwriting and automated claims processing. Additionally, our plans for self-service claim tracking and chatbot-based customer support will not only provide better service and convenience, but also undoubtedly set new industry benchmarks.

We also plan to fully leverage Group synergies to benefit from shared services and technology infrastructure to transition to a leaner, more effective organisation that will improve operational efficiency and derive sustained reduction in overhead costs over time.

I look forward to 2025 with a great deal of optimism as we prepare to celebrate PI's 15th anniversary. I believe this milestone provides an opportunity to renew our vision and realign our values to reflect the ambitious new goals and aspirations we have set forth for the next phase of our growth journey.

### Appreciations

I would like to extend my heartfelt gratitude to the Board of Directors for their outstanding leadership, which has enabled People's Insurance PLC to strengthen its market position despite countless challenges in the 2024 financial year.

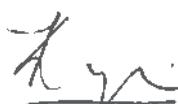
I extend my sincere appreciation to our staff for their commendable efforts and unwavering unity, which have been instrumental in the Company's success and the resilience we have demonstrated over the years.

I would like to extend my sincere gratitude to our former Chairman Mr. Isuru Balapatabendi for his invaluable guidance and encouragement during a challenging period. His leadership played a pivotal role in strengthening the Company's financial stability and enhancing its resilience in difficult times.

I would also like to take this opportunity to express my thanks to the Insurance Regulatory Commission of Sri Lanka for their continued guidance and support.

In closing, I would like to thank our shareholders, customers, business partners, and other stakeholders, including the Board of Directors, staff of People's Bank and the management and staff of our parent entity - People's Leasing & Finance PLC, for the trust and confidence. I encourage you to remain invested in our Company and to be part of the exciting journey we expect to embark on in the years ahead.

Together with my team, all of us at People's Insurance PLC remain committed to being the Beacon of Resilience to all Sri Lankans.



Jeevani Kariyawasam  
Chief Executive Officer

03 April 2025  
Colombo





# Strategic Direction

## Adapting for Success

Our growth and success lies in our ability to adapt to challenging circumstances and stay on target while protecting our stakeholders' interests. With our unique strategies guiding our decisions, we ensure that every risk we take, and every move we make brings about positive change and benefit to all.

While thunder strikes, and waves thrash against rocks, the lighthouse stands uninhibited, with its primary goal of being a safe haven for seamen symbolised with its never-fading light that spreads in every direction. No matter the weather, the lighthouse adapts and ensures that in come rain or shine, its light stays on.

# Value Creation Process

Input

Value Adding Business Activities

Vision

Mission

- Financial capital**
  - Shareholder Funds
  - Operating Cashflow
  - Investment Portfolio
- Manufactured Capital**
  - Branch Network
  - Digital Infrastructure
  - Property Plant & Equipment
- Human Capital**
  - Healthy workforce
  - Skills and experience
  - Employee diversity
  - Equal opportunity
  - Youth employment
- Intellectual Capital**
  - Brand Strength
  - Tacit knowledge
  - Trained employees
  - Strategic partnerships
- Social & Relationship Capital**
  - Customer relationships
  - Business partner and reinsurance relationships
  - Community relationships
- Natural Capital**
  - Carbon-neutral operations including energy, water & climate

**Core Values**

- Respect for integrity and business ethics
- We act responsibly
- Be customer-driven
- To have a sense of urgency
- Respect diversity and the environment

**Strength**

Stable financial base and Revenue structure

**Monitoring/Management**

- Free Cash Flow
- Return on Equity
- Return on Assets

**Strength**

Group Synergies and Brand recognition

**Strategic Imperatives**

- Business and profit growth
- Enhance operational efficiency and compliance
- Develop a skilled workforce
- Increase social and environment responsibility

**Strength**

Human Capital and Investment on systems to advance business creation

**Non-Financial**

- Management by Objectives
- Employee satisfaction surveys
- Customer satisfaction surveys

**Strength**

Management prioritizing capital efficiency

**STEWARDSHIP**

Governance Structure | Capital Management

Risk Governance and Management | Legal & Regulatory Framework

Environmental, Social and Governance Management

## Output

## Stakeholder Outcome

## Value preserve for future

## Shareholder value creation

	Unit	2024	2023
Total Equity	Rs. Mn	5,638	5,249
Shareholder returns	%	30.94	10.62
Market capitalization	Rs. Mn	6,516	4,520
Growth in total assets	%	4.49	8.27
Earning per share	Rs.	2.13	2.58

- ★ Creation of wealth
- ★ Effective working capital management
- ★ Healthy capital structure
- ★ Financial stability



- ★ Sustainable Growth
- ★ Stable profitability levels
- ★ Fair dividend policy



## Enhancing the geographical presence

	Unit	2024	2023
No of branches	No.	17	14
Net book value of Capital	Rs. Mn	122	55
Assets			

- ★ Expanding the reach
- ★ Performance based branch expansion and relocation



## Improved skills and capabilities of employees

	Unit	2024	2023
No of Employees	No.	655	568
No of promotions	No.	171	198
% of female employees	%	20.00	22.00
Employee attrition	%	33.6	37.9
Profit per employee	Rs. Mn	0.66	0.92
Training cost per employee	Rs. '000	1.20	1.48

- ★ Valued organisational culture
- ★ Efficient and safe working environment
- ★ Engaged employees
- ★ Career progression
- ★ Empowerment



## Brand reputation, innovative capabilities, knowledge and expertise

	Unit	2024	2023
Fitch rating	Rating	A (lka)	A-(lka)
	Stable	Negative	

	Unit	2024	2023
Value of intangible asset	Rs. Mn	15.78	11.75

- ★ Enhancing the brand visibility
- ★ Strong brand reputation
- ★ Innovative business processes



## Increasing the quality of the stakeholder relationship

	Unit	2024	2023
No of new policies issued	No.	78,671	64,822
Supplier payments	Rs. Mn	248	199
Reinsurance payments	No.	1,439	446
CSR Spent	Rs. Mn	1.5	3

- ★ Multi-channel footprint
- ★ Operational efficiency
- ★ Customer satisfaction and convenience



## Minimizing the impact on the environment

	Unit	2024	2023
Waste paper recycled	Kg	11,035	3,807
Electricity consumption	GJ	2,070	2,003
Water consumption	m3	4,474	3,705

- ★ Recycle and reuse of paper
- ★ Environmental stewardship
- ★ Responsible energy consumption



- ★ Sustainable Growth
- ★ Stable profitability levels
- ★ Fair dividend policy



- ★ Accelerated branch expansion strategy
- ★ Branch break-even analysis



- ★ Effective succession planning for identified key positions
- ★ Performance driven culture
- ★ Enhancing employee inclusivity and a culture of tolerance
- ★ Growing talent and supporting employee wellness



- ★ Investment on data analytics tools and artificial intelligence
- ★ Compliance with personal data protection Act
- ★ Developing company focus on enhancing agility and a future-ready mindset



- ★ Becoming carbon neutral Company
- ★ Measuring the impact to the environment



- ★ Increased community engagement
- ★ Building sustainable partnerships
- ★ Improved service level standards for customers

# Stakeholder Engagement

**Stakeholders are those individuals, groups or organisations that impact and/or could be impacted by PI's activities, products or services and associated performance.**

As the highest governing body within the organisation, PI Board is entrusted with the responsibility for ensuring engagement with stakeholders is conducted in a structured and inclusive manner in order to build long term relationships based on trust and mutual respect.

To that end, the Board is guided by the AA1000SES (2015) which sets out a comprehensive 5-step process to ensure that stakeholder engagement is not only systematic but also embedded as a core component of the Company's decision making and resource allocation processes.



**The Power/Interest Grid**

Power	Interest
Actively Consult ★ Shareholders/ Investors ★ Regulators	Regularly Engage ★ Employees ★ Customers
Keep Informed ★ Communities	Maintain Interest ★ Business Partners

Identify stakeholders affected by or can affect the PI's performance and understand their level of influence



Investors



Shareholders



Customers



Employees



Business Partners



Regulators



Community



Suppliers

Create customised engagement plans for each stakeholder category based on their position within the Power / Interest Grid

Proactive engagement with all stakeholders based on the principles of honesty, openness, clarity and responsibility

Disseminating stakeholder feedback and integrating findings into its governance, strategy, and operations

Evaluate the quality of engagement, the relevance of feedback, and the impact of actions taken in response to stakeholder input

**Shareholders/Investors**

Strength of Relationship



Parent entity : People's Leasing and Finance PLC  
 Ultimate parent : People's Bank  
 Retail investors : 3,212

**Engagement Mechanisms**

- \* Annual General Meeting
- \* Annual Report
- \* Monthly Board Papers
- \* Quarterly Financial Results

- \* Investor Meetings (as needed)
- \* Networking Events (as needed)
- \* Disclosures to the CSE (as needed)

**PI's Response**

- Material Matters**
- \* Profitable Growth
  - \* Managing macroeconomic vulnerabilities
  - \* Product innovation and diversification
  - \* Efficiency
  - \* Group Synergies
  - \* Responsible Business
  - \* Brand Identity

- Strategy Integration**
- \* Profitable Growth
  - \* Enhance Operational Efficiency and Compliance
- Resource Allocation through Capitals**

**Stakeholder Concerns**

- \* Financial Performance:
- \* Regulatory Compliance
- \* Market Position and Growth Strategies

- \* Approach to Risk Management
- \* Governance and Ethics
- \* Dividend Policy

**Value Creation**

- \* EPS of Rs. 2.13
- \* Return on Equity of 8%
- \* Proactive involvement in strategy formulation with 33% Board members representing PLC and 17% representing People's Bank

- \* 60% contribution from captive business of the Group

**Customers**

Strength of Relationship



Corporate clients : 2,288  
 Individual clients : 162,267

**PI's Response**

- Material Matters**
- \* Profitable Growth
  - \* Managing macroeconomic vulnerabilities
  - \* Product innovation and diversification
  - \* Distribution Channels
  - \* Digital Capabilities
  - \* Efficiency
  - \* Group Synergies
  - \* Responsible Business
  - \* Brand Identity
  - \* Customer Centricity

- Strategy Integration**
- \* Profitable Growth
  - \* Enhance Operational Efficiency and Compliance
  - \* Develop a Skilled Workforce
- Resource Allocation through Capitals**

**Engagement Mechanisms**

- \* Face to face interactions (as needed)
- \* Engagement through digital channels (continuous and ongoing)
- \* Promotional Campaigns (as needed)

- \* 24-hour call centre (continuous and ongoing)
- \* Roadshows (as needed)
- \* Customer complaint procedure (as needed)
- \* Social Media Platforms (continuous and ongoing)

**Stakeholder Concerns**

- \* Product Offerings
- \* Customer Service Accessibility
- \* Claims Process
- \* Financial Stability

**Value Creation**

- \* Claims settled Rs. 3,001 Mn
- \* Rs. 469.7 Mn claim payments made through digital platforms
- \* Customer renewal retention rate of 70%
- \* Customer level of recommendation 88%

# Stakeholder Engagement



## Employees

Strength of Relationship



Total employees	:	655
Permanent	:	651
Fixed Term Contract	:	4

### Engagement Mechanisms

- \* Performance appraisal (annual)
- \* Engagement through digital platforms (continuous and ongoing)
- \* Multi-level staff meetings (as needed)
- \* Year-round event calendar (continuous and ongoing)
- \* Training programmes (continuous and ongoing)
- \* Quarterly newsletter
- \* Intranet (continuous and ongoing)



Material Matters
* Managing macroeconomic vulnerabilities
* Efficiency
* Group Synergies
* Responsible Business
* Brand Identity
* Talent Management
* Health and Safety

### Strategy Integration

- \* Profitable Growth
- \* Develop a Skilled Workforce

### Resource Allocation through Capitals



### Stakeholder Concerns

- \* Career Development Opportunities
- \* Work Environment
- \* Employee Benefits
- \* Professional Growth

### Value Creation

- \* Payments to employees of Rs. 907 Mn
- \* Remuneration per employee of Rs. 1.39 Mn
- \* No. of promotions - 171
- \* ZERO incidents of discrimination



## Business Partners / Suppliers

Strength of Relationship



Reinsurance Partners	:	25
Suppliers	:	131
Insurance Brokers	:	69
Insurance Agents	:	65



Material Matters
* Profitable Growth
* Managing macroeconomic vulnerabilities
* Product innovation and diversification
* Digital Capabilities
* Efficiency
* Group Synergies
* Responsible Business
* Brand Identity
* Relationships with Business Partners

### Strategy Integration

- \* Profitable Growth
- \* Enhance Operational Efficiency and Compliance
- \* Increase Social and Environmental Responsibility

### Resource Allocation through Capitals



### Engagement Mechanisms

- \* Meetings (as needed)
- \* Training Programmes (as needed)
- \* Reinsurance Declarations (as needed)
- \* Social Media Platforms (continuous and ongoing)

### Stakeholder Concerns

- \* Procurement Process
- \* Supplier Registration
- \* Compliance and Standards
- \* Communication Channels

### Value Creation

- \* Commissions and data sharing fee paid Rs. 631 Mn
- \* Payments to suppliers Rs. 248 Mn
- \* New business generated: Rs. 3,244 Mn



## Regulators

Strength of Relationship



Insurance Regulatory Commission of Sri Lanka  
Colombo Stock Exchange  
Department of Inland Revenue

### Engagement Mechanisms

- \* Meetings (as needed)
- \* Regulatory Reporting (as needed)

- \* Written Communications (as needed)

### PI's Response

#### Material Matters

- \* Profitable Growth
- \* Managing Macroeconomic Vulnerabilities
- \* Distribution Channels
- \* Digital Capabilities
- \* Efficiency
- \* Responsible Business
- \* Brand Identity
- \* Distribution Channels
- \* Community Engagement
- \* Minimising Environmental Footprint

#### Strategy Integration

- \* Profitable Growth
- \* Enhance Operational Efficiency and Compliance
- \* Increase Social and Environmental Responsibility

### Stakeholder Concerns

- \* Regulatory Compliance
- \* Risk-Based Capital (RBC) Adequacy
- \* Corporate Governance Practices

- \* Financial Reporting and Transparency
- \* Risk Management Practices

#### Resource Allocation through Capitals



### Value Creation

- \* Payment of taxes Rs. 1,307 Mn
- \* ZERO incidents of non-compliance
- \* ZERO fines in relation to non-compliance



## Community

Strength of Relationship



Society within which the Company operates including the natural resources consumed for the day to day operations

### Engagement Mechanisms

- \* CSR engagements (continuous and ongoing)
- \* Meetings (as needed)

- \* Localised awareness campaigns (as needed)
- \* Social media (continuous and ongoing)

### PI's Response

#### Material Matters

- \* Responsible Business
- \* Brand Identity
- \* Community Engagement
- \* Minimising Environmental Footprint

#### Strategy Integration

- \* Enhance Operational Efficiency and Compliance
- \* Increase Social and Environmental Responsibility

### Stakeholder Concerns

- \* Community Support
- \* Resource Conservation and Waste Reduction

#### Resource Allocation through Capitals



### Value Creation

- \* Investment in CSR Rs. 1.5 Mn

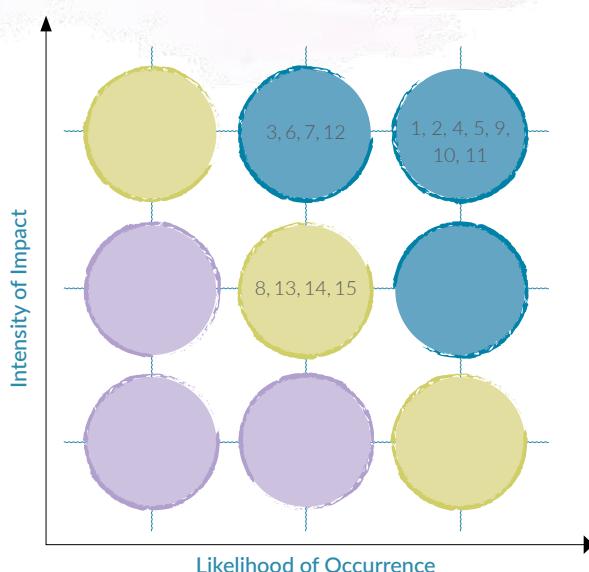
# Materiality

**In 2024, PI further strengthened its materiality determination process by adopting the double materiality assessment methodology, to evaluate material topics via two key dimensions: impact materiality and financial materiality.**

The impact materiality aims to determine the Company's impact on environmental and social factors, while the financial materiality evaluates how sustainability-related risks and opportunities associated with each material topic could potentially affect the Company's financial performance. By integrating both perspectives, PI aims to enhance transparency, align with evolving regulatory requirements, and strengthen its long-term sustainability strategy.



The determination of PI's Material Matters is an iterative process, wherein the Corporate Management actively engages in identifying challenges and opportunities arising from the internal and external environments that could materially impact the Company's operations.



**1. Profitable Growth****GRI N/A**Financial Materiality | **HIGH****Impact Materiality (ESG Factors)****Risks****Opportunities****Management Approach**

Severe climate-related disasters, such as floods, cyclones, and droughts that could lead to higher insurance claims

Offering innovative, sustainability-linked products can attract environmentally conscious customers, create new revenue streams, and position PI as a leader in sustainable insurance

Achieve consistent business growth to ensure sustainable returns to shareholders

**Stakeholders impacted****2. Managing macroeconomic vulnerabilities****GRI N/A**Financial Materiality | **HIGH****Impact Materiality (ESG Factors)****Risks****Opportunities****Management Approach**

Increased economic instability, including inflation, currency depreciation, and rising interest rates, can reduce consumer purchasing power, leading to lower insurance penetration and policy cancellations

Adopting AI-driven risk assessment, automated claims processing, and digital distribution channels, PI can streamline operations, lower expenses, and improve customer accessibility

Proactive monitoring of the macroeconomic environment to identify and manage aspects that could significantly impact performance

**Stakeholders impacted****3. Product innovation and diversification****GRI 416**Financial Materiality | **HIGH****Impact Materiality (ESG Factors)****Risks****Opportunities****Management Approach**

Failure to adapt to market demand for innovative products such as climate risk coverage, or microinsurance solutions, could result in loss of market share and reduced competitiveness

Introduce green insurance solutions covering electric vehicles (EVs), renewable energy projects, or climate resilience policies

Focus on developing new products that provide first mover advantage in order to reduce the dependence on captive business

**Stakeholders impacted**

# Materiality

## 4. Efficiency

GRIN/A

Financial Materiality | HIGH

### Impact Materiality (ESG Factors)

#### Risks

Inefficiencies in claims processing, underwriting, or customer service can result in delays, higher operational expenses, and a negative customer experience

#### Opportunities

Leverage technology and automation to transition to paperless operations, and use data analytics for risk assessment can reduce costs, minimize resource wastage, and improve service delivery

#### Management Approach

Deploy broad based measures to drive cost efficiency

#### Stakeholders impacted



## 5. Digital Capabilities

GR1418

Financial Materiality | HIGH

### Impact Materiality (ESG Factors)

#### Risks

Over-reliance on digital platforms and online transactions raises the risk of data breaches, hacking attempts, and regulatory non-compliance, which could undermine customer trust

#### Opportunities

Advanced digital solutions, such as AI-powered claims processing, blockchain for fraud detection, and mobile-first customer engagement can significantly enhance efficiency, transparency, and customer satisfaction

#### Management Approach

Systematically strengthening digital front and back-end capabilities to facilitate seamless customer experiences streamline internal processes, and improve operational efficiency

Establishing Firewall and obtaining insurance policies to mitigate risk

#### Stakeholders impacted



## 6. Group Synergies

GRIN/A

Financial Materiality | MODERATE

### Impact Materiality (ESG Factors)

#### Risks

Operational misalignment, conflicting priorities, and inefficiencies in resource-sharing can lead to increased costs, reduced productivity

#### Opportunities

Shared resources, technology, and expertise can support innovation and efficiency, resulting in cost savings, improved service offerings, and expanded market reach

#### Management Approach

Collaborate and leverage shared resources, expertise, and best practices as well as the brand name of the parent and the ultimate parent to drive business capability and operational efficiency

#### Stakeholders impacted



**7. Responsible Business****GRI 205, GRI 206**Financial Materiality | **MODERATE****Impact Materiality (ESG Factors)****Risks****Opportunities****Management Approach**

Lapses in compliance, transparency, or ethical conduct could result in regulatory penalties, loss of customer trust, and reputational damage

Early adoption of regulatory compliance and voluntary adoption of global best practices can enhance stakeholder confidence, attract responsible investors, and build long-term customer loyalty

ZERO tolerance of non-compliance of regulations alongside a strong commitment to the highest level of integrity and accountability across operations

**Stakeholders impacted****8. Brand Identity****GRI N/A**Financial Materiality | **HIGH****Impact Materiality (ESG Factors)****Risks****Opportunities****Management Approach**

In an increasingly competitive insurance market, failure to differentiate PI's brand could weaken its brand identity and customer loyalty

Position PI as a socially responsible insurer that prioritizes transparency, environmental responsibility, and social impact

Strategic investments to boost PI's brand value

**Stakeholders impacted****9. Talent Management****GRI 202, GRI 401, GRI 402, GRI 404, GRI 405, GRI 406, GRI 407, GRI 408, GRI 409**Financial Materiality | **MODERATE****Impact Materiality (ESG Factors)****Risks****Opportunities****Management Approach**

Failure to retain employees and attract new, skilled professionals could lead to skill gaps that could threaten business continuity

Offering focused development opportunities and promoting a purpose-driven work culture to enhance employee satisfaction, engagement

Attracting and retaining the right talent to support the Company's strategic aspirations

**Stakeholders impacted**

# Materiality

## 10. Health and Safety

GRI 403

Financial Materiality | LOW

### Impact Materiality (ESG Factors)

#### Risks

Failure to adequately address health and safety risks in the workplace could lead to an increased illnesses, potentially harming employees and tarnishing PI's reputation

#### Opportunities

Implementing comprehensive health, safety and wellbeing programmes and ensuring work-life balance of employees

#### Management Approach

Offering a best-in-class value proposition, prioritizing employee development, competitive compensation, and a supportive work environment to attract, retain, and empower top talent for sustained organizational success

#### Stakeholders impacted



## 11. Customer-Centricity

GRI 416

Financial Materiality | HIGH

### Impact Materiality (ESG Factors)

#### Risks

Lack of focus on the evolving needs of customers can lead to dissatisfaction, complaints, and a decline in customer loyalty

#### Opportunities

Develop tailored products and services to exceed customer expectations

#### Management Approach

Customer centricity remains at the heart of everything, driving PI to continuously innovate and deliver tailored solutions that prioritize customer satisfaction and long-term relationships

#### Stakeholders impacted



## 12. Distribution Channels

GRIN/A

Financial Materiality | HIGH

### Impact Materiality (ESG Factors)

#### Risks

Over reliance on traditional distribution channels, such as physical agents or branch networks, could hinder adaptability and limit the company's ability to reach a broader customer base

#### Opportunities

Expanding into digital distribution channels to increase market penetration, reduce operational costs, and attract younger, tech-savvy customers who prefer the convenience of online transactions

#### Management Approach

Driven by the commitment to making insurance accessible to all Sri Lankans PI strives to expand and diversify its distribution channels to ensure island-wide coverage

#### Stakeholders impacted



**13. Relationships with Business Partners****GRI 204, GRI 308, GRI 414**Financial Materiality | **MODERATE****Impact Materiality (ESG Factors)****Risks**

Engaging with partners whose unsustainable practices, such as poor labour conditions, environmental violations, or non-compliance with local regulations, could result in brand damage, legal liabilities, and loss of customer trust

**Opportunities**

Collaborating with partners who prioritize social responsibility, environmental sustainability, and governance (ESG) standards can also open up new markets

**Management Approach**

Build long term relationships with reputable, financially stable organizations that uphold strong ESG credentials

**Stakeholders impacted****14. Community Engagement****GRI 203**Financial Materiality | **LOW****Impact Materiality (ESG Factors)****Risks**

The lack of meaningful community involvement may lead to public dissatisfaction, which could negatively affect customer loyalty, brand perception

**Opportunities**

Enhance its social impact by investing in community development and capacity building initiatives

**Management Approach**

Focused CSR initiatives to reduce socioeconomic inequalities

**Stakeholders impacted****15. Minimising Environmental footprint****GRI 302, GRI 303, GRI 306**Financial Materiality | **LOW****Impact Materiality (ESG Factors)****Risks**

Increased operational costs due to stricter environmental regulations and potential penalties

**Opportunities**

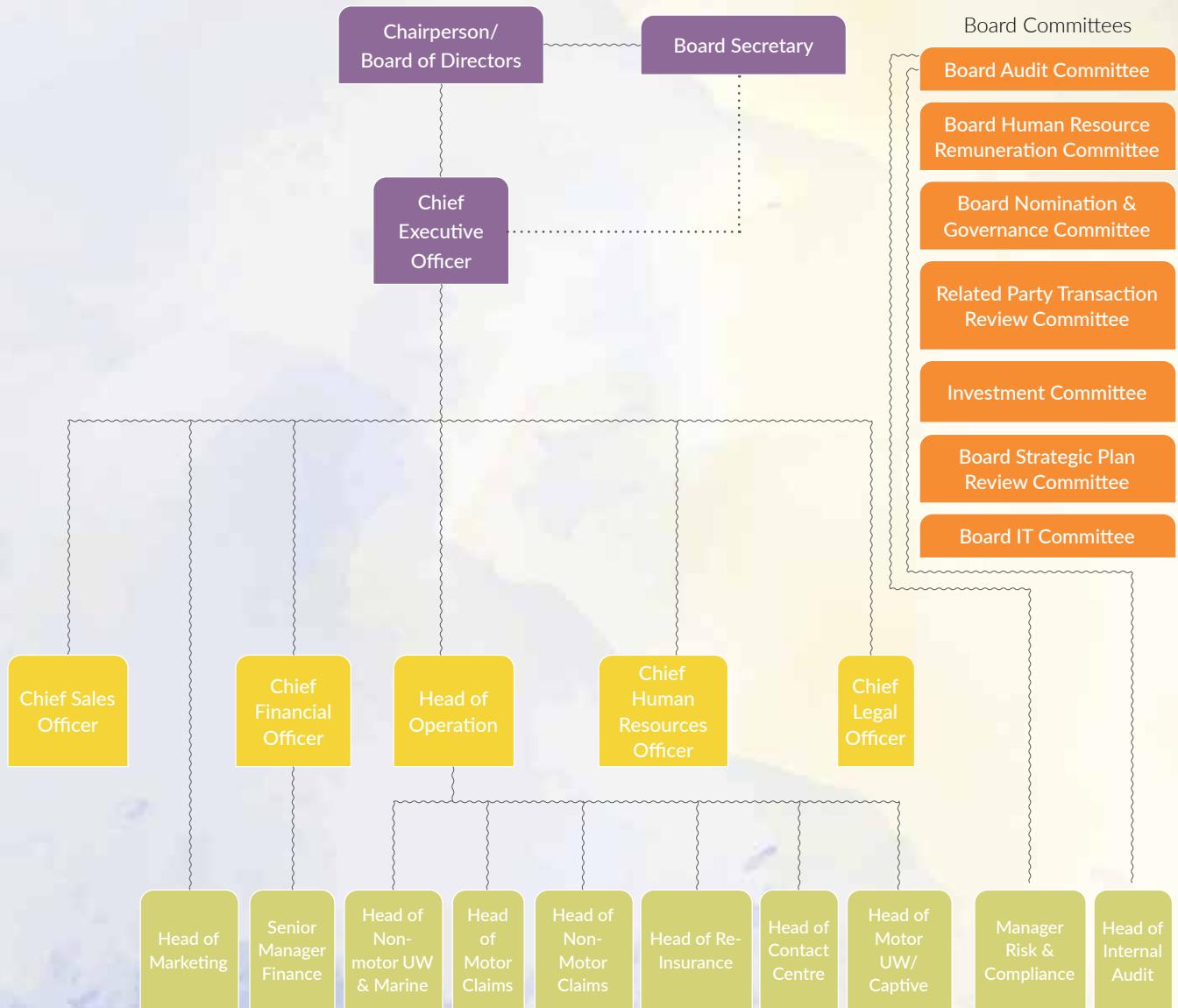
Invest in greener office spaces, digitalization, and adopting sustainable practices such as reducing waste and improving energy efficiency

**Management Approach**

Commitment to consistently reducing PI's carbon footprint and contributing to the achievement of the SDGs

**Stakeholders impacted**

# Organization Structure

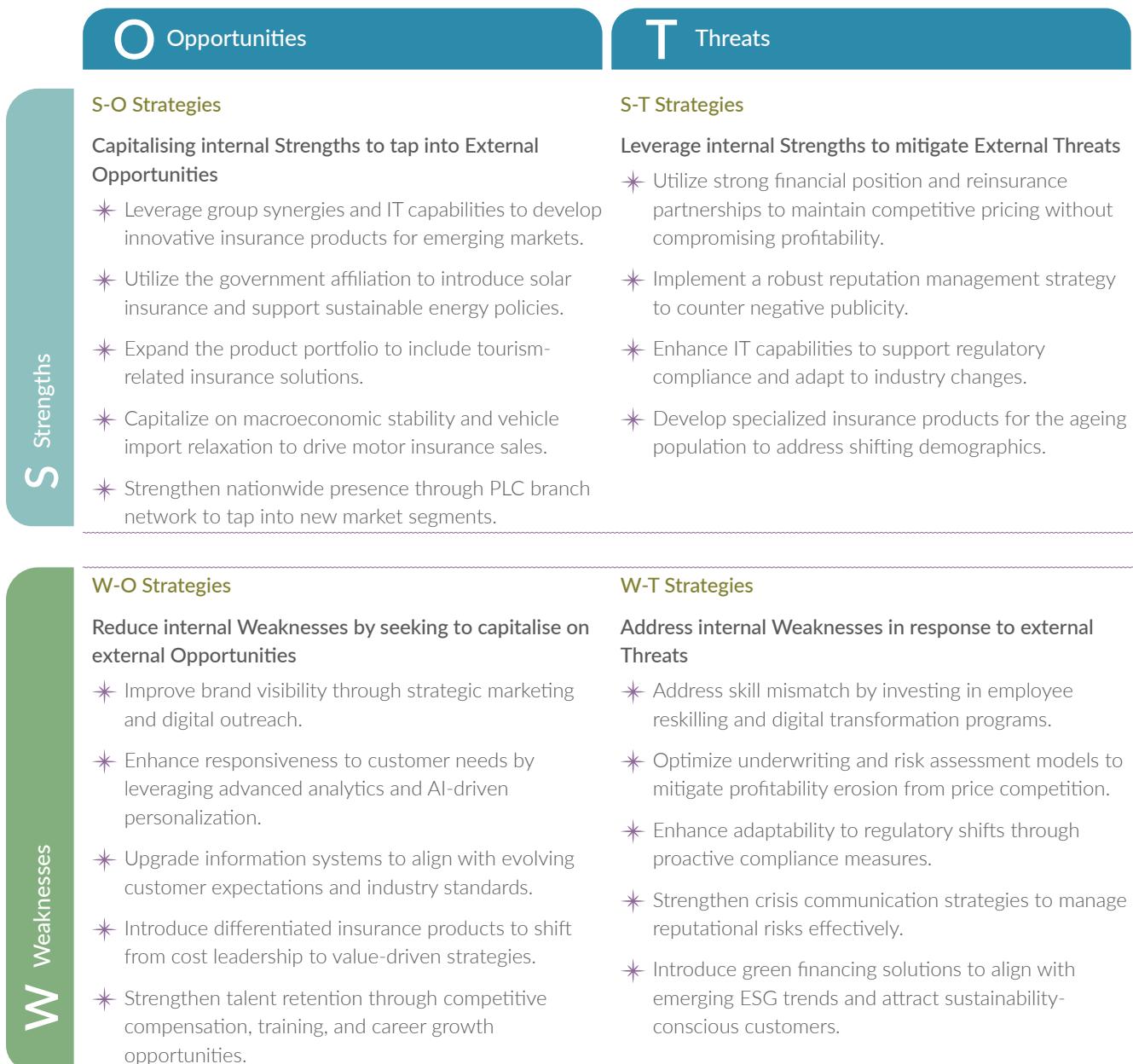


# Strategy and Resource Allocation

**People's Insurance PLC's core strategy continues to be anchored to four key pillars - Business Growth, Enhance Operational Efficiency and Compliance, Develop a Skilled Workforce and Increase Social and Environmental Responsibility.**

Given Sri Lanka's economic revival in 2024, the key priorities associated with each strategic pillar were reassessed with a view to enhancing agility and responsiveness in navigating the evolving insurance landscape. Going beyond the traditional SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, a comprehensive TOWS (Threats, Opportunities, Weaknesses and Strengths) matrix was developed to help refine PI's strategic priorities to mitigate risks, and capitalise on emerging opportunities.

TOWS Matrix



# Strategy and Resource Allocation

## Business Growth

Growing profitably through varying economic cycles is a top priority for PI. In this regard the Company focuses on topline expansion by ensuring optimal performance across both motor and non-motor portfolios. Managing claim ratios and cost containment are the other key focus areas that helps to build resilience and strengthens the Company's capacity to generate and sustain profitability over time.



## Associated Risks

Underwriting Risk | Claim Settlement Risk | Claim Reserving Risk | Credit Risk on Insurance Receivables | Concentration Risk | Reinsurance Risk | Liquidity Risk | Credit Risk - Financial Instruments | Business Risk | Product Design Risk | Reputation Risk

## Highlights for FY 2024

### Key Priorities

- ★ Non-captive business expansion
- ★ Motivate sales teams towards value-based selling
- ★ Closely monitoring of the claims ratio of individual sales officers and directly linking performance to allowances and incentives
- ★ Maintaining proper balance between motor and non motor products
- ★ Maintaining proper balance between profitable and non profitable products under motor segment
- ★ Introduce cost efficient marketing campaigns mainly through social media
- ★ Portfolio cleansing at renewals

### Resource Allocation through Capitals

- ★ Rs. 57.2 Mn towards sales and marketing expenses
- ★ 220 strong sales and marketing officers
- ★ Strengthened relationship with parent, ultimate parent and business partners, including insurance agents and broker networks

### Capitals Impacted



Performance Metrics	Target	2024	2023
GWP Growth	22%	8%	-6%
Non-motor Composition	60%:40%	75%:25%	75%:25%
Policy Renewal Rate	75%	70%	77%
New Customers Acquired	93,000	82,536	65,157
Net Claims Ratio	68%	66%	75%
Operating Margin	Break-even	(Rs. 513 Mn)	(Rs. 675 Mn)

## FUTURE PRIORITIES



### Medium Term

Partnerships with government and private sector to acquire new business

### Long Term

Achieve market leadership in specific business lines

## Enhance Operational Efficiency and Compliance

Based on the premise that operational efficiency provides a key competitive advantage, PI strives for continuous improvement across all spheres of the business, encompassing product innovation, delivery channels, service quality enhancement and process transformation. In recent years, these efforts have been increasingly underscored by investments in digital technology. Furthermore, operating in the highly-regulated local insurance industry, PI is keen to be known as a compliance leader with a 100% compliance record.



### Associated Risks

Credit Risk on Insurance Receivables | Reinsurance Risk | Information Technology (IT) Risk | Human Resource Risk | Regulatory Risk

### Highlights for FY 2024

#### Key Priorities

- ★ Develop and launch products with lower cost to serve
- ★ Focus on digital tools to enhance customer service quality and ensure customer retention
- ★ Drive digital innovation to streamline internal process architecture
- ★ Adoption of the new Corporate Governance rules issued by the CSE for listed entities
- ★ Timely adoption of the Technology Risk Management and Resilience Direction issued by the CBSL in 2022

#### Capitals Impacted



#### Resource Allocation through Capitals

- ★ Rs. 2 Mn is allocated as the annual Research and Development budget
- ★ Introduction of the third party motor insurance policy generation tool on the corporate website
- ★ Launch of the online travel agent portal to allow authorized travel agents to generate travel insurance policies for their clients
- ★ Digitisation and automation initiatives, including Digital Signature, Payment Approval Workflow, Travel Agent Portal (Backend), Document Scanning System
- ★ Reviewed and updated the TOR's of Board Committees
- ★ Implemented the Related Party Transaction Policy
- ★ Implemented the Whistleblowing Policy
- ★ Rs. 6.2 Mn to enhance the resilience of its DR infrastructure through the implementation of the latest data switches upgrade at both the Head Office and DR sites, as well as an external firewall upgrade
- ★ Obtained the latest version of the ISO 27001:2022 certification

Performance Metrics	Target	2024	2023
Expense Ratio	45%	44%	41%
Customer Satisfaction Score	85%	85%	84%
Customer Renewal Retention Ratio	85%	70%	77%
Incidents of Non-Compliance of Regulations	Zero	Zero	Zero

## FUTURE PRIORITIES



### Medium Term

Integrate AI-based analytics for fraud detection

### Long Term

Invest in end-to-end digital transformation

# Strategy and Resource Allocation

## Develop a Skilled Workforce

As a service organisation, PI acknowledges the value of having a competent workforce that understands the Company's purpose and is fully committed to the key deliverables associated with this mandate. Accordingly, PI invests on nurturing a strong and reliable talent base capable of driving the Company's strategic ambitions.



### Associated Risks

Business Risk | Human Resource Risk | Reputation Risk | Sustainability Related Risks

### Highlights for FY 2024

#### Key Priorities

- ★ Employee training and development
- ★ Driving performance based rewards
- ★ Strengthening safety systems
- ★ Improving employee engagement

#### Capitals Impacted



#### Resource Allocation through Capitals

- ★ 295 new recruits
- ★ Salary increments granted for all employee categories
- ★ Rs. 907.3 Mn total monetary payments to employees
- ★ Rs. 9.2 Mn investment in training and development
- ★ 29,259 training hours
- ★ Implemented the Staff Safety Procedures and Standardisation of the Safety Process
- ★ 68 awards in recognition of outstanding performance at the People's Insurance PLC Achievers' Night 2024

Performance Metrics	Target	2024	2023
Employee Retention Ratio	75%	77%	63%
Total No. of Promotions	160	171	198
Employee Attrition Among Senior Management	5%	2%	26%
Females in Leadership (as a % of total leadership)	20%	16%	16%
Overall Gender Balance	50:50	80:20	80:22
No. of Employees benefiting from training	750	785	759
Revenue per Employee	Rs. 10 Mn	Rs. 9 Mn	Rs. 10 Mn

## FUTURE PRIORITIES



### Medium Term

Develop a robust team-building activities and recognition programmes to boost employee morale and satisfaction

### Long Term

Implement a structured succession plan to ensure a reliable leadership pipeline for all key positions

## Increase Social and Environmental Responsibility

In alignment with the values of the People's Group, PI has always expressed a deep commitment towards social and environmental responsibility. Over the years, the Company has intensified its commitment through systematic efforts to tackle social and environmental challenges in the modern world.



### Associated Risks

Business Risk | Reputation Risk | Sustainability Related Risks | Climate Risks

### Highlights for FY 2024

#### Key Priorities

- ★ Reduce carbon footprint
- ★ Improving internal process efficiencies
- ★ Promote green insurance products
- ★ Assistance for vulnerable and underserved communities
- ★ Identification of sustainability related risk & opportunities and climate related risk & opportunities in accordance with SLFRS S1 and S2

#### Resource Allocation through Capitals

- ★ Energy, water and waste reduction targets for branches
- ★ Ongoing investment in digitisation and process automation to reduce paper consumption and waste
- ★ Employee awareness to promote energy, water and waste reduction
- ★ Rs. 1.5 Mn in community capacity building initiatives

#### Capitals Impacted



Performance Metrics	Target	2024	2023
Year on year reduction in energy usage	5%	-6%	12%
Emission intensity (tCO2-e / GWP Rs. Mn)	10%	10.5%	
Trees saved annually due to the reduction in paper usage	200	188	71
No. of CSR Projects	10	3	7

### FUTURE PRIORITIES



#### Medium Term

Launch insurance incentives for sustainable practices

#### Long Term

Become an industry leader in environmental responsibility





# Management Commentary

## An Elevated Viewpoint

To navigate opportunity and challenge, an organisation requires an elevated, wholesome perspective of its inner and external workings. At People's Insurance PLC, it is with clarity, foresight and strategic guidance that we make decisions, and it is through transparency and ethical principles that our leaders function.

The advantage that a lighthouse lords over other structures is the unobstructed view of all that lies beneath. The bird's-eye beholds the intricacies of the world around it, and allows for clear and real-time assessment of surrounding areas, with possible directions in which to go, clearly visible and accessible.

# Operating Environment

In 2024, Sri Lanka's economy showed signs of recovery after the economic crisis of 2022, with several key indicators pointing towards gradual stabilisation and growth.

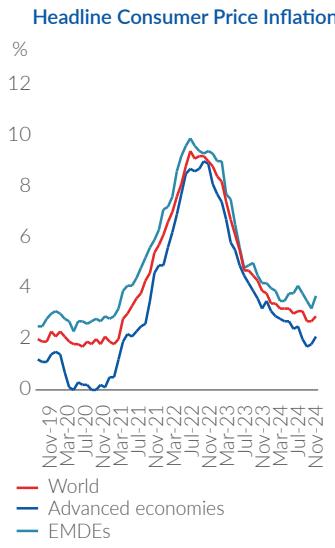
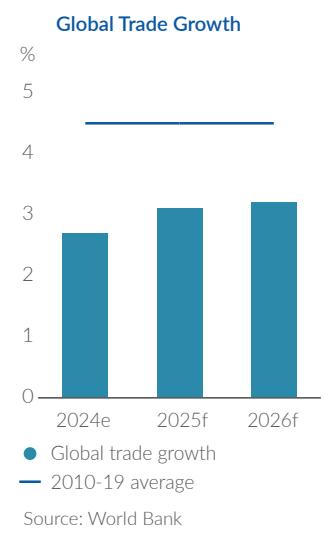
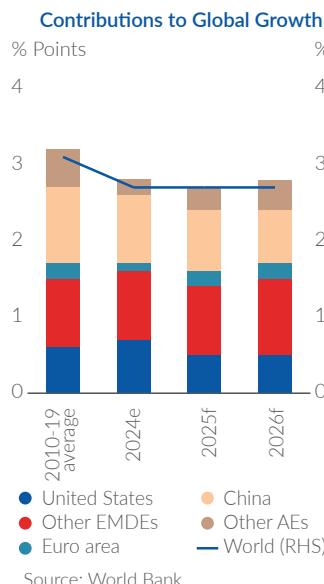
## GLOBAL ECONOMIC PERFORMANCE

Overall, the global economy in 2024 showed moderate growth but marred by regional disparities. While advanced economies displayed resilience, emerging markets faced challenges that tempered their recovery. According to the Global Economic Prospects (GEP) January 2025 report, global GDP growth in 2024 was projected to be 3.2%.

Inflation, which had been a major global concern in recent years, showed signs of moderation in 2024. The slowdown in inflation was attributed to the effectiveness of tight monetary policies and a reduction in supply chain bottlenecks.

Global trade continued to expand, although at a slower pace than in previous years. The growth in international trade was dampened by weaker demand, especially in advanced economies, although trade volumes in developing markets showed some recovery, driven by robust demand for goods in the Asia-Pacific region.

The global investment outlook remained cautious in 2024, impacted by uncertainty owing to geopolitical tensions, in particular the continuity of the Russia/Ukraine war nearing its fourth year and the Israel/Palestine conflict entering its second year.



## Sri Lankan Economy

In 2024, Sri Lanka's economy showed signs of recovery after the economic crisis of 2022, with several key indicators pointing towards gradual stabilisation and growth. The country's GDP growth was projected at around 4.5% to 5% for the year with several sectors contributing to this positive growth. Agriculture saw a moderate recovery, aided by improved weather conditions and government support. The construction and services sectors benefited from increased domestic and international demand. Tourism, which had been severely impacted by the pandemic, showed a strong recovery, supported by increased tourist arrivals.

## Inflation and Interest Rates

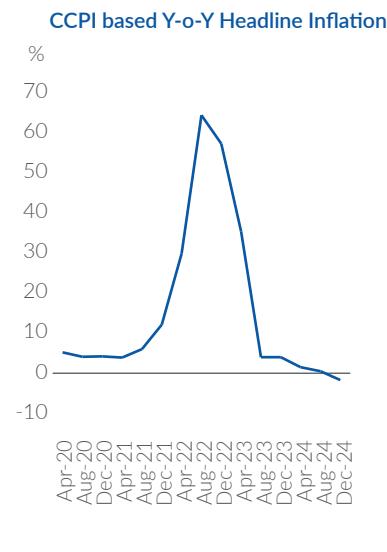
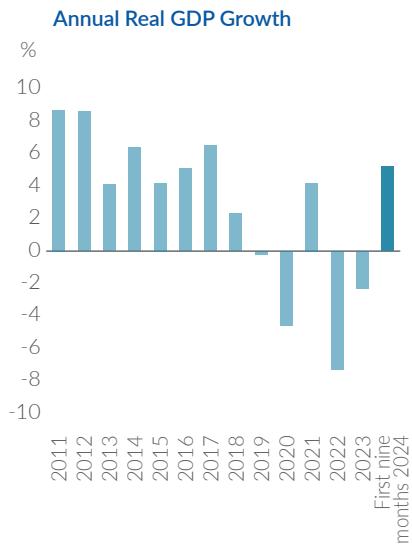
Inflation in Sri Lanka remained under control in 2024, and within the targeted 4% - 6% band throughout the year. Meanwhile conscious efforts by the Central Bank of Sri Lanka (CBSL) helped to stabilise interest rates, which had been highly volatile in previous years, leading to notable credit growth in the private sector from May 2024 onwards, which further solidified economic recovery.

## Exchange Rate

The Sri Lankan rupee outperformed several major currencies over the course of 2024, appreciating by around 10.7% against the US Dollar, driven by a combination of factors such as a surge in foreign currency inflows from tourism, worker remittances, and export earnings. Despite some volatility toward the end of the year, the rupee's overall performance marked a significant recovery from the previous years' sharp depreciation, making it one of the best-performing currencies among emerging markets.

## IMF Programme

Sri Lanka's participation in the IMF programme continued to be a key aspect of its stabilisation efforts, although



## LOCAL GENERAL INSURANCE INDUSTRY

In 2024, Sri Lanka's general insurance industry demonstrated solid performance, achieving a Gross Written Premium (GWP) growth of 7%, a notable improvement compared to the previous year.



challenges remained. Despite some progress in meeting fiscal targets, the country missed certain governance-related commitments by February 2024, particularly those linked to transparency and the passage of governance reforms. These missed targets raised concerns among international observers, although the IMF maintained its support for Sri Lanka's long-term economic recovery.

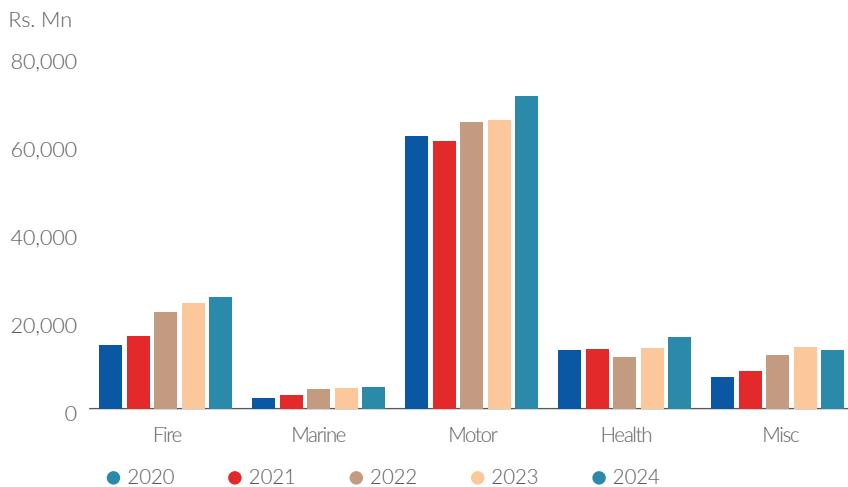


## GWP Mix

The GWP mix continued to be dominated by the motor category, although growth in motor insurance remained modest owing to the stagnation in the vehicle market resulting from the import restrictions that have been in place since 2020. On the other hand, within the non-motor segment, medical insurance showed strong growth, benefiting from increasing awareness and the growing need for healthcare coverage. Achieving 17% growth year on year, medical insurance became the top performer within general insurance. Additionally, fire and marine insurance also demonstrated steady improvements growing by 6% and 5% respectively in 2024.

## Operating Environment

### Gross Premiums for Different Classes of Insurance

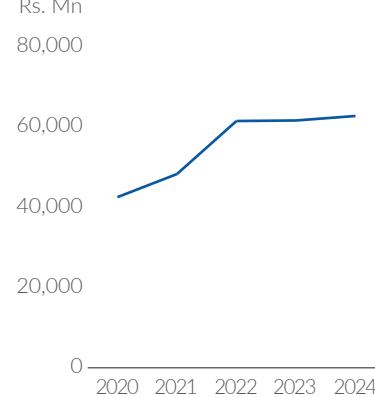


Source: IRCSL Statistical Review & CBSL Industry Highlights Q4 2024

### Claims

Claims trends in 2024 exhibited some upward pressure owing to external factors. While the industry saw a general decline in claims during the early months, reflecting improved underwriting and risk management practices, claims from motor accidents and property damages were higher in certain areas, partly due to inflationary factors and the economic recovery post-pandemic. Furthermore, health insurance claims also increased, with more people seeking coverage due to rising medical costs. The increase in claims in health and motor segments, contributed to higher claim ratios across the industry. However, the overall claims ratio was managed effectively by insurers through better cost controls and efficient claims processing.

### Claim's Incurred



Source: IRCSL Statistical Review & CBSL Industry Highlights Q4 2024

### Assets

Assets of the general insurance sector showed moderate growth. The total assets of the insurance industry decreased by 5% compared to the previous year.

### Assets

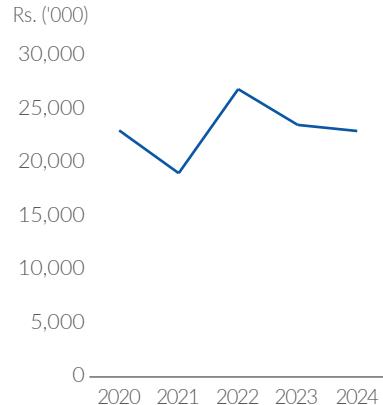


Source: IRCSL Statistical Review & CBSL Industry Highlights Q4 2024

### Profitability

Profitability of the general insurance industry experienced pressure, mainly as a consequence of regulatory changes. In particular, the regulation mandating non-life insurers to remit 100% of the premiums from Strike, Riot, Civil Commotion, and Terrorism (SRCCT) policies to the National Insurance Trust Fund (NITF) with effect from 01 January 2024. The move, part of the effort to boost government revenue, had a significant impact on the profitability of general insurers. The general insurance industry recorded profits of Rs. 23 Bn 2024, reflect a 2% decline from the Rs. 23.6 Bn recorded in 2023.

### Operating Profit



Source: IRCSL Statistical Review & CBSL Industry Highlights Q4 2024

## Assessment of the General Insurance Industry Using Porter's Five Forces

● Low ● Medium ● High

### Competitive Rivalry

The General insurance industry is characterized by a stiff competition with over 13 insurance companies competing in the Insurance market, including state sector and international players. Further, key talent poaching by the competitors also can be considered as a main threat influencing the industry.

#### Our response

Focus on adjusting pricing, marketing and service strategies adopted by the Company to drive differentiation and enhance brand positioning.

### Threat of New Entrants

Insurance industry in Sri Lanka is highly regulated and given a large number of players currently operating in the local insurance market, new entrants will find it challenging to create the necessary brand visibility needed to sustain their operations. However, new players targeting market gaps such as the technology-driven space have credible opportunities for entry.

#### Our response

Taking measure to build a strong and credible brand that stands out among peers.

### Bargaining power of suppliers

Given the large number of insurance agents and insurance brokers, their bargaining power is relatively low. However, reinsurance partners hold significant power, considering their global reputation and long standing credibility.

#### Our response

Focus on building a diversified pool of reinsurance partners, insurance agent and brokers to reduce risk of over-dependence.

### Threat of Substitutes

Conventional insurance products are well defined and hence there is very little risk of substitutes. However, of late, tech-driven product innovation has been responsible for transforming the mainstream insurance product lines.

#### Our response

Keep updated with industry best practices and new opportunities offered through technological advancements.

### Bargaining power of customers

Low switching costs give customers high bargaining power. This has influenced customers to demand tailor-made solutions.

#### Our response

PI strives to deliver a holistic customer experience from customized products to diverse distribution channels and enhanced service standards.

# Operating Environment

## Risk and Opportunities

Risk and Opportunities from the Operating Environment in 2024		Impact	PI's Response
Risk	Low Interest Rates.	Reduced income from fixed investments, impacting overall profitability.	Strategic management of the investment portfolio using data-driven decision-making, including predictive analysis to maximize returns.
	Intense Competitive Pressure (due to 100% premium cessation to NITF and price wars).	Margin erosion due to unsustainable growth of competitors, making it difficult to maintain pricing strategies.	Data-driven decision-making ensured better pricing accuracy and improved risk assessment, focusing on profitable asset classes.
	Compliance with the Implementation of SLFRS 17.	The requirement for a significant capital investment and complexity of the processes and changes in the accounting practices.	Proper monitoring of the project plan and implementation team with an extensive experience in the field.
	Growing concerns on the environment insisting insurers to adopt sustainable practices and offer green financial products.	Requirement of establishing a well-structured program to address environmental concerns.	Development of framework for the implementation of green initiatives and conducting respective recruitment to strengthen the function.
Opportunities	Credit Growth driven by Improving Economic Conditions and Lower Inflation.	Growing demand for general insurance, especially fire and marine from the SME sector.	Consolidated market presence by strengthening the islandwide footprint and enhancing customer engagement.
	Increase in Tourist Arrivals	Higher demand for insurance covers for inbound tourists.	Strengthened digital channels to enable convenient access to insurance policies for tourists.
	Exchange Rate Stability.	Less volatility in claims.	Strengthened the claim settlement process, focusing on transparency and efficiency to improve customer experience.
	Increase in GenZ in the workforce.	Availability of professionally qualified young talent.	Enhanced employee value proposition by providing opportunities for training and development and fostering culture to ensure active engagement of young staff.
Expansion in the Big Data Analytics and Artificial Intelligence.		Generation of business insights and enable process automation.	Enhanced digital integrations.

# Future Outlook

**Sri Lanka is expected to experience a gradual economic recovery from 2025, with GDP growth for the next few years projected between 4% and 5% annually, driven by private sector investment, structural reforms, and sustained performances in sectors like agriculture, manufacturing, and tourism. Inflation is anticipated to ease as macroeconomic conditions stabilise aided by the tight monetary policies stance of the Central Bank of Sri Lanka. As inflation moderates, purchasing power is set to improve, in turn boosting consumer spending, including demand for insurance products.**

The stability of the Sri Lankan Rupee (LKR) will be crucial for economic and industry stability. A stable exchange rate would help control inflation, attract foreign investment, and stabilize insurance pricing models. External trade and investment are both expected to improve as Sri Lanka's economic health strengthens. Foreign direct investment (FDI) will also likely to grow significantly in the coming years.

Sri Lanka's economic recovery, political stability, and ongoing reforms provide a positive outlook for the general insurance industry from 2025 onwards. However, challenges will persist requiring proactive action by general insurers to remain competitive. Similarly, some very viable opportunities are likely to position the industry for sustained growth.



# Financial Capital

**Financial Capital serves as the backbone of our operations, driving sustainable growth and fostering stakeholder expectations aligning with strategic business objectives. It encompasses equity, debt and retained earnings which are strategically allocated to value innovation and enhance operational resilience.**



## Management Approach

Amid challenging economic conditions in Sri Lanka, our approach to managing financial capital is centred on strengthening the Company's resilience. We ensure adequate liquidity to meet claims and regulatory requirements, while strategically allocating resources to strengthen our competitive edge in Sri Lanka's dynamic general insurance sector.

## Key Actions

- ★ Sustaining Long-Term Profitability
- ★ Boosting Competitive Advantage
- ★ Talent Acquisition and Retention
- ★ Supporting Risk Management Initiatives
- ★ Strengthen Social and Environmental Impact

## Key Risks

Claims Volatility | Regulatory Compliance | Premium affordability



## Challenges and Opportunities in 2024

### Challenges

- ★ Volatility in the financial market impacting the investment income.
- ★ Increased claims from natural disasters and climate-related risks, combined with higher reinsurance premiums, strain financial reserves and impact profitability.
- ★ Evolving solvency and capital adequacy regulations and IFRS 17 implementation increase operational costs, forcing Company to allocate significant resources to ensure compliance and maintain solvency.
- ★ Managing the liquidity profile while ensuring the optimal fund investments.

### Opportunities

- ★ Increased economic activity with the removal of the restrictions.



## PI's Response

- ★ Introducing cost-effective innovative micro insurance products tailored to low-income populations and underserved rural areas to boost market penetration and open new revenue streams.
- ★ Enhance financial capital by leveraging high-yield fixed-income investments, to generate stable returns, improve profitability, and support capital adequacy, thereby strengthening the bottom line.

- ★ Preserve value through organic growth and asset optimization.

## Strategic Relevance

- ★ Cost Control Measures
- ★ Reinsurance Optimization
- ★ Improved Claims Ratio Management
- ★ Liquidity Management
- ★ Capital Allocation Optimization

## Impact on Other Capitals

- ★ Sufficient liquidity level ensures the timely fulfilment of obligations to suppliers and business partners, fostering trust and long-term relationships, while also enabling full compliance with taxation laws and other regulatory requirements, thereby enhancing the Company's reputation.



- ★ Adequate financial capital allows to adopt sustainable practices such as energy conservation, water efficiency, waste reduction, and green infrastructure, aligning operations with environmental stewardship while enhancing long-term resilience and stakeholder trust.

### Impact on Other Capitals

 Enabling strategic investments in talent acquisition, professional development, compelling remunerations and employee engagement to drive operational excellence.

 Enhancing intellectual capital through targeted investments strengthens the Company's expertise, fosters innovation, and builds trust in the market, ultimately elevating brand reputation and ensuring sustained competitiveness in the industry.



### Managing Key Financial Risks Encountered During the Year

#### Risk

#### Mitigating Strategy

Stricter capital adequacy and solvency margin requirements introduced by regulatory bodies.

Strengthen capital management frameworks by optimizing capital structure, retaining earnings, and enhancing reinsurance strategies to meet regulatory solvency requirements.

Non-compliance with evolving regulations, including IFRS 17 and other industry standards.

Strengthen regulatory compliance frameworks, conduct regular training, and maintain ongoing communication with consultants.

Increased frequency and severity of climate-related events leading to high claims volumes.

Enhance catastrophe modeling, reinsurance arrangements, and develop tailored disaster recovery policies for affected clients.

High employee turnover due to economic migration and competitive talent market.

Introduce competitive compensation packages, employee engagement programs, and career development opportunities.

Reduced ability of customers to afford insurance premiums due to economic challenges.

Develop affordable microinsurance products and flexible payment options to cater to low-income segments.

Intense competition leading to price wars and reduced profit margins.

Focus on value-added services, innovation, and customer retention through improved service delivery and digital transformation.

### Value Transformation



#### Outputs for PI

- ★ Efficient management of the maturity profile to sustain the investment income
- ★ Sustainable Asset base
- ★ 53% Growth in CAR
- ★ 9% Saving in the Claim ratio

#### Stakeholder Outcomes

- ★ Delivered strong financial performance and sustainable returns through strategic growth and operational excellence
- ★ Focus on Customer-Centric Innovation
- ★ Enhancement of Risk Management Framework

# Financial Capital

**Reinsurance continues to be a key risk management tool for PI, ensuring financial strength and stability, in 2024.**

## Analysis of Financial Performance

During the financial year, the Company maintained strong financial health amidst the challenging economic conditions. Effective cost management, improved underwriting, and solid capital buffers ensured profitability and stability despite inflation and interest rate fluctuations.

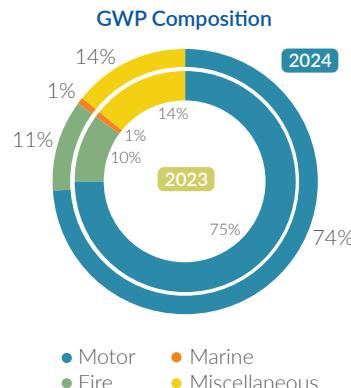
## Gross Written Premium (GWP)

The 8% GWP growth of People's Insurance PLC in 2024 attributed to several factors. The economic stabilization efforts in Sri Lanka, including improved reserves and controlled inflation, positively impacted consumer spending and business confidence. The Company's focus on customer-centric solutions, innovative product offerings, and digital enhancements contributed to this growth. Amidst rising awareness of insurance protection, PI successfully leveraged its brand strength and distribution network to expand its reach. Operational efficiencies and prudent underwriting practices further reinforced profitability and sustainable growth in a competitive landscape.



## Class-wise Analysis of GWP

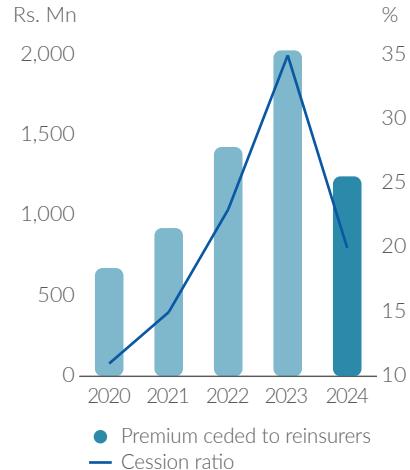
The motor segment remained the largest contributor to the Company's GWP, accounting for 75% of the total, representing a 7% growth compared to the prior financial year. The fire segment demonstrated strong growth, recording a 15% increase and contributing 11% to the overall GWP, reflecting heightened demand for property insurance solutions. In contrast, the marine segment experienced a decline of 23% compared to the previous year, influenced by external economic and trade-related factors.



## Premium Ceded to Reinsurers

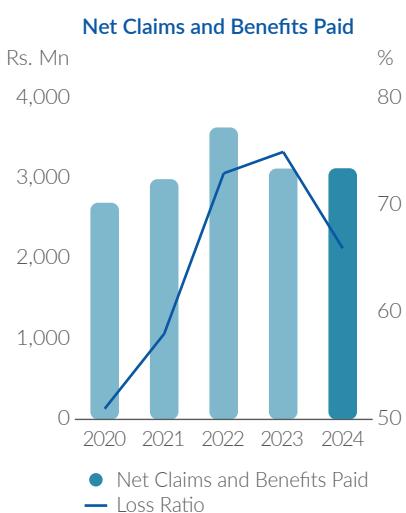
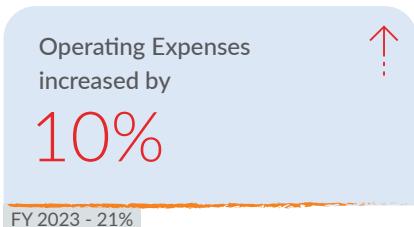
Reinsurance continues to be a key risk management tool for PI, ensuring financial strength and stability. In 2024, the Company reduced its reinsurance premiums by 39%, as a result of reversal of provision made with regards to motor SRCC & TC 100% cession in 2023. This reduction was further driven by improved underwriting practices, a favourable claims environment, and a stable market outlook. While the Company's cession ratio has been around 20%, this approach enhances cost efficiency and supports long-term profitability.

## Premium Ceded to Reinsurers



## Net Insurance Benefits and Claims

During the year, the Company's claims cost marginally increased by 0.13% to Rs. 3,130 Mn, reflecting a stable claims environment compared to the 14% decline in 2023. Despite this, the loss ratio improved (reduced) by 9% to 66%, driven by enhanced underwriting strategies, improved risk selection, and effective claims management practices. The Company's focus on prudent risk assessment and operational efficiencies ensured sustainable profitability while continuing to provide reliable claims support to policyholders.



### Underwriting and Net Acquisition Costs

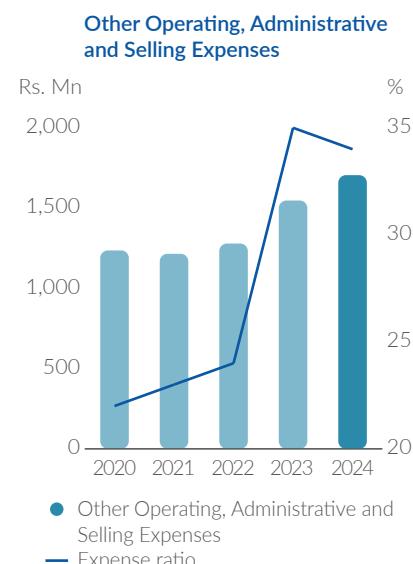
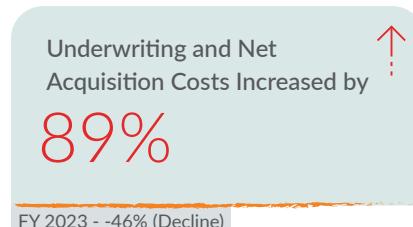
This expense refers to the total expenses incurred by the Company to acquire and retain business, including agent commissions after adjusting for reinsurance commissions received. It is a key measure of the efficiency and cost-effectiveness of an insurer's growth strategy. During the year, the Company's underwriting and net acquisition costs increased by 89% to Rs. 491 Mn, reflecting strategic investments in expanding distribution channels and strengthening market presence. Increased competition in the industry led to higher commission payouts and marketing efforts to attract and retain policyholders.

This increase was partly caused by the impact from the reversal of provision made with regard to motor SRCC & TC 100% cession in 2023.



### Other Operating and Administrative Expenses

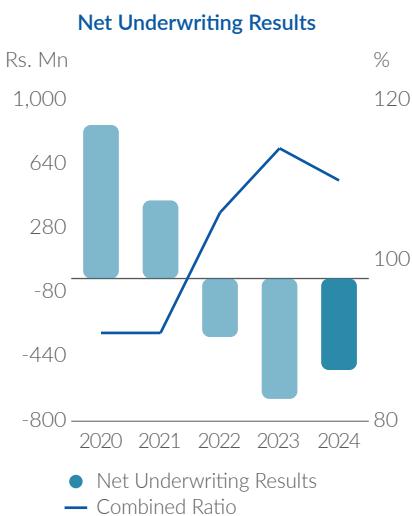
During the year, operating expenses increased by 10% to Rs. 1,705 Mn from Rs. 1,547 Mn in 2023, driven by rising utility costs, technology maintenance, and office infrastructure enhancements. Inflationary pressures and increased energy prices in Sri Lanka contributed to higher electricity and operational expenses. Investments in digital infrastructure and system upgrades were necessary to enhance service efficiency and ensure business continuity. The increase in expenses was also influenced by shared costs and staff training investments, reflecting the Company's commitment to workforce development and operational efficiency. These expenditures align with industry trends, ensuring enhanced service delivery and long-term business sustainability in a competitive market environment. Despite the increase in operating expenses, the expense ratio remained at 34%, reflecting the Company's effective cost management strategies and operational efficiencies.



### Net Underwriting Results

PI reported an underwriting loss of Rs. 513 Mn in FY 2024, marking a 24% reduction from the Rs. 675 Mn loss recorded in the previous year. This improvement reflects the Company's strategic focus on prudent underwriting, enhanced risk selection, and cost optimization measures. Favourable claims management, improved pricing strategies, and operational efficiencies contributed to narrowing the loss despite prevailing economic challenges. The reduction in underwriting losses underscores PI's commitment to strengthening profitability and ensuring long-term financial stability in a competitive market.

## Financial Capital



### Operating Profits and Earning before Interest Tax Depreciation & Amortization (EBITDA)

The decline in Operating Profit to Rs. 702 Mn (down 11% from Rs. 784 Mn in 2023) and EBITDA to Rs. 879 Mn (down 9% from Rs. 963 Mn in 2023) was primarily driven by underwriting losses of Rs. 513 Mn. This was influenced by rising claims costs, inflationary pressures, impact from motor SRCC & TC 100% cession and overall economic volatility in Sri Lanka, which impacted the general insurance industry. However, these challenges were partly mitigated by prudent management practices and stringent cost management efforts. As a result, the EBITDA Margin declined by 2.7% compared to the previous year, reflecting the ongoing pressures on profitability amidst a challenging economic environment.

### EBITDA Vs EBITDA Margin

	2024	2023
EBITDA (PBT+ Depreciation+ Amortization Finance cost)	879	963
EBITDA margin (EBITDA/ GWP)	14.1%	16.7%

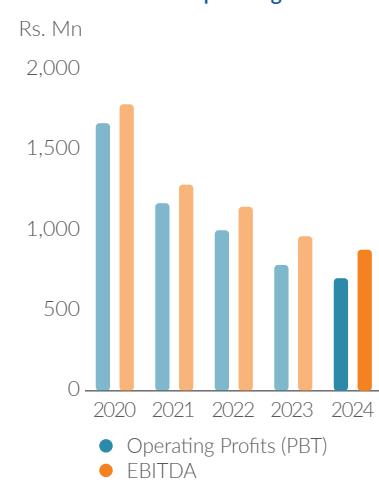
### Profit After Tax (PAT)

The Company reported PAT of Rs. 429 Mn in 2024, denoting an 18% decline compared to the Rs. 522 Mn tabled in 2023.

#### PAT Growth



### EBITDA & Operating Profits



### Total Other Comprehensive Income

Other comprehensive income registered a loss of Rs. 25 Mn in 2024 compared to the Rs. 73 Mn gain reported in previous year. The main contributory factor for this turnaround was fair value loss attributed to investments in debt instruments compared to fair value gain reported in previous year.

### Analysis of Financial Position

#### Total Assets

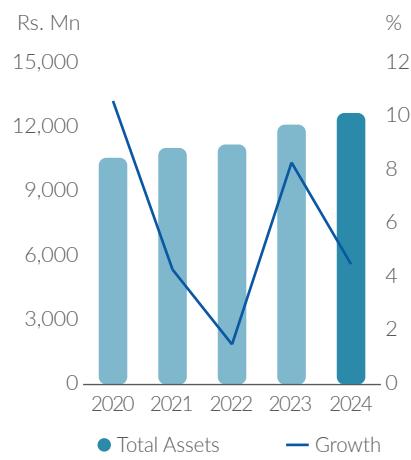
The Company's total asset base expanded by 4.5% to Rs. 12.7 Bn as of 31 December 2024, compared to Rs. 12.1 Bn in the previous year. This



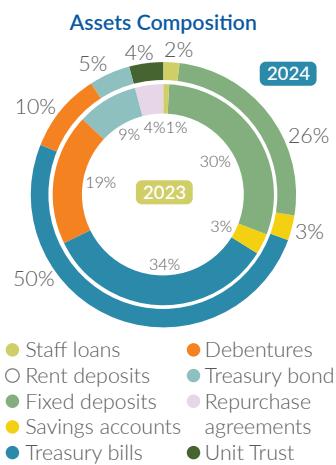
Rs. Mn	2024	2023	Growth
Interest and dividend income	1,179	1,458	-19%
Net realised gains/(losses)	-	-	-
Net fair value gains/(losses)	18	-	100%
Other Income	18	1	1700%

growth was primarily driven by a 4% increase in Financial investments, amounting to Rs. 415 Mn, reflecting the Company's strategic focus on optimizing investment returns amidst Sri Lanka's volatile economic conditions. Financial investments remained the largest component, accounting for 79% of total assets, while the remaining 21% comprised insurance receivables, reinsurance receivables, Property, plant & equipment, other assets, and cash & cash equivalents. This asset growth highlights the Company's resilience in navigating economic challenges while maintaining a strong financial position.

#### Asset Growth



	2024	2023
Equity instrument at FVTPL	389	-
Debt instruments at amortised cost	9,174	9,143
Debt instruments at FVOCI	522	528



#### Financial Investments

In FY 2024, Financial investments grew by 4%, reflecting the Company's proactive approach to managing cash flows and optimizing investment returns despite economic uncertainties in Sri Lanka. Adhering to the Risk-Based Capital (RBC) guidelines set by the IRCSL, PI strategically maintains a well-balanced portfolio focused on stability and credit quality. A significant portion of investments is allocated to secure instruments, with Treasury Bills (51%), Fixed Deposits (26%), Debentures (10%), Treasury Bonds (5%), Unit Trusts (4%), and other assets (4%). This diversified investment mix ensures resilience and sustainable returns amid evolving market conditions.

Financial investments are reported as per the guidelines stipulated in SLFRS 9 and details analysis of the investments are provided in the page 228 to 233. The classification of the financial investments are as follows;

evolving reinsurance arrangements in response to market dynamics.

#### Insurance Contract Liabilities

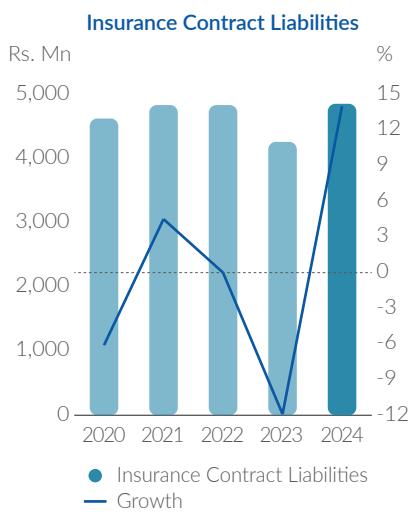
PI's insurance contract liabilities stood at Rs. 4.9 Bn as of the reporting date, reflecting a 14% increase from the previous year. These liabilities comprise estimates for the expected ultimate cost of reported claims, claims incurred but not yet reported, and claims incurred but not adequately reported (IBNR/IBNER). The increase in insurance contract liabilities during the financial year was primarily driven by higher provisions for net unearned premium and gross outstanding claims, which rose by approximately Rs. 290 Mn and Rs. 320 Mn, respectively. This growth reflects the Company's prudent reserving approach in response to evolving claims trends and risk exposures.

At the end of each reporting period, insurance companies are required to carry out a Liability Adequacy Test (LAT) according to Sri Lanka Financial Reporting Standards (SLFRS) 4 - Insurance Contracts. LAT is performed to assess the adequacy of the carrying amount of the Unearned Premium Reserve (UPR). PI's consultant actuaries, NMG has certified that UPR maintained is adequate in relation to the Company's Unexpired risks as at 31 December 2024. Also, NMG has evaluated the adequacy of the provisioning for Incurred But Not Reported claims (IBNR) as at 31 December 2024 and has determined that the IBNR provision, together with case reserves are adequate to meet future liabilities in respect of claim obligations as at 31 December 2024 as per the guidelines stipulate by the insurance regulator, the IRCSL.

#### Total Liabilities

Total liabilities of the Company increased by 2% to Rs. 7 Bn in 2024 from Rs. 6.9 Bn in 2023, primarily driven by a increase in insurance contract liabilities from Rs. 4,259 Mn to Rs. 4,852 Mn. Insurance contract liabilities remained the largest component, accounting for 69% of total liabilities, while other liabilities represented 15%. The overall liability movement reflects prudent risk management strategies amid Sri Lanka's gradual economic recovery, and

## Financial Capital

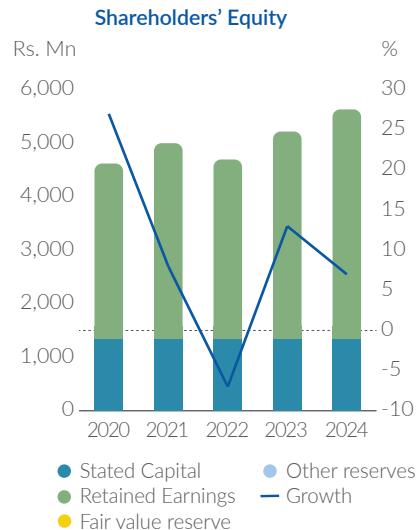


The movement in the insurance contract liabilities

	2024	2023
Provision for net unearned premium	2,581	2,290
Provision for gross outstanding claims	1,440	1,120
Provision for gross incurred but not reported (IBNR) claims	832	848

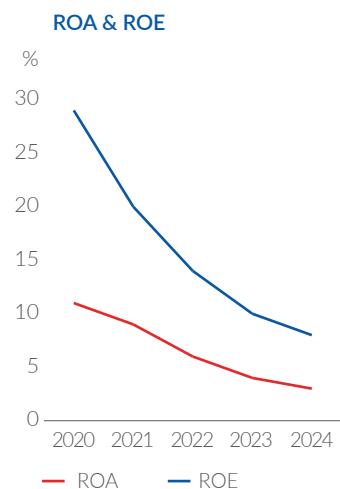
### Shareholders Funds

Total shareholders' equity increased to Rs. 5,638 Mn in 2024, reflecting a 7% growth compared to Rs. 5,249 Mn in 2023, a moderate decline from the 13% growth achieved in the previous year. The Company's stated capital rose to Rs. 1,435 Mn from Rs. 1,350 Mn, attributed to the issuance of scrip dividends to existing shareholders. Retained earnings improved by 9%, reaching Rs. 4,197 Mn as of 31 December 2024, compared to Rs. 3,868 Mn in 2023. However, available reserves decreased by 76%, falling to Rs. 8 Mn, primarily due to the downward trend in the market value of government securities classified under FVTOCI.



### Return on Assets (ROA) and Return on Equity (ROE)

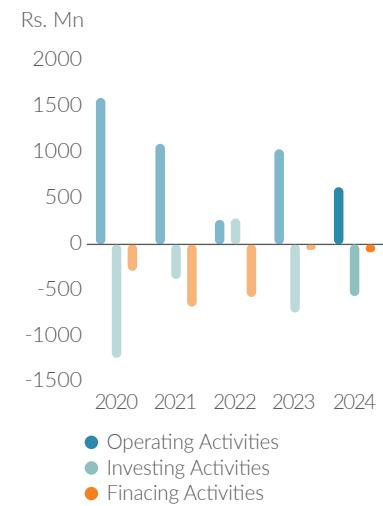
ROA and ROE for the current financial year stood at 3% and 8% respectively, compared to 4% and 10% in 2023. The slower growth in net income, coupled with increased reserves and operational costs, contributed to the reduced returns. Despite this, the Company remains focused on strengthening its financial position and optimizing operational efficiencies to drive long-term profitability.



### Analysis of Cash flows

In 2024, the Company demonstrated financial resilience, with cash and cash equivalents increasing by Rs. 46 Mn. However, net cash flows from operating activities declined by 40% to Rs. 624 Mn, primarily due to lower interest income and the effect from motor SRCC & TC 100% ceding. Excess liquidity was strategically allocated to financial instruments and other liquid investments, leading to a Rs. 563 Mn net cash outflow from investing activities. Meanwhile, net cash outflows from financing activities increased to Rs. 86 Mn, mainly due to payments of lease liability and withholding tax on scrip dividend. The Company remains committed to maintaining a strong liquidity position while optimizing investments for long-term growth.

### Cash Flow Analysis



## SHARE INFORMATION

### Shareholder Value Creation

Amid Sri Lanka's evolving economic landscape, shifting regulatory policies, and changing market dynamics in 2024, Peoples Insurance PLC has remained steadfast in delivering sustainable value to its shareholders. Through strategic adaptability, financial resilience, and customer-focused innovations, we have strengthened our market position while ensuring consistent returns.

The following shareholding statistics reflect the Company's unwavering commitment to shareholder wealth maximization, demonstrated through a stable and diversified investor base, consistent public participation, and a strong market presence, reinforcing sustained investor confidence and long-term value creation.

### Share Performance

As of 31 December 2024, PI PLC is listed on the Colombo Stock Exchange (PINS. N0000) with a market capitalization of Rs. 6.52 Bn, reflecting a notable increase from Rs. 4.52 Bn in 2023. The Company has 203,632,478 shares in issue, showcasing robust investor interest and positive market movements. Despite broader market challenges, as indicated by the ASPI's mid-year decline, PI's share price demonstrated resilience with a slight mid-year increase, indicating investor confidence. This stability, combined with the Company's strong growth potential, positions PI as an attractive opportunity for both existing and prospective shareholders looking for sustainable returns and long-term value creation.

**PI Share Vs ASPI**



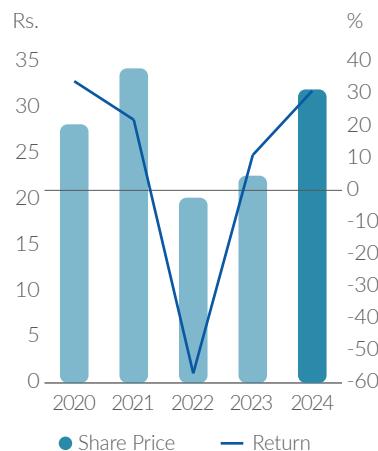
PI's exceptional share price performance in 2024, with a 42% increase to Rs. 32 by year-end, reflects strong investor confidence and robust financial growth. The stock remained within an acceptable trading range, with a notable low of Rs. 20.4 on both 07 August and 05 September 2024 and a peak of Rs. 32.2 on 31 December, demonstrating stability and upward momentum.

**As of 31 December 2024, PI PLC is listed on the Colombo Stock Exchange (PINS. N0000) with a market capitalization of Rs. 6.52 Bn, reflecting a notable increase from Rs. 4.52 Bn in 2023.**

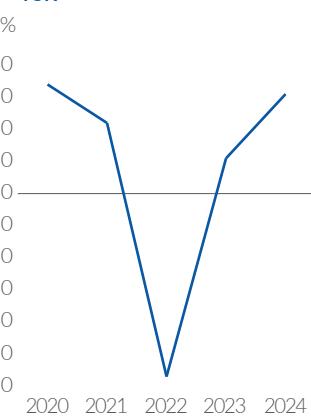
### Total Shareholder Return (TSR)

Notably, total shareholder return surged from 11% in 2023 to 31% in 2024, reinforcing PI's commitment to shareholder wealth maximization. Furthermore, this performance is aligned with the positive 41% return of the S&P SL20 Total Return Index, reflecting the Company's ability to deliver competitive returns in line with broader market trends. These figures highlight the Company's strong market positioning, making it a compelling investment choice for both existing and prospective investors seeking sustainable growth and returns.

**Market Price Vs Return**



**TSR**



# Financial Capital

## Trading Statistics

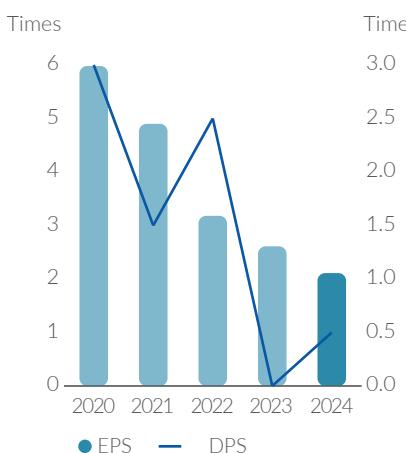
In 2024, the Company showed impressive growth, with market capitalization increasing by 44% to Rs. 6,516 Mn, compared to Rs. 4,520 Mn in 2023. The average daily turnover of PI shares in 2024 amounted to Rs. 2,147,774, reflecting a significant increase compared to Rs. 1,628,849 recorded in 2023. This growth underscores enhanced trading activity and market interest in the Company's shares. The number of shares traded surged by 22% to 20,099,384, reflecting higher investor participation, while the value of shares traded grew by 32% to Rs. 519.76 Mn. The shares traded as a percentage of total shares in issue rose to 9.9% from 8.2%, highlighting strong market interest. Additionally, the Company declared a gross dividend of Rs. 85 Mn, reinforcing its commitment to delivering shareholder value.

	2024	2023
Number of transactions	7,346	8,487
Number of shares traded	20,099,384	16,483,157
Value of shares traded	519,761,355	394,181,532
Shares traded as a percentage of total shares in issue (%)	9.9%	8.2%
Market Capitalization (Rs. Mn)	6,516	4,520
Percentage of Market Capitalization (%)	0.11%	0.11%
Gross Dividend (Rs. Mn)	85	-

## Earning per Share Vs. Retention Per Share

Despite a 17% decline in Earnings per Share (EPS) to Rs. 2.13 in 2024, the Company maintains a strategic balance between shareholder returns and future growth by retaining Rs. 1.63 per share while distributing Rs. 0.50 per share as dividends. The decline in Profit After Tax to Rs. 429 Mn from Rs. 522 Mn reflects short-term challenges, yet the Company's prudent retention strategy ensures reinvestment in key growth areas. This approach enhances financial stability and long-term value creation, positioning the Company as a resilient and attractive investment for both existing and potential shareholders seeking sustainable returns.

### EPS Vs DPS

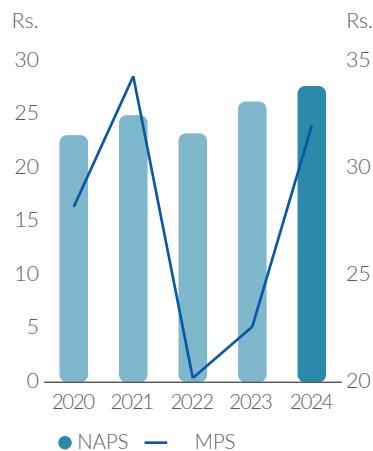


### Net Assets Per Share (NAPS)

PI's Net Assets Per Share (NAPS) increased by 6% to Rs. 27.69 in 2024, reflecting the Company's strong financial foundation and sustainable value creation. Notably, the Market Price Per Share (MPS) remains above NAPS, indicating investor confidence in the Company's future growth prospects and earnings potential. This premium valuation highlights PI's strong market positioning, resilience, and ability to generate returns beyond Company's asset base. The continuous improvement in NAPS, coupled with a favourable MPS, reinforces the

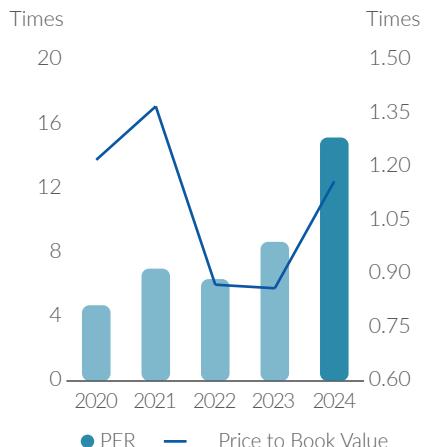
Company's long-term growth trajectory, making it an attractive investment opportunity for both existing and prospective shareholders.

### NAPS Vs MPS



## Price Earnings Ratio (PER) and Price to Book Ratio

The increase in PI's Price Earnings Ratio (PER) from 8.76 times in 2023 to 15.02 times in 2024 reflects growing investor confidence and strong market expectations for future earnings growth. Comparatively, the sector's PER was 5.85 times, while the market's PER was 8.89 times. Additionally, the Price-to-Book Value Ratio (P/BV) improved to 1.16 times from 0.86 times, indicating that the market values the Company above its net assets, recognizing its potential for sustainable returns. A higher PER signifies strong profitability prospects, while an increasing P/BV ratio highlights enhanced asset utilization and value creation. In contrast, the sector's Price to Book Value was 0.95 times, while the market's Price to Book Value was 1.17 times. These metrics reinforce PI's solid market positioning and investment appeal, making it an attractive opportunity for investors seeking growth-driven and value-enhancing returns.

**Price Earnings Ratio (PER) and Price to Book Ratio**


PI's superior Price Earnings Ratio (PER) compared to both the sector and market benchmarks reflects heightened investor confidence and strong earnings growth potential. Likewise, its elevated Price-to-Book Value (P/BV) ratio demonstrates the market's recognition of the Company's strong fundamentals, efficient asset utilization, and long-term value creation. These favorable valuation indicators reinforce PI's strong market positioning and investment appeal, making it an attractive choice for investors.

**Distribution and Composition of Shareholding**

The Company's shareholding structure reflects strong domestic investor confidence, with 99.25% of shares held by resident investors and 88.61% concentrated among high-net-worth and institutional shareholders. The broad shareholder base of 3,214 investors, including both resident and non-resident participants, ensures market stability and liquidity. The significant 87.92% ownership by large stakeholders highlights long-term commitment and strategic investment potential. This composition demonstrates robust investor trust and positions the Company as a reliable and attractive investment opportunity.

**As at 31 December 2024**

Share holding	Resident			Non resident			Total		
	No. of Share-holders	No. of Share	% of Total No. of Shares	No. of Share-holders	No. of Share	% of Total No. of Shares	No. of Share-holders	No. of Share	% of Total No. of Shares
1 to 1,000 Shares	1,820	395,884	0.19%	5	1,687	0%	1,825	397,571	0.19%
1,001 to 10,000 Shares	1,014	3,316,452	1.63%	8	26,677	0.01%	1,022	3,343,129	1.64%
10,001 to 100,000 Shares	315	7,889,212	3.88%	3	105,888	0.05%	318	7,995,100	3.92%
100,001 to 1,000,000 Shares	39	11,459,452	5.63%	0	0	0%	39	11,459,452	5.63%
Over 1,000,000 Shares	9	179,028,583	87.92%	1	1,408,643	0.69%	10	180,437,226	88.61%
	3,197	202,089,583	99.25%	17	1,542,895	0.75%	3,214	203,632,478	100%

**As at 31 December 2023**

Share holding	Resident			Non resident			Total		
	No. of Share-holders	No. of Share	% of Total No. of Shares	No. of Share-holders	No. of Share	% of Total No. of Shares	No. of Share-holders	No. of Share	% of Total No. of Shares
1 to 1,000 Shares	2,057	600,614	0.30%	7	4,134	0.00%	2,064	604,748	0.30%
1,001 to 10,000 Shares	979	3,900,089	1.95%	3	14,055	0.01%	982	3,914,144	1.96%
10,001 to 100,000 Shares	270	7,497,372	3.75%	4	123,980	0.06%	274	7,621,352	3.81%
100,001 to 1,000,000 Shares	32	9,049,450	4.52%	0	0	0.00%	32	9,049,450	4.52%
Over 1,000,000 Shares	9	177,302,469	88.65%	1	1,507,837	0.75%	10	178,810,306	89.41%
	3,347	198,349,994	99.17%	15	1,650,006	0.83%	3,362	200,000,000	100.00%

# Financial Capital

## Public Shareholding

The Company's public shareholding remains strong at 25%, ensuring liquidity and broad investor participation. With over 50.9 Mn shares held by 3,212 shareholders as of December 2024, the investor base remains diverse and engaged. This consistent public participation reflects the Company's solid reputation and appeal among investors. With a well-balanced mix of shareholders, the Company continues to offer long-term value and growth potential, making it a compelling investment opportunity. The percentage of shares held by the public, the number of public shareholders and the float adjusted market capitalisation is as given below:

Composition	31 December 2024			31 December 2024		
	No. of Shareholders	No. of Shares	% of Total Holding	No. of Shareholders	No. of Shares	% of Total Holding
Public Shareholding	3,212	50,901,401	25%	3,360	49,993,400	25%

## Float Adjusted Market Capitalization

Float Adjusted Market Capitalization of People's Insurance is Rs. 1,628,844,832 as at 31 December 2024 compared to the Rs. 1,129,850,840 recorded in year 2023. The Company is in compliance with the minimum public holding requirement as at the reporting date based on the "Option 2" of Rule 7.13.1.a.

## Directors' Shareholdings

Name of the Director	Resident	
	As at 31 December 2024	As at 31 December 2023
Mr. Isuru Balapatabendi	N/A	-
Mr. Azzam Ahamat	-	-
Mr. Shamindra Marcelline	N/A	-
Ms. Nayanganie Wickramasingha	-	-
Mr. Johnson Fernando	-	-
Dr. Kasun I. Wijetilleke	-	-
Mr. M.P. Amirthanayagam	-	-
Mr. Sanjeewa Bandaranayake	-	-

## CEO's Shareholding

No. of Shares	As at 31 December 2024	As at 31 December 2023
	6,719	6,600

## Twenty Largest Shareholders

Name of the shareholder	As at 31 December 2024		As at 31 December 2023	
	No. of shares	%	No. of shares	%
People's Leasing & Finance PLC	152,724,358	75.00%	150,000,000	75.00%
Mr. Kulappu Arachchige Don Anurada Perera	12,102,246	5.94%	11,886,362	5.94%
Employees Trust Fund Board	3,938,090	1.93%	3,867,841	1.93%
J. B. Cocoshell (Pvt) Ltd	3,344,143	1.64%	3,289,989	1.64%
Odyssey Capital Partners (Private) Limited	1,598,514	0.78%	2,477,111	1.24%
Mr. Divale Jayampathi Bandaranayake, Joint-Miss.Niluka Bandaranayake/ Dr.Vasantha Bandaranayake	1,563,544	0.77%	1,570,000	0.79%
Mr. Divale Jayampathi Bandaranayake, Joint-Dr.Vasantha Bandaranayake/ Miss. Ishani Bandaranayake	1,543,751	0.76%	1,535,653	0.77%
Sandwave Limited	1,408,643	0.69%	1,516,213	76.00%
Jafferjee Brothers Exports (Private) Limited	1,180,355	0.58%	1,507,837	0.75%
Mr. L. C. A. Lankeshwara/DFCC Bank PLC	1,033,582	0.51%	1,159,300	0.58%
People's Leasing & Finance PLC /L.P.Hapangama	956,966	0.47%	977,000	0.49%
Confab Steel (Pvt) Ltd	822,101	0.40%	800,467	0.40%
Mr. Murtaza Ali Jafferjee	815,005	0.40%	775,000	0.39%
ACL Plastics Ltd	596,134	0.29%	629,631	0.31%
Mr. Weerasuriya Arachchilage Ananda Weerasuriya Bandara	529,120	0.26%	585,500	0.29%
Synamon Global (Pvt) Ltd	500,000	0.25%	420,799	0.21%
People's Leasing & Finance PLC /U.L.B. Ariyaratna	491,597	0.24%	400,000	0.20%
People's Leasing & Finance PLC /Mr.D.M.P. Disanayake	471,242	0.23%	400,000	0.20%
Bank of Ceylon A/C NDB Wealth Growth Fund	410,861	0.20%	314,977	0.20%
Mr. Kulappuarachchige Don Harindra Perera	407,264	0.20%	293,000	0.20%
	186,437,516	91.56%	184,406,680	92.20%
Others	17,194,962	8.44%	15,593,320	7.80%
Total	203,632,478	100.00%	200,000,000	100.00%



# Manufactured Capital

**PI's Manufactured Capital comprises the Property, Plant and Equipment (PPE) that support day to day operations at all physical locations as well as the digital channels that together enable customers across Sri Lanka to access the Company's products and services.**



## Management Approach

PI's approach to developing Manufactured Capital is designed to reach and serve more customers across Sri Lanka. To that end, the Company strives to ensure both physical and digital infrastructure continue to perform optimally to support enhanced service delivery and operational efficiency.

**Key Risks** IT Risk | Regulatory Risk | Reputation Risk



## Challenges and Opportunities in 2024

### Challenges

High costs associated with physical branches



### PI's Response

Implementation of branch revenue (GWP) and profitability measurement metrics to determine the need for restructuring

### Opportunities

Higher insurance penetration supported by greater awareness and rapid urbanisation across the Country

Opened 4 new branches to improve the footprint to serve customers in the Eastern, Sabaragamuwa, Western and Uva provinces of the Country

## Value Transformation



### Outputs for PI

- ★ GWP Per Branch - Rs. 48.8 Mn
- ★ GWP - National Sales (Per Region) - Rs. 163.1 Mn
- ★ Direct Administration Cost Per Branch - Rs. 5.1 Mn
- ★ Direct Administration Cost - National Sales (Per Region) - Rs. 5.7 Mn
- ★ Asset - Turnover Ratio 50% (2023 - 49%)

### Stakeholder Outcomes

- ★ 11% year on year increase in the branch customer base
- ★ 27% year-on-year increase in new policies
- ★ 1,179 insurance proposals issued through digital channels

## Material Matters

- ★ Profitable Growth
- ★ Managing macroeconomic vulnerabilities
- ★ Product innovation and diversification
- ★ Efficiency
- ★ Digital Capabilities
- ★ Group Synergies
- ★ Brand Identity
- ★ Customer-centricity
- ★ Distribution Channels

## Relevance to Strategy

- ★ Business and Profit Growth
- ★ Enhance Operational Efficiency and Compliance

## Impact on Other Capitals

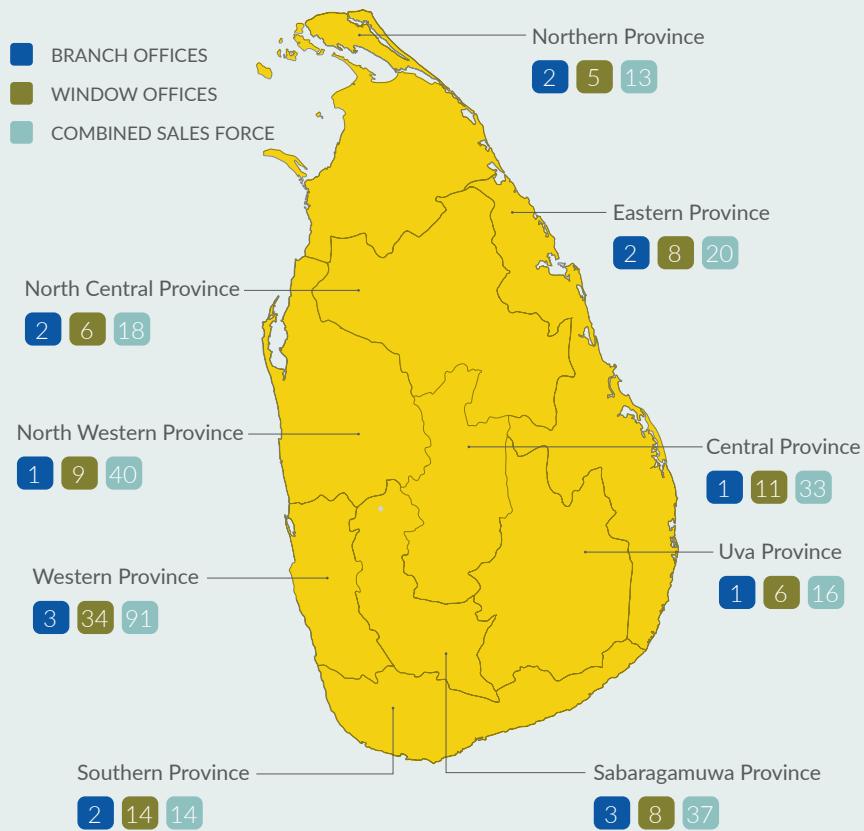
- ★ Improved GWP driven by market share growth
- ★ Improved visibility enhances brand reputation
- ★ Improving access to insurance contributes to the wellbeing of communities



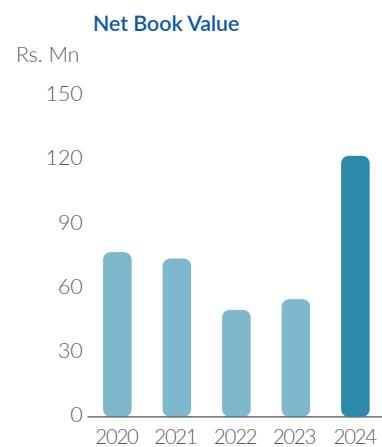
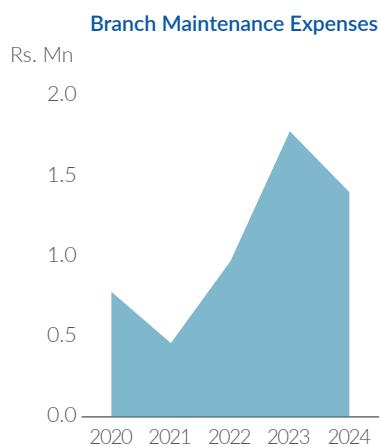
## Branch Network

People's Insurance PLC's (PI) network of 119 branches serves as the primary touchpoint for customers across Sri Lanka to access the full gamut of products and services offered by the Company. Recognising the strategic importance of its branch network, the PI has continued to invest in its expansion to enhance outreach and create tangible value for a broader customer base around the Country. Accordingly, all PI branches are strategically located in cities and townships nationwide, ensuring they serve as vital hubs for a geographically diverse audience. Balancing cost considerations is a key aspect of the Company's approach to expanding the branch footprint. As such, almost 100% of regional branches are located on leasehold premises.

Moreover, in keeping with global best practices, the PI ensures greater standardisation across the branch network by prioritising optimal space and incorporating environmental friendly concepts such as maximising the use of natural lighting.



A notable development in 2024 was the introduction of a Branch Break-Even Analysis, which forms part of a data-driven approach to drive branch expansion. On this basis, four new branches in Batticaloa, Kegalle, Gampaha, and Badulla, were opened and Negombo branch was relocated to improve accessibility to potential customers and maximise revenue-generation opportunities for the Company. Additionally, with the implementation of new branch revenue (GWP) and profitability measurement metrics, the Ambalanthota branch was closed in February 2024.



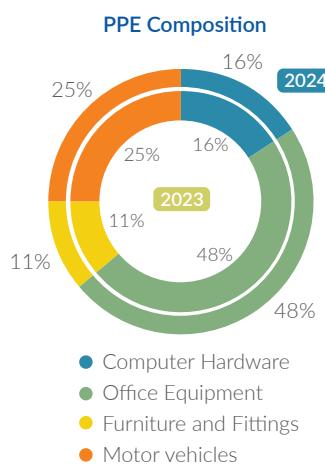
# Manufactured Capital

## Property Plant and Equipment (PPE)

PI's branch network is highly dependent on PPE for its operations. Hence, the Company's approach managing PPE is based on the formal Board approved Fixed Asset (FA) Administration Policy, which sets out detailed guidelines for the acquisition of PPE with due consideration of the purpose, cost, and longevity. The purchase of PPE is undertaken strictly in line with the CAPEX plan and budget prepared in advance and approved by the Board and supported by standardised procurement guidelines to ensure effective and efficient sourcing of fixed assets.

### PI's Standardised Procurement Guidelines for Procurement of PPE

Requirement Collection	Budget Consolidation	Procurement Initiation	Stock and Budget Checks	Approval	Vendor Selection
Manager-Administration (ADM) gathers FA requirements from branches/ departments through Head of the Departments (HOD).	Manager-ADM compiles and submits the FA budget to Manager-Finance.	Branches/ departments raise purchase requisitions (PR), including the Capital Expenditure (CAPEX) form, and submit them to Manager-ADM.	Manager-ADM checks stock availability; if unavailable, confirms budget with Finance Department.	Budgeted items: Manager-ADM approves PR. / Unbudgeted items: CEO approval is required.	Manager-ADM obtains quotations; Decision Making Unit (DMU) evaluates and approves the procurement.



## Efficiency Improvements

To improve the efficiency of its physical assets, the Company has implemented a comprehensive approach that includes regular maintenance, robust security measures, and asset monitoring. PI incurs approximately Rs. 3.8 Mn annually towards the maintenance and upkeep to enhance efficiency and extend the productive lifespan of its PPE. The Manager-AD is responsible for monitoring the condition of assets, and for overseeing necessary repairs and maintenance activities that are conducted in line with warranties and service agreements provided by suppliers. Asset custodians are required to notify the Manager-AD promptly of any ad-hoc repair or maintenance needs that arise during the asset's use.

**Rs. 3.8 Mn ↓**  
Maintenance  
FY 2023: Rs. 4.1 Mn

**101**  
Window Offices  
FY 2023: 106

## Asset Rationalisation

Asset rationalisation is undertaken for assets that have typically reached the end of their productive lifespan, in line with the Fixed Assets Administration Policy. Accordingly, assets are either discontinued or disposed of based on specific conditions. Underperforming assets that are no longer viable are disposed of. Additionally, if an asset fails to generate the desired income or its financial returns are lower than those of alternative investments, it may be deemed suitable for disposal.

Assets that lack potential to support future strategic initiatives, such as regeneration or redevelopment projects, are also considered for rationalisation. Statutory obligations or regulatory requirements may also influence the decision to dispose of certain assets. .

## Window Offices

PI's Window offices which are stationed at PI's parent entity- People's Leasing and Finance PLC branches across Sri Lanka. The existing network of 119 Window Offices across all 9 provinces, which operate on the asset-lite principle stands as a testament to PI's efforts to improve the efficiency of its Manufactured Capital.

## Safeguarding Infrastructure

In the interest of safeguarding its physical infrastructure and assets to ensure continuity of operations in the event of unforeseen disruptions, PI has implemented a formal Business Continuity Plan (BCP). The BCP serves as a comprehensive plan outlining strategies and measures to mitigate risks, address potential disruptions, and maintain critical business functions, thereby reinforcing operational resilience and protecting stakeholder interests in emergency situations. The efficacy of the BCP is continually tested and strengthened to ensure

## Digital Channels

Over the years, PI has focused on diversifying its Manufactured Capital through strategic investments aimed at building a robust network of digital channels. This commitment reflects the Company's focus on advancing customer outreach goals by leveraging technology to provide greater accessibility, seamless service delivery, and a superior customer experience.



that all critical processes function as per pre-determined norms. Testing proctors include quarterly testing of the call tree system, bi-annual walkthrough assessments, process simulation, emergency response plan exercises, and the annual end-to-end simulation tests.

In 2024, among them; the call tree drill was to evaluate and improve emergency response mechanisms by testing the effectiveness of the call tree protocol. Following the drill, a WhatsApp group was formed for emergency communication. Comprehensive firefighting training was also carried out for fire wardens, fire coordinators, fire fighters, first aid team members, and representatives from building security and operations.

## FUTURE PLANS

### Short-Medium Term

Restructuring of existing branches will be at the forefront as PI looks to curb cost pressures associated with physical branches.

### Long Term

Invest in strengthening its suite of digital channels and also leverage Group synergies to tap into alternative low-cost channels, as part of a focused effort to reduce cost-to serve over time.



# Human Capital

**PI's Human Capital comprising of 655 employees across Sri Lanka represent a critical driver in the Company's success in the highly competitive local insurance industry.**



## Management Approach

PI's approach to Human Capital management is centred on creating a holistic Employee Value Proposition (EVP) that ensures employees at all levels benefit from competitive remuneration, training, professional development opportunities, a supportive work environment, and a strong culture of engagement that collectively contributes towards achieving a fulfilling.

## Material Matters

- ★ Efficiency
- ★ Talent Management
- ★ Health and Safety
- ★ Customer-Centricity

## Relevance to Strategy

- ★ Business and Profit Growth
- ★ Enhance Operational Efficiency and Compliance
- ★ Develop a Skilled Workforce

## Impact on Other Capitals

Enables optimal use of the Company's assets

Builds trust and strengthens loyalty with customers and business partners

Efficient and highly motivated employees drive GWP growth and help to reduce costs, thus enhancing PI's capacity for sustained profitability

Augments competitive advantage and enhances brand position against peers



## Challenges and Opportunities in 2024

### Challenges

High staff attrition traditionally associated with the local insurance industry

### Opportunities

Create a strong, reliable talent pool based on the "Develop from within" principle



## PI's Response

Significant revisions to salary structures across all employee categories

Prioritised training and skill development with a view to extend the succession planning process across the executive category

## Value Transformation



### Outputs for PI

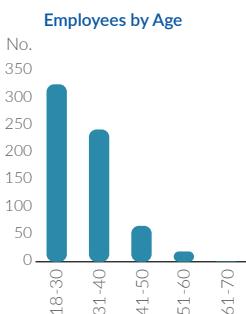
- ★ 33.6% employee attrition (37.9% - 2023)
- ★ 80:20 (M:F) Gender Ratio
- ★ Recognition as an employer of choice
- ★ ZERO Incidents reported through the Grievance Procedure

### Stakeholder Outcomes

- ★ 295 New Recruits (180 - 2023)
- ★ Monetary Benefits Distributed - Rs. 907 Mn (Rs. 771 Mn 2023)
- ★ Ratio of entry level wage between men and women 1:1
- ★ 171 promotions
- ★ 15% female representation at a leadership level

## People's Insurance PLC Human Capital Profile FY 2024

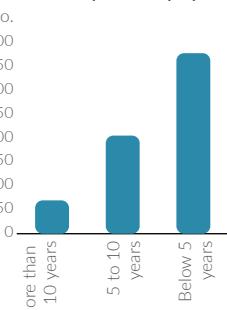
GRI 2-7,405-1



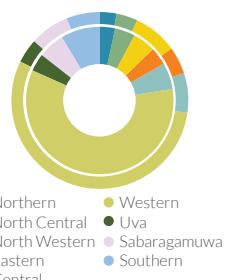
Female representation by the category



Service Analysis of Employees



Employees by Province



## PI's Gender Parity Scorecard 2024



### Diversity and Inclusion

Gender parity-policies to promote diversity and inclusion

80:20 (M:F)

Overall Gender Ratio  
2023 - 78:22 (M:F)

69:31 (M:F)

Non-Sales Gender Ratio  
2023 - 72:28 (M:F)

### Remuneration

Guidelines on gender pay equity

1:1

Ratio of basic salary between men and women  
2023 - 1:1

30%

Median Gender Pay Gap  
2023 - 30%

4%

Mean Gender Pay Gap  
2023 - 4%

23%

Percentage of female employees receiving bonuses  
2023 - 20%

Rs. 19.7 Mn

Amount paid as bonuses to female employees  
2023 - Rs. 16.6 Mn

### Sexual Harassment

Gender parity-policies to prevent sexual harassment at the workplace

ZERO

Incidents reported  
2023 - ZERO

### Training Opportunities

Training and Development Policy

19.6 : 20.4

Training hours per person (M:F)  
2023 - 20.7 : 20.7

6

No. of females benefiting from overseas training opportunities  
2023 - 6

# Human Capital

## HR Governance GRI 2-23, 2-24

PI's centralised HR governance framework plays an anchoring role in shaping and delivering the Company's Employee Value Proposition (EVP). All HR aspects are managed under the purview of the Company's Human Resource Department (HRD), thus ensuring consistency, transparency, and fairness.

The roles and responsibilities of the HRD are outlined in the Board approved HR Procedure Manual which set out a framework of policies developed in line with all applicable labour laws and labour best practices as stipulated by the United Nations Global Compact and the International Labour Organisation convention. This policy framework serves as the basis for managing the employee life cycle with the aim of achieving broader organisational goals of ensuring continuity and consistency of service, driving performance-based culture to increase productivity and promoting effective internal communication and collaboration between teams.

## Fair and Equitable Recruitment and Selection

PI's approach to recruitment and selection prioritises hiring the best-fit candidates. To that end, the Recruitment Policy establishes a structured and transparent hiring process which includes unbiased selection practices. Among other things, the selection process also includes additional protocols to verify the age of new recruits to safeguard PI's operations against the risk for Child labour. Accordingly, PI's operations are not at risk for child labour.

The Board approved annual cadre plan serves as the foundation for identifying all hiring requirements within the organisation. Further in keeping with

**PI's centralised HR governance framework plays an anchoring role in shaping and delivering the Company's Employee Value Proposition (EVP).**

## People's Insurance PLC - HR Governance

GRI 2-8, 202-2, 408-1

### Regulatory Compliance

- ★ Shop and Office Employees Act of 1954
- ★ EPF Act
- ★ ETF Act
- ★ Payment of Gratuity Act of Sri Lanka
- ★ Advance Personal Income Tax (APIT) Directive

### Labour Best Practices

- ★ Freedom of association and the effective recognition of the right to collective bargaining
- ★ No forced or compulsory labour
- ★ No Child Labour
- ★ Equal opportunity and non-discriminatory employment



### Attraction & Retention

- ★ Recruitment Policy
- ★ Communication Policy
- ★ Bonus Policy
- ★ Grading, title matrix and benefits policy
- ★ Certificate of appreciation



### Development

- ★ Training and Development Policy
- ★ Succession Planning
- ★ Career progression and Promotion Policy
- ★ Performance Management Policy



### Diversity & Inclusivity

- ★ Non-discrimination Policy
- ★ Gender parity-policies to prevent sexual harassment at the workplace, diversity and inclusion and guidelines on gender pay equity
- ★ Whistleblowing Policy
- ★ Grievance Handling Policy



### Behaviour

- ★ Employee handbook
- ★ Employee code of conduct
- ★ Disciplinary code
- ★ Anti-fraud policy
- ★ Anti-bribery policy
- ★ Code of ethics

**13**

No. of positions filled by internal talent

FY 2023 - 16

**30 days**

Average time to fill vacant positions

FY 2023 - 30 days

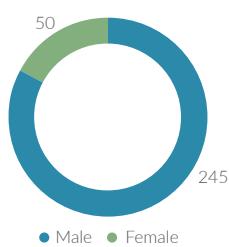
the principles of non-discriminatory and equal opportunity employment, both external and internal candidates are considered during the hiring process. Accordingly, all vacancies are widely advertised, including in the press and on the careers page of the corporate website, social media platforms as well as all major job sites in Sri Lanka, and also notified internally to give existing employees equal opportunity to apply.

In keeping with global best practices, all new hires are issued a formal written Contract of Employment encapsulating the standard terms & conditions of service including designation, hours of work, salary, probationary period, leave etc. Further as per the Company guidelines, all new recruits are placed on probation for a period of six months. Upon completing the probationary period, the respective department or supervisor will recommend issuing either a confirmation letter or an extension of probation, as deemed appropriate.

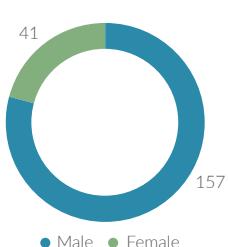
All PI employees are permanent employees. PI does not have any workers who are not employees. 100% of PI's senior management cadre is hired locally from Sri Lanka.

### Employee Movement in 2024 GRI 401-4

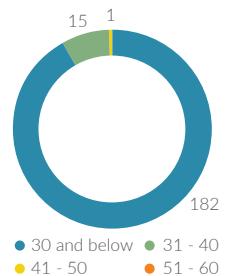
New Hires By Gender



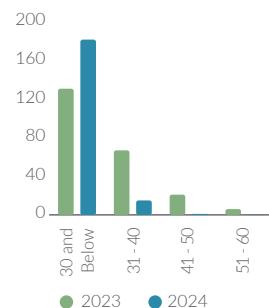
Attrition By Gender



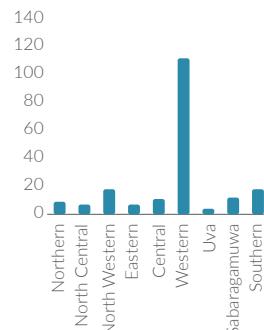
Attrition By Age



Attrition by Age



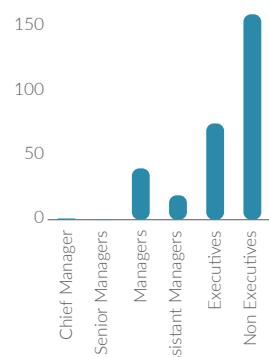
Attrition by Province



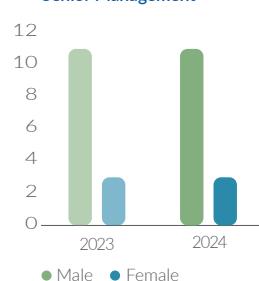
Employee Turnover by Reason



New Hires by Employment Category



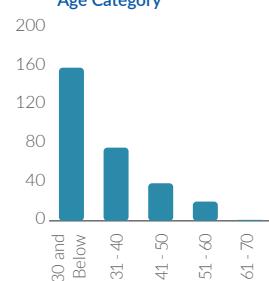
Composition of the Senior Management



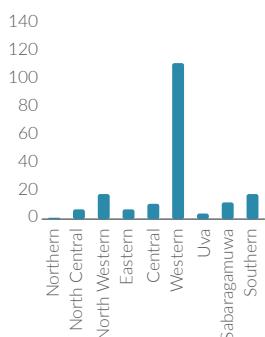
Female Representation by the Category



New recruits by Age Category



New Recruits by Province



# Human Capital

## Orientation and Induction

GRI 202-1, 405-2, 406-1

All new recruits are required to participate in a formal orientation programme. This comprehensive two days programme is designed for new employees to learn about their roles, responsibilities, and to disseminate information about Company policies, culture, values, and any other essential information to set the tone for a successful integration into PI's unique culture and work ethics.

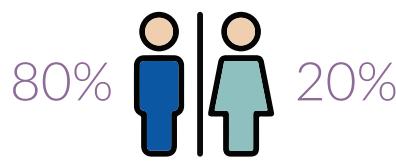
## Diversity and Inclusion

PI is dedicated to fostering a diverse and inclusive workplace by establishing an environment where differences are respected and valued. Managers at all levels of the organisation are expected to lead by example in upholding the Company's commitment to equal opportunity and non-discriminatory employment. This means cultivating an environment where differences are respected and valued to ensure that all individuals are given the same opportunities, regardless of gender, background, religious beliefs or any other status protected by law.

A key step in promoting workplace equality is the commitment to maintaining pay equity. PI ensures that no pay gap exists between men and women, applying a 1:1 salary ratio for individuals in similar roles further underscoring the dedication to fairness and merit-based compensation.

Beyond equitable pay, PI also prioritises equal opportunities for personal and professional growth, with all employees having access to training and career development opportunities designed to support their progression at every stage of their employment journey. In testimony to this commitment, female representation at leadership levels

## Gender Representation in the Workforce



have increased significantly over the years, with approximately 15% of the managerial and executive levels, represented by females.

No incidents of discrimination were reported in the current financial year.

## Ratio of Basic Salary between Men and Women - Sales

GRI 407-1, 409-1

Employee Category	Men	Women
Chief Manager & Senior Manager	-	-
Assistant Manager & Manager	33%	67%
Senior Executive	56%	44%
Executive	50%	50%
Junior Executive	52%	48%
Non-Executive	52%	48%
Non-Executive	68%	32%

## Ratio of Basic Salary between Men and Women - Non Sales

Employee Category	Men	Women
Chief Manager & Senior Manager	64%	36%
Assistant Manager & Manager	44%	56%
Senior Executive	51%	49%
Executive	50%	50%
Junior Executive	50%	50%
Non-Executive	49%	51%
Non-Executive	68%	32%

## Human Rights

GRI 2-19, 2-20, 2-27, 202-1

PI is committed to upholding the human rights of its employees by adhering to internationally recognised labour practices to ensure that all employees are treated with dignity and respect throughout their employment journey.

A fundamental aspect of this commitment is acknowledging the Freedom of Association and the right to Collective Bargaining. As a responsible organisation, PI respects employees' rights to form and join trade unions and engage in collective negotiations without fear of retaliation or discrimination. At present, approximately 34% of employees are represented by employee unions.

In addition, the Company remains committed to preventing forced or

## Benefits Provided to all Permanent Employees of People's Insurance PLC

GRI 401-2

- ★ Vehicle/Motorbike loans
- ★ Housing loan interest reimbursements
- ★ Staff loans
- ★ Medical insurance cover
- ★ Personal accident
- ★ Life insurance cover
- ★ Travelling reimbursements
- ★ Gymnasium and sports facilities
- ★ Staff welfare society benefits
- ★ Professional subscription reimbursement
- ★ Reimbursement of mobile phone cost
- ★ Leave encashment
- ★ Higher education aid

compulsory labour by ensuring the Company's operations are not at risk for forced or compulsory labour.

### Competitive Remuneration and Benefits

Committed to attracting, retaining, and motivating top talent, PI offers competitive remuneration and benefits designed to recognise and reward performance across all levels of the organisation.

PI's salary structures for both managers and executives are merit-based while remaining market competitive.

The PI Board along with the Board Remuneration Committee oversees the design and development of the Company's Remuneration and Benefit structures, with the Board Remuneration Committee undertaking to review and recommend to the Board necessary updates to salary structures as required in line with the industry standards. The HRD is entrusted with the responsibility of ensuring that these Board-approved structures are applied consistently.

In line with industry standards, the Company offers both fixed and variable components, with the variable portion directly linked to employee performance. Additionally, all PI employees receive a comprehensive range of benefits beyond their basic salary and statutory entitlements.

Employee leave entitlements, maternity leave, and retirement benefits are in accordance with the Shop and Office Employees Act of 1954, the Employees' Provident Fund (EPF) Act, the Employees' Trust Fund (ETF) Act, and the Payment of Gratuity Act of Sri Lanka. Accordingly, PI contributes 12% of an employee's basic salary to the EPF and an additional 3% to the ETF,

alongside annual contributions to a Gratuity Fund for employees who have completed 5 years of service.

In adherence to regulatory requirements, PI also ensures that appropriate tax deductions on employee salaries are made in accordance with the Advance Personal Income Tax (APIT).

#### Improvements to Remuneration and Benefit structures - Key Highlights for FY 2024

Pursuant to the findings from the industry salary survey outsourced to an independent third party service provider, the Board approved following salary revisions were made in 2024.

##### Managerial

5% increase in the monthly basic salary

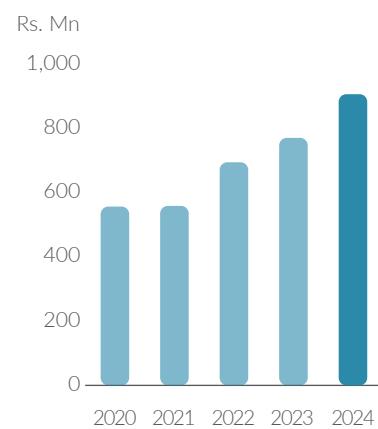
##### Executives

10% increase in the monthly basic salary

##### Non-Executives

20% increase in the monthly basic salary

#### Monetary Benefits



**In line with industry standards, the Company offers both fixed and variable components, with the variable portion directly linked to employee performance.**

#### Parental Leave GRI 401-3

In compliance with the Shop and Office Employees Act of 1954, female employees are entitled to 84 days paid maternity leave, post-delivery as well as two hours nursing time for a period of one year after recurring to work.

Parental leave for female employees	FY 2024	FY 2023
Total number of employees that were entitled to parental leave	4	7
Total number of employees that took parental leave	4	7
Total number of employees that returned to work in the reporting period after parental leave ended	3	6
Total number of employees that returned to work after parental leave ended and were still employed 12 months after their return to work	3	6
Return to work and retention rates of employees that took parental leave	100%	100%

# Human Capital

## Performance Management

Operating in a highly competitive and fast-paced insurance industry, PI acknowledges that a well-structured performance management framework is essential in ensuring that employees remain focused, motivated, and results-driven.

For that reason, PI has implemented a fully automated Performance Management System (PMS) that begins with an annual goal-setting exercise conducted before the start of each financial year, where corporate aspirations are cascaded down to departmental goals and further drilled down into individual targets for Managers and Executives. Performance against targets are captured by the system, enabling supervisors to monitor progress in real time and provide necessary support, either by way of training, mentoring, or coaching, to address gaps and help employees realign with set targets. Decisions regarding salary increments, promotions, and career advancements are also based on the outcomes of the annual performance appraisal.

The performance of Non-Executives is monitored on an ongoing basis, coupled with a structured mid-year review and followed by a comprehensive annual performance appraisal at the end of the financial year. These evaluations play

a crucial role in identifying employee training and development needs.

### Employees receiving performance evaluations in FY 2024

**GRI 404-3**

Employee Category	Men	Women
Chief Manager	100%	100%
Senior Manager	100%	100%
Manager	100%	100%
Senior Executive	100%	100%
Executive	100%	100%
Junior Executive	100%	100%
Non-Executive	100%	100%

\*Employees who got confirmed by the year ended 31 December 2024.

## Training and Development

Training is seen as vital for building a solid Human Capital base to meet PI's current and future needs. The Company's structured approach to employee training combines three key elements: the training plan, the Board-approved training budget, and the Performance Management System (PMS), which collectively provide a well-defined framework for employee development.

The training plan is developed annually based on a comprehensive assessment of business needs, industry trends, and individual employee development requirements. It outlines key learning initiatives, technical skills enhancement, leadership development programmes, and other necessary skills for employees to excel in their roles and progress within the Company. Supported by the annual Board approved training budget, the training plan aims to enable employees at all levels to benefit from high-quality learning opportunities to satisfy their respective needs.

Additionally, the PMS plays a crucial role in identifying training needs by systematically tracking employee performance via the mid-year reviews and annual performance appraisals.

Training interventions typically involve a blended learning approach combining on-the-job training alongside classroom sessions (using both internal and external resources) and further supported by online modules delivered via PI's e-learning system.

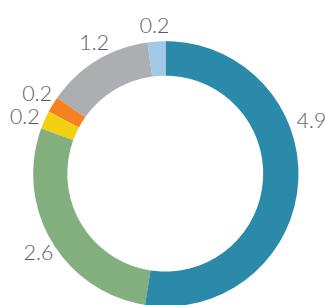
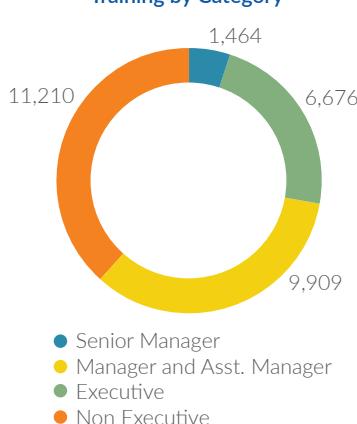
In the current financial year the Company invested Rs. 9.2 Mn on training interventions accounting for a collective total of 29,259 training hours for the benefit of 785 employees.

## E-learning Highlights - FY 2024

### Webinars & Virtual Workshops

- ✳️ Conducting virtual training sessions on regulatory changes and updates of the Board approved company policies & procedures
- ✳️ Developing and sharing Explainer videos on products to enhance employee awareness
- ✳️ Offering micro-learning (short, focused lessons) to improve employee skills through online channels

GRI 404-1, 404-2	Training Topic	No. of participants	Total Training Hours	Total Training Hours		Average Training Hours Per Person	
				M	F	M	F
<b>Managerial</b> (Chief Manager/ Senior Manager/ Manager)	★ Leadership development	24	1,192	844	348	50	50
	★ Succession planning	24	788	624	164	33	33
	★ Sales manager development	19	5,192	4,372	820	273	273
	★ Foreign training	9	416	277	139	46	46
	★ Insurance congress	10	320	256	64	32	32
	★ Fire training	10	232	116	116	23	23
<b>Executives</b> Senior (Executives/ Junior Executives)	★ Participation in the insurance industry conferences	10	320	192	128	32	32
	★ Personal development & motivation	100	4,756	3,805	951	63	63
	★ Motor product training	75	1,845	1,304	541	25	25
	★ Technical training	75	978	952	26	13	13
	★ Fire training	15	2,010	1,340	670	134	134
	★ Personal development & motivation	149	5,000	4,000	1,000	40	40
<b>Non-Executives</b>	★ Motor product training	125	2,200	1,584	616	18	18
	★ Technical training	125	3,000	2,808	192	24	24
	★ Fire training	15	1,010	673	337	67	67
	★ Personal development & motivation	1464	11,210	9,909	6,676	2.6	4.9

**Areas of Learning and Development****Training by Category**

The training plan is developed annually based on a comprehensive assessment of business needs, industry trends, and individual employee development requirements. It outlines key learning initiatives, technical skills enhancement, leadership development programmes, and other necessary skills for employees to excel in their roles and progress within the Company.

# Human Capital

## Career Mobility

A multi-pronged approach to career mobility aims to empower all PI employees to take charge of their professional development and explore diverse career pathways.

In this regard, career mobility is facilitated through internal job postings, allowing employees to apply for new roles within the organisation that align with their skills and career aspirations, while the Company's succession planning process is structured to identify high-potential employees.

and support them with the necessary training, coaching and mentoring to guide them towards leadership roles in the future.

In addition, special financial assistance provided by the Company aims to encourage employees to pursue continuous professional development that enhance their skills and competencies to enable them to transition into more complex roles or access opportunities across different business functions.

## Promotions Granted GRI 2-30, 402-1

Employee Category	2024		2023	
	Men	Women	Men	Women
Chief Manager	-	-	-	-
Senior Manager	-	-	3	-
Manager and Asst. Manager	6	1	9	-
Executive	98	13	68	12
Non-Executive	39	14	81	25

## Employee Relations

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

A holistic approach based on mutual respect, trust, and open communication, underpins PI's efforts to build strong relations with employees. This is reinforced by PI's open-door policy. Managers at all levels are also encouraged to use routine meetings and briefings as opportunities to strengthen relationships with their teams. Additionally, department-wide town hall meetings, official emails, memos, circulars, the Company intranet, and WhatsApp groups serve as key communication channels to keep employees informed about important developments. Employees are typically given advance notice of 4 weeks

regarding the implementation of any operational changes.

Moreover, with approximately 34% of PI's workforce represented by employee unions, strong emphasis is also placed on positive and constructive relationships with union representatives. Due to the strong rapport established over the past 14 years, there has been no need for collective bargaining.

Meanwhile the formal grievance channel ensures that employee issues are handled transparently and effectively. No concerns were reported through the grievance process during the current financial year.

## Safety and Wellbeing

As a service organisation, PI's employees do not face any significant occupational health and safety risks. Hence no formal system has been established for this purpose.

In the interest of the safety and wellbeing of its employees, customers and visitors to any Company location, PI adheres to all national fire safety regulations. A First Aid Committee along with fire wardens and designated fire fighting teams have been established across the branch network to serve as first responders in the event of an emergency. Apart from this, fire training, safety drills and first-aid training is also conducted on a regular basis each year.

Further, all employees benefit from comprehensive insurance Medical insurance, Personal accident insurance and Life insurance cover.

In 2024, A new policy on 'Staff Safety Procedures and Standardisation of the Safety Process' was conceptualised and implemented in line with global best practices. The policy, which covers areas such as fire safety, rodent & mosquito controls, electrical hazards, First Aid and general cleanliness.

No incidents of work-related injuries or work-related ill health was reported in FY 2024.

## Employee Engagement

Employee engagement initiatives are designed to foster a positive work environment by strengthening team cohesion, and promote open communication between employees and management.

## The Achievers Night

**2024 witnessed the distinguished presence of the entire Board of Directors, all of whom were lauded for their exceptional contributions.**

### People's Insurance PLC Achievers Night 2024

In a grand celebration of achievement and recognition, People's Insurance PLC hosted the Achievers Night 2024. The event, held on 04 May 2024 at the Water's Edge, served as a platform to honour and applaud the exceptional contributions and unwavering dedication of the Company's employees over the preceding year.

A total of 68 prestigious awards were bestowed upon deserving recipients, commemorating their outstanding contributions and exemplary performance. Amongst the myriad honours, the illustrious 'Chairman's Award' stood as the crowning jewel of the night, bestowed upon the Most Profitable Employee, Mr. R. L. Gunawardena, in recognition of his exceptional prowess and dedication.

The Achievers Night 2024 witnessed the distinguished presence of the entire Board of Directors, all of whom were lauded for their exceptional contributions.

### Celebrating 14 Years of Excellence

The People's Insurance family, led by the Company's Chairperson and CEO marked PI's 14th anniversary with a celebratory gathering held at the head office on 01 January 2024.



Winners of the Christmas Carol Competition



Achiever's Night - 2024



People's Cricket Fiesta 2024



## FUTURE PLANS

### Short-Medium Term

Increase the level of technology integration by adopting AI driven tools to enable data driven decision making in order to improve employee retention and satisfaction.

### Long Term

Develop wellbeing initiatives to focus on mental health, work-life balance and creating a positive organizational culture.



# Intellectual Capital

**Intellectual capital represents the intangible assets that drive PI's competitive edge, support efforts to respond effectively to market changes, and maintain standing within the local insurance industry.**



## Management Approach

PI's approach to developing Manufactured Capital is designed to reach and serve more customers across Sri Lanka. To that end, the Company strives to ensure both physical and digital infrastructure continue to perform optimally to support enhanced service delivery and operational efficiency.

**Key Risks** IT Risk | Regulatory Risk | Reputation Risk | ESG Risk



## Challenges and Opportunities in 2024

### Challenges

Stiff market competition driven primarily by the historically low insurance penetration levels in Sri Lanka

### Opportunities

Rapid advancement in digital technology, globally



## PI's Response

Rs. 21 Mn incurred on branding activities to raise PI's brand profile and improve top-of-mind awareness among diverse customers

Increased digitization and automation to reform and recalibrate its process architecture



## Value Transformation

### Outputs for PI

- \* A(Ika) issuer rating by Fitch Ratings
- \* Non-Life Insurer of the Year at the Global Economics Awards 2024
- \* Non-Life Insurance Brand of the Year - Sri Lanka 2024 award- Global Banking and Finance Awards 2024
- \* ZERO cyber security/information security breaches

### Stakeholder Outcomes

- \* Trusted insurance partner for customers
- \* Assurance of guaranteed returns for shareholders

## Material Matters

- \* Profitable Growth
- \* Managing macroeconomic vulnerabilities
- \* Efficiency
- \* Digital Capabilities
- \* Group Synergies
- \* Brand Identity

## Relevance to Strategy

- \* Business and Profit Growth
- \* Enhance Operational Efficiency and Compliance
- \* Develop a Skilled Workforce
- \* Increase Social and Environmental Responsibility

## Impact on Other Capitals

- Streamlined processes and seamless workflows support the more efficient use of physical assets
- Resilient information security systems and strong business ethics help to build stakeholder trust
- Consistent brand building constructs trust and reinforces top-of-mind awareness among customers, in turn enhancing potential for high revenue generation



## Brand Identity GRI 2-28

People's Insurance PLC (PI) has established itself as a trusted name in the insurance industry over the past 14 years, a testament to the Company's forward-thinking outlook to not just meet, but consistently exceed the expectations of stakeholders.

For customers, PI represents a valued partner in safeguarding their assets. Tailored insurance policies, ranging from motor and property insurance to marine and liability coverages, coupled with swift and fair claims settlement has enabled the Company to earn and retain the trust of customers across Sri Lanka.

At the same time, PI continues to command the respect of its shareholders by consistently proving its ability to achieve financial excellence notwithstanding varying economic cycles. Reflecting its financial strength as an insurer, PI has maintained its high credit quality issuer rating by Fitch Ratings for the past seven consecutive years.

Furthermore the dedication to build an empowered workforce has helped to position People Insurance as an employer of choice within the local insurance industry, while, the Company's active involvement in community initiatives and efforts to support environmental preservation cements its reputation as a socially responsible corporate citizen.

Simply put, the People's Insurance brand identity stands as an embodiment of resilience, dependability, and commitment—values that have defined its journey and positioned the Company as a leader in the local insurance sector.

Given the highly competitive nature of the local insurance industry, PI's

brand investments in 2024 were largely pivoted towards improving visibility and driving top-of-mind awareness among all customer segments across the Country. Several concurrent marketing campaigns were rolled out across both traditional and digital platforms, in a bid to reach diverse audiences. Customised branding initiatives to reinforce PI's

**Rs. 21 Mn ↑**

was spent on branding activities  
for FY 2024

FY 2023 - Rs. 25 Mn

presence across key customer segments were complemented by digital initiatives including the launch of a user-friendly website, Search Engine Optimization (SEO), and the introduction of a WhatsApp channel, for improved accessibility and to drive customer engagement. Brand equity initiatives across mass media and social media platforms were also further intensified. Key efforts included special segments to highlight Company achievements along with radio campaigns and newspaper advertisements celebrating key milestones. Several interactive campaigns were conducted to foster deeper connections with diverse customer audiences. Sustainability messaging portraying PI as a responsible insurer, was another key theme of the overall brand equity strategy for 2024.



## Brand Accolades 2024

People's Insurance won multiple awards in 2024, showcasing its exceptional services, innovative products, and robust leadership. At the Global Economics Awards 2024, People's Insurance was honoured with the title of Non-Life Insurer of the Year, reaffirming PI's exceptional contributions to the development and growth of the general insurance sector in the country through the provision of high-quality products, backed by strong financial stability and customer-centric strategies.

Continuing its stellar performance at the Global Banking and Finance Awards 2024, PI clinched the highly coveted Non-Life Insurance Brand of the Year – Sri Lanka 2024 award - a testament to the brand's continuous effort to innovate and build trust with customers. In addition, People's Insurance also won the Best Auto Insurance Process - Sri Lanka 2024 award for its groundbreaking product Call & Go launched in 2023.



# Intellectual Capital

## Industry Expertise

The industry expertise and knowledge of PI's top management has proven to be instrumental in enabling the Company to navigate complex market dynamics with confidence and precision. PI's top management, all seasoned experts drawn from diverse disciplines, bring a wealth of industry expertise, combining years of experience and in-depth knowledge of the insurance sector with a keen understanding of emerging market trends. Their collective skills, coupled with the commitment to innovation and a forward-thinking approach, remains a key differentiator in driving PI's growth ambitions.

All members of the top management are provided with training and skill development opportunities as needed to further complement their expertise.

PI also pursues memberships and affiliations with various organisations to further bolster the expertise of its top management team.

## Research and Development (R&D)

A dedicated in-house R&D team focuses full-time on market research and product analysis to support both strategic planning and daily business operations. By continuously monitoring market trends, customer needs, and industry developments, the team generates valuable insights to develop tailored insurance solutions that adapt to evolving customer demands and strengthen its market position.

## Back-end Support Systems

### Disaster Recovery (DR) Infrastructure

PI's robust DR infrastructure serves as a failsafe mechanism for ensuring the swift resumption of operational activities following an unplanned disruption. Built to ensure the highest levels of reliability, security, and efficiency, to support the Company's critical operational needs,

### Memberships and Affiliations



International Chamber of Commerce Sri Lanka



Insurance Association of Sri Lanka



Insurance Regulatory Commission of Sri Lanka (IRCSL)



Sri Lanka Insurance Institute (SLII)



Institute of Chartered Accountants of Sri Lanka



Chartered Institute of Management Accountants

### Area of Operations Benefited

- Provide opportunity to reach potential customers

- Industry Association

- Insurance industry regulator

- Institute established to improve the knowledge and expertise of the industry employees across the country

- Registered as a training partner

- Registered as a training partner



PI's DR infrastructure includes state-of-the-art hardware and software and advanced failover mechanisms to guarantee uninterrupted data availability and processing capabilities.

Additionally, the Company's data assets are maintained at a Tier 3 data centre managed by regulator-approved independent third party service providers. The Tier 3 infrastructure, which is designed to ensure high availability, security, and redundancy provides robust data protection, minimises downtime to support seamless business operations through reliable backup and disaster recovery capabilities.

In FY 2024, PI invested Rs. 6.2 Mn to enhance the resilience of its DR infrastructure through the implementation of the latest data switches upgrade at both the Head Office and DR sites, as well as an external firewall upgrade.

## Information Security (IS) Systems

As a leading insurer, a strong information security posture is critical for PI to safeguard its data assets against potential threats and preserve the integrity of sensitive information. The Company's IS systems have been verified under the ISO/IEC 27001:2013 Information Security Standard since

2015 which was upgraded to the latest version ISO 27001:2022. The ISO 27001:2022 certification was awarded to PI following the successful completion of necessary structural improvements in mid-2024.

In line with the new certification, the existing IS policy framework was enhanced with the introduction of several new policies to establish standard operating procedures for key areas. These measures were accompanied with a series of awareness programs to promote compliance and vigilance.

Meanwhile routine due diligence activities continued throughout the current year including, regular Vulnerability Assessment and Penetration Testing (VAPT), privileged access reviews, and internal information security audits. Independent audits, such as the annual IT-General Control Review and systems assurance audits conducted by third-party specialists, also continued to provide additional assurance regarding the efficacy of the Company's IS architecture.

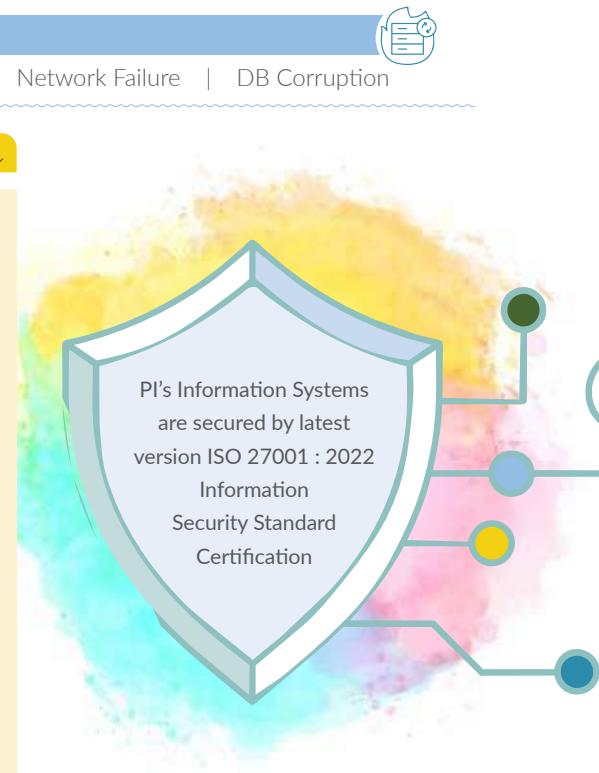


## DR Drills Conducted in 2024

Host Failure | Storage Failure | Network Failure | DB Corruption

### DR Drills Conducted in 2024

- ★ Clear Desk and Clear Screen Policy
- ★ Physical Access & Visitor Policy
- ★ Secure Software Development Policy
- ★ Cryptographic Control and Key Management Policy
- ★ Policy for Payment Related Mobile Applications
- ★ Log Management Policy
- ★ Technical Vulnerability and Patch Management Policy
- ★ Information Security Incident Management Policy



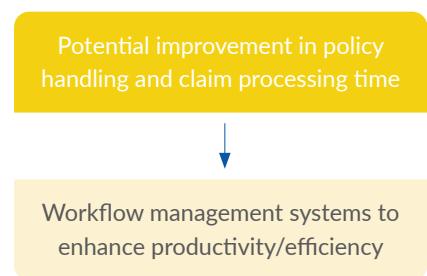
## Digitisation and Process Automation

Since commencing its digital transformation roadmap in 2020, PI has increasingly relied on digitisation and automation to reform and recalibrate its process architecture and internal workflows to enhance operational efficiency, adaptability and responsiveness.

Digitisation/ Automation Initiatives introduced in 2024	Business Unit/ Department	Key Benefits
Digital Signature	All Departments	<ul style="list-style-type: none"> <li>★ Reduce Physical Documentation</li> <li>★ Improve Time Efficiency</li> </ul>
Payment Approval Workflow	Claims Underwriting Legal Finance	
Travel Agent Portal (Backend)	Underwriting	<ul style="list-style-type: none"> <li>★ Optimize efficiency and minimize the manual errors</li> </ul>
Document Scanning System	Internal Functional Teams	<ul style="list-style-type: none"> <li>★ Faster processing of customer requests</li> <li>★ Minimal errors</li> <li>★ Improved document security and accessibility</li> </ul>

# Intellectual Capital

## DIGITAL ROAD-MAP



Facilitate stronger connectivity with business partners

Widen customer reach

Workflow management systems to enhance productivity/efficiency

## Business Conduct & Ethics

PI's reputation as a trusted insurer is synonymous with the deep commitment to business conduct and ethics. A formal, Board-approved Business Ethics Policy representing the Company's dedication to honesty, fairness, and due diligence, guides all business activities and governs interactions with customers, employees, partners, investors, directors and other stakeholders. The Business Ethics Policy is accompanied by the Disciplinary Policy that further reinforces the importance of adhering to ethical standards. Another key component of this foundational ethics framework, is the Whistleblower Policy which facilitates reporting of any ethical violations or misconduct without fear of retaliation. Together, these Board approved policies aim to foster a culture of ethics and accountability across the organisation.

In 2024, the PI Board further solidified the Company's ethics framework by issuing the following policies designed to address emerging concerns.

The Insurance Policy Delivery and Acknowledgement Process was introduced to ensure transparency and clear communication with customers regarding the terms and conditions of their policies.

The Anti-Money Laundering Policy was implemented to safeguard the Company from financial crimes and to ensure compliance with regulatory requirements. In parallel a series of workshops were conducted to disseminate policy details to staff.

The Code of Conduct was updated to provide guidance on ethical decision-making and behaviour against the backdrop of new requirements by the insurance regulator.

The Share Trading Policy was introduced to prevent conflicts of interest from arising.

**The Business Ethics Policy is accompanied by the Disciplinary Policy that further reinforces the importance of adhering to ethical standards.**

#### Group Synergies

As a subsidiary of People's Leasing and Finance PLC (PLC), which is widely regarded as one of the top-tier non-Bank financial institutions in Sri Lanka, PI benefits significantly from a legacy of integrity and stability of its parent. Additionally, PLC's vast island-wide network of branches has been instrumental in strengthening PI's own footprint. Currently PI maintains a network of 101 window offices located across PLC branches.

Moreover, IT operations and IS systems are centralised under the stewardship of the PLC IT department, enabling PI to benefit from the parent entities robust technological infrastructure and expertise. The IS governance initiatives mentioned above were driven by the PLC Group IT.

#### FUTURE PLANS



##### Short-Medium Term

Digitisation and automation will be key focus, with one of the main projects planned in this regard, include the development of an MIS module for underwriters. Moreover, the Company expects to invest in Business Intelligence (BI) tools to use advanced data visualisation and analytics to enable data-driven decision making.

##### Long Term

Strengthening DR infrastructure will remain a key priority, with plans underway to upgrade to the latest VMware servers and invest in a highly scalable PR/DR tape library backup solution.

To enhance IS resilience, the Company intends to implement advanced tools such as Data Loss Prevention (DLP), Security Information and Event Management (SIEM), Security Operations Centre (SOC), and Privileged Access Monitoring (PAM) through a phased approach over the next Five years.



# Social and Relationship Capital

**Social and Relationship Capital consists of the tenable stakeholder relationships built over time that collectively influence the continuity of PI's business.**



## Management Approach

PI's approach to developing Social and Relationship Capital is based on creating impactful experiences to earn and retain the trust of key stakeholders.

- Key Risks** Underwriting Risk | Claims Reserving Risk
- Reinsurance Risk | Credit Risk on Insurance Receivable
- Product Design Risk | IT Risk | Reputation Risk | ESG Risk



## Challenges and Opportunities in 2024

### Challenges

Maintaining customer loyalty against the backdrop of stiff market competition and low switching costs for customers

### Opportunities

Rapid expansion in the Sri Lanka's ageing population



## PI's Response

Provision of bundle products to provide a one-stop-shop for customers' insurance needs

Tailored products to suit the needs of that particular segment

## Value Transformation



### Outputs for PI

- \* 168,908 - Active Policies (177,512 - 2023)
- \* 78,671 New policies Issued (64,822 - 2023)
- \* Rs. 3,244 Mn New Business Premium (Rs. 2,192 Mn - 2023)
- \* Rs. 3,006 Mn Renewal Premium (Rs. 3,571 Mn - 2023)
- \* 70% Customer renewal retention (77% - 2023)
- \* 85% Customer satisfaction (84% - 2023)
- \* 88% Level of recommendation (87% - 2023)

### Stakeholder Outcomes

- \* Rs. 3,001 Mn - Value of claims disbursed (Rs. 3,401 Mn - 2023)
- \* ZERO incidents relating to anti-competitive, anti-trust or monopolistic behaviour
- \* ZERO incidents of breach of Customer Privacy
- \* ZERO incidents of non-compliance with any laws, voluntary rules or other standards relating to marketing communications
- \* Rs. 76 Mn Commission paid to Insurance Agents and Insurance Brokers (Rs. 74 Mn - 2023)

## Material Matters

- \* Profitable growth
- \* Product innovation and diversification
- \* Efficiency
- \* Digital Capabilities
- \* Responsible Business
- \* Brand Identity
- \* Customer-Centricity
- \* Distribution Channels
- \* Relationships with Business Partners
- \* Community Engagement

## Relevance to Strategy

- \* Business and Profit Growth
- \* Enhance Operational Efficiency and Compliance Social and Environmental Responsibility

## Impact on Other Capitals

Increase in the customer base contributes to GWP growth

Customer satisfaction and strong ties with business partners enhances corporate reputation and reinforces top-of-mind-awareness among customers, in turn enhancing potential for high revenue generation

Insights from customer feedback and complaints help to drive continuous improvement in physical and digital infrastructure

Creates learning opportunities for employees



**CUSTOMERS**

GRI 416-1, 416-2

**Market-Responsive Product Portfolio**

PI strives to maintain a product portfolio consisting of a versatile range of insurance solutions to match the dynamic and fast evolving needs of the individuals and business in Sri Lanka. Understanding the market remains the first step towards achieving this.

Considering the historically low insurance penetration in Sri Lanka, PI has over the past 14 years maintained a strong focus on increasing insurance adoption across the Country. In this context, customer segmentation plays a vital role in supporting PI's efforts to offer a diverse range of insurance solutions to enable customers to achieve their financial security and risk protection goals.

**PI's Product Portfolio Caters to Diverse Customer Segments****Personal Insurance****Business Insurance**

GRI 206-1, 417-1, 417-2, 417-3

PI follows a systematic approach to New Product Development, wherein representations made by the sales team and based on emerging business requirements is the need is escalated to the technical underwriting team either for new product development or refinement of existing offerings with due consideration of timeliness, relevance and viability vis-a-vis the market. The technical team is further responsible for ensuring all new products and enhancements are in line with regulatory compliance requirements and also reflect PI's commitments to ensure its insurance products contribute to preserving customer safety and resilience. No incidents on compliance concerning the health and safety impacts of products and services, were reported in FY 2024.

**Fair Pricing and Market Equity**

Prudent underwriting and strong actuarial principles serve as the foundational pillars of the PI's pricing strategies. Guided by these principles, PI's expert underwriting teams adopt the risk-based pricing mechanism to ensure customer premiums are priced fairly taking cognisance of the benefits they will receive through their insurance cover. In this regard comprehensive risk assessments support competitive pricing structures for motor and non-motor (fire, engineering, miscellaneous, marine) policies.

Further, PI refrains from engaging in anti-competitive, antitrust or monopolistic behaviour. This is demonstrated through a firm commitment to responsible marketing, communications, and product disclosures in strict adherence to the Insurance Regulatory Commission of Sri Lanka (IRCSL) guidelines, which mandates transparency in presenting policy terms, conditions, exclusions, and benefits. Guided by these underlying principles, PI remains dedicated to provide a proper understanding of the policy terms and conditions and the added fees related to a policy.

Similarly, all advertising and promotional materials and in-person assistance, all align with IRCSL's fair marketing principles, ensuring that communications are truthful, clear, and free from misleading claims.

There were no allegations or legal action brought against the Company in relation to anti-competitive, anti-trust or monopolistic behaviour in the current financial year.

No incidents regarding non-compliance of product and service information and labelling or non-compliance concerning marketing communications, were reported in the current financial year.

## Social and Relationship Capital

### Service Excellence

Service excellence has remained the hallmark of PI's customer value proposition, and a key differentiator against peers. Managers at all levels are trained to monitor service levels across their teams to ensure the Company's commitment to service excellence is upheld at all times.

Meanwhile, unifying the commitment to service excellence, the Insurance Policy Delivery and Acknowledgement Process was introduced to all branch staff, Sales Administration Department, and Underwriting Department, effective from February 1, 2024. The process establishes clear standardised procedures across departments accompanied with service level parameters to improve overall

efficiency, ultimately contributing to faster turnaround times for the customer.

In recent years, PI has increasingly relied on digital tools to further amplify its commitment to service excellence. The Sales App, the Travel Agent Portal and the corporate website, all with 24-7 - 365 day access, have proven to be invaluable tools in elevating the customer experience.



**"Call-and-go"** is a groundbreaking initiative that marks a significant step in PI's endeavour to deliver service excellence for the Company's motor insurance customers.

The first such initiative to be introduced in the local insurance industry, the Call-and-go allows customers to call into a designated hotline to report minor accidents and continue their journey without waiting for the assessor to arrive.

At the Global Banking and Finance Awards 2024, PI claimed the Best Auto Insurance Process - Sri Lanka 2024 award for Call & Go, a testament to the transformative power of the initiative.

### Measuring Customer Satisfaction | Customer Survey 2024

**Customer Satisfaction Index**  
85%

**Level of recommendation Index**  
87%

**Customer satisfaction - Motor**  
86%

**Customer satisfaction - Non-Motor**  
73%

**Customer satisfaction - Claim customer**  
81%

**Customer satisfaction - Non-Claim customer**  
91%

#### Customers Selection

3 months to 1 year customers - 1,000 | 1 year to 5 years customers - 1,000 | Over 5 years customers - 1,000

Motor - 80%

Claimed - 75%

Settled - 70% | Open - 15% | Reject - 15% | Include Ex-gratia/High net worth

Non Claimed - 25%

Non-Motor - 20%

Claimed - 75%

Settled - 70% | Open - 15% | Reject - 15% | Include Ex-gratia/High net worth

Non Claimed - 25%

### Key Customer Tension Points

Claim related issues | Customer service concerns | Renewal and policy servicing concerns | Pricing and premium concerns

## Customer support is mainly for the purpose of resolving claim disputes. In the event of a dispute, customers are encouraged to directly engage with the claims department to understand the reasoning behind the settlement or rejection of the claim.

### Managing Claims GRI 2-25, 2-26

An integrated approach underpins PI's commitment to ensure that claims are processed in a timely, fair, and transparent manner. This is supported by a well-defined claim management process outlining the duties and responsibilities as well as stipulated timelines for each stage of the claim management lifecycle.

All claims, both motor and non-motor claims are handled centrally under the purview of a dedicated claims-

processing unit. PI's claims team possess the necessary expertise and resources to assess, verify and the authority to approve claims.

At every stage of the process, customers are kept informed about the progress of their claims, while in the event of a partial settlement or claim rejection, PI provides written explanations to help customers understand the reasoning behind the decision.

### Claim Settlement Ratio

	2024	2023	2022	2021	2020
PI	66%	75%	73%	58%	51%
Industry Average	57%	62%	64%	55%	49%

### Customer Support and Engagement

#### GRI 418-1

Customer support is mainly for the purpose of resolving claim disputes. In the event of a dispute, customers are encouraged to directly engage with the claims department to understand the reasoning behind the settlement or rejection of the claim. In cases where the customer is still unsatisfied, a formal complaint can be lodged, and the issue is escalated to a higher authority within the Company.

Beyond this, PI's customer support model also covers complaint handling. Customers can lodge complaints through multiple channels, including telephone, fax, email, WhatsApp, post, or by visiting any of the Company's branches. In line with the comprehensive and well-documented Customer Complaints Handling Procedure, all complaints received through any of these channels

are recorded and escalated to the relevant authorities for resolution in keeping with target timelines.

If a customer remains dissatisfied with the resolution provided, they have the option to pursue Alternative Dispute Resolution (ADR) mechanisms for further assistance. In the interest of transparency, PI's Complaints Handling Procedure has been made available on the corporate website.

Additionally, following the annual Company-wide policy review for 2024, the Customer Complaint Policy was vested with the Company's call centre. To coincide with this change, the Call Centre was directed to keep track of all complaints and ensure resolutions are provided to customers in line with the timelines.

Meanwhile customer engagement is a continuous and ongoing effort to stay

### Social Media Engagement



Website Visits  
57,726



FB Followers  
65,123



Instagram  
Followers  
1,035



You Tube  
Subscribers  
224



LinkedIn  
Connections  
2,002

## Social and Relationship Capital

### Social Media Reach



Largest Digital Media Following in the General Insurance Industry

Content interaction 46,800 **216.2K% Growth**  
with 25 Mn Impressions



Total Reach  
**5.2 Mn**



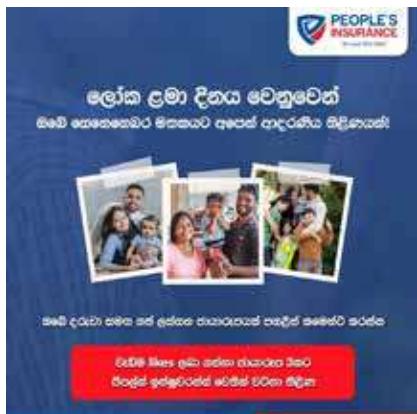
**611.4K**  
People Reached  
100% Growth in Content Interaction



**Over 19,000**  
Organic Reach  
48,000 Organic Impression



**2.2K**  
Impressions  
11.3% Growth in Engagement Rate



Customer engagement flyers



connected to existing customers, while reaching out to potential customers.

In 2024, PI's social media pages were actively leveraged to connect with customers and wider audiences through interactive polls, contests, and giveaways. Highlights from PI's event calendar were also featured on social media platforms to drive customer engagement.

### Customer Privacy and Data Security

PI has always placed strong emphasis on customer privacy and data security based on a strict internal data protection plan to maintain the confidentiality and integrity of customer data.

In 2024, the Company undertook a gap analysis to review the efficacy of existing data handling processes and infrastructure, identify potential vulnerabilities and implement corrective

measures to ensure full compliance with the Personal Data Protection Act (PDPA), which was implemented by the Central Bank of Sri Lanka (CBSL) in 2022. This was accompanied with a series of awareness workshops to educate management level employees regarding the provisions of the PDPA.

There were no incidents related to breach of customer privacy reported in the current financial year.

**BUSINESS PARTNERS**

GRI 2-6, 204-1, 308 - 1, 308 -2, 414 -1, 414 -2

**Rs. 1,246 Mn**

Payments to re-insurers

FY 2023 - Rs. 2,031 Mn

**Rs. 115 Mn**

Commission received

FY 2023 - Rs. 483 Mn

**Rs. 264 Mn**

Claim recoveries from re-insurers

FY 2023 - Rs. 160 Mn

**Reinsurers**

Reinsurance acts as a safety net, allowing PI to transfer a portion of its risk to other insurers, thereby reducing its exposure to large claims. This is particularly important in Sri Lanka, where the insurance market is still growing, and PI must ensure that it can withstand significant losses in the event of large-

scale claims, such as those arising from natural disasters or catastrophic events.

These partnerships have also proven invaluable in expanding PI's product offerings and gaining access to expertise, data, and proprietary tools to help assess and price risks more accurately.

Therefore, establishing relationships with new reinsurers requires careful consideration, due diligence, and clear communication. The process involves identifying suitable reinsurers, assessing their financial strength, negotiating terms, and building trust through ongoing collaboration.

Reinsurer	Reinsurer's Country of Origin	Financial Strength Rating	Name of the Rating Agency
PT Asuransi Umum Mega	Indonesia	A+(idn)	Fitch Rating
Cica Re	Togo	B+(Good)	A.M. Best
Best Meridian Insurance Company	USA	A-(Excellent)	A.M. Best
PVI Insurance Corporation	Vietnam	A- (Excellent)	A.M. Best
AXA XL Insurance Company UK Limited	United Kingdom	A+(Stable)	A.M. Best
Swiss Reinsurance Company Ltd	Switzerland	A+ (superior)	A.M. Best
Sirius Point International Insurance Corporation	USA	A- (Excellent)	A.M. Best
General Insurance Corporation of India	India	A- (Excellent)	A.M. Best
Sukoon Insurance PJSC - Dubai	Dubai	A (Stable)	S & P
AIG MEA Limited	UAE	A (Stable)	S & P
AIG UK Limited	United Kingdom	A (Stable)	A.M. Best
HDI Global Specialty SE	Germany	A+ (Stable)	S & P
Aviva Insurance Limited	United Kingdom	A+ (Superior)	A.M. Best
Lloyds of London	United Kingdom	A+ (Superior)	A.M. Best
National Insurance Trust Fund	Sri Lanka	BBB (lka) Stable	Fitch
Allied World Managing Agency Limited	United Kingdom	A+ (Stable)	A.M. Best
Munich Re syndicate	United Kingdom	A+ (Superior)	A.M. Best
Lloyds (Liberty specialty markets singapore Pte Ltd)	Singapore	A	S & P
Ocean International Reinsurance Company Limited	Barbados	A-(Excellent)	A.M. Best
Asian Reinsurance Corporation	Thailand	B+ (Good)	A.M. Best
The New India Assurance Company Limited	India	B++ (Good)	A.M. Best
MISR Insurance company	Egypt	B++ (Good)	A.M. Best
Arch Re Limited	Bermuda	A+ (Superior)	A.M. Best
Lloyds (Lancashire Syndicates)	London (United Kingdom)	A+ (Superior)	A.M. Best
Lloyds (Everest Syndicate)	London (United Kingdom)	A+ (Superior)	A.M. Best

## Social and Relationship Capital

### Insurance Agents and Brokers

**GRI 2-6, 204-1, 308 - 1, 308 -2, 414 -1, 414 -2**

PI's network of insurance agents and brokers who cater to both individual and corporate customers, serve as an important channel in widening the Company's island-wide reach and enabling access to PI's products to a wider audience. Each year, the company insurance agents and brokers adds to, its network subject to a stringent screening process to determine their capability vis-à-vis industry expertise, professionalism, and alignment with PI's service standards.

A robust reward and recognition programme is in place to drive broker performance, which includes competitive incentive structures, sponsorships for broker-driven initiatives and events and networking opportunities.

### SUPPLIERS

**GRI 203-1, 203-2**

#### Supply Chain Management

PI's supply chain consists of a large number of suppliers and service providers who provide essential goods and services for the day to day operations of the Company.

In FY 2024 Rs. 248.3 Mn was paid by the Company to suppliers with approximately 100% going towards local suppliers based in Sri Lanka. No major changes were noted in the Company's supply chain in the current financial year.

#### Procurement Best Practices

**GRI 203-1, 203-2**

A comprehensive Procurement Policy is in place and serves as the overarching mandate for embedding procurement best practices across the Company's operations. As per the policy, no one authority has complete control over purchasing decisions. All large procurements and long term purchases are handled through a tender process by the Company's Decision Making Unit with the support of the Technical

**Rs. 248.3 Mn**

was paid by the Company to suppliers

FY 2023 - Rs. 199.1 Mn

**100%**

local suppliers based in Sri Lanka

Evaluation Committee while smaller, one-off procurements where, after relevant are handled by the Company's Administrative Unit.

In line with the Policy, all procurements are done only through suppliers on the Company's database. The database is reviewed and updated every two years, with new registrations conducted as per the guidelines set forth in the Procurement Policy. This includes screening potential suppliers for financial stability, regulatory compliance, ethical business practices, and alignment with PI's sustainability and governance standards.

**Rs. 599.3 Mn**

GWP from Agents and Brokers

FY 2023 - Rs. 600.3 Mn

As part of this process, suppliers are required to submit relevant documentation, including business registration certificates, tax compliance records, and past performance references. Additionally, suppliers' adherence to environmental, social, and governance (ESG) is also broadly considered. Approximately 31% new suppliers registered in 2024 were subjected to ESG screening during the registration process. No negative social or environmental impacts were detected through these assessments.

Another key development for 2024, was updating the existing Supplier Relationship Management Policy outlining terms and conditions expected from suppliers to preserve the continuity of their relationship with PI. The new Supplier Relationship Management Policy also contains clauses on blacklisting suppliers for failing to comply with the terms stipulated by the Company.



Winners of the customer quiz competitions

## COMMUNITY

### Managing Impacts

Identifying and managing the positive and negative impacts to the community owing to PI's operations, is a vital part of the Company's approach to reinforcing community ties and building trust.

Common negative impacts associated with PI's operations include delays in claim processing, which could potentially lead to financial strain and dissatisfaction. Additionally, the extensive administrative processes and documentation generates large volumes of paper, causing environmental concerns.

On the positive side, PI contributes to financial security and economic stability by providing individuals and businesses with insurance solutions that mitigate financial risks. This fosters resilience against unexpected events such as accidents, natural disasters,

10

internship opportunities to university students

and business disruptions. Additionally, in line with the Board approved ESG Policy, the Company's CSR activities seek to bridge systemic inequalities by providing access to education. During the year, a considerable portion of the CSR budget was allocated towards providing stationary items to schools in rural areas and providing 10 internship opportunities to university students.

Moreover, employees are encouraged to support the Company's community support initiatives with boxes placed at PI's Head Office to collect nearly new clothes, shoes and toys which in turn will be donated to the underprivileged communities.

### FUTURE PLANS



#### Short-Medium Term

Expand the scope of the customer relationship development programme through introduction of digital tools such as chatbots

Automate supplier payments in collaboration with banking partners

Allocating budgets to promote community well-being

#### Long Term

Implement a dedicated unit to oversee relations with insurance agents and brokers



# Natural Capital

**As a service organisation, PI' does not rely on the environment and operates with minimal use of Natural Capital.**



## Management Approach

Despite its minimal impact on the environment, PI is committed to achieve Climate-Resilient Operations. To that end the annual ESG considerations are integrated into the annual planning process with key environmental factors embedded in the strategic decision-making process.

## Material Matters

- ★ Efficiency
- ★ Digital Capabilities
- ★ Brand Identity
- ★ Minimising Environmental Footprint

**Key Risks** Human Resource Risk | Reputation Risk | ESG Risk



### Challenges and Opportunities in 2024

#### Challenges

Increasingly complex regulatory compliance requirements



### PI's Response

Establishing systems and processes to comply with the IFRS S1 & S2 sustainability disclosure standards by 2026. As part of this initiative, the Company plans to disclose key environmental factors in accordance with the SASB index applicable to the insurance industry

#### Opportunities

Demonstrating leadership in environmental advocacy

Educating employees, clients, and partners in order to reduce the environmental impact across PI's value chain

## Relevance to Strategy

- ★ Enhance Operational Efficiency and Compliance
- ★ Increase Social and Environmental Responsibility

## Value Transformation



### Outputs for PI

- ★ Availability of sufficient stock of one side printed reusable A4 sheets for internal usage for 2 years

### Stakeholder Outcomes

- ★ Trees saved due to paper recycling

## Impact on Other Capitals

- Enhances PI's reputation as a responsible environmental steward



Improves stakeholder trust

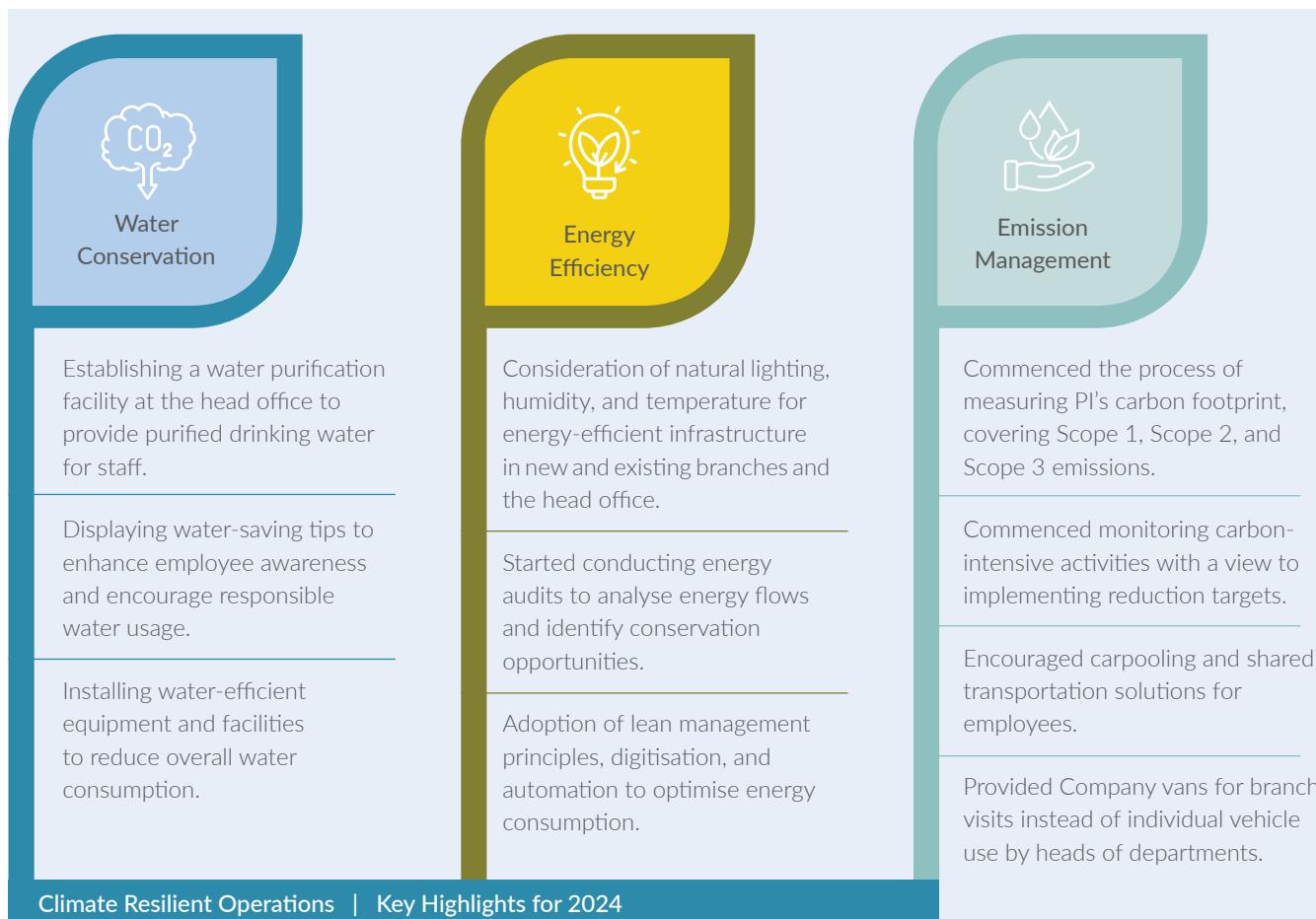


## Managing Energy and Emissions

PI adopts a holistic approach to managing energy and emissions. With grid electricity being the primary energy source, the main focus is to reduce energy consumption by enhancing efficiency, across operations.

This is supported by investments in energy-efficient lighting and upgrading office equipment with energy efficient alternatives. Additionally, lean management principles along with digitisation, and automation to streamline workflows also play an important part in eliminating inefficiencies, and lowering overall energy demand.

These energy management efforts represent a major component in managing the Company's emissions across Scope 1 and Scope 2, while measures to manage Scope 3 emissions focus on streamlining employee commuting activities. To bring more emphasis on managing emissions, PI in 2024, initiated the process of measuring the Company's carbon footprint, covering Scope 1, Scope 2, and Scope 3 emission to establish a baseline to drive future action.



GRI 303-1, 303-3, 303-5

Direct Consumption	2,070 Electricity consumption (GJ) 2023 : 2,003	3.5 Energy consumption per employee (GJ) 2023 : 3.5	0.4 Energy consumption per Rs. 1 Mn of Revenue (GJ) 2023 : 0.4	19.5 Energy consumption (GJ) per branch 2023 : 16.7
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## Natural Capital



### Water Conservation

Water usage at PI is minimal, primarily limited to utility and sanitary needs for staff. Nevertheless, the Company remains proactive in promoting responsible water consumption among employees while continuing to invest in efficient equipment to reduce water wastage.

GRI 306-1, 306-2



### Waste Management

Despite its low waste footprint, PI maintains a responsible and systematic approach to waste management focused on minimising waste generation, promoting recycling, and ensuring proper disposal. Employees are encouraged to adopt sustainable practices, such as the reuse of paper and responsible disposal of office waste. Paper consumption is strictly monitored as part of the inventory management process, while ongoing digitisation and automation initiatives are also aimed at reducing paper usage, collectively contributing to a sustained reduction in paper waste generated day to day operations.



Additionally, paper waste that cannot be reused are disposed of through an ongoing partnership with an authorised paper recycler.



### Reusing Archived Documents for Daily Operations

Over 1,728 boxes of archived policy documents collected over the past six years were repurposed. This exercise has generated sufficient stock of one-sided reusable A4 sheets for internal use for over two years. Additionally, the existing stocks of A4 sheets are deemed adequate to facilitate external correspondence for the next three years.

### Waste Reduction at Office

Implemented a system to record, monitor and reward waste reduction efforts by staff. Floor-wise daily food and polythene waste measurements are tracked, with records shared among employees to create awareness and encourage sustainable practices. A dedicated collection box was also introduced to collect used plastic pens.

### Eliminating Single-Use Plastics

As part of its efforts to reduce single-use plastics, PI has replaced PET water bottles and disposable paper cups used during Company meetings and training sessions with glass drinking water bottles and durable clay and glass cups.

### Promoting Reuse

Floor-wise staff competitions were conducted during seasonal events such as Christmas and Vesak, where employees were encouraged to decorate their workspaces using reusable materials. with rewards and recognition for the best-decorated floors.



### E-waste management

Company has partnered with Ceylon Waste Management In order to ensure the responsible disposal of discarded electronic devices. As a result of this initiation significant quantity of waste has been recycled.

An awareness session on ESG for the management was conducted by Mr. Sanjeewa Bandaranayaka, CEO of People's Leasing & Finance PLC following this session, additional staff awareness programs on ESG and sustainability were also held. The knowledge and insights shared during these initiatives are expected to play a crucial role in enhancing staff awareness and fostering a greater sense of responsibility towards the environment.

### Awareness and Education

Awareness and education is crucial in supporting PI's efforts towards climate-resilient operations. Training programmes, awareness workshops, and regular communication on energy efficiency, waste reduction, and resource conservation aim to drive long-term behavioural changes among employees, customers and the wider community.

### FUTURE PLANS

#### Short-Medium Term

- ★ Reduce Carbon Footprint by 5% annually
- ★ Reduce paper waste by 5% annually

#### Long Term

- ★ Invest in rooftop solar systems at PI's head office to reduce the dependence on grid electricity and lower emissions
- ★ Aim for Net-Zero Status by 2035





# Governance Framework

## Clearing Paths Ahead

It is of utmost importance that every decision made and every action taken is backed by a strong governance process within the organisation, which is why we put a great deal of stock in the clarity and efficacy of our governance framework. Not only does it drive us forward, but it keeps us alert and organised.

The path towards the lighthouse may be a straight road or a winding lane, but from the top of the magnificent structure, the road to the lighthouse is clearly visible to all. With the lighthouse standing tall and mighty, the path to it will always be accessible and easy to follow.

# Board of Directors



**Mr. Sanjeewa Bandaranayake**  
Non-Executive,  
Non-Independent Director

**Ms. Nayanganie Wickramasingha**  
Non-Executive, Independent Director

**Mr. Johnson Fernando**  
Non-Executive, Independent Director

**Mr. Pradeep Amirthanayagam**  
Non-Executive,  
Non-Independent Director



**Dr. Kasun Wijetilleke**  
Non-Executive,  
Independent Director

**Mr. Dulinda Perera**  
Non-Executive,  
Non-Independent Director

**Mr. Azzam Ahamat**  
Non-Executive, Non-Independent Director

**Ms. Nadhra Zanoon**  
Company Secretary

# Board of Directors

## Mr. Azzam Ahmat

Non-Executive, Non-Independent Director

Date Appointed: 23 February 2023

### Expertise

Mr. Azzam Ahmat brings over 23 years of extensive experience spanning both local and international markets, with expertise in strategy, financial management, alternative investments, and risk management.

Mr. Ahmat's expertise covers key areas such as finance, credit risk, and investment management, collectively positioning him as a well-rounded leader with a strong analytical and strategic mindset.

### Key Skills

- ★ Finance & Risk Management
- ★ Credit Risk Analysis
- ★ Investment Strategy
- ★ Strategic Planning

### Current Positions

- ★ Head of Finance of People's Bank since January 3, 2017
- ★ Non-Executive Director of People's Travels (Pvt) Ltd
- ★ Member of the Financial Reporting Standards Implementation and Interpretation Committee of CA Sri Lanka.

### Previous Positions Held/Achievements

Worked with some of the largest multinational professional service firms and Tier I service providers across a multitude of sectors and market spaces.

Served on the Board of People's Leasing & Finance PLC and Lankan Alliance Finance Limited, Bangladesh in a Non-Executive capacity

### Board Subcommittees

- ★ Board Audit Committee (Member)
- ★ Board Strategic Plan Review Committee (Member)
- ★ Board Investment Committee (Member)

### Qualifications

- ★ Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK
- ★ Fellow Member of the Association of Chartered Certified Accountants (ACCA) – UK
- ★ Fellow Member of the Institute of Certified Management Accountants (CMA) – Sri Lanka
- ★ Associate Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- ★ Certified Practicing Accountant (CPA) – Australia
- ★ Technical Specialist at the Institute of Risk Management (IRM) – London
- ★ Certified Member of the Chartered Institute of Credit Management (CICM) – London

## Mr. Sanjeewa Bandaranayake

Non-Executive, Non-Independent Director

Date Appointed: 3 September 2024

### Expertise

Mr. Sanjeewa Bandaranayake brings over 36 years of extensive experience, including 31 years in the Non-Banking Financial Institution (NBFI) sector. Since joining People's Leasing & Finance PLC (PLC) in 2007 as the Deputy General Manager – Finance & Administration, he has played a pivotal role in driving the company's strategic growth.

At PLC, Mr. Bandaranayake has successfully led multiple key functions, including Finance, Treasury, Administration, Human Resources, Information Technology, Credit, and Marketing. His expertise and leadership have been instrumental in helping PLC sustain its position as the market leader in the NBFI sector for 15 consecutive years.

### Key Skills

- ★ Business Strategy
- ★ Finance & Treasury
- ★ Credit Management
- ★ CSR & Sustainability

### Current Positions

Chief Executive Officer/General Manager - People's Leasing & Finance PLC.

Non Executive Director - People's Leasing Property Development Limited, People's Leasing Fleet Management Limited and People's Micro-Commerce Ltd (Subsidiaries of People's Leasing & Finance PLC)

### Board Subcommittees

- ★ Board Strategic Plan Review Committee (Member)
- ★ Board Investment Committee (Member)
- ★ Board Nomination & Governance Committee (Member)
- ★ Related Party Transactions Review Committee (Member)
- ★ Board HR Remuneration Committee (Member) with effect from 18 November 2024

**Previous Positions Held/Achievements**

Director - Credit Information Bureau (CRIB) for over a decade.

- ★ Chairman - Leasing Association twice and Board Member for over 10 years.
- ★ Board Member of Finance House Association
- ★ The Central Bank of Sri Lanka appointed Mr. Bandaranayake to serve as the acting CEO to resurrect three troubled finance companies in 2009, 2013 and 2015.

**Qualifications**

- ★ Fellow Member – Institute of Chartered Accountants of Sri Lanka
- ★ Fellow Member – Institute of Certified Management Accountants of Australia
- ★ Fellow Member – Society of Certified Management Accountants of Sri Lanka
- ★ Finalist – Chartered Institute of Management Accountants (UK)

**Dr. Kasun Wijetilleke****Non-Executive, Independent Director**

Date Appointed: 8 June 2020

**Expertise**

Dr. Kasun Wijetilleke counts years of experience in Psychology, IT, Management, Marketing, Finance and strategy.

**Key Skills**

- ★ Psychology
- ★ IT
- ★ Management
- ★ Marketing
- ★ Finance
- ★ Strategy

**Current Positions**

- ★ Serves as The Visiting Consultant (Professional Counselling) for many faculties at the University of Sri Jayawardenapura upon the request of the Deans of the faculties.
- ★ Executive Managing Director - Pubudu House of Education (Pvt) Ltd
- ★ Visiting lecturer in Management, Psychology
- ★ Practicing Counselor

**Board Subcommittees**

- ★ Board HR Remuneration Nomination Committee - until 30 September 2024 - Member
- ★ Board Audit Committee - Member
- ★ Related Party Transactions Review Committee Member until 30 September 2024 and Chairman thereafter)
- ★ Board IT Committee (Member)
- ★ Board HR Remuneration Committee – from 01 October 2024 (Member)

**Previous Positions Held/Achievements**

- ★ President & Vice President – Association of Accounting Technicians (AAT) Toastmasters, Sri Lanka
- ★ Committee Member – Young Professionals, Restaurant, Bar & Social Events Committees, Organization of Professional Associations (OPA)
- ★ Executive Council Member – Institute of Management of Sri Lanka (IMSL), Institute of Certified Professional Managers (ICPM), Sasana Savaka Samithiya (Colombo)
- ★ Trustee & Internal Auditor – Dharma Vijaya Foundation (established under a special Parliamentary Act)

- ★ Mentor – Chartered Institute of Marketing (CIM), UK
- ★ Treasurer – Divisional Conference
- ★ Administration Manager – DTLI Chair
- ★ Logistics Manager & Judge – Toastmasters International, District 82 (India and Sri Lanka)
- ★ Distinguished Toastmaster – Toastmasters International
- ★ Chairman (District, Zone & Regional) – Lions Clubs International 306A1
- ★ LEO Multiple District Director – 306 (Sri Lanka)
- ★ First Sri Lankan LEO Representative – Chaired the First International LEO Conference at the First LEO Convention, USA (2007)
- ★ First Leo Lion Sergeant at Arms – 90th International Lions Convention, USA (2007)
- ★ Director, Client Leadership – Mindshare World/Unilever (Sri Lanka)
- ★ Chief Strategic Officer & Cluster Head, Strategic Planning & Business Analysis – MAS Holdings (Active) Trading (Pvt) Ltd.
- ★ Head of Cost Reduction – Star Garments Group
- ★ IT Department – Ceylon Tobacco Company (CTC) / British American Tobacco (BAT)
- ★ Resource Counselor – Sri Lanka Navy (2008)
- ★ Consultant – Sri Lanka Police Academy

**Qualifications**

- ★ Doctorate in Clinical Psychology and Medicine (Hon.)
- ★ Reading for PhD in Economics – University of Colombo

# Board of Directors

- ★ Master of Business Administration (MBA) – Cardiff Metropolitan University (UK)
- ★ Master of Business Administration (MBA) – University of Wales (UK)
- ★ Master of Commerce (M.Com)
- ★ Master of Science (M.Sc.)
- ★ Bachelor of Computer Application (BCA)
- ★ Advanced Diploma in Train the Trainer – City & Guilds (UK)
- ★ Certified Innovation Manager (CIM)
- ★ Professional Memberships and Certifications:
- ★ Fellow Member – Institute of Chartered Professional Managers (FCPM)
- ★ Fellow Member – Chartered Institute of Marketing (FCIM) (UK)
- ★ Fellow Member – Chartered Institute of Management Accountants (FCMA) (UK) (CGMA)
- ★ Graduate Member – Sri Lanka Institute of Directors (GSLID)
- ★ Life Member – Organization of Professional Associations (OPA)
- ★ Member – Certified Management Accountant (CMA)
- ★ Member – Certified Global Business Analysis (CGBA) (Australia)
- ★ Member – Sri Lanka National Institute of Professional Counsellors (MIPC)
- ★ Member – Institute of Management (MIM) (Sri Lanka)
- ★ Member – Young Members Forum, Ceylon Chamber of Commerce (CCC)
- ★ Certified Member – Sri Lanka Institute of Marketing (CMSLIM)

## Mr. Johnson Fernando

Non-Executive, Independent Director

Date Appointed: 08 June 2020

### Experience

Mr. Fernando has held many senior positions within the Expo Industrial Group which has diversified interests in Apparel, Food Packaging, Industrial Printing, Commercial Printing, Logistics Management, Engineering and Construction.

### Key Skills

- ★ Strategy
- ★ Management
- ★ Trade

### Current Positions

- ★ Executive Director – Expo Industrial Engineering (Pvt) Ltd
- ★ Executive Director – Expo Property Developers (Pvt) Ltd
- ★ Executive Director – Expo Printers (Pvt) Ltd
- ★ Advisory Board Member – BCI Campus
- ★ Advisory Board Member – Colombo Catholic Press
- ★ Committee Member – Archdiocese of Colombo “Special Projects Committee”
- ★ Advisory Board Member – Lasallian Community Education Services
- ★ Committee Member – National Hospital of Sri Lanka
- ★ Vice Chairman – International Chamber of Commerce Sri Lanka
- ★ President – Sri Lanka Print Media Academy

### Board Subcommittees

- ★ Board HR Remuneration Nomination Committee - until 30 September 2024 (Member)
- ★ Board Nomination & Governance Committee – from 01 October 2024 (Chairman)
- ★ Board Audit Committee - (Member)
- ★ Related Party Transactions Review Committee- Chairman until 30 September 2024 Member thereafter)
- ★ Board IT Committee - Chairman till 30 September 2024 and Member thereafter

### Previous Positions Held/Achievements

- ★ Non Executive Director – People’s Leasing & Finance PLC
- ★ Non Executive Director – Lankan Alliance Finance Limited, Bangladesh
- ★ Non Executive Director – People’s Merchant Finance PLC
- ★ Executive Director – Expo Cargo Links (Pvt) Ltd.
- ★ Executive Director – Expo Regional Holdings (Pvt) Ltd.
- ★ Non Executive Director – Waters Edge Recreation Ltd.
- ★ Non Executive Director – Lanka Rest House Ltd.
- ★ Executive Director – Shore to Shore (Pvt) Ltd.
- ★ Executive Director – Expo Trade Links (Pvt) Ltd.
- ★ Former President – Sri Lanka Association of Printers
- ★ Former Vice President – Sri Lanka-China Business Co-operation Council

**Ms. Nayanganie Wickramasingha**

Non-Executive, Independent Director

Date Appointed : 20 August 2023

**Experience**

Having started her career as a Trainee Accountant at Coopers and Lybrand where she developed basic auditing and financial skills. Ms. Wickramasingha then moved on to the insurance and financing sectors where she has over 28 years' experience in the finance spectrum.

**Key Skills**

- ★ Finance
- ★ Strategy
- ★ Management

**Board Subcommittees**

- ★ Board HR Remuneration & Nomination Committee - until 30 September 2024 (Member)
- ★ Board HR Remuneration Committee - from 01 October 2024 (Chairperson)
- ★ Related Party Transactions Review Committee until 30 September 2024 (Member)
- ★ Board Nomination & Governance Committee - from 01 October 2024 (Member)
- ★ Board Audit Committee - (Chairperson)

**Previous Positions Held/Achievements**

- ★ Senior Positions – National Insurance Corporation
- ★ Senior Positions – HNB Assurance
- ★ Senior Positions – LOLC
- ★ Group Financial Controller – Greenlanka Group, local agent for Evergreen Line
- ★ Head of Finance – MMBL Money Transfer (Pvt) Ltd (joint venture between Aitken Spence PLC and Mercantile Merchant Bank Ltd)

**Qualifications**

- ★ Master's Degree in Business Administration (MBA) – University of Colombo
- ★ BSc (2nd Class Upper) – University of Colombo
- ★ Fellow of the Chartered Institute of Management Accountants FCMA (CIMA - UK)
- ★ Chartered Global Management Accountant, CGMA

**Mr. Dulinda Perera**

**Non Executive Non Independent Director** (subject to approval of the Insurance Regulatory Commission)

Date Appointed : 04 March 2024

**Skills and Expertise**

Mr. Dulinda Perera is a distinguished professional with over a decade of entrepreneurial experience as the Founder and CEO of IKON Group of Companies. With deep expertise in branding, digital transformation, and finance, he has served as a consultant for numerous local and global entities, driving their growth through strategic initiatives and innovation.

Beyond his consultancy work, Mr. Perera currently serves as a member of multiple private and public boards of directors, contributing his strategic vision in brand growth hacking and new media integrations. He is also a recognised lecturer in Accounting, Finance, and Risk Management, sharing his expertise via leading academic and professional programs.

**Key Skills**

- ★ Branding
- ★ Digital transformation
- ★ Finance
- ★ Strategy

**Current Positions**

- ★ Northlark Pte Ltd - Chief Marketing Officer
- ★ People's Micro Commerce Limited -Chairman/ Non Executive Non Independent Director
- ★ People's Leasing & Finance PLC- Non Executive Non Independent Director
- ★ Hotel Developers Lanka Ltd (owning Company of Hilton Colombo) - Non Executive Independent Director

**Board Subcommittees**

None

**Qualifications**

- ★ MBA, University of the West of Scotland
- ★ BSc (Hons) in Engineering in Chemical and Process Engineering - University of Moratuwa
- ★ Chartered Global Management Accountant, CGMA
- ★ Associate member of the Chartered Institute of Management Accountants ACMA (CIMA - UK)
- ★ Member of the Chartered Institute of Marketing MCIM (CIM - UK)
- ★ Member of the Chartered Institute of Professional Managers MCPM (CPM - SL)

**Mr. Isuru Balapatabendi**

**Former Chairman - People's Insurance PLC Non-Executive, Non-Independent Director**

Date Appointed : 08 June 2020

Resigned on 18 November 2024

**Experience**

Mr. Balapatabendi is a practicing lawyer with over 21 year's experience specialising in Civil and Commercial Law in Sri Lanka.

# Board of Directors

## Key Skills

- ★ Legal

## Current Positions

- ★ Resigned from all pvt and public companies at present

## Board Subcommittees

- ★ Board HR Remuneration Nomination Committee - until 30 September 2024 (Chairman)
- ★ Board HR Remuneration Committee - from 01 October 2024 to Until resignation 18 November 2024 (Member)
- ★ Board Investment Committee – until resignation on 18 November 2024 (Chairman)
- ★ Board Strategic Plan Review Committee- until resignation on 18 November 2024 (Chairman)

## Previous Positions Held/Achievements

- ★ State Counsel – Attorney General's Department
- ★ Diplomat – Embassy of Sri Lanka, The Hague, Netherlands (2008–2010)
- ★ Representative to the Organization for Prohibition of Chemical Weapons
- ★ Representative to the Hague Conference on Private International Law (HCCH)
- ★ Head of Chancery – Sri Lankan Mission, The Hague (2012)
- ★ Legal Advisor – Minister of Investment Promotions, overseeing legal matters relating to investment laws and the Board of Investment
- ★ Director Board Member – Sri Lanka Insurance Corporation, Seylan Bank, Bank of Ceylon, Ports Authority, Colombo West International Terminal (Pvt) Ltd, People's Bank,

People's Leasing & Finance PLC, Alliance Finance PLC Bangladesh and People's Insurance PLC.

- ★ Secretary – Bar Association of Sri Lanka (2022/23 & 2023/24)
- ★ Chairman – Junior National Law Conference (2007)
- ★ Convener – National Law Conference (2020)
- ★ Director - BL Logistics (Pvt) Ltd
- ★ Director - Cellio Naturals (Pvt) Ltd

## Qualifications

Attorney at Law

LLM from the University of Pittsburgh, Pennsylvania, USA

## Mr. Pradeep Amirthanayagam

**Non-Executive, Non-Independent Director**

Date Appointed: 20 October 2023

Resigned on 04 March 2025

## Expertise

Reputed advertising and media personality in Sri Lanka with over 36 years of experience in the advertising industry.

## Key Skills

- ★ Marketing/Management

## Current Positions

- ★ Executive Chairman/ Managing Director Holmes Pollard & Stott (pvt) Ltd - a leading advertising agency
- ★ Vice President of Society for the Upliftment and Rehabilitation of Leprosy Affected Persons (SUROL)

- ★ Non-Executive Director of the Anura Bandaranaike Foundation.

## Board Subcommittees

- ★ Board Strategic Plan Review Committee - 19 January 2024 (Member)
- ★ Board Investment Committee - 01 October 2024 (Member)
- ★ Board IT committee - 01 October 2024 (Member)

## Previous Positions Held/Achievements

- ★ Non Executive Chairman - People's Leasing & Finance PLC,
- ★ Non Executive Chairman - People's Micro Commerce Limited
- ★ Non Executive Director - Lankan Alliance Finance PLC, Bangladesh.
- ★ Served as a news anchor for media networks Rupavahini, ITN and SLBC,
- ★ Interviewer and cricket commentator.
- ★ Trained at Bush House – the headquarters of the BBC in London.
- ★ Rotarian, and the 50th President of the Rotary Club of Colombo West
- ★ Awarded Rotarian of the Year in 2012.

## Qualifications

Fellow Member of the Chartered Institute of Marketing (UK)

Associate Member of Trinity College of Music - UK in speech and drama (ATCL)

**Mr. Shamindra Marcelline**

Non-executive, Non-independent Director

Date Appointed: 17 March 2021

Resigned on 01 April 2024

**Experience**

Mr. Marcelline brings 27 years of extensive experience in the banking and finance sectors, with a broad focus spanning Corporate and Global Banking, Investment Banking, Retail Banking, Credit Administration, and Operations Management. His strategic insights, honed through senior roles both in Sri Lanka and overseas, have been pivotal in driving business growth and transformation. His leadership has influenced corporate strategies, product development, credit operations, and systems implementation, with a notable ability to improve organizational efficiency. Mr. Marcelline's work in designing and executing business initiatives has contributed significantly to enhancing organizational performance and meeting corporate goals. His international exposure, including roles in the HSBC Group and DFCC Bank, enriches his ability to integrate global best practices with local operational dynamics.

**Key Skills**

- ★ Corporate & Global Banking
- ★ Investment Banking
- ★ Retail Banking
- ★ Credit Administration
- ★ Operations Management
- ★ Product Development
- ★ Advisory & Structuring
- ★ Financing Strategies
- ★ Cross-Border Business Management
- ★ Leadership & Strategic Direction
- ★ System & Procedure Design

**Current Positions**

- ★ Deputy CEO – DFCC Bank

**Board Subcommittees**

- ★ Board Strategic Plan Review Committee – until 19.01.2024 (Member)
- ★ Board HR Remuneration and Nomination Committee - until resignation on 01 April 2024 (Member)
- ★ Board Investment Committee- until resignation on 01 April 2024 (Member)

**Previous Positions Held/Achievements**

- ★ Non-executive, Non-independent Director – People's Insurance PLC (March 2020 – April 2024)
- ★ CEO – People's Leasing and Finance PLC
- ★ Country Manager – HSBC Maldives
- ★ Head of Financial Institutions Group & Public Sector – HSBC Sri Lanka
- ★ Manager - Wealth Management & Insurance – HSBC Sri Lanka
- ★ Senior Vice President / Head of Corporate Banking – DFCC Bank
- ★ Member of the Executive Management Committee (EXCO) – DFCC Bank
- ★ Non Executive Director – People's Leasing Fleet Management Limited
- ★ Non Executive Director – People's Leasing Property Development Limited
- ★ Non Executive Director – People's Leasing Havelock Properties Limited
- ★ Non Executive Director – People's Micro-Commerce Ltd.
- ★ Non Executive Director – Lankan Alliance Finance Limited (Bangladesh)
- ★ Vice President – Financial Houses Association of Sri Lanka

- ★ Award – 'CEO of the Year 2022' from Sri Lanka Best Employer Brands Award 2022

**Qualifications**

- ★ BSc. Degree in Economics and Accountancy – City University, London (1996)
- ★ Financial Advisors' International Qualification (FAIQ) – Chartered Insurance Institute, UK (2008)

**Ms. Nadhra Zanoon**

Company Secretary

Date Joined : 20 December 2022

**Experience**

Holding 17 years of experience, Ms. Zanoon brings a wealth of expertise in law, management and compliance to her current position. Prior to joining People's Insurance PLC, she was employed at People's Leasing & Finance PLC and Prior to that she was employed at Varners a prominent law firm in the country.

**Key Skills**

Legal/Regulatory Compliance

**Current Positions**

Board Secretary - People's Insurance PLC

**Qualifications**

- ★ Attorney-at-Law – Called to the Bar in December 2007
- ★ Associate Member – Chartered Institute of Management Accountants (CIMA), UK
- ★ Chartered Global Management Accountant (CGMA)
- ★ Master's in Business Management (MBA) – Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura

# Corporate Management



*Left to right standing*

Sashika Jayathilaka - Head of Motor Underwriting, Sumudu Bandara - Head of Non Motor Claims,  
Hareendra Dissanayaka - Head of Motor Claims, Uvindu Pathirana, Head of Non-Motor Underwriting

*Left to right seated*

Amila Rajapaksha - Chief Financial Officer, Mahen de Silva - Chief Human Resource Officer



*Left to right standing*

Sampath Digamadulla - Head of Call centre, Sumudu Wickramarachchi - Chief Legal Officer,  
Jayan Subudda - Head of Reinsurance, Dennis Hewagama - Chief Sales Officer

*Left to right seated*

Channa R. Abeywickrema - Head of Operations, Jeevani Kariyawasam - Chief Executive Officer

# Corporate Management

## Ms. Jeevani Kariyawasam

Chief Executive Officer

### Skills and Expertise

Ms. Kariyawasam was appointed as the Chief Executive Officer (CEO) and the Principal Officer of People's Insurance PLC in February 2022. Prior to assuming her duties as CEO, she served as the Chief Operating Officer (COO) of the Company from April 2021 to January 2022.

Ms. Kariyawasam has been associated with People's Insurance since its establishment in October 2009, where she served as the Head of Operations until her appointment as the COO in 2021.

Prior to joining People's Insurance, Ms. Kariyawasam has held various roles in Underwriting and Claims Management at institutions such as HNB Assurance and the National Insurance Corporation.

Ms. Kariyawasam has actively contributed to the development of the Insurance profession in Sri Lanka. She served as the Membership Secretary of the Association of Chartered Insurance Professionals (Sri Lanka) from 2016 to 2019. She was also a Council Member of the Sri Lanka Insurance Institute from 2011 to 2014. With over 25 years of industry experience in Sri Lanka, she brings valuable expertise to her position as the CEO of People's Insurance PLC.

### Education

- ★ BSc (Hons) Bio Science, University of Colombo
- ★ Associate Member of the Chartered Institute UK (ACII)
- ★ Senior Associate CIP Member of the Australia and New Zealand Institute of Insurance and Finance (ANZIIF)

## Mr. Channa Abeywickrema

Head of Operations

### Skills and Expertise

Mr. Abeywickrema serves as the Head of Operations of People's Insurance and the Specified Officer of the Company. He joined People's Insurance in September 2017 as Head of Fire & Miscellaneous Department and was appointed as Head of Operations in July 2022. Prior to joining People's Insurance Mr. Abeywickrema who is a Chartered Insurer with over 18 years of experience in the insurance industry, has held managerial positions at Allianz Insurance Lanka Ltd. and Amana Takaful PLC.

He has also been the Membership Secretary of the Association of Chartered Insurance Professionals (Sri Lanka) between 2019 – 2021 and a member of the Sri Lanka Insurance Institute (SLII) lecture panel since 2019.

### Qualifications

- ★ BSc. Physical Science, University of Peradeniya
- ★ Associate Member of the Chartered Institute UK (ACII)

## Mr. Amila Rajapaksha

Chief Financial Officer

### Skills and Expertise

Mr. Rajapaksha joined People's Insurance at the inception in 2009 and served the Company for 03 years before resigning in 2012. He rejoined to the Company in May 2023 as the CFO heading the Company's Finance Department. In the interim period, Mr. Rajapaksha served in a Senior managerial capacity at Sri Lanka Insurance Corporation Ltd, and Orient Insurance Ltd. During his career, he has

worked at Eagle Insurance Ltd (Now known as AIA Insurance Lanka Ltd), where he has served in a number of finance-related roles. In total Mr. Rajapaksha counts over 19 years' experience in finance in the Insurance sector in Sri Lanka covering both General Insurance and Life Insurance businesses. He currently serves as Chairman of the Tax subcommittee which is part of Finance Technical Sub Committee (FTSC) of Insurance Association of Sri Lanka (IASL).

### Qualifications

- ★ BSc Finance (Special), University of Sri Jayawardenepura
- ★ Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA)
- ★ Member of Chartered Management Accounts of Sri Lanka (ACMA)
- ★ Chartered Tax Advisor (CTA)
- ★ MBA Business Administration, Cardiff Metropolitan University

## Mr. Dennis Hewagama

Chief Sales Officer

### Skills and Expertise

Mr. Hewagama has over 32 years of extensive and diversified experience in the General Insurance industry, enriching the organisation with profound knowledge and exemplary leadership. Prior joining People's Insurance in 2024, he worked at Ceylinco Insurance and Allianz Insurance. Notably, during his tenure at Allianz Insurance Lanka Ltd Sri Lanka, he held pivotal roles including Chief Marketing Officer and Chief Sales Officer, achieving outstanding milestones. Under his guidance,

Company has witnessed exponential growth, elevating the company's position to the top rankings in the industry.

At Ceylinco Insurance, Mr. Hewagama was a key member of the team that introduced the revolutionary Motor Product, Ceylinco VIP on the Spot, to the market. He also led the opening of 30 Ceylinco VIP Centres in his region, significantly enhancing service levels. Additionally, he played a crucial role in the setup and operational streamlining of Agrani Insurance, Bangladesh, serving as the Senior Vice President/General Manager. Among his key achievements, Mr. Hewagama was instrumental in introducing revolutionary products to the market, enhancing service levels, and spearheading transformative initiatives that propelled business growth.

#### Qualifications

- ★ MBA Business Administration, University of Bedfordshire, UK

#### Mr. Mahen De Silva

Chief Human Resources Officer

#### Skills and Expertise

Mr. De Silva assumed duties as the Chief Human Resources Officer of People's Insurance PLC in 2023.

He counts over 30 years of combined professional experience in multi-functional spheres ranging from Sales and Marketing, Customer Care and Service Delivery and Administration and Facilities Management to Management and Development of Human Capital at both local and overseas blue-chip companies.

In 2010, he received the 'Achievers and Leaders Award' for Excellence in Talent Management at the first Sri Lanka, India, South Africa and Singapore (SIAS)

Partnership Summit. In 2024, he was awarded the HR Leadership Award at the World HRD Congress held in Mumbai, India.

He is a former lecturer at the Association of Business Executives (ABE/ UK), Junior Command and Staff College, Sri Lanka Air Force Academy in China Bay, and the Sri Lankan body of the London Chamber of Commerce and Industry International (LCCI). He is also a SHL certified Assessor.

#### Qualifications

- ★ MBA Human Resources, Postgraduate Institute of Management

#### Mr. Sumudu Wickramarachchi

Chief Legal Officer

#### Skills and Expertise

Mr. Wickramarachchi possesses 26 years of experience in the Legal Field. Prior to joining People's Insurance in 2023, he held the position of a State Counsel at the Attorney General's Department and the Managing Partner at Chamber 218 (A private law firm).

Mr. Wickramarachchi is an Attorney-at-Law in the Supreme Court of Sri Lanka.

#### Qualifications

- ★ Attorney-at-Law, Civil Law Training, IDLO, Rome, Italy

#### Mr. Hareendra Dissanayaka

Head of Motor Claims

#### Skills and Expertise

Mr. Dissanayaka counts over 20 years of experience in the insurance industry. He started his career at HNB Assurance PLC before joining People's Insurance in 2009. Mr. Dissanayake is an Associate of the Insurance Institute of India.

#### Qualifications

- ★ Diploma in Insurance from the Chartered Insurance Institute, UK

#### Mr. Sashika Jayathilaka

Head of Motor Underwriting and Captive Channels

#### Skills and Expertise

Mr. Jayathilaka has over 15 years of experience in the insurance industry. Prior to joining People's Insurance in 2011, he served as the Assistant Manager at National Insurance Trust Fund (NITF) as well as at Ceylinco Takaful Ltd in a managerial capacity.

Mr. Jayathilaka holds a BSc. Degree in Physical Science from University of Colombo – Faculty of Science. He is an Associate of the Chartered Insurance Institute, UK (ACII) and Insurance Institute India (AIII).

#### Qualifications

- ★ BSc Physical Science, University of Colombo
- ★ Associate of the Chartered Insurance Institute, UK (ACII)
- ★ Associate of Insurance Institute India (AIII)

# Corporate Management

## Mr. Uvindu Pathirana

Head of Non-Motor Underwriting

### Skills and Expertise

Mr. Pathirana is a Chartered Insurer with over 13 years of experience. He commenced his insurance career by joining People's Insurance PLC in 2011 and has since risen to become the Head of Non Motor Underwriting.

### Qualifications

- ★ MBA Human Resources, Cardiff Metropolitan University
- ★ Senior Associate, Institute of Insurance and Finance (Australia and New Zealand)
- ★ Associate of the Insurance Institute of India
- ★ Associate of the Chartered Insurance Institute UK
- ★ Active Member of the Association of Chartered Insurance Professionals Sri Lanka

## Ms. Sumudu Bandara

Head of Non-Motor Claims

### Skills and Expertise

Ms. Bandara has over 27 years of experience in the insurance industry. Prior to joining People's Insurance in 2009, she held the position of Assistant Manager – General Underwriting at Union Assurance PLC.

### Qualifications

- ★ Associate Member Insurance Institute of India.
- ★ Diploma in Insurance, Chartered Insurance Institute, UK.

## Mr. Sampath Digamadulla

Head of Contact Centre & Customer Relationship

### Skills and Expertise

Mr. Digamadulla has over 18 years of experience in the insurance industry and possesses special expertise in customer relationship management in the industry. Prior to joining People's Insurance in 2009 he has served at Sri Lanka Insurance Corporation and Bell Vantage (Pvt) Ltd.

### Qualifications

- ★ MBA Business Administration, University of West London, UK
- ★ Diploma in Diplomacy & World Affairs, Bandaranayake International Diplomatic Training Institute (BIDITI)
- ★ Diploma in International Relations, Bandaranayake Centre for International Studies (BCIS)
- ★ Member of the Chartered Institute of Professional Managers (CPM)

## Mr. Jayan Subuddha

Head of Reinsurance

### Skills and Expertise

Mr. Subuddha has over 13 years of experience in the insurance industry. Prior to joining People's Insurance in 2023, he has served in managerial positions at Continental Insurance Lanka limited and Ceylinco General Insurance Limited.

### Qualifications

- ★ BSc Insurance, Wayamba University
- ★ Associate of the Insurance Institute India (AIII)
- ★ Diploma in Insurance, Chartered Insurance Institute, UK

# Sales Management



Ajith Indralal  
Zonal Manager - Anuradhapura



Manjula Jayasinghe  
Zonal Manager - Colombo



Rajeewa Dissanayake  
Zonal Manager - Gampaha



Joseph Nagulan  
Zonal Manager - Jaffna



Danushka Witharana  
Zonal Manager - Kandy



Jeewane Rathnayaka  
Zonal Manager - Kurunegala



Nayana Hemantha  
Zonal Manager - Rathnapura



T. Ajith Kumar  
Head of Bancassurance & Distribution



Roshan De Silva  
Head of Leasing



Hasitha Madugoda  
Head of Corporate Unit

# Corporate Governance Report

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The details set out herein provide information required by Section 168 of the Companies Act No. 07 of 2007 ('Companies Act') to be set out in the Annual Report of the Board of Directors on the Affairs of the Company and are guided by the Code of Best Practice on Corporate governance 2023.

### 1. General

The Board of Directors of People's Insurance PLC ('the Company') has the pleasure in presenting this Integrated Annual report to the shareholders together with the Audited Financial statements for the year ended 31 December 2024 and the Independent Auditor's Report on the Financial Statements conforming to all statutory requirements. This report was approved by the Board of Directors on 03 April 2025.

### 2. Review of Business

[Section 168 (1) (a)] The nature of the business of the Company and its subsidiaries together with any change thereof during the accounting period.

#### 2.1 Vision, Mission and Corporate Conduct

The Company's vision and mission are provided on page 10. The Company's business activities have been carried out within the framework of the vision and mission statement, which reflects our commitment to the highest ethical standards and integrity as set out in the Code of Business Conduct and Ethics, and in conformity with the corporate culture and the values of the Company stated on page 10 of this Report.

#### 2.2 Principal business activities

The principal activity of the Company is carrying out non-life insurance business for both individual and corporate customers. There were no significant changes in the nature of principal activities of the Company during the financial year under review. The Company has not engaged in any activity, which contravenes laws and relevant regulations.

In line with the principal activity of the Company, we issue non-life Takaful products to our customers as a window operation under the Company's main operation with the approval of the Insurance Regulatory Commission of Sri Lanka. The Company has not engaged in any activities, which contravene laws and relevant regulations.

#### 2.3 Company ownership structure

The details of the Company ownership structure have been given on page 10 of this Annual Report.

#### 2.4 Branch network

The total branch network of the Company as at 31 December 2024 comprised of 17 regional offices and 101 window offices at People's Leasing & Finance PLC branches.

#### 2.5 Review of business performance

A review of the financial and operational performance and future business developments of the Company is contained in the Message from Board of Directors (pages 26 to 27), Reflections from the Chief Executive Officer (pages 29 to 33) and Performance and Value Creation (pages 36 to 37). These reports form an integral part of the Annual Report of the Board of Directors and together with the Audited Financial Statements reflect the state of the affairs of the Company.

#### 2.6 Future developments

An overview of the future developments of the Company is presented in the Message from Board of Directors (pages 26 to 27), Reflections from our chief executive officer (pages 29 to 33) and Performance and Value Creation (pages 36 to 37).

### 3. Financial Statements

[Section 168 (1) (b)]

#### Completed and signed Financial Statements of the Company

The financial statements of the Company for the year ended 31 December 2024 have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards (SLFRSs and LKASs) and comply with the requirements of the Companies Act No. 07 of 2007 and Regulation of Insurance Industry Act No. 43 of 2000 as amended and were duly certified by the Chief Financial Officer (the person responsible for the preparation of the financial statements) and were approved by two members of the Board as appearing on page 201 form an integral part of this Report.

#### 3.1 Directors' responsibility for financial reporting

The Directors are responsible for the preparation of the financial statements of the Company to reflect the true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of Sections 150 (1), 151, 152 and 153 (1) and (2) of the Companies Act, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments thereto. The Statement of Directors' Responsibility for Financial Reporting provided on pages 190 to 191 forms an integral part of this report.

### 3.2 Financial results appropriations

The Company recorded a net profit of Rs. 429 Mn for the year. A synopsis of the Company's performance is presented below.

	2024 (Rs. '000)	2023 (Rs. '000)
Profit After Taxation	429,421	521,578
Profit brought forward from the previous year	3,867,638	3,346,060
Profit available for appropriation	<b>4,197,059</b>	3,867,638
<b>Appropriations</b>		
Final dividend paid in respect of the previous year	(100,000)	-
Un-appropriated profit carried forward	4,097,059	3,867,638

### 3.3 Provision for taxation

The tax position of the Company is disclosed in Note 20 (pages 219 to 220) to the financial statements.

### 3.4 Property, plant and equipment and market value of properties

The company does not possess any freehold land or building as at 31.12.2024. Leasehold buildings and other Fixed Assets have been recorded as per Sri Lanka Financial Reporting Standards. Details of property, plant and equipment are shown in Note 24 (pages 222 to 224) of the financial statements.

### 3.5 Intangible assets

Details of intangible assets including the movements of the intangible assets during the period are set out in the Note 23 (pages 221 to 222) of the financial statements.

### 3.6 Reserves

The movement in reserves during the year is set out in the Statement of Changes in Equity on page 202.

### 3.7 Investments

Details of investments held by the Company are disclosed in Note 27 (pages 228 to 233) to the Financial Statements.

### 3.8 Turnover

The Company underwrote an amount of Rs. 6,249 Mn in 2024 (Rs. 5,763 Mn in 2023) as gross written premium. Gross written premium for the year by major classes of business is given on page 211.

### 3.9 Stated capital and shareholders' funds

In compliance with the Companies Act, the Financial Statements reflect the stated capital of the Company. The stated capital of the Company as at 31 December 2024 amounted to Rs. 1,435 Mn (Rs. 1,350 Mn in 2023).

## 4. External Auditor

### (Section 168 (1) (c)(i) and (j)]

Auditors report on Financial Statements of the Company with a separate disclosure on amounts payable by the Company to Auditors as audit fees and fees for other services rendered during the accounting period & Auditors' relationship or any interest with the Company.

### 4.1 Auditor and their Independence

In accordance with National Audit Act No. 19 of 2018, People's Insurance PLC falls under the definition of 'Auditee Entity' and the Auditor General or any person authorised by the Auditor General shall carry out the audit of the Company and their responsibilities in relation to the Financial Statements are

set out in the "Independent Auditor's Report" given on pages 194 to 198.

### 4.2 Auditor's report

The Report of the Auditor General on the Financial Statements of the Company is provided on pages 194 to 198.

### 4.3 Auditor's remuneration

A sum of Rs. 3,590,869 (2023 - Rs. 2,967,078) was payable to Auditors as audit fees during the year under review and a sum of Rs. 7,118,647 (2023 - Rs. 525,971) was payable by the Company for IFRS 17 implementation related services and other non-audit work performed.

### 4.4 Appointment of auditors

Auditor General functions as the Auditor for the ensuing financial year in compliance with Article 154 of the 19th Amendment to the Constitution.

## 5. Accounting Policies

Accounting policies of the Company are prepared based on the Sri Lanka Accounting Standards and industry best practices. The accounting policies used in the preparation of the financial statements are appropriate and are consistently applied, unless otherwise stated in the notes accompanying the Financial Statements. There were no changes to the accounting policies made during the year under review.

## 6. Board of Directors

### [Sections 168 (1) (e), (f), (h)]

Particulars of the entries in the Interests Register of the Company during the accounting period, Remuneration and other benefits paid to the Directors of the Company during the accounting period and information on Directorate of the Company during and at the end of the accounting period, are set out on pages 219.

# Corporate Governance Report

## 6.1 Profiles

Names of the Board of Directors together with their profiles, including skills and experience are set out on pages 110 to 115 of this Annual Report.

## 6.2 Appraisal of Board performance

The method used to appraise the performance of the Board of Directors is presented in the 'Corporate Governance' section on page 171 and Performance Evaluations were obtained from the Board.

## 6.3 Other Directorships

Significant positions of Directors Information of the other directorships/ significant positions of the present Directors of the Company are given in their profiles presented on pages 110 to 115.

## 6.4 Resignations and appointments

Mr. Isuru Balapatabendi & Mr. Shamindra Marcelline resigned from the Board with effect from 18 November 2024 & 01 April 2024 respectively.

## 6.7 Directors' interest in shares

The Directors have disclosed to the Board their shareholding in the Company and any acquisition or disposal thereof. The Directors' individual shareholding in the Company as at 31 December 2024 and 31 December 2023 are given below.

Name of the Director	No. of Shares	
	As at 31 December 2024 (Rs. '000)	As at 31 December 2023 (Rs. '000)
Mr. Isuru Balapatabendi	-	-
Mr. Azzam Ahamat	-	-
Mr. Shamindra Marcelline	-	-
Ms. Nayanganie Wickramasinghe	-	-
Mr. Johnson Fernando	-	-
Dr. Kasun I. Wijetilleke	-	-
MR. M.P. Amirthanayagam	-	-
Mr. Sanjeeva Bandaranayaka	-	-

CEO possessed 6,719 shares of People's Insurance PLC as at 31 December 2024.

Mr. Sanjeeva Bandaranayaka was appointed to the Board on 03 September 2024.

Mr. Pradeep Amithanayagam resigned on 04 March 2025.

## Director's Interests register

In compliance with the requirements of the Companies Act, the Company maintains an Interests Register. Particulars of any entry made in the Interests Register are detailed below.

## 6.5 Directors' interests in transactions

The Directors of the Company have made general declarations as provided for in section 192 (2) of the Companies Act. Arising from this, details of contracts in which they have an interest are found in Note 46 on page 260, under related party transactions. The directors have declared all material interests in contracts involving the company and refrained from voting on matters in which they were materially interested.

## 6.6 Loans to Directors

The Company has not granted any loans to the Directors.

## 6.8 Share dealings

There have been no share dealings by the Directors during the year.

## 6.9 Remuneration to Directors

The details of Directors' fees and Directors' emoluments paid during the year are stated below.

	2024 (Rs. '000)	2023 (Rs. '000)
Non-executive, Non-independent Directors' fees and emoluments	11,981	7,400
Non-executive, Independent Directors' fees and emoluments	5,221	3,305

## 6.10 Directors' meetings

Details of Directors' meetings are presented on page 134.

## 7. Share Information

Significant shareholder information along with substantial shareholder details and other share related information.

### 7.1 Distribution schedule of shareholdings

Information on the distribution of shareholding and the respective percentages are given in the section on 'Shareholder Information' on page 69.

### 7.2 Information on Earnings, Dividends, Net Assets and Market Value

Information relating to Earnings, Dividend, Net Assets and Market Value per share is given on pages 69 to 71. Information on the trading of the shares and movement in the number of shares represented by the Stated Capital of the Company is given in the section on 'Shareholder Information' on page 69.

### 7.3 Substantial shareholdings

Names of the top twenty shareholders for voting shares, percentages of their respective holdings and percentage holding of the public, etc. are given in the section on 'Shareholder Information' on pages 72 and 73.

### 7.4 Equitable treatment to shareholders

The Company has at all times ensured that all shareholders are treated equitably.

### 7.5 Dividends

Dividend of Rs. 0.50 per share was paid during the financial year 2024.

### 7.6 Information on ratios, market prices of shares and credit ratings

Information that requires disclosures as per Rule 7.6 (xi) of the Listing Rule of the CSE are given in the Section on 'Shareholder Information' on pages 69 to 73.

## 8. Donations and CSR

### [Section 168 (1) (g)]

During the year under review, the Company made donations amounting to Rs. 1,484,185 (2023 – Rs. 3,148,870) in terms of the Resolution passed at the last Annual General Meeting. The Corporate Social Responsibility initiatives of the Company are presented in 'Social and Relationship Capital' on page 101 and 'Natural Capital' on pages 102 to 105.

## 9. Corporate Governance

### [Code of Best Practice D.1, D.1.1, D.1.4, D.4], [ G.1, G.2, G.3]

The Board of Directors have placed emphasis on conforming to the best corporate governance practices and procedures. Accordingly, the Board has provided the necessary resources and installed appropriate processes

and procedures in compliance with the relevant codes of best practice issued by the regulatory and professional bodies. The Board has ensured that the Company complied with the Code of Best Practice on Corporate Governance (2023). The measures taken in this regard and information to fulfil disclosure requirements of the above code, Directions and the Listing Rules of the Colombo Stock Exchange ('CSE') are set out on pages 145 to 159 of this Annual Report.

Further, the Directors declare that:

- The Company has not engaged in any activity which contravenes laws and regulations.
- All material interests in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested.
- The Company has made all endeavours to ensure the equitable treatment of shareholders.
- The business is a going concern.
- During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 94 Mn. The carrying value of property, plant and equipment as at 31 December 2024 was Rs. 122 Mn (2023 - Rs. 55 Mn). The details of property, plant and equipment are shown in Note 24 to the financial statements on page 222.
- A review, of internal controls covering Financial, Operational and Compliance Controls and Risk Management, has been conducted and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.

### 9.1 Board Sub-Committees

The Board, while assuming the overall responsibility and accountability for the management of the Company, has also appointed Board Sub-Committees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance standards of the Listing Rules of the CSE and adopting best practices thereon. Accordingly, the following Board Subcommittees have been constituted by the Board.

Board Sub-committees	Committee Report Reference
Board Audit Committee	162 to 165
Board Human Resources and Remuneration Committee	168 to 169
Board Nomination and Governance Committee	170 to 173
Related Party Transaction Review Committee Report	166 to 167

The composition of each Board Subcommittee and Directors' attendance at meetings are given on pages 168 to 179.

### Related Party Transactions Review Committee

The Directors have disclosed the transactions with related parties in terms of Sri Lanka Accounting Standard (LKAS) 24 – Related Party Disclosures, which has been adopted in the preparation of these Financial Statements. Such transactions disclosed by the Directors are given in Note 46 to the Financial Statements on pages 260 to 262 form a part of the Annual Report of the Board of Directors. During the year, there were no transactions which exceeded 10% of the Equity or 5% the Total Assets which require immediate disclosure to the CSE and separate disclosure in the Annual Report. The Company has complied with the

# Corporate Governance Report

requirements of the Code of Best Practices on Related Party Transactions issued by the SEC and has complied with all disclosure requirements as per the Code.

## *Compliance with the transfer pricing regulations*

All transactions entered into with associated persons during the period are on an arm's length basis and are comparable with transactions carried out with non - associated persons.

## **Board Human Resources Remuneration Committee**

The details of the Board Human Resources, Remuneration Committee are given on pages 168 to 169 of this Annual Report.

## **Board Nomination and Governance Committee**

The details of the Board Nomination and Governance Committee are given on pages 170 to 173 of this Annual Report.

## **Board Audit Committee**

All the members of the Board Audit Committee are Non-executive Directors. The Chief Executive Officer and Chief Financial Officer attend the meetings by invitation. The report of the Board Audit Committee is given on pages 162 to 165.

## **9.2 System of Internal controls**

The Board of Directors has taken steps to oversee the implementation of an effective and comprehensive system of internal controls, covering Financial Operations and Compliance controls required to carry its operation in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of financial

and other information. The Board has confirmed that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. The Directors have appointed a qualified Internal Auditor to carry out the Internal Audit function and report on the effectiveness of Financial, Operational and Compliance controls to the Board Audit Committee.

## **9.3 Risk Management**

The Board and Executive Management of the Company have put in place an adequate risk identification, measurement and mitigation process. The Risk Management function is strengthened with a dedicated officer under the purview of the Board Audit Committee. In addition, a group level Risk Management Committee is in place with Company representatives. A detailed overview of the process is outlined in the Enterprise Risk Management report on pages 180 to 187.

## **9.4 Compliance with Laws and Regulations**

To the best of knowledge and belief of the Directors, the Company has complied with all applicable laws and regulations. A separate paper on regulatory compliance is submitted to the Board on a monthly basis. Further, the Company complies with the Financial Transaction Reporting Act No. 40 of 2011 and the Convention on the Suppression of Terrorist Financing Act No. 3 of 2013, by sending a monthly report to the Financial Intelligence Unit (FIU) of Central Bank of Sri Lanka (CBSL).

## **9.5 Environment**

The Directors confirm that to the best of their knowledge the Company has not engaged in any activity, which causes detriment to the environment.

## **9.6 Environmental, Social and Governance Reporting**

Environmental, Social and Governance (ESG) considerations affect value creation and the execution of strategies of the Company. The Company's Annual Report contains sufficient information on the recognition, management, measurement and reporting on ESG risks and opportunities as set out on page 187.

## **9.7 Internet of Things**

Group IT policies by which the Company is governed, comprehensively covers the process to identify connections to the Company's network, Cyber Security Risk Identification and effectiveness of Cyber Security Risk Management. The functions of Chief Information Security Officer are delegated to the Head of IT of PLC group. Related information is set out in Corporate Governance Section on page 137.

## **9.8 Going Concern**

After considering the financial position, the Company's corporate/business plans, operating conditions, regulatory and other factors and such matters required to be addressed in the Code of Best Practice on Corporate Governance, there is a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

## 10. Stakeholder Management and Integrated Reporting

The Company has taken several measures to manage its valued stakeholders in the value creation process. Economic, Environment and Social Aspects are adequately addressed in the reporting process. Relevant details are presented in Stakeholder Value on pages 36 to 37 of this Annual Report.

## 11. Statutory Payments

To the best of knowledge and belief, the Directors are satisfied that all statutory payments due to the Government, other Regulatory Institutions and in relation to the employees have been made on time.

## 12. Outstanding Litigation

In the opinion of the Directors and in consultation with the Company Lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company other than those arising in the normal course of conducting insurance business.

## 13. Events After the Reporting Date

Details of events after the reporting date are provided in Note 48 (page 264) to the Financial Statements.

## 14. Annual General Meeting

The Annual General Meeting will be held at People's Insurance PLC via audio and visual technology, on 30 April 2025 at 10.00 a.m. The Notice of the Meeting relating to the 16th Annual General Meeting is given on page 287.

## 15. Compliance with Requirements on the Content of the Annual Report in Rule

The extent of compliance with the content of the annual report given on page 144 of the compliance summary. Directors further consider that the annual report and financial statements, taken as a whole, are fair, balanced, and understandable, and provides the information necessary for shareholders to assess the company's financial position, performance, ESG/sustainability risk and opportunities, business model and outlook.

In accordance with the listing rule 9.16, it is further confirmed that,

- (i) The Board of Directors have declared all material interests in contracts involving in the Entity and refrained from voting on matters in which the members were materially interested;
- (ii) The Board of Directors have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith;
- (iii) The Board of Directors made arrangements to enhance their awareness on applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;

- (iv) The Company has made disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.

## 16. Acknowledgement of the Contents of the Report

[Section 168 (1) (k)] The Board of Directors do hereby acknowledge the contents of this Annual Report.

Nayanganie Wickramasingha  
Director

Sanjeeva Bandaranayaka  
Director

Nadhra Zanoon  
Company Secretary

03 April 2025  
Colombo

# Corporate Governance Report

## Initiatives carried out during the year to comply with Section 9 of the Listing Rules (CSE) Corporate Governance

Initiative	PI's Status as at 31 December 2024
The Board Human Resource Remuneration and Nomination Committee was segregated to form the Board Human Resource Remuneration Committee and the Board Nomination and Governance Committee.	Complied as at 01 October 2024
Reviewed and updated the terms of reference of the Related Party Transaction Review Committee to enhance and align the functional duties and requirement with the amended Listing rules.	Complied as at 30 August 2024
Board Audit Committee was further strengthened in line with the requirements of the rule	Complied as at 25 April 2024
<b>The following new policies were introduced;</b>	<b>Following policies were updated in line with the requirements of the corporate rules</b>
<ul style="list-style-type: none"> <li>* Policy on Matters relating to the Board</li> <li>* Policy on Board Committees</li> <li>* Policy on Corporate Governance, Nominations, and Re-Election</li> <li>* Policy on Remuneration</li> <li>* Policy on Relations with Shareholders and Investors</li> <li>* Policy on Environment, Social, Governance Sustainability</li> <li>* Policy on Control and Management of Company Assets and Shareholder Investment</li> <li>* Policy on Corporates Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>* Policy on Internal code of business and ethics on all directors and all employees including</li> <li>* Policy on Share Trading</li> <li>* Policy on Risk management and Internal controls</li> <li>* Policy on Whistleblowing</li> <li>* Policy on Anti-Bribery and Corruption</li> </ul>
Reconstitution of the Board Sub committees in line with the requirement of the rule	Complied as at 01 October 2024
Statement conforming the extent of compliance with section 9.1.3 of the Listing Rules on Corporate Governance can be found on page 144 to 159.	

The list of policies that are in place in conformity with Rule 9.2.1 of the Listing Rules on Corporate Governance is available on the Company website.

## Compliance with Insurance Regulatory Commission of Sri Lanka (IRCSL) Directions issued in 2024

Reference	Requirement	PI's Status as at 31 December 2024
Direction 02 of 2024	Section 78(4)	Insurers and Brokers on Qualification of Insurance agents (Verification of Qualification)
Direction 03 of 2024	Section 96A	Direction on advertisements issued by insurers, insurance brokers and insurance agents
Direction 04 of 2024	Section 96A	Dividend Declaration and Distribution
Direction 05 of 2024	Section 96A	Sale of Insurance products to customers of Mobile Network Operators' (MNOs) and Fixed Line Operators' (FLOs) through the usage of data and platform of MNOs and FLOs
Direction 06 of 2024	Section 96A	Direction on issuing Insurance Product Information Document by Insurance Companies and Insurance Intermediaries

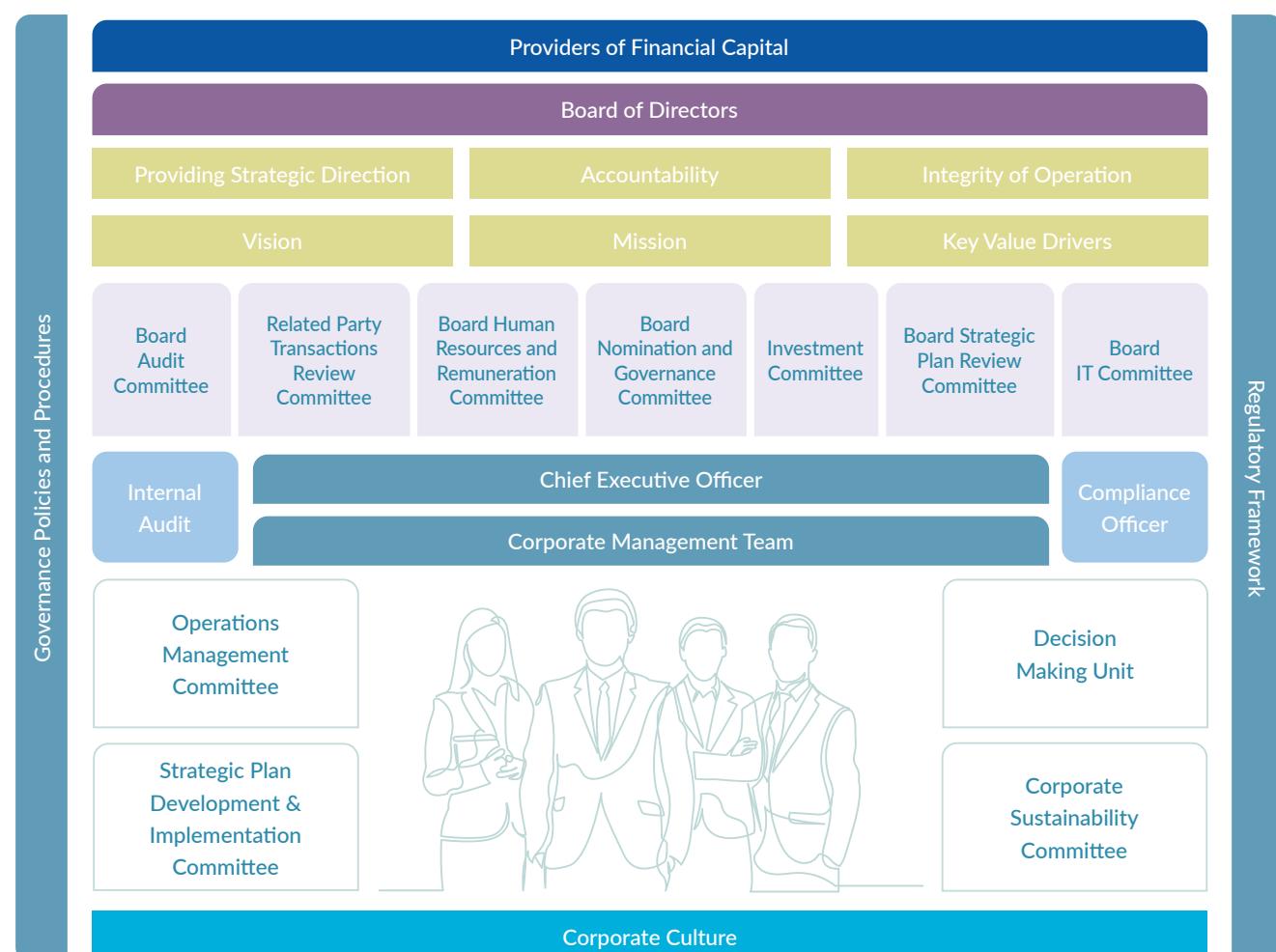
## Compliance with Insurance Regulatory Commission of Sri Lanka (IRCSL) Circulars issued in 2024

Reference	Requirement	PI's Status as at 31 December 2024
Circular No. 01 of 2024	08 January 2024	Regulations concerning the qualification and appointment of valuers in terms of the sovereignty margin.
Circular No. 02 of 2024	09 January 2024	Revising the Circular No. 41 Enforcement procedures outlined by the IRCSL.
Circular No. 03 of 2024	26 February 2024	Claim procedures pertaining to third-party victims.
Circular No. 04 of 2024	20 May 2024	Circular Promotion/ Advertisement of 3rd Party Motor Insurance (Amendment to Circular No. 02 of 2021)

## Creating and Preserving value through Corporate Governance

At PI, good governance provides the foundation for sustained value creation. PI's governance framework, which is shaped through a combination of regulatory compliance requirements and governance best practices, facilitates informed decision-making, to empower leaders to effectively balance short-term objectives with long-term value creation, thereby delivering on stakeholder priorities while driving forward the Company's strategic ambitions.

## GOVERNANCE STRUCTURE



# Corporate Governance Report

## Regulatory Requirements

Companies Act No. 7 of 2007  
 Listing Rules of Colombo Stock Exchange (CSE), including new regulations on corporate governance  
 SEC Rules  
 Shop and Office Employees Act No. 19 of 1954  
 EPF Act  
 ETF Act  
 Gratuity Act  
 Regulation of Insurance Industry (RII) Act No. 43 of 2000  
 Direction 17 - on Corporate Governance Framework for Insurance Companies by IRCSL  
 Financial Transaction Reporting Act No. 06 of 2006 and Circular No. 03/13 issued by FIU of Central Bank of Sri Lanka

PI operates within a robust governance framework designed to ensure clarity in decision-making, accountability, and ethical conduct across all levels of the organisation. The structure establishes a clear separation of roles and responsibilities to facilitate efficient oversight and foster a culture of transparency, fairness, and integrity.

The Board as the highest governing body of the Company, plays a key role in anchoring the governance structure and this capacity undertakes to review and update the governance structure as needed to align with PI's strategic growth objectives, evolving regulatory requirements, and industry best practices. This ongoing review process ensures that governance frameworks remain robust, responsive, and capable of addressing emerging risks and opportunities over the short, medium and long term.

## THE BOARD

The Board of Directors of People's Insurance (PI) serves as the highest governing body, responsible for steering the Company towards sustainable growth while ensuring it operates in the best interests of the business and all stakeholders. As the key custodian

## Internal Frameworks

Articles of Association  
 Policy on Matters Relating to the Board and Policy on Corporate Governance Nominations and Re-elections  
 TOR of Board Committees  
 Board-approved policy frameworks for governance, risk and operational areas  
 Board approved conduct policies, including the Code of Conduct, Business Conduct Policy, Whistleblowing Policy

## Voluntary Codes and Best Practices

Code of Best Practice on Corporate Governance  
 GRI Standards issued by the Global Reporting Initiative  
 IR Framework issued by IIRC

of corporate governance, the Board provides strategic leadership, upholding the highest standards of ethics, accountability, and transparency.

Board members bring extensive expertise in insurance, finance, law compliance and digital transformation, enabling well-informed decision-making. The multidisciplinary skills at Board level strengthens financial sustainability, enhances risk management, and drives operational excellence, ensuring PI remains resilient and well positioned for long term success within the highly competitive local insurance industry.

### Board Composition

The Board is constituted entirely of Non-Executive directors. Three of whom are independent and three are non-independent.

Independent non-executive Directors are required to be free of any business or other association that could materially interfere with their ability to act in the best interests of the Company. The independence of each Director is determined based on the key criteria outlined in the Listing Rules, Corporate Governance Principles and Recommendations issued by the CA Sri Lanka.

The Board remains satisfied that each Non-Executive Independent director currently serving on the PI Board has complied with the required criteria to fulfil their role as an Independent Director.

The composition of the Board is subject to change from time to time owing to new appointments, retirements, resignations, and the re-election of Directors.

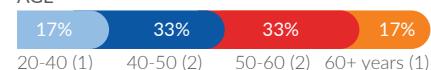
### COMPOSITION



### NATIONALITY

Local - 6 Foreign - Zero

### AGE



### GENDER



### TENURE



### BROAD SKILL MATRIX

Finance and Accounting	89%
Strategic Management	100%
Risk Management	97%
Information Technology	80%
Marketing	80%
Human Resource Management	86%

## Key Criteria for the Determination of Directors Independence

### No Recent Employment

Has not been employed by the company in the three years preceding the appointment.

### No Material Business Relationship

Currently has no direct or indirect material business relationship with the company and had none in the past three years.

### No Close Family Ties

Does not have close family members who are Directors, the CEO, or Key Management Personnel in the company.

### No Significant Shareholding

Does not hold 10% or more of the company's voting rights.

### Age limit

Is not over 70 years of age.

### Board Tenure Limit

Has not served on the Board for more than nine years from the initial appointment.

### No Conflicting Directorships

Is not employed in another company or business that has a significant shareholding or business connection or in which a majority of the directors are employed or are directors or have a material business relationship or significant shareholding.

### No Overlapping Directorships

Not a Director of another company where the majority of the company's Directors are also employed, are directors or have significant shareholding.

### No Business Conflicts

Does not have a material business relationship or significant shareholding in another company where the majority of the company's Directors are employed or are directors and or has a business connection with the Company or a significant shareholding and or where the core line of business is in direct conflict with the line of business of the Company.

Director	Employment in the Company	Material Business Relationship	Close Family Member is a KMP	Significant Shareholding	Consecutive service of nine or more years	Employment in another business that has a business connection or significant shareholding	Director of another Company	Material Business Relationship or a significant shareholding in another Company or Business	70 years of Age
	(I)	(ii)	(iii)	(iv)	(v)	(vi)	(Vii)	(Viii)	(ix)
Mr. Isuru Balapatabendi	No	No	No	No	No	No	Yes	No	No
Mr. Johnson Fernando	No	No	No	No	No	No	No	No	No
Mr. Azzam Ahamat	No	No	No	No	No	Yes	Yes	No	No
Dr. Kasun Wijetilleke	No	No	No	No	No	No	No	No	No
Mr. Shamindra Marcelline	No	No	No	No	No	Yes	No	No	No
Ms. Nayanganie Wickramasinghe	No	No	No	No	No	No	No	No	No
Mr. Pradeep Amirthanayagam	No	No	No	No	No	No	Yes	No	No
Mr. Sanjeewa Bandaranayake	No	No	No	No	No	Yes	No	No	No

# Corporate Governance Report

The above reflects the status of directors as at 31st December 2024 except for resigned Directors whose details relate to the their status for the period during which they served as directors.

In line with Section 9 of the Listing Rules (CSE) on Corporate Governance, a new Policy on Matters Relating to the Board of Directors was approved by the Board defining the roles, responsibilities, and governance framework for the Board's operations. This policy serves as the Board Charter.

## Appointment/Re-election/Resignation of Directors

The appointment of new Directors is based mainly on professional skills and experience, integrity and industry reputation of the potential candidate. All new Board appointments are first communicated to the Colombo Stock Exchange (CSE) along with a brief resume of the appointed Director, outlining their qualifications, experience, directorships in other companies, and relevant interest in shares. A press release follows to inform shareholders. Resignations are also promptly disclosed on Colombo Stock Exchange.

As per the Company's Articles of Association [Article 27(8)], one third of the Non-Executive Directors are required to retire by rotation at each Annual General Meeting, but remain eligible to offer themselves for re-election by the shareholders subject to the eligibility criteria set out under the CSE listing rules as well as the Company's internal criteria on Directors' eligibility for re-election. Directors who retire by rotation are those who have served for the longest period after their appointment /re-appointment but as between persons who become Directors on the same day, those to retire shall unless they otherwise agree among themselves, be determined by lot.

The provisions of the Articles [Article 27 (2)] further stipulate that a Director appointed to fill a casual vacancy on the Board is also required to offer himself / herself for re-election by shareholders at next Annual General Meeting.

## Board Changes - FY 2024

New Appointments	Mr. Sanjeeva Bandaranayake - Non - Executive - Non Independent Director - appointed on 03 September 2024
Resignations	Mr. Isuru Balapatabendi - Non Executive Non Independent Chairman - resigned on 18 November 2024, Mr. Mr. Shamindra Marcelline - Non Executive Non Independent Director - resigned on 01 April 2024
Re-elections	Mr. Johnson Fernando Non Executive Independent Director retired by Rotation and was reappointed in line with Article 27 (8), at the AGM held on 28 May 2024  Dr. Kasun Wijetilleke Non Executive Independent Director retired by Rotation and was reappointed in line with Article 27 (8), at the AGM held on 28 May 2024  Mr. Pradeep Amirthanayagam Non-Executive, Non-Independent Director, was reappointed inline with Article 27 (2), at the AGM held on 28 May 2024  Mrs. Nayanganie Wickramasingha Non-Executive, Independent Director was reappointed in line with Article 27 (2), at the AGM held on 28 May 2024

In line with Section 9 of the Listing Rules (CSE) Corporate Governance Rules, a new Policy on Corporate Governance, Nominations, and Re-Election was approved by the Board outlining criteria for Board composition, appointment, and re-election, ensuring a balanced mix of skills, expertise, and independence among Directors.

## A statement of compliance - " Fitness and propriety"

The Company has taken required actions to ensure that the Directors and the CEO are, at all times, fit and proper persons as required under Section 9.7 of the Listing Rules.

The Company obtains declarations from all Directors and CEO on an annual basis and at the time of appointment confirming that each of them have satisfied the fit and proper assessment criteria set out in the listing Rules, throughout the year and at the date of the assessment.

## Responsibilities of Individual Directors

All Directors are expected to be willing to allocate sufficient time and efforts towards executing their duties as a member of the PI Board, including by attending Board meetings and actively contributing their knowledge, expertise

as an independent judgement on Board matters.

Further, Directors are required to refrain from engaging in matters that can be construed as a conflict of interest between their personal interests and those of the Company. If at any point, a Director finds himself / herself in a situation which is construed as a conflict of interest, the Director in question is required to rescue him or herself from the discussions and refrain from voting on the matter.

### Directors Interest In Contacts

Name of Director	Directorships - Other Companies	Listed		Unlisted		Names of Companies
		Executive	Non Executive	Executive	Non Executive	
Mr. Himashe Isuru Balapatabendi	5	-	1	-	4	BL Global Logistics (Pvt.) Ltd and Celio Naturals (Pvt.) Ltd and other Companies within the People's Group
Mrs. Nayanganie Wickramasingha	-	-	-	-	-	-
Mr. Johnson Anthony Fernando	3	-	-	3	-	Expo Industrial Engineering (Pvt) Ltd, Expo Property Developers (Pvt) Ltd
Mr. Azzam Ahamat	3	-	1	-	2	Companies within the People's Group
Dr. Kasun Indunil Wijetilleke	1	-	-	1	-	Pubudu House of Education (pvt) Ltd.
Mr. Shamindra Marcelline	5	-	-	-	5	Companies within the People's Group
Mr. Pradeep Amirthanayagam	4	-	1	1	2	Executive Managing Director Holmes Pollard & Stott ( Pvt) Ltd and other Companies within People's Group
Mr. Sanjeewa Bandaranayake	3	-	-	-	3	Companies within the People's Group

None of the Directors of the Company hold more than 20 directorships in other companies as indicated above.

All Board members are also required to participate in the annual Board evaluation process.

### Directors Remuneration

Remuneration for Non-Executive directors of PI reflect the time commitment and responsibilities of their role, taking into consideration market practices and is open to be reviewed periodically.

In line with Section 9 of the Listing Rules (CSE) Corporate Governance Rules, a new Policy on Remuneration was approved by the Board detailing the principles and framework for determining Directors' and Key Management Personnel (KMP) remuneration.

### Training and Induction of Directors

Board Directors are encouraged to participate regularly in training initiatives, conducted by industry experts and regulatory bodies in order to stay abreast of the latest developments in the broader operating environment. The Company Secretary, in consultation with the Board Chairman, facilitates appropriate training programmes, seminars and workshops. Directors are further encouraged to undertake continuous professional development. The cost of such training and professional development activities is borne by the Company.

During the year The Chairperson of the Board Audit Committee attended a program organised by the IRCSL on the amendments to the Listing Rules of the CSE on Corporate Governance and the Board was continuously updated on requirements of the Listing Rules and changes that were required to be made to the policies, procedures etc. of the Company in order to ensure compliance with the same.

Meanwhile the structured induction programme for new Directors which includes detailed briefings on financial performance, regulatory requirements, and risk management practices, as well as meetings with key executives, is designed to enable new Directors to familiarise themselves with PI's operational dynamics.

# Corporate Governance Report

## Board Meetings

Board Meetings are held as per a predetermined annual work plan and meeting calendar. The meeting calendar scheduling all Board meetings for the ensuing year is prepared well in advance and circulated to all Board Members. Apart from scheduled Board meetings, special Board meetings are also convened on occasion as and when the need arises.

	Board Meeting	BAC	RPTRC	BHRR	NAGC	IC	BSPRC	BITC
<b>Non-Executive Independent Directors</b>								
Mr. Johnson Fernando	7/11	3/6	4/4	-	-	-	-	-
Ms. Nayanganie Wickramasinghe	11/11	6/6	3/3	1/1	-	-	-	-
Dr. Kasun Wijetilleke	11/11	6/6	4/4	1/1	-	-	-	1/1
<b>Non-Executive Non-Independent Directors</b>								
Mr. Pradeep Amirthanayagam	10/11	-	-	-	-	1/1	3/3	1/1
Mr. Sanjeewa Bandaranayake	3/3	-	1/1	1/1	-	-	-	-
Mr. Isuru Balapatabendi	10/10	-	-	-	-	1/1	3/3	-
Mr. Azzam Ahamat	11/11	5/6	-	-	-	1/1	3/3	-
Mr. Shamindra Marcelline	2/2	-	-	-	-	-	-	-

### BEFORE THE MEETING



The Company Secretary in consultation with the Chairman and the CEO, sets the agenda to ensure sufficient time is allocated at each meeting to address all pertinent matters including strategy, performance, industry developments, risk and compliance matters etc.

A Board approved procedure allows any Director to make a written request to the Chairman, to include additional matters and proposals to the Agenda.

Once the agenda has been finalised, all Directors are provided with detailed information on all items on the agenda.

To give Directors sufficient time to prepare, the information pack containing relevant Board Papers are circulated at least seven (07) working days prior to the meeting date.

In preparation for the Board meeting, all Directors are allowed to reach out to members of the Corporate Management to obtain necessary information or clarifications.

### AT THE MEETING



All Board members are expected to come well prepared and actively participate in all matters outlined under the agenda. The Chairman / Chairperson of each Board committee will be called upon to provide an update on significant matters discussed at their respective Board sub-committee meetings, which are typically scheduled before the Board meeting.

The CEO, CSO and CFO will be invited to provide a comprehensive update on the Company's business and operations to date as well as an overview of the context in which these outcomes were achieved, while selected members of the Corporate Management are also invited to make presentations on the items set out under the agenda.

The Company secretary maintains minutes of every Board meeting.

### AFTER THE MEETING



The Company Secretary is required to submit the minutes of the meeting to the Chairman for approval prior to being circulated among the Directors and other members of Corporate Management who were present at the particular meeting. Diary items of the meeting are also shared with the CEO and the relevant persons responsible, within 3 days. Minutes are confirmed at the next meeting after being circulated to the Board 7 days prior.

## DUTIES AND RESPONSIBILITIES OF THE BOARD

The Policy on the Matters relating to the Board provides the framework that governs the matters relating to the Board of PI and serves as a foundational document that outlines the roles, responsibilities, and procedures governing the Board of Directors within the organization. This policy provides guidance on the Board composition, the roles and functions of the Chairperson and Chief Executive Officer, Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO ensuring that it operates effectively and in alignment with the organization's mission and objectives. The Policy on Corporate Governance Nomination & Re-election strengthens the governance framework promoting a culture of good governance through accountability and transparency that is continuously tested and improved.

As the key custodian of PI's operations, certain critical matters related to governance, risk management, and financial sustainability are reserved expressly for Board consideration.

### MATTERS RESERVED EXPRESSLY FOR BOARD CONSIDERATION

- ★ Setting PI's Vision, Missions and Values
- ★ Overseeing the development of the Company's strategy in line with the vision and reviewing and approving strategic plans
- ★ Approving all major capital investments/expansions
- ★ Approving the appointment/removal of Board sub Committee Members, Key Management Personnel (KMP) and Company Secretary
- ★ Reviewing and updating Remuneration of Non Executive Directors and KMPs
- ★ Approval of all principal regulatory filings on time
- ★ Evaluating the performance of the CEO and KMP's against achievement strategic objectives
- ★ Approving the Succession Plan for KMP's
- ★ Reviewing and updating as needed the Board Charter, Board Sub Committee TOR's, governance structures, policies and procedures

## Board Accountability

### Compliance

The Board is accountable to stakeholders for ensuring the Company complies with applicable laws, rules, codes and standards. In carrying out its responsibilities, the Board actively monitors regulatory developments to ensure timely compliance with all requirements and places a strong emphasis on the early adoption of new regulations. As part of its commitment to compliance, the Board also promotes voluntary adoption of global best practices.

The Board declares that the Company is compliant with all relevant statutory

and regulatory requirements. The Board remains satisfied that all reasonable steps have been taken to ensure the Company has adhered with the requirements of all voluntary codes undertaken.

In 2024, the PI Board took necessary measures to comply with the relevant provisions set out under section 9 of the Listing Rules (CSE) Corporate Governance Rules, in line with the stipulated timelines as well as several new regulatory directives and circulars issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) in 2024.

### Risk Management and Internal Control

The Board is responsible for the soundness of the PI's risk management process. Accordingly, the Board is charged with setting the overall risk appetite and implementing an effective risk management framework, comprising policies, procedures and other control mechanisms to address all key risks within the Company's risk universe.

To assist in risk oversight, the Board has delegated the monitoring of risk-related matters to the Board Audit Committee. Operating under delegated authority of the Board the Board Audit Committee

# Corporate Governance Report

undertakes to review risk exposures, internal controls, and compliance processes, and oversees the work of the Internal Audit division. The Internal Audit division conducts routine due diligence to verify the efficacy of the Company's risk management and internal control systems with audit findings together with the Management responses that are represented to the Board Audit Committee on a quarterly basis and from thereon to the Board.

In 2024, the Risk Management Policy was reviewed and updated by the Board to serve as the umbrella framework encapsulating all risk management policies, thereby acting as the first point of reference to all branch staff of the Company. This was accompanied with a formal Board approved Stress Testing Policy. Both policies were implemented with effect from 26 June 2024.

Please refer to the Risk Management Report on Page 180 for more details.

## Financial Reporting and Assurance

The PI Board is accountable for sound financial governance and maintaining strict oversight over all critical financial areas to uphold financial discipline, stability, and accountability across the organisation.

The Board takes ultimate responsibility for ensuring the integrity, accuracy, and transparency of financial reporting. In collaboration with the Board Audit Committee, it conducts regular financial

performance reviews, overseeing the preparation and presentation of financial statements in compliance with applicable accounting standards, regulatory requirements, and best practices in financial disclosure. Additionally, the Board reviews and approves PI's annual financial statements, interim reports, and other mandatory financial disclosures to ensure they provide a true and fair representation of the Company's financial health and long-term sustainability.

Assurance serves a crucial safeguard in validating the integrity of financial reporting. The Auditor General's Department conducts an annual review and provides independent assurance regarding the preparation and presentation of the Annual Report and Financial Statements are consistent with the Sri Lanka Accounting Standards.

The Board confirms that the FY 2024 Annual Report contains the following statutory requirements including;

- ★ The Directors' Report (Pages 122 to 127)
- ★ The Statement of Directors' Responsibility (Pages 190 to 191)
- ★ Report of the Auditors (Pages 194 to 198).

In line with Section 9 of the Listing Rules (CSE) Corporate Governance Rules, a new Policy on Corporate Disclosures was approved by the Board establishing guidelines for the

disclosure of material information, ensuring compliance with CSE, SEC, IRCSL, and the Registrar General of Companies with regard to statutory filings.

In parallel, the PI Board also commenced several initiatives to prepare for the adoption of SLFRS 17, the local equivalent of the IFRS 17 standard, which will become mandatory for insurers in Sri Lanka by 2026.

## Conduct and Ethics

The Board of Directors of People's Insurance is responsible for upholding the highest standards of conduct and ethics, ensuring that the Company operates with integrity, transparency, and accountability. The Board sets the tone at the top and has implemented a series of policies and procedures to ensure ethics principles are cascaded down across the business. The Board further undertakes to review all policies, at least annually to ensure appropriate amendments are made to reflect changes in business, rules, regulations and laws.

## PI's Conduct and Ethics Framework

Code of Conduct	Sets clear expectations concerning the culture, values and behaviours required by employees. In line with Section 9 of the Listing Rules (CSE) Corporate Governance Rules, the Code of Conduct was reviewed and updated by the Board, formalising its contents and enforcing its applicability to all staff and Directors of PI, without exception.
Anti-Bribery and Corruption Policy	Replacing the Business Ethics Policy, the new Anti-Bribery and Corruption Policy was approved by the Board in 2024 in line with Section 9 of the Listing Rules (CSE) Corporate Governance Rules. The new policy with its significantly expanded scope details prohibitions against bribery, kickbacks, gifts and facilitation payments during the course of business and highlights the specific compliance requirements relating to these prohibitions. The new Anti-Bribery and Corruption Policy was also made applicable to all Directors and employees and extended to business partners and third parties who act on behalf of the Company.
Whistleblower Protection Policy	Serves as a channel for stakeholders to anonymously report possible financial irregularities, inappropriate financial reporting, internal controls or other issues that may require internal investigation. External stakeholders can access the whistleblower through the corporate website, while employees can do so via the intranet. Whistleblowers are encouraged to report via the Company Intranet or through mailing a letter to the Chairman/Secretary to the Audit Committee/Head of Internal Audit. In line with Section 9 of the Listing Rules (CSE) Corporate Governance Rules, the Whistleblower Protection Policy was revised and updated by the Board to include a structured mechanism for the investigation of whistleblower complaints. Accordingly, all whistleblower complaints would be reviewed by the board Audit Committee. Throughout the investigation process, all reasonable steps are taken to ensure the whistleblower is kept apprised of the progress of the investigation.
Anti-Money Laundering Policy	A new policy approved by the Board in 2024, setting out clear guidelines that mandate all employees to actively participate in efforts to safeguard PI against money laundering and terrorist financing.

### IT Governance

The Board plays a crucial role in IT governance, ensuring that technology aligns with the Company's overall strategic objectives while supporting business growth, operational efficiency, and risk management. The Board sets the IT strategy, defining key priorities such as digital transformation, data-driven decision-making, and customer-centric innovations to maintain PI's competitive edge in the insurance industry, while ensuring IT operations comply with legal, regulatory, and governance requirements, maintaining transparency and accountability.

The Board also ensures that adequate resources, including financial investments, skilled personnel, and technological infrastructure, are allocated to support IT initiatives. Resilience and security remain a top priority, with the Board overseeing cybersecurity measures, data protection protocols, and business continuity planning to safeguard against evolving digital threats. Further the Board has delegated the day to day operations, system integration, and technology-driven enhancements to the Board IT Committee.

In 2024, the Board approved 2 new policies to further strengthen IT Governance to improve data protection, enhance regulatory compliance, and preserve system integrity. The Policy on system Access for 3rd Parties for the purpose of streamlining third-party access to PI's IT systems, while the Privacy Policy sets out clear standards to protect the privacy and security of PI's customers' personal information.

# Corporate Governance Report

## HR Governance

The overall responsibility for HR governance rests with the Board. This includes ensuring the Company's human capital strategy aligns with its overall business objectives and long-term sustainability. The Board is responsible for ensuring appropriately skilled personnel are available in executive roles to support effective management of day to day operations of the Company. The Board works closely with relevant Board committees to establish HR policies and frameworks that promote a fair, inclusive, and performance-driven work environment, and also ensure compliance with labour laws, corporate governance guidelines, and industry best practices. The Head of HR is charged with policy implementation as well as aligning Human Capital development activities as per the Board approved mandates.

## Sustainability Governance and Reporting

The Board remains committed to ensuring that People's Insurance (PI) operates sustainably, creating long-term value for its stakeholders while minimising environmental and social risks. In 2024, the Board made some notable progress towards embedding sustainability considerations into the business operations.

In 2024, the Board approved the Environment, Social and Governance Policy in compliance with the provisions set out under section 9 of the Listing Rules (CSE) Corporate Governance Rules, marking the first step towards establishing a formal structure for managing and reporting on sustainability aspects. This was followed by the formation of the Sustainability Management Committee (SMC), comprising a cross functional team of key management personnel, and headed by PI's CEO. The SMC

is tasked with the implementation of the ESG policy and is required to report to the Board of Directors on all related projects. The committee is assisted by sustainability coordinators and departmental representatives, thereby ensuring that the Company's sustainability philosophy is propagated among all employees in the organisation.

The SMC commenced the process of reviewing the requirements and improving PI's readiness to adopt the new IFRS S1 and S2 reporting guidelines that are set to come into effect in the next reporting cycle.

## Stakeholder Engagement

The Board acknowledges its responsibility to engage regularly with the Company's stakeholders in order to obtain their insights, views and feedback. The Board approved Stakeholder Engagement Framework creates the platform to support effective and timely engagement with all key stakeholders of the Company.

Please refer to the Stakeholder Engagement from Pages 38 to 41 for more details.

## Shareholder Relations and Communication

The PI Board fully recognises the shareholders' right to access timely, accurate, and relevant information regarding the Company's operations and performance. Accordingly, the Board ensures that all shareholder information is provided in strict compliance with statutory requirements and regulatory obligations. This includes the prompt publication of quarterly financial results, the Annual Report, and other pertinent disclosures in a timely manner, while adhering to the rules set by the Colombo Stock Exchange (CSE).

The Board is also dedicated to ensuring that price-sensitive information is shared with the public in a transparent and responsible manner, in line with the corporate disclosure requirements outlined in the Listing Rules. This proactive approach ensures that shareholders and the general public are well-informed about the company's financial standing and strategic developments, fostering trust and promoting good governance. All such information is also made available on the corporate website - [www.peoplesinsurance.lk](http://www.peoplesinsurance.lk)

In line with Section 9 of the Listing Rules (CSE) Corporate Governance Rules, a new policy on Relations with Shareholders and Investors was approved by the Board in 2024, underscoring the Company's commitment to maintaining open communication, upholding ethical standards, and protecting the rights and interests of stakeholders.

The Policy on relations with shareholders and investors sets out the following process for making directors aware of major issues & concerns of shareholders; "The Company Secretary shall have the responsibility of making Directors aware of major issues and concerns raised by shareholders. Such issues and concerns shall be communicated to the Chairperson/Chairperson of the Board Audit Committee and tabled at the Board Meeting held during the month in which the issue and concern was raised. In the event the issue/concern is determined as urgent, the matter shall be discussed at a Board Meeting convened for the discussion of the particular issue/concern".

## The Annual General Meeting (AGM)

The Annual General Meeting (AGM) serves as an important platform for engaging with shareholders and fostering direct communication between the Board and shareholders.

After the conclusion of each financial year, the Board of Directors of People's Insurance (PI) determines the date for the AGM. In accordance with CSE listing rules, the notice of the AGM, along with the Annual Report, financial statements, and any resolutions to be tabled during the meeting, are circulated to shareholders at least fifteen (15) working days prior to the AGM. The notice also includes voting

procedures to ensure shareholders have sufficient time to review and participate in the proceedings.

The next AGM for People's Insurance is scheduled to be held on 30 April 2025 and will provide shareholders an opportunity to engage with the Board and discuss the company's performance, strategy, and future outlook.

## Segregation of Duties

### Division of Responsibilities between the Chairman and CEO

The clear division of responsibilities between the Board Chairman and the CEO establishes the appropriate balance of power and ensures no one individual is granted unfettered authority in matters relating to the Company.

Chairman led the Board and oversaw its effective operation, while the CEO is accountable to the Board for the day to day management of the Company and for the delivery of the Board approved strategic objectives.

#### ROLE OF THE CHAIRMAN

- ★ Providing overall leadership to ensure the proper and effective functioning of the Board
- ★ Presiding over Board meetings to ensure material matters and issues are tabled and adequate time is allocated for deliberation of such matters
- ★ Monitoring the Board dynamic and ensuring the roles and responsibilities of Directors, the Board and its committees are clearly outlined, as well as ensuring Board and committee effectiveness, and that individual members act with the utmost integrity at all times
- ★ Formulating, together with the Company Secretary, the annual work plan for the Board and setting the agenda for Board meetings
- ★ Initiate self-assessment of the Board, Board committees and individual Directors
- ★ Promoting open communication between Directors, the CEO and the Senior Management

#### ROLE OF THE CEO

- ★ Overall responsibility for the day-to-day management of the Company in line with the Board approved strategy, risk and policy framework
- ★ Ensuring effective management teams and management structures are in place throughout the Company
- ★ Developing and recommending to the Board operational and capital budgets, annual business plans and budgets that support PI's long-term strategy
- ★ Monitoring actual performance against targets, and reporting to the Board accordingly
- ★ Ensuring adherence to relevant industry best practices standards

# Corporate Governance Report

## Board Sub Committees

The Board has established several Subcommittees assists in enhancing oversight in key areas of governance. In 2024, the Board Committees were restructured to comply with Section 9 of the Listing Rules (CSE) Corporate Governance Rules. Accordingly, the Board HR Remuneration and Nomination Committee was discontinued and replaced with new Board Committees;

the Board Nomination and Governance Committee (BNGC) and the Board HR Remuneration Committee (BHRRC).

In parallel, a Policy on Board Committees was formally approved by the Board outlining the TOR for each of the four mandatory Committees - The Board Audit Committee and the Related Party Transaction Review Committee as well as the newly formed Board HR Remuneration Committee and

Board Nomination and Governance Committee.

Terms of Reference (TOR) were developed for both new Committees, while the TOR's for the Board Audit Committee, the Related Party Transaction Review Committee were also reviewed and updated by the Board as needed to comply with the new provisions.

## Mandatory Committees

### Board Audit Committee (BAC)

The BAC assists the Board of Directors in its general oversight responsibilities in relation to financial reporting, internal control, risk management, compliance, internal audit and external audit.

### Board Related Party Transaction Review Committee (RPTRC)

The RPTRC ensures the fairness, transparency, and alignment of transactions between the Company and its related parties. It evaluates transaction terms, pricing, and conditions for regulatory compliance, identifies conflicts of interest, and assesses the impact on the Company's financial position. The RPTRC plays a vital role in safeguarding the Company's integrity and financial health, maintaining its reputation and credibility

2  
Independent  
Directors  
1 Non-  
Independent  
Director

Meetings: 6

### Board Nomination and Governance Committee (BNGC)

NAGC shall ensure that the Board and executive management have an adequate mix of skills, experience, and attributes necessary to support Company's achievement of goals and objectives.

3 Independent  
Directors  
1 Non-  
Independent  
Director

### Board HR Remuneration Committee

BHRRC makes recommendation to the board on the Company's framework of remunerating the Chief Executive Officer, executive and non-executive directors and guidelines for fair and transparent procedures for remunerating senior management, including post-employment benefits as well as terminal benefits

2 Independent  
Directors  
1 Non-  
Independent  
Director

Meetings: 4

Meetings

-

## Voluntary Committees

Board Investment Committee	Board Strategic Plan Review Committee (SPRC)
The Board Investment Committee provides guidance on maximising investment returns while working within the Company's Investment Risk Appetite to simultaneously ensure the achievement of benchmark investment yield, budgeted income and adherence to all internal guidelines and external regulations.	3 Non-Independent Directors
	Meetings 3
Board IT Committee	
The Board IT Committee aims to enhance the alignment of IT investments with business strategies and ensure effective provisioning of IT services throughout the company. This committee assumes a key role in ICT governance within PI, warranting due recognition and status within the corporate planning and management framework.	2 Independent Directors 1 Non-Independent Director
	Meetings 1
Management Committees	
Operations Management Committee (OMC)	Decision Making Unit (DMU)
The Operations Management Committee serves as a central platform for discussing and making collective decisions on the Company's day-to-day operations, ensuring alignment with its overall objectives. The committee is responsible for overseeing operational matters within management's authority, making recommendations to the Board when necessary, advising on issues beyond the scope of the Manual of Delegation of Authority, and making decisions on non-investment matters.	The DMU is responsible for approving the procurement of goods and services for PI, ensuring that purchasing decisions align with the organization's best interests. Its objectives include maximizing economy, efficiency, and effectiveness, adhering to prescribed standards and statutory requirements, promoting fair and equal opportunities for all interested parties, and ensuring the timely execution of projects and delivery of goods and services.
Credit control Committee	Disciplinary Committee
The Credit Control Committee is responsible for effectively managing the Company's debtors by identifying, assessing, and mitigating impairment risks to ensure financial stability and compliance. It formulates and implements policies to address debtor impairment, monitors debt recovery efforts, proposes strategies to reduce impairment losses and improve collection procedures, and reports debtor status to senior management or the Board for informed decision-making.	The disciplinary committee ensures equitable enforcement of Company policies, fostering accountability and professionalism. It addresses misconduct transparently, upholding organizational standards and fostering a culture of responsibility.

# Corporate Governance Report

## Claims / Salvage Panel

The purpose of the Claims/Salvage Panel is to outline the responsibilities, authority, and procedures governing the operations of the panel. It serves as a guide for the efficient and effective handling of claims and salvage matters within the Company, ensuring compliance with relevant policies, regulations and best practices.

## Change Management Committee

The purpose of the Change Management Committee is to provide a framework for managing changes within IT systems and business processes. It outlines the committee's role in identifying gaps, ensuring change management processes, proposing solutions, prioritizing strategies, reviewing changes, considering new products or services, and providing progress reports to senior management. These terms ensure alignment with organizational goals and objectives.

## Reinsurance Panel

The purpose of the Reinsurance Panel is to oversee the reinsurance strategy and operations, ensuring optimal risk management and financial stability. It assesses and selects reinsurance partners, negotiates reinsurance contracts, and monitors reinsurance arrangements to mitigate risks effectively. Additionally, the panel evaluates reinsurance claims, resolves disputes, and analyses reinsurance performance to optimize outcomes for the Company. By strategically managing reinsurance activities, the panel aims to enhance the Company's capacity, resilience, and profitability in the face of potential losses and catastrophic events.

## Evaluating Board Effectiveness

The evaluation of Board performance is conducted annually through a structured self-assessment process where Directors individually assess their effectiveness in governance, decision-making, and strategic oversight. Each Director completes a confidential questionnaire covering key areas such as Board composition, leadership, risk management, compliance, and overall contribution to the company's objectives. The responses are then compiled and analysed to identify strengths, areas for improvement, and potential governance enhancements. The findings are presented to the Board for discussion, followed by the development of action plans to address any gaps. This process ensures continuous improvement, accountability, and alignment with best governance practices.

The annual Board assessment for 2024 has revealed that PI Board continues to function effectively in executing its fiduciary duties.

## Evaluating the Performance of the CEO

The Board HR Remuneration Committee conducted an annual evaluation of PI's CEO, measuring

performance against predefined goals and objectives established at the start of each financial year. The Chairman's assessment, along with key observations, is shared with the Board, which then provides recommendations to the HR, Remuneration Committee regarding necessary adjustments to the CEO's compensation.

## Management Committees

Management-level Committees assist Board Committees by providing detailed analysis, insights, and recommendations on key operational and strategic matters. They oversee the implementation of policies, monitor compliance, and assess risks, ensuring that the Board receives accurate and timely information for decision-making. By handling day-to-day operational issues, management-level committees enable the Board Committees to focus on high-level governance, strategy, and oversight, ensuring effective corporate management and regulatory compliance.

Management Committees operate under the direct authority of the CEO's authority.

## Company Secretary

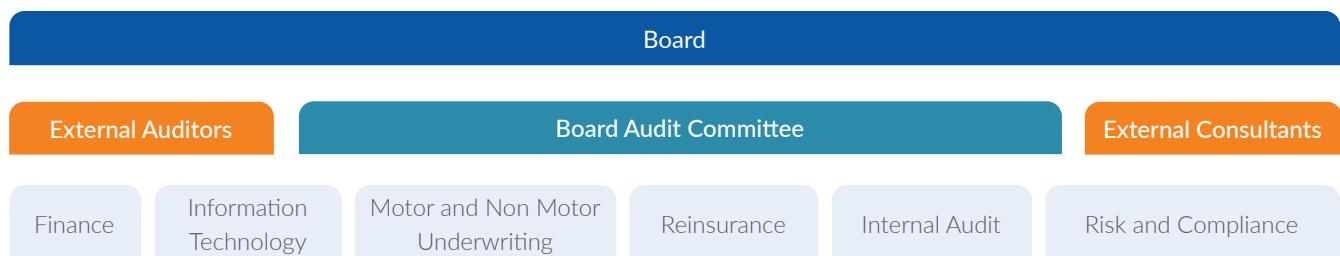
The Company Secretary is responsible to the Board for, inter alia, acting as a central source of information and advice to the board on its duties and responsibilities, adherence to good corporate governance principles, and compliance with procedures and applicable statutes and regulations. All directors have full access to the professional services and advice of the Company Secretary in all aspects of the Board's mandate and operations of the Company. In line with good governance practices, the appointment and removal of the Company Secretary is a board matter.

An assessment of the performance of the Company Secretary is undertaken annually as part of the Board evaluation process. She is also evaluated by the Board HR Remuneration Committee on performance.

The assessment confirmed that - Nadhra Zanoon who has been PI's Company Secretary since 20 December 2022 is competent, suitably qualified and experienced has the requisite skills, knowledge and experience to advise the board on good governance maintains an arm's length relationship with the board and directors has discharged her responsibilities effectively in the year under review.

## SLFRS 17 Implementation Readiness

Board of directors of the Company oversee the successful implementation of the SLFRS 17 in line with the set timeline of 01 January 2026. Strong project management team has been appointed including representatives from Finance, IT and technical departments underscores the Company's commitment to the successful implementation of the standard. The implementation plan is strictly followed and regular meetings were conducted to discuss the progress. It has been further planned to conduct a progress audit to ensure the successful compliance. The SLFRS 17 implementation project governance structure is as follows;



## SLFRS 17 Implementation Roadmap

The Company has a well-structured SLFRS 17 implementation process to ensure the successful adherence with the standard by 2026. Main milestones of the PI's SLFRS 17 Implementation journey are as follows;

### Phase 1- June 2020- November 2021

- ★ Selection of consultant for Phase 1
- ★ Conduct of SLFRS 17 Operational Impact Gap Assessment -June 2020.
- ★ Preparation of Initial Accounting Position Papers-November 2021.
- ★ Evaluation of impact based on the findings of the Gap assessment.

### Phase 2- February 2023-November 2023

- ★ Obtaining request for proposals (RFP)from vendors for phase 2.
- ★ Evaluation of the RFPs submitted by the vendors and going through the relevant presentations conducted by the consultants.

- ★ Presenting the outcome of the evaluation to the Board of directors for the Approval.
- ★ Section of a vendor for the Phase 2

### Phase 3- December 2023- April 2025

- ★ Collection of data on the products and conducting expense study to identify attributable and non-attributable expenses.
- ★ Drafting Illustrative SLFRS 17 position papers surrounding the applications of Premium Allocation Approach (PAA).
- ★ Conducting awareness on the positions taken by the Company and the policy choices.
- ★ Gathering information for the financial information requirements for each financial statement disclosure under PAA.
- ★ Conducting discussions on the transition requirements and the mapping required from SLFRS 4 CoA to SLFRS 17 PAA compliant financial statements.
- ★ Presentation of the Excel based model template by the consultant.
- ★ Conducting discussions on Day-1 opening adjustments required to create opening balance sheet under SLFRS 17.
- ★ Determine tagging or allocation process required to identify the portfolios positions as at reporting date.
- ★ Equity reconciliation of SLFRS 4 to SLFRS 17 and transition calculation conclusion.
- ★ Conclusion of the template used for SLFRS 17: PAA compliant financial statements, accounting policies and disclosures.

### Phase 4- April 2025-Dec 2025

- ★ Parallel Run.
- ★ Model financial statement review.
- ★ Conducting opening balance audit procedure.

### Phase 5- Jan 2026 onwards

- ★ Go Live.

# Corporate Governance Report

## STATEMENT OF COMPLIANCE

### Compulsory Governance Codes and Voluntary Governance Codes

The Company is compliant with all relevant statutory and regulatory requirements. PI has respective checks and controls in place to ensure it complies with all laws, rules and regulations that govern the Company.

Compliance statements are signed off on a monthly basis for ensuring compliance with regulatory requirements and internal policies. Changes to regulations are updated in the checklists on a regular basis, with relevant evidence of compliance.

Requirement	Compliance
As required by the IRCSL, the Company submits Compliance Certificates (A) and (B) to IRCSL on a quarterly basis signed off by the Chief Executive Officer (in her capacity as the Company's Principal Officer (PO) and the CFO on behalf of the Board of Directors of the Company.	<p>Compliance Certificate A - Certifies that the Company has;</p> <ul style="list-style-type: none"> <li>* Complied with all provisions in the Regulation of Insurance Industry (RII) Act No.43 of 2000, rules, regulations, determinations, directions issued by IRCSL; Complied with all orders made by the Ministry of Finance and Planning under the RII Act No. 43 of 2000</li> <li>* Complied with terms and conditions pertaining to re-insurance placements issued by IRCSL in terms of section 31(1) of the RII Act No. 43 of 2000</li> <li>* Complied with conditions pertaining to co-insurance issued by IRCSL and complied with all applicable circulars issued by IRCSL</li> </ul> <p>Compliance Certificate B - Certifies that the Company has;</p> <ul style="list-style-type: none"> <li>* Complied with all applicable provisions in the Financial Transactions Reporting Act No. 6 of 2006</li> <li>* Complied with rules on Know Your Customer (KYC) and Customer Due Diligence (CDD) for the Insurance Industry issued by the Financial Intelligence Unit established under the Financial Transactions Reporting Act, No. 6 of 2006</li> <li>* Complied with guidelines on Anti Money Laundering Programme for Insurers issued by IRCSL</li> </ul>
Compliance with Regulations governing Investments	The General insurance fund is adequately backed by 'approved investments' as per Section 25 (1) of the RII Act and subsequent determinations.
Ability to Meet Policyholder Obligations.	An Insurance Company's ability to meet its obligations to policyholders is measured by the Capital Adequacy Ratio (CAR). CAR reflects UA's Total Available Capital (TAC) as against Risk Capital required at a particular date. The CAR as of 31 December 2024 is 389% and the minimum regulatory requirement is 120%.
Actuarial Valuation of Insurance Liabilities	General Insurance liabilities have been valued by an independent External Actuary in accordance with the RII Act. Refer Actuarial Report on page 193.
Re-Insurance Arrangements	The IRCSL has stipulated that Insurance Companies must enter into re-insurance arrangements with companies which at a minimum having a rating of BBB. As per details on page 99 all of our re-insurance arrangements are with companies that have been assigned a healthy credit rating by international rating agencies.
Capital Structure	As of 31 December 2024, the Company's stated capital of Rs. 1,435 Mn exceeds the minimum share capital requirement set by the IRCSL for a Life Insurance Company of Rs. 500 Mn.
Listing Rules-Section 9- Corporate Governance	The status of compliance has been disclosed from pages 145 to 159 of the compliance summary.

## COMPLIANCE SUMMARY

Corporate governance framework for insurers issued by Insurance Regulatory Commission of Sri Lanka (IRCSL) under Section 96 (A) of the regulation of insurance industry Act No. 43 of 2000

Principle No	Corporate Governance Principle	Reference	Compliance
A	Recommended to adhere to the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.	153 to 159	Complied
B.1	The Board must comprise a minimum of two Directors who are citizens of Sri Lanka and also residents of Sri Lanka.	130	Complied
B.2	The total period of service of a Director other than an Executive Director, shall not exceed nine years (except major Shareholder Director and Technical Director), and such period in office shall be inclusive of the total period of service served by such Director.	130	Complied
B.3.(i)	The age of a person who serves as Director shall not exceed 75 years	130	Complied
B.3.(ii)	Notwithstanding above, a person who serves as a director and is over 75 years or above as at 01 July 2019, such director may continue to serve as a director only until 30 June 2022, and shall be deemed to have vacated office on 30 June 2022.	N/A	Complied
B.4	The Board must adhere to Section 9 of the Listing Rules of the Colombo Stock Exchange (or any amendments made thereto), pertaining to Corporate Governance.	147 - 152	Complied
B.5	A person shall be disqualified to be a Director of an Insurer if such person is a Director of more than 20 companies inclusive of subsidiaries or associate companies of the insurer. Of such 20 companies, not more than 10 companies shall be those classified as Specified Business Entities in terms of the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995.	133	Complied
B.6	Insurers are required to demonstrate compliance with the IRCSL Direction No. 17 on Corporate Governance Framework for insurers by way of disclosure in their Annual Reports, including the disclosure requirements stated in 9 of the Listing Rules of the CSE.	130	Complied
B.7	The Insurer shall rectify its non-compliance in respect of items B1 to 6 above within three months from the date of non-compliance and inform IRCSL immediately after 3 months.	N/A	Complied
B.8. a)	The Insurer should provide a certification from the Company Secretary to the IRCSL, that continuation of the relevant Director/s beyond the age of 70 years, has been duly approved by passing a resolution at a General Meeting in terms of Section 211 of the Companies Act No. 7 of 2007.	N/A	No Directors above 70
B.8. b)	The Insurer shall also provide a written confirmation from the Secretary to the IRCSL, that the continuation of a Director, beyond the age of 70 years, is not prohibited by the Articles of Association.	N/A	No Directors above 70

# Corporate Governance Report

Statement of compliance under Section 7.6 of the listing rules of the Colombo Stock Exchange (CSE) on Annual Report disclosures

Principle No	Corporate Governance Principle	Reference	Compliance
7.6.(i)	Names of persons who during the financial year were Directors of the entity	110 - 115	Complied
7.6.(ii)	Principle activities of the entity and its subsidiaries during the year and any changes therein	10	Complied
7.6.(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	73	Complied
7.6(iv)	a) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement  The public holding percentage in respect of non-voting Shares (where applicable)	72	Complied
	b) The public holding percentage in respect of Foreign Currency denominated Shares	N/A	-
7.6(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year	72 - 73	Complied
7.6(vi)	Information pertaining to material foreseeable risk factors of the Company	182 - 187	Complied
7.6(vii)	Details of material issues pertaining to employees and industrial relations of the entity	86	Complied
7.6(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	N/A	-
7.6(ix)	Number of shares representing the entity's stated capital	237	Complied
7.6(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the given categories	71	Complied
7.6(xi)	List of ratios and market price information	69-70	Complied
7.6(xii)	Significant changes in the Company's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value as at end of the year	N/A	-
7.6(xiii)	Detail of fund raised either through a public issue, Rights Issue, and private placement during the year	237	Complied
7.6(xiv)	Employee Share Option Schemes and employee Share Purchase Scheme	N/A	-
7.6(xv)	Disclosures pertaining to Corporate Governance practices in terms of rules 9 of the Listing Rule	147 - 152	Complied
7.6(xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per audited Financial Statements, whichever is lower.  There were no material transactions during the year with related parties	N/A	-
7.6 xvii) to (xxi)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds and/or Shariah Compliant Debt Securities listed on the CSE	N/A	-

## STATEMENT OF COMPLIANCE - SECTION 9 - THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE

Rule No	Requirement	Reference	Compliance
<b>9</b>	<b>Corporate Governance</b>		
9.1	Applicability of Corporate Governance Rules		
9.1.3	The Company has complied with CSE Listing Rule 9 by verifying its adherence to Corporate Governance Rules.  This detailed statement along with the statement indicating the Company's compliance with the specific disclosure requirements from page 147 to 152 covers this requirement.		Complied
9.2	Policies		
9.2.1	Company has implemented the below mentioned policies and disclosed its existence and details of implementation on the Company website  ★ Policy on the matters relating to the Board of Directors ★ Policy on Board Committees ★ Policy on Corporate Governance, Nominations and Re-election ★ Policy on Remuneration ★ Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the listed securities ★ Policy on Risk management and Internal Controls ★ Policy on Relations with Shareholders and Investors ★ Policy on Environmental, Social and Governance Sustainability ★ Policy on Control and Management of Company Assets and Shareholder Investments ★ Policy on Corporate Disclosures ★ Policy on Whistle blowing ★ Policy on Anti-Bribery and Corruption		Complied
9.2.2	The Company has fully complied with the Internal Code of Business Conduct and ethics.	136 - 137	Complied
9.2.3-9.2.4	The existence of the policies have been disclosed in the Company website and there were no changes made after 01 October 2024. Policies have been made available to shareholder upon a written request.	128	Complied
9.3	Board Committees		
9.3.1-9.3.2	The Company maintains 7 Board Sub-Committees including 4 mandatory committees required by CSE listing rules.  a) Nominations and Governance Committee b) Remuneration Committee c) Audit Committee d) Related Party Transactions Review Committee	162 - 179 170 - 173 168 - 169 162 166 - 167	Complied
	The composition, responsibilities, and disclosures required in respect of the above-Board committees have been included in the Corporate Governance commentary.		
	The respective committee reports are disclosed in the respective sections as disclosed above.		

# Corporate Governance Report

Rule No	Requirement	Reference	Compliance
9.3.3	The Chairperson of the Board of Directors is not the Chairperson of any Board sub committees referred to in Rule 9.3.1 above.	162-165	Complied
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders.		
9.4.1	The Company Secretary maintains records of all shareholder resolutions and requisite information and is able to provide extracts of such resolutions to the SEC and CSE if required.	142	Complied
9.4.2 (a)	Company has established a policy on effective communication and relations with shareholders and investors and disclosed the existence of the same in the Annual Report and the Company's website.	39	Complied
9.4.2 (b)	Details of the contact person is provided in the "Corporate Information" section. Additionally, shareholders are encouraged to provide their feedback to the Chairman and/or the Company Secretary. Company website also included contact details of the Company Secretary and a dedicated e-mail for investors.	286	Complied
9.4.2 (c)	The Company Secretary keeps the Board informed of major issues and concerns raised by the shareholders to ensure that they are addressed in an appropriate manner.  Shareholder correspondences on major issues are handled by the Chairman with the concurrence of the Board/the CEO as appropriate.	142	Complied
9.4.2 (d)	Shareholder meetings conducted virtually/in hybrid mode to comply with the Guidelines issued by CSE.  Refer Notice of Meeting for details of 16th AGM.	287	Complied
9.5	Policy on Board related matters		
9.5.1	Company has established a policy on matters relating to the Board of Directors which addresses the requirements in rules 9.5.1 and 9.5.2.	128	Complied
9.6	Chairperson and CEO		
9.6.1 – 9.6.4	The Chairperson of the company was a Non-executive director and the positions of the Chairperson and CEO is held by two distinct individuals. The requirement for a SID therefore does not exist.		Complied
9.7	Fitness of Directors and CEOs		
9.7.1-9.7.2	Every member of the Board and CEO are fit and proper persons to act as a director and CEO of the Company as specified in the rule 9.7.3.  Nomination and Governance Committee ensures that directors are fit and proper in terms of the rule before the nominations are places before the shareholders' meeting or appointments are made.	132	Complied
9.7.3-9.7.4	The company secretary shall obtain declarations from the Directors on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the rule.  The said annual declarations are submitted to the Nominations and Governance Committee to assess and ensure that the Directors are fit and proper persons to hold office as specified in the criteria given.	132	Complied

Rule No	Requirement	Reference	Compliance
9.7.5	A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange has been disclosed in the corporate governance commentary of the Annual Report.	132	Complied
9.8	<b>Board Composition</b>		
9.8.1-	The Board of the Company consisted of 7 (seven) Directors and currently consists of 6 (Six). Therefore the Company is in compliance with the requirement for at least 1/3 of the total number of Directors to be independent as required by the Rule.	134	Complied
9.8.2			
9.8.3-	The criteria for determining independence have been disclosed.	131	Complied
9.8.4			
9.8.5	The Company Secretary obtains a declaration from directors annually on independence. This will be evaluated against the criteria for independence.	131	Complied
9.9	<b>Alternate Directors</b>		
	There is no requirement of the Company to appoint alternate directors.		Complied
9.10	<b>Disclosures relating to Directors</b>		
9.10.1	The maximum no of Directorships is in line with the policy on matters relating to the Board of Directors as per Rule No 9.5.1.	133	Complied
9.10.2-	The announcements on the changes are made in duly manner.		Complied
9.10.3			
9.10.4	All relevant information required under the Rule 9.10.4 has been disclosed in the Annual Report.	110-115	Complied
9.11	<b>Nominations and Governance Committee</b>		
9.11.1-	Company established a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rule.	170-173	Complied
9.11.3			
	The Committee follows a formal procedure for appointing new Directors and re-electing existing Directors to the Board.		
	The committee operates under set of written terms of reference which clearly explains the scope, authority, duties and matters pertaining to the quorum of meetings.		
9.11.4	<b>Composition of the Committee</b>	170	Complied
	The Nominations and Governance Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director.		
	An Independent Director serves as the Chairperson.		
9.11.5	<b>Functions of the Committee</b>	170	Complied
	The Committee accomplishes its duties by evaluating and recommending Director appointments, establishing selection criteria, reviewing the Board's structure, and updating governance policies in accordance with the requirements of Section 9.11.5, thereby ensuring compliance with regulatory requirements.		

# Corporate Governance Report

Rule No	Requirement	Reference	Compliance
9.11.6	<p><b>Disclosures in Annual Report</b></p> <p>Company has demonstrated compliance with the necessary disclosure requirements, as follows.</p> <ul style="list-style-type: none"> <li>a) The names of the Chairperson, Committee members and Directors;</li> <li>b) Committee appointment date;</li> <li>c) Nominating Director policy existence;</li> <li>d) Directors' periodic re-election requirement;</li> <li>e) Board diversity disclosure;</li> <li>f) Effective Director appointment policy demonstration;</li> <li>g) Re-elected Directors' details;</li> <li>h) Board and Managing Director (CEO) performance evaluations;</li> <li>i) Independent Directors' major entity issues awareness;</li> <li>j) New Directors' induction on governance;</li> <li>k) Annual update on governance for existing Directors;</li> <li>l) Directors' independence confirmation;</li> <li>m) Listing Rules compliance statement, non-compliance explanation, and remedial actions.</li> </ul>	170-173	Complied
9.12	<b>Remuneration Committee</b>		
9.12.1-	Company's remuneration Committee maintain a formal and transparent procedure for determining remuneration of the individual directors. The committee operates under written terms of reference which clearly indicates the duties and responsibilities.	168-169	Complied
9.12.5	Refer to the Board HR Remuneration Committee report for the respective details.		
9.12.6	<p><b>Composition of the Committee</b></p> <p>The company operates with a separate Human Resource and Remuneration Committee.</p> <p>The Remuneration Committee comprises Two [2] Independent Non-Executive Directors and one [1] Non-Executive – Non-Independent Director. The Chairman is not the Chairman of the Board and is independent.</p>	168	Complied
9.12.7	<b>Functions of the Committee</b>	168	Complied
	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations.		
9.12.8	<b>Disclosures</b>		Complied
	During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows.		
	<ul style="list-style-type: none"> <li>a) Chairperson and members of the Remuneration Committee and their Directorships.</li> <li>b) Statement on remuneration policy.</li> <li>c) Aggregate remuneration of Executive and Non-Executive Directors.</li> </ul>	168 169 219	

Rule No	Requirement	Reference	Compliance
9.13	<b>Audit Committee</b>		
9.13.1	Company currently does not have separate risk committee to perform risk function so the Audit Committee shall additionally overlooks the Risk Functions set out in Rule 9.13 of these Rule.	164	Complied
9.13.2	The Audit Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties.	162	Complied
9.13.3	<b>Composition of the Committee</b>	162	Complied
	The Audit Committee comprises of Three [3] Independent Non- Executive Directors and One [1] Non-Independent Non-Executive Director. During the year the Committee met 6 times. An Independent Director serves as the Chairperson. The Chairperson is a member of a recognised professional accounting body.		
9.13.4	<b>Functions of the Committee</b>	169	Complied
	The committee oversees the entity's compliance with financial regulations, reviewing financial statements and accounting policies, ensuring assurance on financial records and risk management, overseeing compliance with auditing standards and risk management, evaluating risk policies, taking corrective actions on excessive risks, reviewing audit effectiveness, and promptly reporting breaches to the Board and relevant authorities.		
9.13.5	<b>Annual Report Disclosures</b>	162-165	Complied
	a) Chairperson and Audit Committee members' details, b) Risk management status for the Company. c) CEO and CFO assurance statement. d) Compliance opinion on financial reporting requirements. e) Confirmation of Audit Charter existence. f) Summary of internal audit method. g) Details of functions discharged for the financial year. h) Confirmation of external auditors' independence. i) Auditor independence determination and engagement details.		
9.14	<b>Related Party Transactions Review Committee</b>		
9.14.1	Company has established a Related Party Transaction review committee which confirms to the requirements set out in the Rule 9.14.	166-167	Complied
	Committee operates in accordance with the set of established terms of reference. TOR of the Company covers all the requirement under the Rule.		
9.14.2	<b>Composition</b>	166	Complied
	The Related Party Transactions Review Committee comprises of Two (2) Independent Non- Executive Directors and One (1) Non-Independent Non-Executive Director. During the year the Committee met 4 times. An Independent Director serves as the Chairperson.		
9.14.3	<b>Functions</b>	166	Complied
	The Company has established related party transaction review committee to review related party transaction with the aim of safeguarding the interest of the shareholders as specified in the section 9.14.3 of the listing rule.		
	Refer the Related Party Transaction Review Committee Report.		

# Corporate Governance Report

Rule No	Requirement	Reference	Compliance
9.14.4	<b>General Requirements</b>  Company has conducted 4 Related Party Transaction Committee Meetings during the year and the minutes of all meetings are properly documented and communicated to the Board of Directors.  Refer the Related Party Transaction Review Committee Report.	167	Complied
9.14.5	<b>Review of Related Party Transactions by the Related Party Transactions Review Committee</b>  The Related Party Transactions Review Committee, reviews all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5.  The Committee has been provided with the respective facts and circumstances of any proposed related party transactions by the senior management.  No Director has participated in any discussion of proposed related party transaction where he or she a related party and may establish guidelines for ongoing deals, conducting annual reviews.	167	Complied
9.14.6	The were no such transactions carried out during the year which require shareholder approval.		Complied
9.14.7	<b>Disclosures</b>  The were no such transactions carried out during the year which require immediate Market Announcement to the Exchange.		Complied
9.14.8	<b>Disclosures in the Annual Report</b>  There were no non recurrent related party transactions during the year.		Complied
9.14.9	<b>Acquisition and disposal of assets from/to related parties</b>  There were no such transactions during the year.		Complied
9.16	<b>Additional Disclosures</b>  (i) The board of Directors have declared all material interests in contracts in the entity and refrained from voting when they were materially interested.  Refer Annual report of the Board of Directors.  (ii) The Board of Directors have conducted a review of the internal controls and have obtained reasonable assurance of the effectiveness and declarations have been made if they are unable to perform as explained.  Refer Annual report of the Board of Directors.  (iii) The Board made arrangement to make themselves aware of applicable laws, rules and regulations and any changes.  Refer Annual report of Board of Directors.  (iv) The board disclosed any material non-compliances and fines which are material imposed by government or regulatory authority.  Refer Annual Report of Board of Directors.	127	Complied

## CONTENT OF THE ANNUAL REPORT AS PER SECTION 168 OF THE COMPANIES ACT NO. 7 OF 2007

Rule No	Requirement	Reference	Compliance
168 (1) (a)	The nature of the business together with any change thereof	205	Complied
168 (1) (b)	Signed Financial Statements of the Company	201	Complied
168 (1) (c)	Auditors' Report on Financial Statements	194-198	Complied
168 (1) (d)	Accounting policies and any changes therein	205-210	Complied
168 (1) (e)	Particulars of the entries made in the Interest Register	124	Complied
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	219	Complied
168 (1) (g)	Corporate donations made by the Company	125	Complied
168 (1) (h)	Information on Directorate of the Company at the end of the accounting period	110-115	Complied
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	219	Complied
168 (1) (j)	Auditors' relationship or any interest with the Company	165	Complied
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	9	Complied

## CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE 2023 ISSUED BY CA SRI LANKA

Rule No	Requirement	Reference	Compliance
<b>A. DIRECTORS</b>			
A.1	<b>The Board</b> The Board of PI comprised 7 (currently comprises of 6) eminent professionals from multiple fields and three out of them are independent. They provide proper direction, leadership and control to the Company.	130	Complied
A.1.1	<b>Regular meetings</b> The Board meets on monthly basis and each board committee also has a own schedule of meetings as set out in the respective committee report.	134	Complied
A.1.2	<b>Role and responsibilities of the Board</b> The roles and responsibilities of the Board set out in the Board Charter and summarized in the corporate governance commentary.	132	Complied
A.1.3	<b>Act in accordance with laws of the country</b> The board has approved procedure in place to ensure compliance with relevant laws. A director can require company to Obtain independent professional advice, when required at Company's expense.	133	Complied

# Corporate Governance Report

Rule No	Requirement	Reference	Compliance
A.1.4	<b>Access to advice and services of Company Secretary</b> All the directors have access to advice and service of Company Secretary. The appointment removal of the Company Secretary is a matter of Board with the recommendation of the BNCG. Company has obtained appropriate insurance cover for Board and key management personnel as recommended.	142	Complied
A.1.5	<b>Independent judgement</b> The Board comprises of senior Professionals who are experts in the respective field and use their independent judgement in discharging their duties in respect of matters including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	110-115	Complied
A.1.6	<b>Dedicate adequate time and effort to matters of the Board and the Company</b> Board meetings and Board Committee meeting have been scheduled well in advance and relevant papers are uploaded to the BoardPac one week before the meeting through digital means to ensure that directors have sufficient time to review the same and request for additional clarifications if required. Also, additional papers are submitted only in exceptional circumstances.  Members of the Corporate Management Team make presentations to the Board on the Financials, Sales Management, operational changes, compliance and other developments on regular basis.	134	Complied
A.1.7	One-third of the Directors can call for a resolution if required.		Complied
A.1.8	<b>Board induction and training</b> Newly appointed directors are provided with a comprehensive induction program for while the Board regularly reviews the requirement for continuous development and knowledge-enhancement for existing Directors.	133	Complied
A.2	<b>Division of responsibilities between Chairperson and CEO</b> The positions of the Chairman and the CEO have been separated in line with the best practice to maintain the balance of power.  The Chairman was a Non-Executive Director and CEO is a senior key management personnel. Their roles and responsibilities are clearly defined.	139	Complied

Rule No	Requirement	Reference	Compliance
A.3	<p><b>Chairperson's role in preserving good Corporate Governance</b></p> <p>Chairman provides leadership to the Board in preserving good governance. He preserves order and facilitate effective discharge of the Board functions.</p> <p>Necessities required for appointment of a Chairperson for the Company is in progress with the resignation of the previous Chairperson.</p> <p>The agenda for board meetings is developed in consultation with the CEO, directors and the company secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance.</p>	139	Complied
A.4	<p><b>Availability of financial acumen</b></p> <p>The Chairperson of BAC is a Fellow member of Chartered Institute of Management Accountants of the UK and ensures the sufficiency of the financial acumen on the Board matters of finance. Additionally, other directors also are technically qualified with vast experience on matters related to Finance.</p>	162	Complied
A.5	<p><b>Board balance</b></p> <p>The Chairman is a Non-Executive Director. The Board consisted of Seven (7) (currently 6) Non-Executive Directors (NED). Three (3) of them are independent. The independent declaration was submitted by each Director about their independence, based on certain criteria as set out in this code and the CSE Listing Rules 9.8.5.</p> <p>There is no alternate directors appointed to represent the directors of the Board.</p>	130	Complied
A.6	<p><b>Supply of timely information</b></p> <p>The Management provides appropriate and timely information to the Directors not less than seven [7] days prior to the meetings. Meeting Minutes also circulated before the meeting date. Management also make presentation to the Board and Committees as a regular agenda item. Additionally, directors have access to members of the Corporate Management Team to seek clarifications on the matters presented to the Board.</p>	134	Complied
A.7	<p><b>Appointments to the Board</b></p> <p>Appointments to the Board are done in accordance with the Articles of Association of the Company and the details are included in the corporate governance commentary.</p>	132	Complied
A.8	<p><b>Re-election</b></p> <p>The re-election of Directors is governed by the Articles of Association and is performed at the AGM. The details are included in the corporate governance commentary.</p>	132	Complied

# Corporate Governance Report

Rule No	Requirement	Reference	Compliance
A.9	<p><b>Appraisal of Board performance</b></p> <p>The Board and committees have established a formal and rigorous process to conduct their performance evaluation annually to review the participation, contribution and engagement of each Director in discharging their duties and responsibilities satisfactorily. Collective outcomes were submitted to the Nominations and Governance Committee to make further improvements in Board effectiveness.</p>	171	Complied
A.10	<p><b>Disclosure of information in respect of Directors</b></p> <p>Profiles including qualifications, expertise, and appointments.</p> <p>Material business interests of Directors.</p> <p>Whether Executive, Non-Executive and/or Independent Director.</p> <p>Total number of Board seats held by each Director in other companies.</p> <p>Number/percentage of Board meetings of the Company attended during the year.</p> <p>Members of Committees and attendance at Board meetings and committee meetings.</p>	110-115	Complied
A.11	<p><b>Appraisal of the Chief Executive Officer (CEO)</b></p> <p>Refer Board Nomination and Governance Committee Report.</p>	171	Complied
<b>B. DIRECTOR REMUNERATION</b>			
B.1	<p><b>Remuneration procedure</b></p> <p>Refer the section "Directors Remuneration" Report on BHRRC.</p>	169	Complied
B.2	<p><b>The level and make up of remuneration</b></p> <p>Refer the Human Resource and Remuneration Committee report.</p>	169	Complied
B.3	<p>Disclosure of remuneration</p> <p>Statement of remuneration Policy</p> <p>Remuneration of the Board</p> <p>Report of the BHRRC</p> <p>Remuneration of the Key Management Personal</p>	168-169 168-169 168-169 168-169	Complied

Rule No	Requirement	Reference	Compliance
<b>C. RELATIONS WITH SHAREHOLDERS</b>			
C.1	<b>Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings</b>	39	Complied
	AGM provides a forum for all the shareholders to participate in the decision making matters related to the interest of the shareholder. This usually involves proposal to adopt the Annual Report and Accounts, election and re-election of Directors and other matters requiring special resolution as defined in the Article of Association. Notice of meeting is circulated with the Annual report at least fifteen working days ahead.		
	The Company ensures that all valid proxy appointments received are properly recorded and counted.		
C.2	<b>Communication with Shareholders</b>	39	Complied
	The Company has implemented multiple channels of communication with its shareholders. Important announcements are published through multiple channels to disseminate accurate information in a timely manner.		
C.3	<b>Major and material transactions</b>		Complied
	There were no material and major transactions in accordance with the Section 185 of the Company's Act No. 07 of 2007 and transactions to disclose in accordance with articles of Association of the Company.		
<b>D. ACCOUNTABILITY AND AUDIT</b>			
D1	<b>Financial and Business Reporting (The Annual Report)</b>		Complied
	The Board has taken every effort to ensure the presentation of balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects. All statutory requirements have been complied with in the Annual Report and the Company's governance practices have been appropriately disclosed.		
	The following disclosures as required by the code is include in the Annual Report;		
	Management Discussion and Analysis.	56-105	
	Annual Report of the Board of Directors.	122-127	
	Statement of Directors' Responsibility.	190-191	
	Directors' Statement on Internal Controls.	160-161	
	CEO and Chief Financial Officer's Responsibility Statement.	192	
	Independent Auditor's Report.	194-198	
	Related Party Transactions disclosed on note 46 of the financial statement on page 260 and process described in the BRPTRC report on pages 166-167.		

# Corporate Governance Report

Rule No	Requirement	Reference	Compliance
D2	<p><b>Risk Management and Internal Control</b></p> <p>The Board is responsible for having a process of risk management and a sound system of internal control to safeguard shareholders' investments and the company's assets. The process identified by the Company is disclosed in the Enterprise risk management section of the report. Also, the scope of the audit committee has been widened to include risk management duties.</p> <p>Refer Audit Committee Report for further reference.</p>	135	Complied
D3	<p><b>Audit Committee</b></p> <p>The Audit Committee consists of 3 [Three] Independent Non-Executive Directors and 1 [one] Non-independent Non-Executive Director.</p> <p>A summary of responsibilities and activities are given in the BAC report.</p>	162	Complied
D.4	<p><b>Risk Committee</b></p> <p>The Board's oversight on risk management including identifying and assessing risks and managing exposures is given on pages 180 to 187 of the report.</p>	162	Governed through Board Audit committee
D.5	<p><b>Related Party Transaction Review Committee</b></p> <p>The RPTR committee consists of 2 [Two] Independent Non-Executive Directors and 1 [one] Non-independent Non-Executive Director.</p> <p>Company has a board approved related party transaction policy to address the requirements of the section.</p>	166	Complied
D.6	<p><b>Code of Business Conduct and Ethics</b></p> <p>Company has an internally developed Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities.</p> <p>The code of conduct is in line with the requirements of the schedule N of the code.</p>	136 - 137	Complied
D.7	<p><b>Corporate Governance Disclosure</b></p> <p>The Corporate Governance commentary from page 122 - 159 is in line with the disclosure requirements of the Code.</p>	122 - 159	Complied
<b>E. INSTITUTIONAL INVESTORS</b>			
E.1	<p><b>Shareholder Voting</b></p> <p>The Company makes every effort to maintain a regular and structured dialogue with institutional investors in order to improve their understanding of Company's operations.</p>	39	Complied
E.2	<p><b>Evaluation of Governance Disclosure</b></p> <p>Institutional investors are kept apprised of the Company's governance practices through the Annual Report and new initiatives are highlighted at regular meetings to ensure that due weightage is given to good Corporate Governance.</p>	145 - 152	Complied

Rule No	Requirement	Reference	Compliance
F.1	<b>Investing/Divesting decisions</b>  Individual investors who directly invest on the shares of the Company are encouraged to obtain independent professional advice when investing on the shares of the Company.	39	Complied
F.2	<b>Shareholder voting</b>  Individual investors also are encouraged to get adequate analysis or seek advice on investing/divesting decisions. Also, they are summoned to exercise their voting rights at the AGM.	39	Complied
<b>G. INTERNET OF THINGS AND CYBER SECURITY</b>			
	The board has emphasized the importance of having the organization's business model, IT devices within and outside the organization can connect to the organization's network to send and receive information and the consequent cybersecurity risks that may affect the business.  Refer the BITC Committee report.	178-179	Complied
<b>H. SUSTAINABILITY: ESG RISK AND OPPORTUNITIES</b>			
	The board regularly evaluate the strengths and weaknesses created by the ESG factors and opportunities in the company's business model, operations, short- and medium-term planning and in its long-term strategy to ensure that the company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.	186-187	Complied
<b>I. SPECIAL CONSIDERATIONS FOR LISTED ENTITIES</b>			
1.1	Company has implemented the below mentioned policies and disclosed its existence and details of implementation on the Company website <ul style="list-style-type: none"><li>★ Policy on the matters relating to the Board of Directors</li><li>★ Policy on Board Committees</li><li>★ Policy on Corporate Governance, Nominations and Re-election</li><li>★ Policy on Remuneration</li><li>★ Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Bank's listed securities</li><li>★ Policy on Risk management and Internal Controls</li><li>★ Policy on Relations with Shareholders and Investors</li><li>★ Policy on Environmental, Social and Governance Sustainability</li><li>★ Policy on Control and Management of Company Assets and Shareholder Investments</li><li>★ Policy on Corporate Disclosures</li><li>★ Policy on Whistle blowing</li><li>★ Policy on Anti-Bribery and Corruption</li></ul>	128	Complied
1.2	<b>Policy on matters relating to the board of directors</b>  Company has establish and maintain a policy on matters related to Board of Directors.	128	Complied

# Directors' Statement on Internal Control Over Financial Reporting

The following statement is presented by the Board of Directors to be in line with Section 9.16 (ii) – Corporate governance requirements of Listing rules issued by Colombo stock exchange section D1.5 of the Code of Best Practices on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka.

## Responsibility

The Board of Directors (Board) is responsible for the adequacy and effectiveness of the Internal Control system and sound risk management practices within the Company in order to safeguard the shareholder's investment and the Company's assets. Internal controls over financial reporting are primarily designed to identify and highlight any deviations in the control environment including information systems, operational processes, control activities and monitoring. However, due to the inherent nature of the internal control mechanism, systems of internal control are intended to manage, rather than to eliminate the risk of failure to achieve business objectives. In view of this, the system of internal controls can only provide reasonable, but not absolute assurance against material misstatements of financial information or losses and frauds.

The Board has established an ongoing process to ensure the significant risks faced by the Company are identified, evaluated and managed within an acceptable risk profile and this process includes enhancing the system of internal control as and when there are changes to the business environment or regulatory guidelines.

The process is in place and reviewed by the Board through the Board Audit Committee, assisted by the Internal Auditors. With the view of improving the Internal Control Environment, the Board has reviewed the internal control deficiencies identified and relevant recommendations reported by the Board Audit Committee and other subcommittees and directed the management to take appropriate actions to strengthen the control activity. The Management assists the Board in the implementation of the policies and procedures on risk and control by identifying and assessing the risks faced in the design, operation and monitoring of deviations to mitigate and control these risks.

## System of Internal Control

The board has implemented the following in order to obtain reasonable assurance that the proper system of internal controls are in place:

- ★ Several Board Sub-committees are established by the Board including those mandatory as required in line with the revised listing rules of CSE Srilanka, to assist the Board in ensuring the effectiveness of the Company's operations and that those are in accordance with the corporate objectives, strategies, annual budgets and business direction.
- ★ Policies are developed covering all key functional areas of the Company and these are approved by the Board or Board approved sub-committees. Such policies are reviewed for capturing emerging risks, aligning with latest regulatory requirements and industry best

practices, and approved periodically. During the year Board reviewed all key functions and initiatives were taken to strengthen the corporate governance and information security policy framework of the Company in addition to the technical and operational areas. Consequently Company implemented a range of corporate governance and risk management policies, aligning with the requirements stipulated under Section 9.2 of the listing rules issued by CSE Srilanka.

- ★ The internal audit department reviews for compliance with policies and procedures and the effectiveness of the internal control systems on an on-going basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance. Audits are carried out on significant processes in accordance with the audit plan which is developed on risk based approach and approved by the Board Audit Committee. Findings of the internal audits are submitted to the Board Audit Committee for review at periodic meetings.
- ★ The Board Audit Committee of the Company reviews the outcome of the audits carried out on internal control systems, by internal auditors, external auditors and regulatory authorities, and evaluates the adequacy and effectiveness of the risk management processes and the internal control systems as well as follow-up on remedial measures adopted on reported key audit findings.

- ★ The Audit Committee also reviews the internal audit function with particular emphasis on the scope and quality and risk management framework of the Company. Key Risk Indicators have been identified for all major operations of the Company and a summary of the Key Risk Indicators are included in the Risk Dashboard and presented to the Audit Committee and the Board on quarterly basis. The proceedings of the Audit Committee are tabled at the Board Meetings of the Company. Further, details of the activities carried out by the Board Audit Committee are presented in the Board Audit Committee Report on pages 162 to 165.
- ★ In assessing the internal control system, the Company continued to review and update procedures and controls that are connected with significant accounts and disclosures of the financial statements of the Company. The internal audit department continues to verify the suitability of design and effectiveness of these procedures and controls on an on-going basis.
- ★ A compliance checklist covering all applicable laws and regulations is signed-off by relevant heads of department, based on which the Risk and Compliance officer presents the Compliance Statement at monthly Board meetings.

### Confirmation Statement

The Board having implemented the internal control processes as mentioned above, confirms that the financial reporting system of People's Insurance PLC has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes has been done in accordance with the applicable Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by The Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007, regulatory requirements of the Insurance Regulatory Commission of Sri Lanka and the Colombo Stock Exchange.

By order of the Board

Mr. Sanjeeva Bandaranayake  
Director

Nayanganie Wickramasingha  
Chairperson - Board Audit Committee

03 April 2025  
Colombo

# Board Audit Committee Report



**Nayanganie Wickramasingha**  
Chairperson – Board Audit Committee

The Board Audit Committee appointed by the Board comprises of following non-executive directors, majority of whom are independent.

## Composition and Committee

The BAC comprised of the following Non-Executive Directors whose brief profiles are given on pages 110 to 115 of the Annual Report. The composition of the BAC meets the requirements under the Listing Rules of CSE where majority of whom is independent.

Members	Directorship Status	Membership Status	Date of appointment as BAC Member	Tenure as a Member	Attendance
Ms. Nayanganie Wickramasingha	Non –Executive -Independent Director	Chairperson	29 August 2023	1 year & 4 Months	6/6
Dr. Kasun Wijetilleke	Non-Executive Independent Director	Member	23 February 2023	1 year & 10 months	6/6
Mr. Johnson Anthony Fernando	Non –Executive -Independent Director	Member	30 March 2022	2 years & 9 months	3/6
Mr. Azzam A. Ahamat	Non –Executive – Non-Independent Director	Member	23 February 2023	1 year & 10 months	5/6

## Permanent Invitees

The CEO and CFO are the regular attendees for the meetings. The other members of the executive management committee attend based on the requirement.

## Secretary to the Committee

The Head of Internal Audit functions as the Secretary to the Audit Committee and directly reports to the Board audit committee.

## Charter of the Committee

The terms of reference of the Board Audit Committee are clearly defined in the Charter. The Charter of the Board Audit Committee approved by the Board is revisited and revised annually with the concurrence of the Board of Directors to ensure that the new developments relating to the functions of the Committee are addressed and updated. The Audit committee charter was revised aligning with the newly introduced listing rules of CSE on Corporate governance, which became effective in phases since

01 October 2023. The updated charter was approved by the board in April 2024.

The Committee is accountable to the Board and reports on its activities regularly to the Board of Directors. The Committee has unrestricted access to information, cooperation from Management and discretion to invite any Director or Executive Officer to attend its meetings. The functions of the Committee are geared to assist the Board of Directors in its general

oversight responsibilities in relation to financial reporting, internal controls, risk management, compliance, internal and external audit. The Composition, roles and functions of the Committee are in accordance with the Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best practices on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.

### Authority

The Committee has the explicit authority to investigate in to any matter, full access to information and to obtain external professional advice at the Company's expense and discretion to invite management and directors to attend its meetings.

### The Objective and Role

The Committee assesses, ensures and is empowered by the Board in terms of the following:

- ★ Reviewing of the financial information of the company to ensure the Integrity of the Financial Reporting and compliance with reporting requirements stipulated under the Sri Lanka Accounting Standards, Companies act and other related regulations.
- ★ Review the adequacy and effectiveness of the Company's Internal Controls, Risk Management systems and Governance Processes and assess the controls in place to prevent the leakage of material information to unauthorized persons.
- ★ Review and evaluate company's risk management framework including the Risk policies adopted and direct on prompt corrective actions to mitigate the effects of specific risks in the case such risks are at a point beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.

- ★ Ensure that the company adopts and guided with corporate governance requirements, promote ethical practices and establish confidential reporting procedures for whistleblowing for the best interest of all stakeholders.
- ★ Company's ability to continue as going concern in the foreseeable future.
- ★ Monitoring Independence and Performance of the External Auditor and Review non-audit services provided by the external auditor. Follow-up with the management on external audit findings and ensure that proper remedial actions taken as recommended.
- ★ Review the internal audit and investigation reports and ensure the independence of the Internal Audit functions and that it is performed with impartiality, proficiency and due professional care.
- ★ Review the status of compliance with legal and regulatory requirements including performance of the Risk and Compliance function.

### Meetings

The proceedings of the Committee meetings are conducted in accordance with the terms of the Board Audit Committee. The Chief Executive Officer, Chief Finance Officer, Head of Operations and Risk and Compliance Officer are regular attendees to the meetings by invitation. The External Auditors including representatives of Auditor General attend meetings, on invitation to brief the Committee on external audit related and other specific matters. During the year 2024, the Committee held seven (07) meetings. Attendance of the members at meetings is set out in the table on page 134 of the Annual Report.

### Activities In 2024

Audit Committee actively monitored the impact of macroeconomic factors, particularly those stemming from the government's debt restructuring process, ongoing fiscal consolidation, and the growth of the markets within a more stable business landscape compared to the previous year. The Committee focused on key influences those impacting the general insurance sector, including the implications of regulatory changes. Notably, they reviewed revision of rates for ceding SRCC (Strikes, Riot, and Civil Commotion) and TC (Terrorism Cover), as well as assessed emerging risks that significantly affected the operational environment.

Further discharging it's oversight responsibilities, committee continuously reviewed company's financial performance, internal control system and regulatory compliance including the adoption of revised corporate governance rules introduced by CSE, since October 2023. Recommendations were provided on significant financial and operational matters upholding organizational resilience and adaptability.

### Financial Reporting System

In order for the Board to assure the integrity of the Financial Statements of the Company in the lines of significant financial reporting, disclosures, and judgments contained therein, the committee assisted the Board in its oversight responsibility. The assurance is assumed through an independent review of risks, controls and governance processes as well as the Committee has received assurance from the CEO and CFO of the Company that financial records have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances. The Committee quarterly reviews the financial statements and annual financial statements are reviewed in consultation with the external and internal auditors prior to making recommendation to the Board for approval.

# Board Audit Committee Report

Further special emphasize was given on following aspect when reviewing the financial statements:

- ★ Adequacy and effectiveness of the internal control system including information system controls and financial reporting process in place to provide reasonable assurance on accuracy and reliability of information reported.
- ★ Consistency of the adopted accounting policies and practices and underlying assumptions for estimates and judgments
- ★ Compliance with Sri Lanka Accounting standards (SLFRS/ LKAS) as well as new accounting standards came into effect during the year.
- ★ Significant accounting decisions, disclosure of complex or unusual transactions and reporting issues together with management actions taken to resolve them.
- ★ Tax advisory reviews, assessments and compliance to other regulatory requirements.

## Preparedness for implementing SLFRS17: Insurance contracts

SLFRS17: Insurance contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standards. It aims to standardize insurance accounting globally to improve comparability, increase transparency, and provide information to meaningfully understand Insurer's financial position, performance and risk exposure which is expected to come into effect from 01 January 2026.

Committee continuously reviewed the progress of SLFRS 17 implementation process and guided the management on project planning and prerequisites, implementation strategy and recommended the selection of service

providers for board approval. Pre-evaluation, gap assessments and technical analysis have been completed by the external consultants as per the project phases recommended in the industry road map and implementation is in progress with the assistance of M/s Ernst & Young.

## Compliance with reporting requirements

The Committee reviews with management the significant accounting and reporting issues and developments in Accounting Standards and timely adoption of applicable changes. The committee continuously monitors the compliance with relevant accounting standards and keeps the Board abreast at regular intervals.

## Oversight on Regulatory Compliance

Audit Committee scrutinizes whether the conduct of the business is in compliance with applicable laws and regulations and policies of the Company by reviewing the compliance statements prepared by the management. The Risk and Compliance officer under the guidance of the committee, obtains statements of compliance from the heads of operating units in order to prepare the monthly compliance statements and consolidated updates are submitted to the Board as well as to the Group. The Internal Audit Department of the company is mandated to conduct independent reviews on regulatory compliance requirements as necessary. Further committee reviewed the progress of the management actions on recommendations from the Group compliance and governance reviews conducted by the parent.

Committee reviewed the progress of implementing the revised listing rules on Corporate governance issued by CSE which came in to effect in October 2023 and offered further guidance and recommendations to the strengthen the adherence with the same.

## Identification of Risk and Control

Measures with the motive of maintaining an effective internal control environment, the Committee Seeks required assurance from the Risk and Compliance Officer and other related business units on remedial actions taken in respect of the key risks identified within the business. During the year a comprehensive risk management policy has been approved and implemented under the oversight of the audit committee, in line with the requirements stipulated in sec 9.2 of the revised listing rules issued by CSE.

Further a risk grading matrix is adopted for assessing and measuring the risks identified and a quarterly Risk Dashboard is submitted for deliberations of the committee by the Risk and Compliance Officer. Company also adopts a risk based audit approach and review the effectiveness of the Internal Control Procedures that are in place to identify, manage and mitigate all significant risks and monitored by the Committee on a quarterly basis.

## Internal Audit

The Committee monitors the effectiveness of internal audit function by reviewing the adequacy of the audit coverage, functions and resources of the internal audit department and ensures that the department has necessary authority to carry out its audits. It also ensures the independence of the Audit Function by appraising the activities it audited and that those were performed with impartiality, proficiency and due professional care.

The Committee approves the audit plan and methodology formulated by the Internal Audit Department and reviews its progress of implementation regularly. Performance of the Internal Audit Department is quarterly appraised by the Committee against the Audit Plan and set key performance indicators. During the year special emphasis was given to enhance the scope of internal audit work

in the areas of governance, emerging risks & controls, and information systems security. Committee reviewed several information security policies for implementation and reviewed application system with the assistance of external consultants and presentations were made by the respective audit firm in this regard.

Internal audit department carried out on-site and off-site reviews on all key processes and regional branches in line with the approved audit plan. Further the introduction of Information system audits and branch spot inspections strengthened the internal control review program thereby assurance objectives of the function.

Significant findings of Internal Audits and other Assignments with recommendations to the management are considered and appropriate acclamations have been issued by the Committee. Further the progress of follow-up actions on internal and external audit recommendations are monitored on a regular basis.

### **External Audit**

Further under the terms stipulated in the National Audit act the Auditor General is empowered to perform audits and/or appoint an auditor and perform statutory audits of the company.

Audited financial statements, results of the external audit, letter of representation issued to the external auditors and recommendations contained in the Management Letter and management response thereto are reviewed by the Committee, while ensuring that appropriate follow-up actions were taken. The Audit Committee also holds independent meetings with the external auditors without the executive management to understand any gaps and dissent experienced by the auditors during the course of the audits. Thereby an assurance was given to the committee that the management has provided

unrestricted access and all records as necessary for coverage of the scope without limitations as well as explanation where needed. The committee met with the external auditor twice during the financial year in discussing the audit plan, scope and methodology as well as the audit results and key audit matters subsequently.

The Committee also reviews the other services provided by the outsourced External Auditors to ensure that their independence as Auditors has not been compromised and provision of such services are in line with the Non Audit services policy of the company.

Further confirmation has been obtained in writing on the independency of the external auditors as the companies Act No. 07 of 2007 and amended CSE listing rules.

### **Appointment of External Auditors**

Auditor General is the External Auditor of the Company and he has authorized Ernst & Young to carry out the Audit of the Company for the year ended 31 December 2024 as per provisions in National audit act.

### **Provision of Non audit services**

Audit Committee reviewed the Non audit services policy for the company and monitored the implementation of guidelines for engagement of external auditor to provide non-audit services as per requirements stipulated in companies act No. 07 of 2007 and the continuing listing requirements issued by Colombo Stock exchange.

During the year Committee assessed all non-audit services provided by the external auditor to ensure that provision of such services does not impair the auditor's independency and the objectivity.

### **Ethics and Good Governance**

The Committee constantly emphasizes on upholding ethical values of the staff members. In this regard the Whistleblowers protection policy was strengthened and followed with educating and encouraging all employees to resort to whistle-blowing if they suspect any wrong doings or improprieties. Highest standard of Good Governance and adherence to the Company's Code of Ethics were ensured.

### **Whistle Blowing and Fraud**

The Company's whistle blower protection policy intends serving a wide-spread informal channel for the corporate fraud risk management. It encourages employees and others who have serious concerns about any aspect of the Company's work such as any improper or illegal activity or unethical practices in the Company or receives credible information of the same, to come forward and voice those concerns. Concerns raised are investigated by independent parties and overseen by the Audit Committee. The identity of the person raising the concern is kept confidential, as even anonymous complaints are looked at. The committee recommended the revised policy for approval of the Board and ensures that process is available for fair and independent investigations as necessary.

### **Evaluation of the committee**

An independent evaluation of the effectiveness of the Committee was carried out by the Board during the year. Considering the overall conduct of the Committee and its contribution to the overall performance of the company, the Committee has been rated as effective.

Nayanganie Wickramasingha  
Chairperson – Board Audit Committee

03 April 2025  
Colombo

# Related Party Transaction Review Committee Report



**Dr. Kasun Wijetilleke**  
Chairperson- Related Party Transactions Review Committee

Related Party Transactions Review Committee (RPTRC) was established by the Board in compliance with the Code of Best Practices on the Related Party Transactions (Code) issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE). RPTRC is a formally constituted sub-committee of the Board of Directors and it reports regularly to the Board.

## Composition and Committee

The RPTRC comprised of the following Non-Executive Directors whose brief profiles are given on pages 110 to 115 of this Annual Report. The composition of the RPTRC meets the requirements under the Listing Rules of CSE where majority of the directors are required to be independent.

Members	Directorship Status	Membership Status	Date of appointment as RPTRC Member	Tenure as a Member	Attendance
Dr. Kasun Wijetilleke	Non-Executive Independent Director	Chairperson	30 March 2022	2 years	4/4
Mr. Johnson Anthony Fernando	Non -Executive -Independent Director	Member	17 April 2020	4 years & eight months	4/4
Mr. Sanjeewa Bandaranayake	Non -Executive – Non-Independent Director	Member	01 October 2024	Three Months	1/1
Ms. Nayanganie Wickramasingha	Non -Executive -Independent Director	Member	29 August 2023	1 year & Three month	3/3

## Note

Ms. Nayanganie Wickramasingha ceased to be a member with the reconstitution of the committee with effect from 01 October 2024.

## Permanent Invitees

The CEO, CFO, HOO and Manager Compliance are the regular attendees for the meetings. The other members of the executive management committee attend based on the requirement.

## Secretary to the Committee

The Secretary of the Board of the Company shall serve as the Secretary of the Committee.

## Functions of the Committee

The primary function of the Committee is to review all proposed related party transactions, other than those transactions explicitly exempted under Rule 9.5 of the Code, prior to

the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

### Methodology Adopted by the Committee

The methodology adopted by the RPTRC is set out in the Terms of Reference of the Committee approved by the Board of Directors and are in compliance with the requirements under the Listing Rules. As such, the mandate of the Committee consists of *inter alia* the following:

- ★ Adopt policies and procedures to review related party transactions of the Company.
- ★ Review in advance all proposed related party transactions of the Company except those explicitly exempted in the Code. Any material changes to previously reviewed Related Party Transactions should also be reviewed by the Committee before completion.
- ★ Determine whether such related party transactions require the approval of the Board and if necessary forward the same for their approval. In such instances Board approval must be obtained prior to entering into the transaction.
- ★ If related party transactions are recurrent, the Committee shall establish guidelines for senior management to follow in its ongoing dealings with the relevant related party. Thereafter, the Committee on an annual basis shall review and assess ongoing relationships with the related party to see that they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.

★ Ensure that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.

★ If a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

If a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

When applying the Rules, the Committee should prioritize the economic substance of transactions over their legal form and technicality.

★ Ensure that immediate market disclosures and disclosures in the Annual Report as required by the Listing Rules are made in a timely and detailed manner.

### Activities in 2024

- ★ The proceedings of the Committee meetings which mainly include activities under its mandate are reported to the Board of Directors. The Committee had four meetings during the year 2024 and details of attendance of the Committee members are set out above. The Chief Executive Officer and members of the Management of the Company are invited to attend meetings as and when required.

★ Committee has been reported with all the related party transactions carried out for all four quarters and ensured all the transactions have been carried out at arm's length.

★ Annual review of the Related party policy was conducted in July 2024 and same has been submitted and approved by the Board.

★ There were no non-recurrent or recurrent RPT that exceeded the respective thresholds stated in the Listing Rules of the CSE.

### Declaration

Related party transactions that took place during the year in terms of the Sri Lanka Accounting Standards are disclosed in the Financial Statements and have been approved by the Board of Directors and has thus complied with the rules pertaining to Related Party Transactions as set out in Section 9 of the listing rule of the CSE. It may also be noted that there were no related party transactions that occurred during the financial year under review which required approval of the shareholders of the Company as determined in Rule 9.14.6 of the Listing Rules.

Please refer the Annual Report of the Board of Directors on the Affairs of the Company, pages 122 to 124 for the declaration made by the Board of Directors, confirming that no related party transaction falling within the ambit of the Listing Rules which required an immediate market disclosure was entered into by the Company during year ended 31 December 2024.

**Kasun Wijetilleke**

Chairperson - Related Party Transactions Review Committee

03 April 2025  
Colombo

# Board Human Resources Remuneration Committee Report



**Nayanganie Wickramasingha**

Chairperson - Board Human Resources Remuneration Committee  
(with effect from 01 October 2024)

The Board Human Resource and Remuneration Committee was formed by the Board and came into operation with effect from 1st October 2024, in accordance with section 9.12 of the Listing Rules of the Colombo Stock Exchange (CSE). The primary purpose of the Committee is to assist the Board in establishing and overseeing the human resource management of the company.

The Board Human Resources, Remuneration and Nomination Committee (BHRRNC) functioned as the Committee that reviewed human resources remuneration and nomination aspects of the Company till 30th September 2024.

## Composition and Committee

The BHRRNC comprised of the following Non-Executive Directors whose brief profiles are given on pages 110 to 115 of this Annual Report. The committee comprise of three (03) Directors of the company, out of which two (02) Directors are Independent Directors.

Members	Directorship Status	Membership Status	Date of appointment as BHRRNC Member	Tenure as a Member	Attendance
Ms. Nayanganie Wickramasinghe	Non -Executive -Independent Director	Chairperson	01 October 2024	3 months	1/1
Mr. Sanjeewa Bandaranayake	Non -Executive – Non-Independent Director	Member	18 November 2024	1 month	1/1
Dr. Kasun Wijetilleke	Non Executive Independent Director	Member	01 October 2024	3 months	1/1

## Permanent Invitees

The Chief Executive Officer is required to be present at each meeting, whilst the Chief Human Resource Officer (CHRO)/ Head of Human Resources will be present by invitation.

## Secretary to the Committee

The Secretary of the Board of the Company shall serve as the Secretary of the Committee.

## Functions of the Committee

- \* The Committee shall recommend the remuneration payable to the Executive Directors, CEO and Senior Management of the Company, to the Board, which will make the Final determination upon consideration of such recommendations.
- \* The Committee may engage any external consultant or expertise that may be considered necessary to

ascertain or assess the relevance of the remuneration levels applicable to Executive Directors, CEO and the Senior Management

## Methodology Adopted by the Committee

- \* The methodology adopted by the BHRRNC is set out in the Terms of Reference of the Committee approved by the Board of Directors and are in compliance with the requirements under the Code.

- ★ The Committee shall have authority and responsibility delegated by the Board to carry out functions and obligations as may be stipulated by law, the Board and internal regulations approved by the Board.
- ★ The Committee shall at all times:
  - Ensure management of conflict of interest in relation to all appointments and recruitments.
  - Make recommendations in relation to conflicts of interest to the Related Party Transaction Review Committee / Audit and Risk Committee where it deems appropriate on any area within its remit where action is needed.

## Activities in 2024

Reviewed and recommended proposals to the Board on the following:

- ★ Revisions to the TOR of the Committee
- ★ Annual Increments to the staff based on performance for the year 2023
- ★ Salary adjustments for 2024
- ★ Revisions to salary components of sales staff.
- ★ Revision of the Bonus policy with the intention of attracting and retaining talent.

## Remuneration Policy

Reward strategies and remuneration structure of the Company are designed to attract, motivate and retain high-caliber people, at all levels of the organisation, in a highly-competitive environment.

Accordingly, a key feature of our remuneration policy is "Pay for performance". The skills, experience of the individual and his/her level of responsibility are also taken into account in deciding on the remuneration.

## Remuneration package of Directors

All the non-executive directors receive a fee for serving in the Board and Board sub committees based on their participation in the committees. They do not receive any performance related incentive payments.

Non-executive directors are not entitled for retirement benefits or other long term benefits and Company does not have any share based payment schemes for directors.

Total fees paid to all Directors including the Chairman are disclosed in Note 46.7 on page 262 in this report.

## Remuneration package of Key Management Personnel

Remuneration package of the key management personals consist of a fixed component, variable component and other benefits. Fixed components included basic salary and fixed allowances offered in accordance with the scope and the complexity of the role. These benefits are reviewed annually with the annual performance appraisal process and increments are offered based on the results of the appraisal process.

Variable component mainly includes a portion of annual performance bonus paid. This is mainly paid based on the individual employee performance as well as overall Company performance.

Other benefits include vehicle loans, staff loans, reimbursement of exam fees, housing loan reimbursements and other insurance benefits. There are no post-employment benefits other than gratuity paid and no employee share schemes available for key management personnel as well.

## Committee Evaluation

As part of the annual self-assessment of the Board of Directors, the performance an effectiveness of the Board Committees is assessed by the Board as a whole.

## Activities for Future

The Committee shall ensure that the individuals are being paid for performance. The skills, experience of the individual and his/her level of responsibility are also taken into account in deciding on the remuneration.

Nayanganie Wickramasinghe  
Chairperson - Board Human Resources  
Remuneration Committee

03 April 2025  
Colombo

# Board Nomination and Governance Committee Report



**Mr. Johnson Fernando**  
Chairperson - Nomination Governance Committee

The Board Nomination and Governance Committee (BNGC) was formed by the Board and came into operation on 01 October 2024 in accordance with Section 9.11 of the Listing Rules of the Colombo Stock Exchange (CSE).

The Board Human Resources, Remuneration and Nomination Committee (BHRRNC) functioned as the Committee that reviewed human resources remuneration and nomination aspects of the Company till 30 September 2024.

## Composition and Committee

The BNGC comprised of the following Non-Executive Directors whose brief profiles are given on pages 110 to 115 of this Annual Report. The committee comprised of three (03) Directors of the company, out of which two (02) Directors are Independent Directors.

Members	Directorship Status	Membership Status	Date of appointment as BNGC Member	Tenure as a Member	Attendance
Mr. Johnson Fernando	Non-Executive Independent Director	Chairperson	01 October 2024	3 months	-
Mr. Sanjeewa Bandaranayake	Non-Executive – Non-Independent Director	Member	01 October 2024	3 months	-
Ms. Nayanganie Wickramasinghe	Non-Executive Independent Director	Member	01 October 2024	3 months	-

The committee was formed on 01 October 2024 and there were no meetings held during the year. However, information/committee papers have been shared through circulation.

## Permanent Invites

The Chief Executive Officer is required to be present at each meeting.

## Secretary to the Committee

The Secretary of the Board of the Company serves as the Secretary of the Committee.

## Functions of the Committee

- ★ Establishing and maintaining a formal and transparent procedure to evaluate, select, and appoint/reappoint Directors of the Company and act in accordance with such a charter in proposing appointments and reappointments to the Board and its subcommittees. The procedure is set out in the Policy on Corporate Governance Nomination and Re-Election.

- ★ Evaluating and recommending the appointment of Directors to the Board of Directors and Board Subcommittees to appoint the most suitable candidates to fill any vacancy/vacancies. However, a member of the Committee shall not participate in decisions regarding his/her own appointments.

- ★ Considering, recommending (or not recommending), and

providing advice to the Board on the reappointment/re-election of current Directors, taking into consideration the combined knowledge, experience, performance, and contribution made by the Director to meet the company's strategic demands and the number of directorships held by the Directors in other listed

and unlisted companies and other principal commitments. As per the Article's of Association of the Company directors appointed by the Board to fill casual vacancies are required to submit themselves for re-appointment at the AGM that follows their appointment by the Board. Further, one Third (1/3) of the Board shall retire from

office each year and are eligible for reappointment. Directors to retire in every year shall be those who have been longest in office since their last election. The Board ensures that a Director shall submit himself/herself for re-election at least every 3 years.

The following Directors will submit themselves for reappointment and will be eligible for re-election at the AGM.

	Board Committees Served on	Date of first appointment as Director	Date of last re-appointment as Director	Directorships / chairmanships and other principal commitments *	Any relationships between the candidate and the Directors , the company or its shareholders holding more than 10 % of shares in the Company
Mr. Azzam Ahamat	Board Audit Committee  Board Investment Committee,  Board Strategic Plan Review Committee	23 February 2023	12 June 2023	Head of Finance of People's Bank and Director of People's Travels	None
Mrs. Nayanganie Wickramasingha	Board Audit Committee  Board Nomination and Governance Committee  Board HR Remuneration Committee	20 October 2023	28 May 2024	-	None

\* both present and those held over the preceding three years in other listed Companies

- ★ Establishing and maintaining criteria for selecting Directors such as academic/professional qualifications, skills, experience, and key attributes required for eligibility, considering the nature of the business and industry-specific requirements. The process of Nomination and Re-election of Directors is documented in the

policy on Corporate Governance Nomination and Re- Election and has been in implementation since 01 October 2024. Prior to the formation of the BNGC, all appointments were submitted to the Board HR Remuneration and Nomination Committee (BHRRNC) prior to submitting the same to the Board for the final decision.

- ★ Developing and maintaining the Company's Code of Conduct and related policies, monitoring compliance, and periodically recommending any changes to the Board for approval.
- ★ Establishing and maintaining a process for the periodic evaluation of the performance of the Board of Directors, its committees and the

# Board Nomination and Governance Committee Report

CEO of the Company to ensure that their responsibilities are satisfactorily discharged. Periodic evaluations are conducted to assess the performance of the Board and its subcommittees annually and the collective outcome is submitted to the BNGC for any recommendations to the Board. The evaluation of the CEO is also carried out through the BHRRC and the outcome is submitted to the BNGC for recommendations to the Board. Evaluation of the Board, sub-committees and the CEO for the year 2024 has been carried out and the outcome will be submitted to the BNGC at its next meeting in April 2025.

- ★ Considering the succession plan for the members of the Board and ensuring there is a succession plan for all KMPs below the main Board.
- ★ Regularly reviewing the structure, size, and composition of the Board and committees, including gender representation and competencies (including the skills, knowledge, and experience), and making recommendations to the Board regarding any changes. The Board comprises of individuals from a range of skills, expertise and age details of which are set out in page 110 to 115.
- ★ Reviewing and recommending the overall corporate governance framework of the Company, taking into consideration the Listing Rules of the CSE, other applicable regulatory requirements, and industry/international best practices.
- ★ Periodically reviewing and updating the Corporate Governance policies/framework of the Company in

line with regulatory and legal developments, as a best practice.

- ★ Receiving reports from management on compliance with the Corporate Governance Framework of the Company, including the Company's compliance with the provisions of the SEC Act, Listing Rules of the CSE, and other applicable laws, together with any deviations/non-compliances and the rationale for the same.
- ★ Acting in accordance with the provisions of the Companies Act No. 07 of 2007, Regulations of the Insurance Act No. 43 of 2000 (as amended), Articles of Association of the Company, and the Corporate Governance Rules contained in the Listing Rules of the CSE in recommending appointments or reappointments of Directors to the Board.
- ★ Ensuring that all Directors and the Chief Executive Officer continuously satisfy the fit and proper assessment criteria set out in the Listing Rules of the CSE. A confirmation is obtained from all Directors and the CEO at the end of the Financial year that they satisfy the required fit and proper criteria. The declarations are submitted to the BNGC for information of the Committee.
- ★ Considering the selection and appointment of a Chairperson in case a vacancy arises.
- ★ Considering if each Director is able to and has been adequately carrying out his or her duties as a Director, considering the knowledge and experience required to meet the strategic demands facing the company, the number of directorships of listed Company Boards on which he/she represents, and other principal commitments.
- ★ Proposing the maximum number of listed company Board representations which any Director may hold and disclosing this in the Company's annual report.
- ★ Proposing the companies which could result in a conflict of interest if a Director were to accept such directorship.
- ★ Ensure that conflicts of interest are managed at all times and report any such situations to the Board or relevant Subcommittee where necessary.
- ★ Periodically reviewing and recommending to the Board the governance structure and process, delegation of authority, and reporting relationships to ensure they support the strategy and business model of the Company.
- ★ Recommending that a Directors and Officers Liability Insurance policy is in place for Directors and KMP.

## Methodology Adopted by the Committee

The methodology adopted by the BNGC is set out in the Terms of Reference of the Committee approved by the Board of Directors and are in compliance with the requirements of the Listing Rules. The main elements include followings;

- ★ Exercising general oversight with respect to the governance of the Board of Directors.
- ★ Reviewing the qualifications of and recommending to the Board of Directors proposed nominees for election to the Board.

- ★ Evaluating and recommending to the Board corporate governance practices applicable to the Company.
- ★ Appraising the framework for the assessment of Board performance and the Board self-evaluation.
- ★ Overseeing the corporate social responsibility function of the Company, including environmental, social, and governance practices.

Further, The Committee shall meet as often as it deems necessary but at least twice a year, with additional meetings to occur or actions to be taken by unanimous written consent when deemed necessary or desirable by the Committee or its Chairperson. Special meetings may be convened upon the request of the Board and Chairperson.

All Declarations on Independence are submitted to the Committee annually and on appointment of new Directors. The Board is satisfied that the Independent Directors of the Company meet the criteria for determining independence. Details are available on page 131.

The process of informing Independent Directors (through the Chairman of the Board Audit Committee) of Major issues relating to the entity is set out in the Policy on relations with shareholders and investors and is provided on page 139. The BNGC Committee will review the policy on an annual basis.

Structured induction programmes for new Directors were conducted which includes detailed briefings on financial performance, regulatory requirements, and risk management practices, as well as meetings with key executives

which is designed to enable new Directors to familiarise themselves with PI's operational dynamics. Further, the Board was constantly updated on requirements of the Listing Rules in the process of establishing and reviewing policies and processes to ensure compliance.

The Statement on Compliance with the Corporate Governance Rules of the Listing Rules is available at page 147.

### Activities for Future

Committee shall ensure that the Board has an adequate mix of skills, experience, and attributes necessary to support Company's achievement of goals and objectives.

Strengthen the governance framework of the Company.

Improve the focus on Corporate Social Responsibility function of Company, including Environmental, Social, and Governance practices.



**Johnson Fernando**

Chairperson - Nomination Governance Committee

03 April 2025  
Colombo

# Investment Committee Report



**Azzam Ahamat**  
Member - Investment Committee

The Investment Committee of the Company is appointed by and reports to the Board of Directors. The primary purpose of the Investment Committee is to assist the Board in fulfilling their responsibility to shareholders and policyholders in relation to the management of the investment portfolio, including the development of overall and portfolio specific investment guidelines. The Committee is empowered to review and amend policies and programs falling under its purview and recommend to the Board on their adoption.

## Composition and Committee

The IC comprised of the following Non-Executive Directors whose brief profiles are given on pages 110 to 115 of this Annual Report. The committee comprise of three (03) Non-executive Directors of the company.

Members	Directorship Status	Membership Status	Date of appointment as Investment Committee Member	Tenure as a Member	Attendance
Mr. Isuru Balapatabendi	Non-Independent Director	Chairperson	17 April 2020	4 years & 7 months	1/1
Mr. Azzam Ahamat	Non –Executive – Non-Independent Director	Member	23 February 2023	1 year & 10 months	1/1
Mr. Sanjeewa Bandaranayake	Non –Executive – Non-Independent Director	Member	01 October 2024	3 months	NA
Mr. Pradeep Amirthanayagam	Non –Executive – Non-Independent Director	Member	01 October 2024	3 months	1/1
Mr. Shamindra Marcelline	Non –Executive – Non-Independent Director	Member	23 February 2023	1 year & 1 month	1/1
Ms. Jeevani Kariyawasam	Chief Executive Officer	Member	1 February 2022	2 years & 11 months	1/1
Mr. Amila Rajapaksha	Chief Financial Officer	Member	22 May 2023	1 year & 7 months	1/1

## Note

Mr. Isuru Balapatabendi ceased to be a member with his resignation on 18 November 2024.

Mr. Shamindra Marcelline ceased to be member with his resignations from the position of a Director with effect from 01 April 2024.

Mr. Pradeep Amirthanayagam ceased to be a member with his resignation of a Director with effect from 04 March 2025.

### Permanent Invitees

Assistant Manager-Investment.

The Secretary of the Board of the Company serves as the Secretary of the Committee.

### Functions of the Committee

- ★ Advice on formulation of investment strategy.
- ★ Guidance on the asset allocation of investment portfolio.
- ★ Review investment performance.
- ★ Review of solvency and approved assets.
- ★ Review of risk exposure.
- ★ Review compliance with internal and external investment regulations.

### Methodology Adopted by the Committee

In order to fulfil its objectives, the Investment Committee shall upon recommendations made by the Head of Investment Unit;

- 1) At the beginning of each year, consider the Profit Plan together with the Budgeted investment income for the ensuing year.
- 2) Discuss and agree on the Committee's view with regard to key macro-economic indicators such as inflation, interest rates, exchange rates and their impact on performance of capital markets.
- 3) Discuss and agree on the Committee's view with regard to duration of investments for asset liability management and provide advice on the proportion of long-term versus short-term investments to be maintained for the year.
- 4) Obtain tabulated statements of investment performance, risk exposures, maturity profiles, solvency and approved assets

status, papers on new investments and all other information that may be required from time to time in order to discharge obligations in terms of its mandate.

- 5) Review performance and exposure to fixed income, equity, foreign exchange investments as well as other investment on a monthly basis and also advice on portfolio diversification with a view to enhancing returns.
- 6) Be advised of the progress against budgeted investment income and provide guidance on achievement of budgets.
- 7) Grant approval for new investments based on recommendations made by the Head of Investment Unit on expected returns and risk exposures.
- 8) Submit to the Board of Directors the minutes of all meetings and papers that require Board ratification; and report on the Committee actions and recommendations that the Committee deems appropriate.
- 9) Review and update the Committee's Charter where appropriate.
- 10) Perform such other functions as assigned by Law, the Company's Charter or by laws, or the Board of Directors.

### Activities in 2024

- ★ Committee reviewed and recommended the Changes made to the Investment Operations Manual to the Board.
- ★ Reviewed the performance of the investment portfolio presented by the Management and extensive discussion was conducted on the impact of the macro economic variables on the investment performance of the Company.

★ Committee maintained a regular communication with the management discussing the matters when arises. Any issues that needed the attention of the Investment Committee were promptly attended to and solutions reached through close communication between the Investment Committee and the Management.

★ The Committee provided guidance on maximising investment returns while working within the Company's Investment Risk.

★ The Committee also reviewed areas such as asset allocation, maturity mix, asset and liability management of the fund.

### Activities for Future

Committee will continue to facilitate making prudent decisions on maximizing Company's investment return while ensuring that appropriate measures are being taken to monitor the Company's investment risk.

Azzam Ahamat

Member-Investment Committee

03 April 2025  
Colombo

# Board Strategic Plan Review Committee Report



**Sanjeewa Bandaranayake**  
Member - Board Strategic Plan Review Committee

The Board Strategic Plan Review Committee of the Company is appointed by and reports to the Board of Directors. The BSPRC is established to strengthen the strategic direction of the Company via evaluating the progress of each function and ensuring the accomplishment of strategic initiatives of functions in line with the smooth implementation of objectives cited in the strategic plan.

## Composition and Committee

The BSPRC comprised of the following Non-Executive Directors whose brief profiles are given on pages 110 to 115 of this Annual Report. The committee comprise of three (03) Non-executive Directors of the company.

Members	Directorship Status	Membership Status	Date of appointment as BSPRC Member	Tenure as a Member	Attendance
Mr. Isuru Balapatabendi	Non-Executive – Non-Independent Director	Chairperson	18 January 2021	3 years &10 months	3/3
Mr. Azzam Ahamat	Non –Executive – Non-Independent Director	Member	23 December 2022	2 years	3/3
Mr. Sanjeewa Bandaranayake	Non –Executive – Non-Independent Director	Member	01 October 2024	3 months	NA
Mr. Pradeep Amirthanayagam	Non –Executive – Non-Independent Director	Member	19 January 2024	11 months	3/3
Mr. Shamindra Marcelline	Non –Executive – Non-Independent Director	Member	18 January 2021	3 years & 2 months	NA

## Note

Mr. Isuru Balapatabendi ceased to be a member with the resignation from the position of the Chairman on 18 November 2024.

Mr. Shamindra Marcelline ceased to be member with the resignations from the position of a Director with effect from 01 April 2024.

Mr. Pradeep Amirthanayagam was appointed to the committee to replace Mr. Shamindra Marcelline on 19 January 2024 & ceased to be a member with the resignations from the position of a Director with effect from 04 March 2025.

### Permanent Invitees

The CEO and CFO are the regular attendees for the meetings. The other members of the executive management committee attend based on the requirement.

### Secretary to the Committee

The Secretary of the Board of the Company shall serve as the Secretary of the Committee.

### Functions of the Committee

- ★ To review the key points highlighted and discussed at the strategic planning quarterly progress review meetings and to recommend corrective measures.
- ★ To develop the policies based on recommendations made by Strategic Plan Development and Implementation Committee.
- ★ To provide guidance and direction for strategic plan implementation process.

### Methodology Adopted by the Committee

The methodology adopted by the BSPRC is set out in the Terms of Reference of the Committee approved by the Board of Directors.

### Activities in 2024

- ★ Recommendation of the strategic corporate plan.
- ★ Reviewed strategic plan, processes, progress and recommend corrective action.
- ★ Reviewed performance against strategic objectives.
- ★ Provided Strategic Direction to the Company.

### Activities for Future

Committee will continuously engage in assessing and evaluating the progress made on the achievement of the Company's strategic plan and identify the areas of improvement and recommend adjustment to the plan as required to the Board of Directors.



Sanjeewa Bandaranayake  
Member

03 April 2025  
Colombo

# Board IT Committee Report



**Johnson Fernando**  
Member - Board IT Committee

The Board IT Committee has been formed with the aim of better aligning Company's IT investments with business strategies whilst provisioning the IT services effectively across the Company.

## Composition and Committee

The committee is comprised of three (03) Directors of the company, out of which two (02) Directors are Independent Directors.

Members	Directorship Status	Membership Status	Date of appointment as BITC Member	Tenure as a Member	Attendance
Mr. Pradeep Amirthanayagam	Non -Executive – Non-Independent Director	Member	01 October 2024	3 months	1/1
Dr. Kasun Wijetilleke	Non -Executive – Independent Director	Member	23 February 2023	1 year & 10 months	1/1
Mr. Johnson Fernando	Non -Executive – Independent Director	Member	19 February 2021	3 years & 10 months	-
Ms. Jeevani Kariyawasam	Chief Executive Officer	Member	01 February 2022	2 years & 11 months	1/1
Mr. Channa Abeywickrema	Head of Operations	Member	23 June 2022	2 years & 6 months	1/1
Mr. Amila Rajapaksha	Chief Financial Officer	Member	22 May 2023	1 year & 7 months	1/1
Mr. Prabath Gunasena	DGM Group IT	Member	23 February 2023	1 year & 10 months	1/1
Mr. Navindu Wijesekera	Head of IT PIL	Member	04 July 2023	2 years & 5 months	1/1

## Note

Mr. Pradeep Amirthanayagam was ceased to be member with the resignations from the position of a Director with effect from 04 March 2024.

### Permanent Invitees

The other members of the executive management committee attend based on the requirement.

### Secretary to the Committee

The Secretary of the Board of the Company shall serve as the Secretary of the Committee.

### Functions of the Committee

- ★ Develop corporate level ICT strategies and plans which ensure the cost effectiveness and proper management of ICT systems, services and resources of PI.
- ★ Evaluate IT services to ensure the alignment with corporate strategy.
- ★ Monitor IT services and achievements against the IT Strategic Plan.
- ★ Review existing and upcoming IT technologies and trends to increase efficiency and develop Digital Road Map by improving IT resources.
- ★ Provide guidance and recommendations to the Board on major IT concerns.

### Methodology Adopted by the Committee

The methodology adopted by the BITC is set out in the Terms of Reference of the Committee approved by the Board of Directors.

### Activities in 2024

- ★ Reviewing the control deficiencies identified through Company's external audit and plan of actions taken by the management to mitigate the risks identified
- ★ Ensured that the IT strategic plan is realistic and achievable within the agreed budget and schedule
- ★ Reviewed and recommended the IT related policy updated to the Board
- ★ Considered new products and services which are outside the IT strategic plan and examined the advantages of implementing the same
- ★ Reviewed the results and recommendation of the IT

### Activities for Future

Committee will continue to ensure that IT governance of the Company is sufficiently addressed and providing strategic directions with regard to information technology investments of the Company.



Johnson Fernando  
Member - Board IT Committee

03 April 2025  
Colombo

# Risk Management

**PI's Risk Management Policy serves as an overarching mandate for the effective management of risks within the organisation. The Risk Management Policy was implemented in mid-2024 in line with section 9 of the new CSE listing rules on Corporate Governance.**

## Overview

Given the highly dynamic nature of its operations, People's Insurance PLC (PI) risk universe is constantly evolving, influenced by changes in the regulatory landscape, economic conditions, technological advancements, and emerging market trend, making effective management of risks imperative to achieving the Company's business objectives, over the short medium and long term.

As risks become increasingly interconnected, PI has discovered that multiple risks can converge to impact a single business objective, requiring careful coordination and mitigation strategies. On the other

hand, a single risk may have far-reaching consequences across several objectives, underscoring the importance of early identification, continuous monitoring, and proactive responses. Acknowledging the complexity of its risk universe, PI adopts a holistic and forward-looking approach to risk management to strike a balance between resilience and sustainable value creation.

## Approach to Risk Management

PI's Risk Management Policy serves as an overarching mandate for the effective management of risks within the organisation. The Risk Management

Policy was implemented in mid-2024 in line with section 9 of the new CSE listing rules on Corporate Governance. The Board approved Policy formalises the Integrated Risk Management Framework to support effective decision-making in order to mitigate potential threats, while leverage opportunities for sustained business growth. To that end the framework establishes a comprehensive system of policies, procedures and protocols for identifying, assessing, and mitigating all financial and non-financial risks as well as emerging risks, ensuring all significant risks are considered, and every potential threat is evaluated within the context of its possible impact on the organisation.

## Risk Management Framework

### Board of Directors



#### Board of Directors

Serves as the apex governing body for PI's Integrated Risk Management Framework (IRMF).

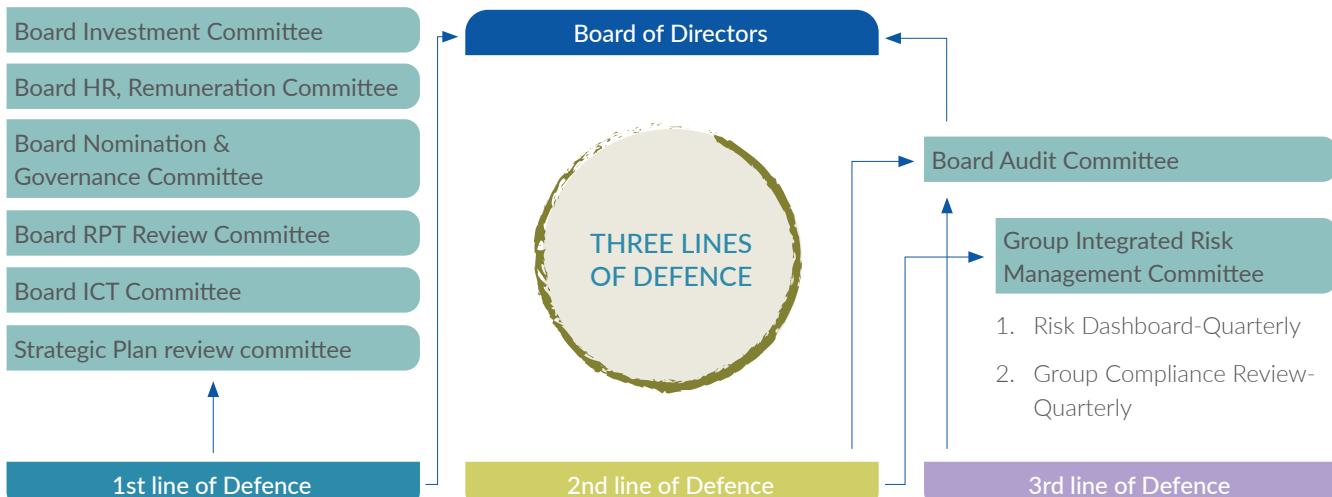
#### Board Audit Committee

Reviews regulatory risk reports, evaluates the effectiveness of internal controls, and ensures compliance with statutory requirements.

#### Investment Committee

Formulates strategic investment plans, ensures adherence to regulatory guidelines and monitors the performance of investment portfolios.

## Risk Monitoring



### Day to day management of Risks

- \* CEO and Corporate Management
- \* Head office Depts
- \* Branch Level Operations

The first-line-of-defence is represented by various business units who are tasked with managing operational risks within their functional areas. They are responsible for implementing established risk policies and procedures while identifying potential vulnerabilities in the day to day company operations. Part of the responsibilities of the first line of defence includes cross-functional collaboration to identify, assess, and manage risks, ensuring a cohesive and unified approach to risk mitigation.



### Risk Management

- \* Risk & Compliance Department
- \* Management committees for setting up framework and policies

The second line of defence comprises PI's Compliance Department. They are primarily responsible for developing methodologies, policies, and procedures for risk management in line with the Board approved Risk Management policy, and monitoring various risk exposures within the Board approved risk appetite and tolerance limits. The Risk and Compliance Officer provides the Board with monthly updates on the Company's compliance with applicable regulations, policies, and procedures, along with a quarterly risk dashboard capturing key risk exposures is submitted to the Group IRMC. As part of its responsibilities, the Risk and Compliance Department conducts PEST (Political, Economic, Social, and Technological) analysis to determine necessary improvements to risk-related policies and procedures in line with the evolving external environment. These recommendations are reported to the Operational Management Committee and the Board Audit Committee for necessary action.

### Independent Assurance

- \* Internal Audit
- \* External Audit

The Company's Internal Audit Function serves as the third line of defence, providing independent assurance regarding the efficacy of the Company's risk management framework. In its capacity as an independent observer, the Internal Audit function reports directly to the Board Audit Committee (BAC). The Company's external auditors and regulators also play a role in providing independent assurance.

### Risk Landscape

- \* Financial Risks
- \* Operational Risks
- \* Strategic Risks

# Risk Management

## Risk Appetite Statement and Tolerance Limits

A prudent and conservative Risk Appetite serves as the foundation of PI's Integrated Risk Management Framework. Based on the principle that a well-defined risk appetite supports effective risk management the Board has established a Risk Appetite Statement defining the acceptable level of risk PI is prepared to assume to achieve its strategic objectives. The Risk Appetite Statement acts as an umbrella framework from which cascades tolerance limits for managing specific risks within acceptable levels. Risk tolerance limits for each risk category are set at different trigger levels, with clearly defined escalation criteria to report significant risks issues and/or limit breaches.

## Stress Testing

Stress Testing is a fundamental aspect of PI's Integrated Risk Management Framework. By simulating adverse economic, market, and operational conditions, stress testing helps identify potential vulnerabilities, evaluate the effectiveness of risk mitigation strategies, and ensure that capital adequacy and liquidity positions remain robust under stress conditions.

A comprehensive Stress Testing Policy was approved by the PI Board in mid 2024. The policy, which was developed in line with section 9 of the new CSE listing rules on Corporate Governance, details the protocols for assessing vulnerability across various risks to enable assignment of risk score (high, medium, low) for the purpose of setting tolerance limits. The policy mandates routine quarterly stress testing to measure performance against established tolerance limits, thereby providing a data-driven approach to understand vulnerabilities and implement appropriate remedial action as needed to mitigate risk impacts.

## Capital Planning

Capital planning is a key component of PI's Integrated Risk Management Framework. The purpose of the Capital Planning Process is to ensure the Company maintains adequate capital and liquidity buffers to support its business objectives while adhering to regulatory requirements, both during regular business cycles and stressed environments.

A well-structured capital planning approach also strengthens PI's financial resilience and provides the flexibility to capitalise on future investment opportunities.

	Target	Actual for FY 2024
Capital Adequacy Ratio (CAR)	Minimum > 120% Supervisory limit > 160%	389%
Total Available Capital (TAC)	> Rs. 500 Mn	Rs. 5,183 Mn

## Risk Awareness Culture

The effectiveness of the Integrated Risk Management Framework to a great extent depends on the culture of risk awareness. To reinforce this, the Board of Directors sets the tone from the top to promote the risk-conscious mindset across the organisation. Training and capacity-building initiatives are carried out regularly to empower employees at all levels develop the necessary knowledge, behaviours, and skills to proactively identify and report risks that could potentially impact the Company's strategic objectives.

## MANAGING PI's KEY RISKS



● Low     ● Medium     ● High

## Risk Matrix

		Claim reserving risk	
		Underwriting Risk	
		Business Risk	
High Likelihood			
Likelihood	Reinsurance Risk ESG risks Product Design Risk	Market risk Credit Risk on Insurance Receivables Claim settlement Risk	Reputation Risk IT Risk
Medium Likelihood			
Low Likelihood		Concentration Risk	Liquidity risk Credit Risk – Financial Instruments Regulatory Risk Human Resource Risk
	Low Impact	Medium Impact	High Impact
	Impact of the Risk		

## FINANCIAL RISKS

### Underwriting Risk

As a general insurer, PI is exposed to underwriting risk which is most commonly the result of pricing inaccuracies, the frequency and severity of claims and shifts in policyholder behaviour induced by various externalities. Effective management of underwriting risks is therefore essential to maintaining financial stability, profitability, and long-term sustainability.

PI's dedicated team of experienced underwriters carefully assesses risks to ensure pricing remains accurate and reflective of market conditions. Underwriters are guided by established underwriting principles including actuarial models and historical data

analysis to focus on risk-based pricing strategies that ensure premiums accurately reflect underlying risks.

In 2024, the Company rigorously monitored underwriting results, strategically phasing out loss-making clients from the portfolio. Regular reviews of the product portfolio's profitability, pricing, and terms were conducted to identify and implement necessary adjustments. These efforts were coupled with extensive training and capacity-building to enhance the core competencies of the Company's underwriting teams. Additionally, PI continued to operate in full compliance with regulatory reporting obligations by notifying the relevant authorities whenever underwriting approvals exceeded prescribed limits.

	Target	Actual
Underwriting results (Rs. Mn)	(630)	(513)
Combined ratio	113%	111%

### Claim Settlement Risk

Claim Settlement Risk typically arises due to disagreements or conflicts between the insurer and the policyholder at the point of claim settlement. A comprehensive Claims Manual sets out guidelines for the claims approval process, including stringent due diligence to verify the authenticity of claims alongside clearly delineated roles and responsibilities for approval and payment claims. Regular reviews of the claims manual are conducted by the Board Audit Committee, with updates incorporated as necessary to reflect new developments.

	Target	Actual
<b>Net claims ratio:</b>		
Motor	68%	67%
Fire	70%	44%
Marine	58%	86%
Miscellaneous	70%	69%
Net combined ratio	113%	111%

### Claims Reserving Risk

Claims Reserving Risk arises from insufficient reserves being allocated for reported claims and those incurred but not yet reported (IBNR). To effectively manage this risk, claims are promptly assessed upon intimation and reserved accordingly. Additionally, an independent, qualified actuary performs quarterly evaluations of the reserves to ensure their adequacy, while significant outstanding claims are subject to periodic reviews by both Management and the Board of Directors.

# Risk Management

## Credit Risk on Insurance Receivables

Credit risk on insurance receivables arises when policyholders face difficulties in settling their premium. PI's approach to managing Credit Risk on Insurance receivables is based on timely collections to minimise overdue balances.

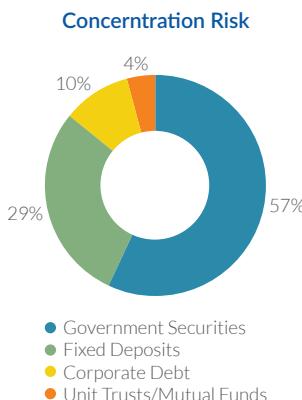
A structured monitoring and follow-up mechanism is in place to track outstanding premiums, with a key objective of maintaining receivables past 90 days below 10% of total receivables. To that end, the Company's multiple payment channels, including digital platforms have been made available to facilitate convenient settlement of premium. In cases where payments are not received within the stipulated time frame, policy cancellations may be enforced as an additional safeguard to protect the company against undue financial risk in the event of a future claim. Moreover as part of the overall risk mitigation approach, claim settlements are contingent on the policyholders premium payment history. Accordingly, claims are processed only if all outstanding premiums have been cleared.

To further strengthen its risk mitigation framework, periodic reviews of premium receivables are conducted to assess potential defaults. Based on these assessments, impairment provisions are recorded in the Company's financial statements.

	Target	Actual
Premium receivable >90 days	<10%	4.51%

## Concentration Risk

Concentration Risk arises due to the lack of diversification within PI's investment portfolio resulting in excessive exposure to a single industry, geographic region, or asset class. Such imbalances increase financial vulnerability, particularly in times of market fluctuations or economic downturns.



A disciplined and forward-looking approach underpins PI's efforts to minimise concentration risk and enhance portfolio resilience. The Company's Investment Operations Manual sets out concentration limits for various investment categories, including listed equity, government securities, fixed deposits, and other financial instruments to support the creation of a diversified portfolio that aligns with the company's risk appetite and regulatory standards.

The Board Investment Committee plays a critical role in monitoring and reviewing individual exposures at both the entity and group levels. These reviews are conducted periodically to assess compliance with internal risk thresholds and external regulatory requirements. The Board also evaluates the investment portfolio on a monthly basis vis-a-vis Insurance Regulatory Commission of Sri Lanka (IRCSL) guidelines for concentration risks.

	Target	Actual
Government Securities	Up to 100%	57%
Fixed deposits	<65%	29%
Listed equity	<30%	-
Corporate debt	<65%	10%
Unit trusts/mutual funds	<30%	4%
Commercial paper	<30%	-

## Reinsurance Risk

Reinsurance risk refers to the potential financial exposure that arises if PI's risk-bearing capacity is not adequately supported by reliable and cost-effective reinsurance arrangements. To mitigate against Reinsurance Risk, PI partners exclusively with reputable global reinsurance companies that maintain strong ratings from agencies such as Standard & Poor's and A.M. Best.

As part of the overall risk management strategy, monthly reviews are carried out to track outstanding reinsurance receivables, to ensure insurance receivables more than 180 days do not exceed 5% of PI's total reinsurance receivables. As an added safeguard, reinsurance arrangements are reviewed annually to determine coverage adequacy.

## Market Risk

PI has no significant exposure to market risks in relation to interest rates, currency or commodity prices. The Board Investment Committee provides oversight to ensure that market fluctuations, including interest rate and foreign exchange risks, are managed effectively.

## Liquidity Risk

PI is exposed to Liquidity Risk due to inadequate cash flows to meet as result financial obligations, such as claim settlements and reinsurance payments. Given the nature of the insurance business, maintaining a strong liquidity position is essential to ensuring operational stability and the ability to respond promptly to policyholder claims. As such, a structured liquidity management process under the oversight of the Investment Committee aims to reduce exposure to liquidity constraints. Routine cash flow monitoring ensures proactive assessment and timely adjustments to liquidity to ensure sufficient funds are available to cover claims and operational costs. Meanwhile the adequacy of reserves are reviewed

and periodically adjusted to factor for expected disruptions, while contingency planning with predefined strategies are in place for securing credit facilities and short-term borrowing if needed.

### Credit Risk – Financial Instruments

Credit risk on financial instruments arises due to the failure to meet its obligations for interest or principal payments. At PI, this risk is managed under the guidance of the Investment Committee, where exposures are classified into distinct credit risk grades. Under the direction of the Committee investments, a majority exposure is on financial instruments rated A- and above.

Credit Rating	As at 31 December 2024
Government securities and AAA+	57%
AAA to AA-	1%
A+ to A-	31%
BBB+ to BBB-	1%
BB+ & below	7%
Unrated*	3%

Each exposure is evaluated regularly based on available financial data and tracking the creditworthiness of issuers, including tracking changes in the credit ratings of counterparties and instruments.

### Business Risk

Business risk arises from the potential for underperformance due to unforeseen changes in internal or external environments. For PI, this includes the impact of prolonged government restrictions on vehicle imports, which continues to adversely affect growth in the motor insurance sector.

Business risk is managed under the supervision of the Board, Board Committees, and Corporate Management, in alignment with

the Board-approved three-year strategic plan to expand core business operations. The Board periodically reviews actual performance metrics against targets, enabling timely strategic realignment in response to broader macroeconomic developments.

### OPERATIONAL RISKS

#### Information Technology (IT) Risk

Information Technology (IT) Risk refers to the potential disruptions caused by system failures, breakdowns, or cyber security threats that can potentially disrupt operations and expose the Company to data loss or exploitation.

PI follows a structured IT risk management approach guided by comprehensive Group IT policies covering IT discipline, licensed software usage, internet and email monitoring, mail server oversight, and antivirus and firewall protection as well as Unified Threat Management (UTM) systems and Sophos Endpoint Security and Control solutions. These software systems are further supported by a robust Information Security Policy framework, which includes specific guidelines for information security, email usage, and password management. PI has invested. Regular maintenance of an off-site backup system further safeguards against data loss. These security measures are continuously evaluated through periodic IT and Cyber Security risk reviews conducted by the Audit Committee and the Board.

More recently, the Company has expanded its risk assessment framework to include both product-based risk assessments for new IT products and process-based risk assessments for IT operations, ensuring a proactive and comprehensive approach to managing technology-related risks.

#### Human Resource Risk

Human Resource Risk refers to the potential disruption of the Company's operations due to high employee

turnover, skill gap and leadership succession challenges all of which could hinder the Company's ability to achieve its strategic objectives.

PI's primary approach to minimising human capital risk is based on a broad based human capital development that includes a robust recruitment strategy that revolves around competitive compensation packages and career development opportunities to attract and retain top talent. Continuous learning remains a priority, with structured training programmes focused on developing technical, leadership, and soft skills. At the same time, a robust succession planning framework identifies and nurtures high-potential employees, ensuring leadership stability and long-term business continuity.

### Product Design Risk

Product Design Risk arises when offerings fail to align with market needs and customer expectations, potentially impacting competitiveness and growth. PI's customer-centric approach which focuses on ongoing feedback ensures continuous improvement in products to improve their relevance in an evolving market landscape.

### STRATEGIC RISKS

#### Reputation Risk

Reputation Risk encompasses the potential damage to PI's reputation and industry standing due to poor decision-making, including but not limited to violations of business ethics, non-compliance, customer service deficiencies, or operational shortcomings. A timely and effective response to address negative stakeholder perceptions is essential to mitigating this risk.

#### Regulatory Risk

Regulatory risk pertains to the potential impact on business operations arising from changes in laws and regulations, including risks associated with non-compliance. To address regulatory

# Risk Management

risks effectively, the Board has implemented robust monitoring and proactive assessments of regulatory changes, ensuring compliance and mitigating legal and operational risks. The Board and Corporate Management regularly engage with regulators and participate in industry forums to remain informed and advocate effectively. A comprehensive regulatory compliance checklist is presented to the Board

monthly for review and approval, ensuring all requirements are met.

In 2024, PI took steps to comply with regulatory developments requiring Insurance companies and Intermediaries to issue insurance product information documents and restrictions on promoting 3rd party motor insurance in advertisements unless accompanied by a comprehensive motor insurance

cover. Similarly in anticipation of the Data Subject Rights under the Personal Data Protection Act (PDPA) set to come into effect from September 2025 onwards, the Data Protection Officer and Risk & Compliance Officer commenced work on developing a dedicated Data Protection Management Programme to ensure full compliance in line with the stipulated timeline.

## SUSTAINABILITY RELATED RISKS AND OPPORTUNITIES

In 2024, PI took its first steps toward reporting on Sustainability-Related Risks and Opportunities (SRRs) and Climate-Related Risks and Opportunities (CRROs) in preparation for the Sri Lanka Financial Reporting Standards (SLFRS) S1 and S2, set to take effect in January 2025.

It is hoped that these preparatory measures will pave the way for the Company to transition to reporting on SLFRS S1 and S2 standards thereby ensuring greater transparency and accountability in sustainability and climate risk reporting.

Sustainability Related Risks (SRR)/ Sustainability Related Opportunities (SRO)		Management Strategy	Severity of Financial Impact After Management Strategies				
SRR1	Shifting expectation to show leadership in addressing societal challenges	Developing and maintaining trusted relationships with key stakeholders and supporting socially and environmentally responsible economic development	Access to finance	●	●	●	●
			Cost of Capital	●	●	●	●
			Financial Position	●	●	●	●
			Cashflows	●	●	●	●
			Financial Performance	●	●	●	●
SRR2	The demand for gender equality	Company is moving towards increasing the women in key roles and addressing the gender pay gap	Access to finance	●	●	●	●
			Cost of Capital	●	●	●	●
			Financial Position	●	●	●	●
			Cashflows	●	●	●	●
			Financial Performance	●	●	●	●
SRR3	The need for sustainable sourcing/Procurement	Company has initiated to screen suppliers using sustainability criteria when on boarding	Access to finance	●	●	●	●
			Cost of Capital	●	●	●	●
			Financial Position	●	●	●	●
			Cashflows	●	●	●	●
			Financial Performance	●	●	●	●
SRR4	The need for established procedures to eliminate breaches of customer privacy and losses of customer data	Company is in the process of establishing procedure for ensuring customer data privacy	Access to finance	●	●	●	●
			Cost of Capital	●	●	●	●
			Financial Position	●	●	●	●
			Cashflows	●	●	●	●
			Financial Performance	●	●	●	●
SRO1	Create brand value as a company at the forefront of environmental measures	Company can improve brand ranking through investment in environmental initiatives	Access to finance	●	●	●	●
			Cost of Capital	●	●	●	●
			Financial Position	●	●	●	●
			Cashflows	●	●	●	●
			Financial Performance	●	●	●	●
SRO2	Promote diversity to enhance competitiveness	Company can improve the performance by enhancing the diversity and enhancing employee skills and autonomy	Access to finance	●	●	●	●
			Cost of Capital	●	●	●	●
			Financial Position	●	●	●	●
			Cashflows	●	●	●	●
			Financial Performance	●	●	●	●

■ Short Term

■ Medium Term

■ Long Term

● Low

● Medium

● High

Climate Related Risks (SRR) / Sustainability Related Opportunities (SRO)		Management Strategy	Severity of Financial Impact After Management Strategies																				
CRR1	Increased incidence and severity of extreme weather events, such as cyclones and floods, impacting companies claim ratios to be worsen	Proper risk underwriting and obtaining adequate reinsurance backing	<p>Impact Matrix for CRR1:</p> <table border="1"> <tr><td>Access to finance</td><td>Medium</td><td>Medium</td><td>High</td></tr> <tr><td>Cost of Capital</td><td>Medium</td><td>Medium</td><td>High</td></tr> <tr><td>Financial Position</td><td>Medium</td><td>Medium</td><td>High</td></tr> <tr><td>Cashflows</td><td>Medium</td><td>Medium</td><td>High</td></tr> <tr><td>Financial Performance</td><td>Medium</td><td>Medium</td><td>High</td></tr> </table>	Access to finance	Medium	Medium	High	Cost of Capital	Medium	Medium	High	Financial Position	Medium	Medium	High	Cashflows	Medium	Medium	High	Financial Performance	Medium	Medium	High
Access to finance	Medium	Medium	High																				
Cost of Capital	Medium	Medium	High																				
Financial Position	Medium	Medium	High																				
Cashflows	Medium	Medium	High																				
Financial Performance	Medium	Medium	High																				
CRR2	Product Risk due to Customer preferences shifting towards products that are better for the environment	Development of Company's value proposition in line with the sustainability criteria	<p>Impact Matrix for CRR2:</p> <table border="1"> <tr><td>Access to finance</td><td>Medium</td><td>Medium</td><td>High</td></tr> <tr><td>Cost of Capital</td><td>Medium</td><td>Medium</td><td>High</td></tr> <tr><td>Financial Position</td><td>Medium</td><td>Medium</td><td>High</td></tr> <tr><td>Cashflows</td><td>Medium</td><td>Medium</td><td>High</td></tr> <tr><td>Financial Performance</td><td>Medium</td><td>Medium</td><td>High</td></tr> </table>	Access to finance	Medium	Medium	High	Cost of Capital	Medium	Medium	High	Financial Position	Medium	Medium	High	Cashflows	Medium	Medium	High	Financial Performance	Medium	Medium	High
Access to finance	Medium	Medium	High																				
Cost of Capital	Medium	Medium	High																				
Financial Position	Medium	Medium	High																				
Cashflows	Medium	Medium	High																				
Financial Performance	Medium	Medium	High																				
CRO1	Local, national and sector initiatives open up new partnerships to share/increase resources and develop new methods of doing business	Evaluating new methods of building partnerships	<p>Impact Matrix for CRO1:</p> <table border="1"> <tr><td>Access to finance</td><td>High</td><td>Medium</td><td>High</td></tr> <tr><td>Cost of Capital</td><td>Low</td><td>Medium</td><td>Medium</td></tr> <tr><td>Financial Position</td><td>Low</td><td>Medium</td><td>Medium</td></tr> <tr><td>Cashflows</td><td>Low</td><td>Medium</td><td>Medium</td></tr> <tr><td>Financial Performance</td><td>Medium</td><td>Medium</td><td>Medium</td></tr> </table>	Access to finance	High	Medium	High	Cost of Capital	Low	Medium	Medium	Financial Position	Low	Medium	Medium	Cashflows	Low	Medium	Medium	Financial Performance	Medium	Medium	Medium
Access to finance	High	Medium	High																				
Cost of Capital	Low	Medium	Medium																				
Financial Position	Low	Medium	Medium																				
Cashflows	Low	Medium	Medium																				
Financial Performance	Medium	Medium	Medium																				
CRO2	Up-cycling waste and reducing energy cost by moving to sustainable solution	Company has put main emphasis on up-cycling and reuse of waste also sustainable energy consumption	<p>Impact Matrix for CRO2:</p> <table border="1"> <tr><td>Access to finance</td><td>Low</td><td>Medium</td><td>High</td></tr> <tr><td>Cost of Capital</td><td>Low</td><td>Medium</td><td>Medium</td></tr> <tr><td>Financial Position</td><td>Low</td><td>Medium</td><td>Medium</td></tr> <tr><td>Cashflows</td><td>Low</td><td>Medium</td><td>Medium</td></tr> <tr><td>Financial Performance</td><td>Low</td><td>Medium</td><td>Medium</td></tr> </table>	Access to finance	Low	Medium	High	Cost of Capital	Low	Medium	Medium	Financial Position	Low	Medium	Medium	Cashflows	Low	Medium	Medium	Financial Performance	Low	Medium	Medium
Access to finance	Low	Medium	High																				
Cost of Capital	Low	Medium	Medium																				
Financial Position	Low	Medium	Medium																				
Cashflows	Low	Medium	Medium																				
Financial Performance	Low	Medium	Medium																				

Short Term

Medium Term

Long Term

Low

Medium

High





# Financial Information

## Radiating Life

Out to our stakeholders and guides them through the journey of life. We're continuing to magnify and enhance value, with the purpose of radiating positive outcomes across our nation and beyond.

Lighthouses are equipped with the right tools and internal structures that help increase their impact. They rely on specialised lenses that are designed to increase and intensify the power emitting from the light source, to ensure maximised visibility and reach, even amid the harshest conditions.

## Financial Calendar

### Audited Financial Statements and Annual General Meeting (AGM)

	2024	2025 (Proposed)
Financials signed/to be signed for the year ended 31 December	<a href="#">28 February 2025</a>	27 February 2026
Publication of Annual Report for the year ended 31 December	<a href="#">04 April 2025</a>	06 March 2026
Annual General Meeting	<a href="#">30 April 2025</a>	31 March 2026

### Interim Financial Statements – Submission to the Colombo Stock Exchange (CSE)

	2024	2025 (Proposed)
Interim Financial Statements for the 1st Quarter ended 31 March (Unaudited)	<a href="#">15 May 2024</a>	14 May 2025
Interim Financial Statements for the 2nd Quarter ended 30 June (Unaudited)	<a href="#">15 August 2024</a>	14 August 2025
Interim Financial Statements for the 3rd Quarter ended 30 September (Unaudited)	<a href="#">12 November 2024</a>	13 November 2025
Interim Financial Statements for the 4th Quarter ended 31 December (Unaudited)	<a href="#">28 February 2025</a>	26 February 2026

# Statement of Directors' Responsibility for Financial Reporting

The responsibility of the Directors in relation to the Financial Statements of the Company in accordance with the provisions of the Companies Act No. 07 of 2007 ('Companies Act') is set out in this statement. The responsibilities of the External Auditors in relation to the Financial Statements are set out in the Independent Auditor's Report given on pages 194 to 198.

As per sections 150 (1) and 151 of the Companies Act, the Directors of the Company have a responsibility for ensuring that the Company keeps proper books of accounts of all the transactions and prepare Financial Statements that give a true and fair view of the state of affairs of the Company as at the financial reporting date and of the financial performance for the year and place the same before the Annual General Meeting.

The Financial Statements comprise the Statement of Financial Position as at 31 December 2024, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes thereto. Accordingly, the Directors confirm that the Financial Statements of the Company give a true and fair view of:

1. The State of Affairs of the Company as at 31 December 2024; and
2. The Financial Performance of the Company for the financial year then ended.

The Financial Statements for the year 2024, prepared and presented in this Annual Report are in agreement with the underlying books of account and are in conformity with the requirements of the following:

- Sri Lanka Accounting Standards (SLFRSs and LKASs);
- Companies Act No. 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Insurance Industry Act No. 43 of 2000 and amendments thereto;

- Statement of Recommended Practice (SORP) issued by Insurance Regulatory Commission of Sri Lanka (IRCSL);
- Listing Rules of the Colombo Stock Exchange (CSE) and;
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report. The Directors confirm that in preparing these Financial Statements;

1. The appropriate accounting policies have been selected and applied in a consistent manner, material departures, if any, have been disclosed and explained;
2. All applicable accounting standards as relevant have been followed;
3. Judgments and estimates have been made which are reasonable and prudent and;
4. The information required by and otherwise complies with, the Companies Act No. 07 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments thereto and the Listing Rules of the Colombo Stock Exchange (CSE) or requirements of any other regulatory authority are provided in full.

The Directors also ensured that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the Financial Position of the Company.

The Financial Statements of the Company have been certified by the Chief Financial Officer, the officer responsible for their preparation as required by section 150(1) (b) of the Companies Act. In addition, the Financial

Statements of the Company have been signed by two Directors on page 201 as required by Section 150(1)(c) of the Companies Act and other regulatory requirements. In compliance with section 148(1) of the Companies Act, the Directors are also responsible for ensuring that proper accounting records, which explain the Company's transactions and assist in determining the Company's Financial Position with reasonable accuracy at any time are maintained by the Company enabling the preparation of financial statements, in accordance with the Companies Act and further enabling the financial statements to be readily and properly audited.

The Financial Statements for the year 2024 prepared and presented in this Annual Report are consistent with the underlying books of accounts and are in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act and Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments thereto.

The Directors have also instituted effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year and it has been under the regular review of the Board of Directors. This comprises internal reviews, internal audit and the whole system of financial and other controls required to carry on the business in an orderly manner, safeguard its assets, prevent and detect frauds and other irregularities and secure as far as practicable the accuracy and reliability of the records.

As required by section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors wish to confirm that they have authorized the distribution of the dividends paid and proposed upon being satisfied that the Company would be able to satisfy the solvency test immediately after such distributions are made in accordance with section 57 of the Companies Act No. 07 of 2007 and have obtained Certificates of Solvency from the External Auditors in respect of dividends paid.

The Board of Directors also wish to confirm that as required under sections 166(1) and 167(1) of the Companies Act, they have prepared this Annual Report within the prescribed time and ensured that a copy thereof is sent to the shareholders within the stipulated period of time.

The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their audit opinion. The Directors are of the view that they have discharged their responsibilities as set out in this statement.

#### **COMPLIANCE REPORT**

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees, the Government and other Statutory Bodies that were due in respect of the Company as at the financial reporting date have been paid or, where relevant provided for.

By order of the Board.



**Nadhra Zanoon**  
Company Secretary

03 April 2025

# CEO's and CFO's Responsibility Statement

The Financial statements of People's Insurance PLC as at 31 December 2024 are prepared and presented in compliance with the following:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Requirements of the Companies Act No. 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Insurance Industry Act No. 43 of 2000 and amendments thereto;
- Statement of Recommended Practice (SoRP) issued by Insurance Regulatory Commission of Sri Lanka (IRCSL);
- Listing Rules of the Colombo Stock Exchange (CSE) and;
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

Accordingly, the Company has prepared the financial statements which comply with SLFRSs / LKASs and related interpretations applicable for the year ended 31 December 2024, together with the comparative data as at and for the year ended 31 December 2023, where required, as described in the accounting policies.

The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, unless otherwise stated in the notes accompanying the Financial Statements. Significant accounting policies and estimates that involve a high degree of judgement and complexity were discussed with the external auditors and the Board Audit Committee.

The Board of Directors and the management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to these Financial Statements were made on a prudent and reasonable basis in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and that the Company's state of affairs is reasonably presented. To ensure this, the Company has taken proper and sufficient

care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. The internal audit department conducts periodic audits to provide reasonable assurance that the established policies and procedures of the Company are consistently followed. However, there are inherent limitations that should be recognised in weighing the assurance provided by any system of internal controls and accounting. The Board Audit Committee of the Company meets periodically with the Internal Auditors and external auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing, internal controls and financial reporting issues. To ensure complete independence, the external auditors and the internal auditors have full and free access to the members of the Board Audit Committee to discuss any matter of substance. The Financial Statements of the Company were audited by the Auditor General and their report is given on pages 194 to 198 of this Annual Report.

We confirm that:

1. To the best of our knowledge, the Financial Statements, significant accounting policies and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of the operations and the cash flows of the Company during the period under review;
2. The Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements;
3. The Company has complied with all applicable laws, regulations and prudential requirements and there is no material noncompliance;
4. There are no material litigations that are pending against the Company other than those disclosed in Note 49 of the Financial Statements of this Annual Report;

5. All taxes, duties, levies and all statutory payments by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company as at 31 December 2024 have been paid or where relevant provided for;
6. The Company has complied with all the legal and regulatory provisions of the Regulation of Insurance Industry act;
7. The Company has arranged treaty reinsurance with approved reinsurers as per IRCSL guidelines;
8. Reserving and solvency guidelines have been complied with and total reserves are backed by matching admissible assets;
9. The equity capital meets the set minimum capital requirement in accordance with the applicable regulations.



Jeevani Kariyawasam  
Chief Executive Officer



Amila Rajapaksha  
Chief Financial Officer

03 April 2025

Colombo

# IBNR and LAT Certification

27 February 2025



To the shareholders of People's Insurance PLC

## People's Insurance PLC 31 December 2024 LAT Certification

At the end of each reporting period, companies are required to carry out a Liability Adequacy Test ('LAT') as laid out in SLFRS 4. 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 2,347,469,222 set by the Company, net of reinsurance and DAC, is adequate at a 50<sup>th</sup> percentile in relation to the undiscounted unexpired risks of People's Insurance PLC as at 31 December 2024, in many but not all scenarios of future experience. As such, there is no premium deficiency to be recognised by the Company.

The valuation of the Company's unexpired risks has been conducted in compliance with the IRCSL Solvency Margin (Risk Based Capital) Rules, 2015, relevant insurance regulation, and in accordance with the Institute and Faculty of Actuaries ('IFoA') professional standards, to the extent that they are applicable.

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

A handwritten signature in black ink, appearing to read 'S. Kumar'.

Sivaraman Kumar  
Fellow of the Institute and Faculty of Actuaries (FIA)  
For and on behalf of NMG Consulting  
27 February 2025

# Independent Auditor's Report



## ජාතික විගණන කාර්යාලය තොසීය කණකකාය්චු අධ්‍යක්ෂකම් NATIONAL AUDIT OFFICE



මට්ට අංකය  
எணු නිල.  
My No.

මට්ට අංකය  
எணු නිල.  
Your No.

දිනය  
මිකත්  
Date

March 2025

Chairman  
People's Insurance PLC

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the People's Insurance PLC for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

### 1. Financial Statements

#### 1.1 Opinion

The audit of the financial statements of the People's Insurance PLC (the "Company") for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of 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, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, 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 Opinion

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 opinion.

#### 1.3 Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, description of how my audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

Key audit matter	How my audit addressed the key audit matter
<b>Non-Life Insurance Contract Liabilities</b> <p>Non-Life Insurance Contract liabilities amounting to Rs. 4,852,025,556 represent 69% of total liabilities of the company as at 31 December 2024. Non-Life Insurance Contract Liabilities consist of provision for reported claims, provision for Incurred but Not Reported &amp; Incurred but Not Enough Reported (IBNR &amp; IBNER) and provision for unearned premiums which are determined based on an actuarial valuation as described in Note 37.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• materiality of the reported Non-Life Insurance Contract Liabilities.</li> <li>• the degree of assumptions, judgements and estimation uncertainty associated with the actuarial valuation of Non-Life Insurance Contract Liabilities and Liability Adequacy Test carried out to determine the adequacy of the carrying value of Non -Life Insurance Contract Liabilities.</li> </ul> <p>Key areas of significant judgments, estimates and assumptions used in the valuation of the Non-Life Insurance Contract Liabilities included the following:</p> <ul style="list-style-type: none"> <li>• the determination of historical experience and business expectations such as previous claim experience, existing knowledge of risk events, industry ultimate loss ratio, claims handling expenses and management expenses as disclosed in Note 37 to the financial statements.</li> </ul>	<p>To assess the reasonableness of the Non-Life Insurance Contract Liabilities, my audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the competency, capability and objectivity of the management specialist engaged by the company.</li> <li>• Obtained an understanding of the liability valuation process.</li> <li>• Checked the completeness and accuracy of the data used in the valuation of Non-Life Insurance Contract Liabilities by agreeing key information to source documents and accounting records.</li> <li>• Engaged expert resources to assess the reasonableness of the assumptions used in the actuarial valuations of the non-life insurance contract liability and Liability Adequacy Test with reference to the industry data and considering both historical experience and business expectations.</li> <li>• Checked the unearned premium and reported claim calculations.</li> </ul> <p>I assessed the adequacy of the disclosures in Note 37 to the financial statements.</p>

# Independent Auditor's Report

## 1.4 Other information included in the Company's 2024 Annual Report

The other information comprises the information included in the Company's 2024 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 2024 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.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 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.

## 1.6 Auditor's Responsibilities for the Audit of the Financial Statements

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

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

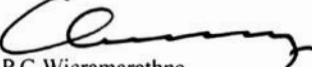
## 2. Report on Other Legal and Regulatory Requirements

- 2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 07 of 2007 include specific provisions for following requirements.
- 2.1.1 I have obtained all the information and explanation that were 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. 07 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

## Independent Auditor's Report

- 2.1.2 The Financial Statements of the Company comply with the requirement of section 151 of the Companies Act, No. 07 of 2007.
- 2.1.3 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- 2.1.4 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.
- 2.2 Based on the procedures performed and evidence obtained which 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.
- 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.

As required by Section 47(2) of the Regulation of Insurance Industry Act, No.43 of 2000, as far as appears from my examination, the accounting records of the Company have been maintained in the manner required by the rules issued by the Insurance Regulatory Commission of Sri Lanka, so as to clearly indicate the true and fair view of the financial position of the Company.



W.P.C. Wicramarathna  
Auditor General

# Statement of Profit or Loss

Year ended 31 December	Note	Page	2024 Rs.	2023 Rs.
<b>Revenue</b>	6	212	<b>5,928,201,984</b>	5,629,835,441
Gross written premium	7	213	<b>6,249,295,113</b>	5,762,722,472
Change in reserve for unearned insurance premium	8	213	(457,166,081)	(125,754,957)
Gross earned premium			<b>5,792,129,032</b>	5,636,967,515
Premium ceded to reinsurers	9	213	(1,245,930,708)	(2,031,401,382)
Change in reserve for unearned reinsurance premium	10	214	<b>167,028,987</b>	564,633,198
<b>Net earned premium</b>			<b>4,713,227,311</b>	4,170,199,331
<b>Fee income</b>	11	214	<b>98,887,860</b>	86,895,968
<b>Claims and expenses</b>				
Net claims	12	214	(3,129,707,791)	(3,125,705,074)
Underwriting and net acquisition costs	13	216	(490,546,313)	(259,174,428)
Other operating and administrative expenses	14	217	(1,643,594,474)	(1,474,023,294)
Finance cost	15	218	(61,625,721)	(73,352,627)
			<b>(5,325,474,299)</b>	(4,932,255,423)
<b>Underwriting results</b>			<b>(513,359,128)</b>	(675,160,124)
<b>Other revenue</b>				
Interest and dividend income	16	218	<b>1,178,784,913</b>	1,458,336,410
Net fair value gains/(losses)	17	219	<b>18,064,535</b>	-
Other income/(losses)	18	219	<b>18,125,225</b>	1,299,700
			<b>1,214,974,673</b>	1,459,636,110
<b>Profit before tax</b>	19	219	<b>701,615,545</b>	784,475,986
Income tax expense	20	219	(272,194,138)	(262,897,970)
<b>Profit for the year</b>			<b>429,421,407</b>	521,578,016
Basic earnings per share	21	221	<b>2.13</b>	2.58

The notes to the financial statements as set out on pages 205 to 265 form an integral part of these financial statements.

# Statement of Comprehensive Income

Year ended 31 December	Note	Page	2024 Rs.	2023 Rs.
<b>Profit for the year</b>			<b>429,421,407</b>	521,578,016
<b>Comprehensive income</b>				
<b>Comprehensive income that may be reclassified to statement of profit or loss in subsequent periods:</b>				
- Net gains/(losses) on investments in debt instruments measured at fair value through other comprehensive income	27.4	233	(26,382,378)	112,002,749
- Deferred tax effect on above	26.3	227	<b>7,914,713</b>	(33,600,825)
			<b>(18,467,665)</b>	78,401,924
<b>Comprehensive income not to be reclassified to statement of profit or loss in subsequent periods:</b>				
- Actuarial losses on defined benefit obligations	38.1.2	241	(9,370,194)	(8,427,399)
- Deferred tax effect on above	26.3	227	<b>2,811,059</b>	3,516,418
			<b>(6,559,135)</b>	(4,910,981)
<b>Comprehensive income for the year, net of tax</b>			<b>(25,026,800)</b>	73,490,943
<b>Total comprehensive income for the year, net of tax</b>			<b>404,394,607</b>	595,068,959

The notes to the financial statements as set out on pages 205 to 265 form an integral part of these financial statements.

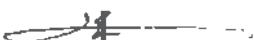
# Statement of Financial Position

As at 31 December	Note	Page	2024 Rs.	2023 Rs.
<b>Assets</b>				
Intangible assets	23	221	<b>15,783,718</b>	11,747,694
Property, plant and equipment	24	222	<b>122,447,874</b>	54,853,488
Right of use assets	25	224	<b>217,153,747</b>	269,910,053
Deferred tax asset	26	225	<b>7,552,011</b>	11,612,789
Financial investments	27	228	<b>10,085,833,841</b>	9,671,185,318
Reinsurance receivables	28	233	<b>451,344,298</b>	538,977,303
Insurance receivables	29	234	<b>1,364,271,636</b>	1,272,473,558
Other assets	31	236	<b>269,990,052</b>	204,811,667
Cash and cash equivalents	32	236	<b>155,077,825</b>	108,656,922
<b>Total assets</b>			<b>12,689,455,002</b>	12,144,228,792
<b>Equity and liabilities</b>				
<b>Equity</b>				
Stated capital	33	237	<b>1,435,000,000</b>	1,350,000,000
Retained earnings	34	237	<b>4,197,059,403</b>	3,867,637,996
Fair value reserve	35	237	<b>16,333,747</b>	34,801,412
Other reserves	36	237	<b>(10,446,860)</b>	(3,887,725)
<b>Total equity</b>			<b>5,637,946,290</b>	5,248,551,683
<b>Liabilities</b>				
Insurance contract liabilities	37	237	<b>4,852,025,556</b>	4,258,822,650
Employee defined benefit obligations	38	240	<b>94,123,807</b>	68,709,878
Other liabilities	39	242	<b>1,073,553,717</b>	1,051,465,968
Lease liability	25	224	<b>264,383,135</b>	303,432,409
Reinsurance payables	40	243	<b>387,360,941</b>	838,517,286
Deferred income	30	235	<b>9,364,218</b>	35,044,610
Income tax payable	41	243	<b>272,603,145</b>	264,349,105
Bank overdrafts	42	243	<b>98,094,193</b>	75,335,203
<b>Total liabilities</b>			<b>7,051,508,712</b>	6,895,677,109
<b>Total equity and liabilities</b>			<b>12,689,455,002</b>	12,144,228,792

The notes to the financial statements as set out on pages 205 to 265 form an integral part of these financial statements.

## Certification

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Amila Rajapaksha  
Chief Financial Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by:



Sanjeewa Bandaranayake  
Director



Nayanganie Wickramasingha  
Director

28 February 2025  
Colombo

# Statement of Changes in Equity

As at	Note	Page	Stated capital Rs.	Retained earnings Rs.	Fair value reserve Rs.	Other reserves Rs.	Total Rs.
<b>Balance as at 31 December 2022</b>			1,350,000,000	3,346,059,980	(43,600,512)	1,023,256	4,653,482,724
Profit for the year			-	521,578,016	-	-	521,578,016
Other comprehensive income	35,36	237	-	-	78,401,924	(4,910,981)	73,490,943
<b>Balance as at 31 December 2023</b>			1,350,000,000	3,867,637,996	34,801,412	(3,887,725)	5,248,551,683
Dividends paid during the year	22	221	85,000,000	(100,000,000)	-	-	(15,000,000)
Profit for the year			-	429,421,407	-	-	429,421,407
Other comprehensive income	35,36	237	-	-	(18,467,665)	(6,559,135)	(25,026,800)
<b>Balance as at 31 December 2024</b>			1,435,000,000	4,197,059,403	16,333,747	(10,446,860)	5,637,946,290

The notes to the financial statements as set out on pages 205 to 265 form an integral part of these financial statements.

# Statement of Cash Flows

Year ended 31 December	Note	Page	2024 Rs.	2023 Rs.
<b>Operating activities</b>				
Premium received from customers			6,183,530,948	5,561,627,089
Reinsurance premium paid			(1,697,087,053)	(1,373,674,816)
Claims paid	12.1	215	(3,000,752,706)	(3,400,715,731)
Reinsurance receipts in respect of claims			143,807,179	155,423,057
Interest received			936,987,852	1,454,280,914
Other operating cash flows			(1,666,755,097)	(1,021,786,984)
<b>Cash flows from operating activities</b>	A		<b>899,731,123</b>	1,375,153,529
Gratuity paid	38.1	240	(4,374,708)	(12,711,565)
Income tax paid	41	243	(209,630,548)	(252,210,218)
Interest paid on lease liability	25.3	225	(61,625,721)	(73,352,627)
<b>Net cash flows from operating activities</b>			<b>624,100,146</b>	1,036,879,119
<b>Investing activities</b>				
Purchase of liquid investments			(200,857,534)	(2,484,612,740)
Purchase of other investments			(12,078,638,651)	(11,422,079,975)
Sale of liquid investments			601,072,329	2,084,397,945
Sale of other investments			11,203,462,059	11,116,445,550
Purchase of intangible assets			(9,085,215)	(9,854,021)
Purchase of property, plant and equipment			(94,203,384)	(26,723,317)
Proceeds received from disposal of fixed assets			15,006,949	5,124
<b>Net cash flows used in investing activities</b>			<b>(563,243,447)</b>	(742,421,434)
<b>Net cash flows before financing activities</b>			<b>60,856,699</b>	294,457,684
<b>Financing activities</b>				
Payment of lease liabilities	25.4	225	(70,645,946)	(58,836,168)
WHT paid on scrip dividend			(15,000,000)	-
<b>Net cash flows used in financing activities</b>			<b>(85,645,946)</b>	(58,836,168)
<b>Net increase/(decrease) in cash and cash equivalents during the period</b>	B		<b>(24,789,247)</b>	235,621,517

The notes to the financial statements as set out on pages 205 to 265 form an integral part of these financial statements.

# Statement of Cash Flows

Year ended 31 December	Note	Page	2024 Rs.	2023 Rs.
<b>A. Cash flows generated from operating activities</b>				
Profit before tax			701,615,545	784,475,986
<b>Adjustments for:</b>				
Net fair value gains/(losses)	17	219	(14,520,263)	-
Provision for employee defined benefit obligations	38.1.1	241	20,418,443	18,918,710
Depreciation and amortisation expenses	14	217	115,898,452	105,389,702
Provision for impairment and bad debt written off			(25,033,943)	(21,072,411)
Interest paid on lease liability	25.3	225	61,625,721	73,352,627
Profit on disposal of property, plant and equipment			(15,367,834)	10,877
<b>Profit before working capital changes</b>			844,636,121	961,075,491
<b>Changes in working capital</b>				
Increase/(decrease) in reinsurance receivables			87,633,005	18,626,257
Increase/(decrease) in insurance receivables and other assets			(131,942,520)	(277,764,571)
Increase/(decrease) in deferred expenses			(25,680,392)	222,478,555
Increase/(decrease) in insurance liabilities			593,202,906	(572,879,222)
Increase/(decrease) in other liabilities			(468,117,997)	1,023,617,019
<b>Cash flows from operating activities</b>			899,731,123	1,375,153,529
<b>B. Increase in cash and cash equivalents</b>				
Cash and cash equivalents	32	236	415,434,897	417,465,154
Bank overdraft	42	243	(98,094,193)	(75,335,203)
Net cash and cash equivalents as at 31 December			317,340,704	342,129,951
Less: Net cash and cash equivalents as at 01 January			342,129,951	106,508,434
Net increase/(decrease) in cash and cash equivalents during the period			(24,789,247)	235,621,517

The notes to the financial statements as set out on pages 205 to 265 form an integral part of these financial statements.

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1 Reporting entity

People's Insurance PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is situated at No. 07, Havelock Road, Colombo 05. Ordinary shares of the Company are listed on the Colombo Stock Exchange (CSE). The Company is registered under the Companies Act No.07 of 2007 and regulated under the Regulation of Insurance Industry Act No. 43 of 2000 and amendments thereto.

For more information, please refer page 286 of this Annual Report.

### 1.2 Parent entity and ultimate parent entity

The Company's parent entity is People's Leasing & Finance PLC. The Company's ultimate parent undertaking and controlling entity is People's Bank which is owned by the Government of Sri Lanka.

### 1.3 Principal activity and nature of operations

The principal activity of the Company is carrying out non-life (general) insurance business for both individual and corporate customers. There were no significant changes in nature of the principal activities of the Company during the financial year under review.

### 1.4 Responsibility for financial statements

The Board of Directors is responsible for preparation and presentation of these financial statements. The responsibilities of the Board of Directors in relation to the financial statements are set out in the Statement of Directors' Responsibility for Financial Reporting on pages 190 to 191 in this Annual Report.

### 1.5 Number of employees

Staff strength of the Company as at 31 December 2024 is 655 (2023 - 568).

### 1.6 Approval of financial statements by the Board of Directors

The financial statements of the Company for the year ended 31 December 2024 were approved and authorised for issue on 28 February 2025 in accordance with the resolution of the Board of Directors on 28 February 2025.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards, promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirements of the Companies Act No. 7 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 and amendments thereto and Listing Rules of the CSE. The financial statements include the following components;

- Statement of profit or loss and statement of comprehensive income providing information on the financial performance of the Company for the year under review (pages 199 to 200);
  - Statement of financial position providing information on the financial position of the Company as at the year-end (page 201);
  - Statement of changes in equity depicting all changes in shareholders' equity (page 202);
  - Statement of cash flows providing information to the users on the ability of the Company to generate cash and cash equivalents and the needs of entities to utilise those cash flows (pages 203 to 204);
- and
- Notes to the financial statements comprising accounting policies and other explanatory information (pages 205 to 265).

### 2.2 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis except for the following material items in the statement of financial position:

Item	Basis of measurement	Note	Page
Insurance contract liabilities	Values are determined in accordance with internationally accepted actuarial principles	37	237
Employee defined benefit obligations	Actuarially valued and recognised at present value	38	240
Financial assets at fair value through profit or loss (FVTPL)	Fair value	27.1	228
Debt instruments measured at fair value through other comprehensive income (FVOCI)	Fair value	27.3	232

### 2.3 Presentation of financial statements

An alternative format has been used in presenting accounting policies to minimise the disclosure overload and clutter in the financial statements. The assets and liabilities of the Company in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. An analysis regarding recovery or settlement period is presented in Note 45 (Risk management framework – exposure to liquidity risk). No adjustments have been made for inflationary factors affecting the financial statements.

# Notes to the Financial Statements

## 2.4 Financial period

The financial statements are prepared to a financial year ended 31 December.

## 2.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of profit or loss unless required or permitted by an accounting standards or interpretation.

## 2.6 Comparative information

The presentation and classification of assets and liabilities in the financial statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of the current year.

## 2.7 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees (Rs.) which is the functional currency of the Company.

## 2.8 Materiality and aggregation

Each material class of similar items is presented separately. Items of dissimilar nature or functions are presented separately unless they are immaterial.

## 2.9 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements of the Company in conformity with SLFRS and LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Further, the management is also required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates. Accounting judgments, estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key significant accounting judgments, estimates and assumptions involving uncertainty are discussed below whereas the respective carrying amounts of such assets and liabilities are given in related notes.

### 2.9.1 Going concern

In determining the basis of preparing the financial statements for the year ended 31 December 2024, based on available information, In addition to that, the management of the Company evaluated the resilience of the business considering a wide range of factors under multiple stress tested scenarios, relating to expected premium

volumes, volatility of claims, expense management, profitability, ability to defer non-essential capital expenditure, reinsurance payment timelines, liquidity of the investment portfolio and the ability to continue providing services to ensure businesses continue as least impacted as possible.

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for a 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. In determining the above significant management judgements, estimates and assumptions.

### 2.9.2 Assessment of impairment

The Company's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The external credit grading model, which assigns probability of defaults (PDs) to the individual grade
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as gross domestic product and the effect on probability of default (PD), exposure at default (EAD) and loss given defaults (LGD)
- Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models

### 2.9.3 Provisions for liabilities and contingencies

The Company receives legal claims against it in the normal course of business. The management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions.

### 2.9.4 Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available to the Company which can be utilised against such tax losses. Judgement is required to determine the amount of deferred tax assets

that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies.

Details on deferred tax assets are disclosed in Note 26 on page 225 to the financial statements.

#### **2.9.5 Valuation of insurance contract liabilities**

The estimates of insurance contracts have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported and claims incurred, but not enough reported (IBNR/IBNER) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty. The main assumption underlying in estimating the amount of outstanding claims is the past claims development experience. Large claims are usually addressed separately, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios.

#### **2.9.6 Employee defined benefit obligation**

Employee defined benefit obligations are determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increments, withdrawal rates and mortality rates. Due to the long-term nature and the valuation complexity, such estimates are subject to significant uncertainty. All assumptions are reviewed annually at each reporting date. In determining the discount rate, the management considers the interest rates of the Government of Sri Lanka treasury bonds with maturities corresponding to the expected duration of defined benefit obligation. Future expected inflation rates and salary increment rates of the Group are considered in determining the salary increases.

Details of the key assumptions used by the Actuary and sensitivities there on the estimation are contained in Note 38 on page 240.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies adopted by the Company are explained in detail in respective notes to the financial statements.

Those accounting policies presented with each note, have been applied consistently by the Company.

Set out below is an index of the significant policies, the details of which are available on the pages that follow;

Significant accounting policies	Note	Page
Foreign currency transaction	3.1	208
Impairment of non-financial assets	3.2	208
Amortised cost measurement	3.3	208
Impairment of financial assets	3.4	208
Provisions	3.5	209
New standards and interpretations not yet adopted	4	210
Operating segments	5	210
Revenue	6	212
Gross written premium	7	213
Change in reserve for unearned insurance premium	8	213
Premium ceded to reinsurers	9	213
Change in reserve for unearned reinsurance premium	10	214
Fee income	11	214
Net claims	12	214
Underwriting and net acquisition costs	13	216
Other operating and administrative expenses	14	217
Finance cost	15	218
Interest and dividend income	16	218
Net realised gains/(losses)	17	219
Other income	18	219
Profit before tax	19	219
Income tax expense	20	219
Basic earnings per share (EPS)	21	221
Dividends	22	221
Intangible assets	23	221
Property, plant and equipment	24	222
Lease and right of use assets	25	224
Deferred tax asset	26	225
Financial investments	27	228
Reinsurance receivables	28	233
Insurance receivables	29	234
Deferred expenses/ income	30	235
Other assets	31	236
Fair value reserve	35	237
Other reserves	36	237
Insurance contract liabilities	37	237
Employee defined benefit obligations	38	240
Other liabilities	39	242
Reinsurance payables	40	243
Income tax payable	41	243
Accounting classification and fair value	44	244
Event after the reporting date	48	264
Capital commitments and contingencies	49	264

# Notes to the Financial Statements

Other significant accounting policies which have been applied commonly by the Company are as follows:

## 3.1 Foreign currency transaction

The Company's financial statements are presented in Sri Lankan Rupees which is also the Company's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## 3.2 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed, only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

## 3.3 Amortised cost measurement

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

## 3.4 Impairment of financial assets

### 3.4.1 Overview of the ECL principles

Based on forward-looking impairment approach, the Company has been recording the allowance for expected credit losses for all insurance receivables and other debt financial assets not held at FVTPL in this section all referred to as 'financial instruments'.

Equity instruments are not subject to impairment under SLFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 3.4.2. The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 45.D.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company's policy for Companying financial assets measured on a collective basis is explained in Note. 45.D.i.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 45.D.i. based on the above process, the Company groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

**Stage 1:** When financial instruments are first recognised, the Company recognises an allowance based on 12mECLs.

**Stage 2:** When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 financial instrument also include instruments, where the credit risk has improved and the instrument has been reclassified from Stage 3.

**Stage 3:** Financial instruments considered credit-impaired (as outlined in Note 45.D.i). The Company records an allowance for the LTECLs.

### 3.4.2 The calculation of ECLs

The Company calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD** - The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 45.D.e.
- EAD** - The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD** - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the counterparty would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. LGD is further explained in Note 45.D.e. When estimating ECLs, the Company considers three scenarios (a base case, good and bad). Each of these is associated with different PDs, EADs and LGD as set out in Note 45.D.i when relevant, the assessment of multiple scenarios also incorporates how defaulted financial instruments are expected to be recovered, including the probability that the instrument will cure and the value of collateral or the amount that might be received for selling the asset.
- Definition of Default** - The Company defines default and classification as Stage 3 (credit-impaired) for ECL calculations for collective purpose when receivables are overdue by more than 150 days for non-government businesses and 300 days for government businesses.

#### 3.4.3 The mechanics of the ECL method

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective interest rate (EIR). This calculation is made for each of the three scenarios, as explained above.

**Stage 2:** When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:** For financial instruments considered credit-impaired (as defined in Note 45.D.i), the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

#### 3.4.4 Forward looking information

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

#### 3.4.5 Impairment of debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount with a corresponding charge to the statement of profit or loss. The accumulated loss recognised in OCI is recycled to the statement of profit and loss upon de-recognition of the assets.

### 3.5 Provisions

#### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Expense relating to any provision is presented in the statement of profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 3.6 Statement of cash flows

The statement of cash flows has been prepared using the direct method of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) - 7, Cash Flow Statements. Interest and dividends received are classified as investing cash flows. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

# Notes to the Financial Statements

## 4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

### 4.1 SLFRS 17 – Insurance Contracts

The following SLFRSs have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRSs will have an effect on the accounting policies currently adopted by the Company and may have an impact on the future financial statements.

**Sri Lanka Financial Reporting Standard (SLFRS) 17 – Insurance Contracts** The institute of chartered accountants of Sri Lanka issued SLFRS 17- Insurance Contracts in January 2023, effective for annual periods beginning on or after 01 January 2026, with earlier application permitted. SLFRS 17 supersedes SLFRS 4 - Insurance Contracts, an interim standard that allows entities to use a wide variety of accounting practices for insurance contracts which includes insurance contracts covering recognition and measurement, presentation and disclosure. The standard contains a core measurement approach to measure groups of insurance contracts known as 'General Model'. Apart from the core measurement model, if certain criteria are met, an entity may apply a simplified version of general model known as Premium Allocation Approach (PAA) and Variable Fee Approach (VFA) for the contracts with direct participation features.

The SLFRS 17 model combines a current balance sheet measurement of insurance contracts with recognition of profit over the period that services are provided. The general model in the standard requires insurance contract liabilities to be measured using probability weighted current estimates of future cash flows, an adjustment for risk and a contractual service margin representing the profit expected from fulfilling the contracts.

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profits of insurance contracts and is recognised in the statement of profit or loss over the service period (i.e. coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in the statement of profit or loss over the remaining contractual service period
- The effect of changes in discount rates will be reported in either in the statement of profit or loss or other comprehensive income, determined by an accounting policy choice
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period

- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the statement of profit or loss, but are recognised directly on the statement of financial position.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts

The Company has an ongoing implementation process to ensure the successful adherence with the standard by 2026. According to the position papers concluded, significant portion of the Company's products will be qualified to be measured under the simplified Premium Allocation Approach. The Company is currently in process of evaluating and finalizing the applicable accounting policies, transition approach including the possible effects on comparative information, impact on current practices of the Company and the appropriate methodology for implementation. As such, the financial impact of initial application of SLFRS 17 Insurance Contracts has not been disclosed in these financial statements as it is not yet reasonably estimable.

### 4.2 Amendments to LKAS 21- Lack of exchangeability

The amendments provide guidance on how an entity should evaluate the exchangeability of a currency and establish a spot exchange rate in cases where exchangeability is absent. They also mandate disclosures that help users of financial statements comprehend the effects of a currency's non-exchangeability. The amendments apply for annual reporting periods beginning on or after 01 January 2025.

## 5. OPERATING SEGMENTS

### Basis of Segmentation

Operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

For the management purposes, the Company has mainly classified overall business in to motor and non-motor segments and non-motor segment has been further classified in to three main segments based on their products and services.

The segmental information reported below is used by the chief operating decision maker for the allocation of resources and assessment of performance.

Reportable segments	Details of operating segments
Motor insurance	Provides cover for motor vehicles against loss or damage caused by accidents, fire and theft and legal liability to third parties in the event of physical injuries or property damage
Marine insurance	Provides the insured with indemnity and financial protection for loss of or damage to cargo during transit
Fire insurance	Provides property cover for damage and losses caused by fire another incidents as applicable to property
Miscellaneous insurance	Provides cover for variety of risks mainly for personal accident and other general insurance which are not categorised under other segments

**Segment results - 2024**

Description	Note	Operating segments				Total Rs.
		Motor	Fire	Marine	Miscellaneous	
Gross written premium	7	4,659,766,863	667,221,105	59,092,321	863,214,824	6,249,295,113
Change in reserves for unearned insurance premium	8	(250,254,428)	(38,041,879)	3,032,930	(171,902,704)	(457,166,081)
Gross earned premium		4,409,512,435	629,179,226	62,125,251	691,312,120	5,792,129,032
Premium ceded to reinsurers	9	(262,402,235)	(527,493,317)	(43,039,233)	(412,995,923)	(1,245,930,708)
Change in reserves for unearned reinsurance premium	10	56,305,889	28,021,554	(440,139)	83,141,683	167,028,987
<b>Net earned premium</b>		<b>4,203,416,089</b>	<b>129,707,463</b>	<b>18,645,879</b>	<b>361,457,880</b>	<b>4,713,227,311</b>
Fee income	11	87,771,644	6,281,966	579,096	4,255,154	98,887,860
Net claims	12	(2,806,418,166)	(56,733,138)	(15,995,596)	(250,560,891)	(3,129,707,791)
Underwriting and net acquisition costs	13	(533,042,708)	41,415,973	(2,850,820)	3,931,242	(490,546,313)
<b>Underwriting results before other operating and administrative expenses</b>		<b>951,726,859</b>	<b>120,672,264</b>	<b>378,559</b>	<b>119,083,385</b>	<b>1,191,861,067</b>
Other operating and administrative expenses and finance cost						(1,705,220,195)
<b>Underwriting results</b>						<b>(513,359,128)</b>
Investment income						1,178,784,913
Net fair value gain/(losses)						18,064,535
Other income						18,125,225
<b>Profit before tax</b>						<b>701,615,545</b>
Income tax						(272,194,138)
<b>Profit after tax</b>						<b>429,421,407</b>

## Notes to the Financial Statements

### Segment results - 2023

Description	Note	Operating segments				Total Rs.
		Motor	Fire	Marine	Miscellaneous	
Gross written premium	7	4,335,504,144	580,308,823	77,084,904	769,824,601	5,762,722,472
Change in reserves for unearned insurance premium	8	(1,514,414)	(32,545,513)	24,902,899	(116,597,929)	(125,754,957)
Gross earned premium		4,333,989,730	547,763,310	101,987,803	653,226,672	5,636,967,515
Premium ceded to reinsurers	9	(1,026,577,962)	(487,756,962)	(57,558,075)	(459,508,383)	(2,031,401,382)
Change in reserves for unearned reinsurance premium	10	491,811,328	25,803,427	(29,256,391)	76,274,834	564,633,198
<b>Net earned premium</b>		<b>3,799,223,096</b>	<b>85,809,775</b>	<b>15,173,337</b>	<b>269,993,123</b>	<b>4,170,199,331</b>
Fee income	11	78,069,905	5,002,705	894,870	2,928,488	86,895,968
Net claims	12	(2,891,545,055)	(13,077,423)	(4,153,567)	(216,929,029)	(3,125,705,074)
Underwriting and net acquisition costs	13	(315,115,749)	44,589,870	2,267,830	9,083,621	(259,174,428)
<b>Underwriting results before other operating and administrative expenses</b>		<b>670,632,197</b>	<b>122,324,927</b>	<b>14,182,470</b>	<b>65,076,203</b>	<b>872,215,797</b>
Other operating and administrative expenses and finance cost						(1,547,375,921)
<b>Underwriting results</b>						<b>(675,160,124)</b>
Investment income						1,458,336,410
Other income						1,299,700
<b>Net profit before tax</b>						<b>784,475,986</b>
Income tax						(262,897,970)
<b>Net profit after tax</b>						<b>521,578,016</b>

Chief operating decision maker uses only operating segments' profit or loss in assessing segment performance and deciding how to allocate resources. Therefore, according to SLFRS 8 - Operating Segments, the Company discloses only operating segments' profit or loss in the financial statements.

### 6. REVENUE

#### ACCOUNTING POLICY

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured.

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Net earned premium	4,713,227,311	4,170,199,331
Other revenue	1,214,974,673	1,459,636,110
	5,928,201,984	5,629,835,441

## 7. GROSS WRITTEN PREMIUM

### ACCOUNTING POLICY

Gross written premium (GWP) represents the premium charged by the Company to underwrite risks and accounted on accrual basis. Gross written premium comprises the total premiums received/receivable for the whole period of cover provided by contracts entered into during the accounting period and is recognised on the date on which the policy commences.

Premium income for the year by major classes of business are as follows;

For the year ended	31.12.2024			31.12.2023		
	Basic Rs.	*SRCC/TC Rs.	Total Rs.	Basic Rs.	*SRCC/TC Rs.	Total Rs.
Motor	3,641,551,064	1,018,215,799	4,659,766,863	3,368,151,415	967,352,729	4,335,504,144
Fire	374,491,202	292,729,903	667,221,105	311,346,409	268,962,414	580,308,823
Marine	57,582,361	1,509,960	59,092,321	75,310,266	1,774,638	77,084,904
Miscellaneous	850,439,702	12,775,122	863,214,824	757,397,530	12,427,071	769,824,601
	4,924,064,329	1,325,230,784	6,249,295,113	4,512,205,620	1,250,516,852	5,762,722,472

\*SRCC/TC - Strike, Riot and Civil Commotion Cover and Terrorism Cover; both ceded to the SRCC and TC Fund

## 8. CHANGE IN RESERVE FOR UNEARNED INSURANCE PREMIUM

### ACCOUNTING POLICY

Unearned premium reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premium is calculated on the 365 basis. Change in reserve for unearned insurance premium represents the net portion of the GWP transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
<b>Class-wise</b>		
Motor	(250,254,428)	(1,514,414)
Fire	(38,041,879)	(32,545,513)
Marine	3,032,930	24,902,899
Miscellaneous	(171,902,704)	(116,597,929)
	(457,166,081)	(125,754,957)

## 9. PREMIUM CEDED TO REINSURERS

### ACCOUNTING POLICY

Gross reinsurance premium written comprises the total reinsurance premium payable for the whole cover provided by contracts entered into the period and is recognised on the date on which the policy commences. Premium includes any adjustments arising in the accounting period in respect of reinsurance contracts commencing in prior accounting periods.

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
<b>Class-wise</b>		
Motor	(262,402,235)	(1,026,577,962)
Fire	(527,493,317)	(487,756,962)
Marine	(43,039,233)	(57,558,075)
Miscellaneous	(412,995,923)	(459,508,383)
	(1,245,930,708)	(2,031,401,382)
<b>Payee-wise</b>		
Local insurance		
- National Insurance Trust Fund	(101,449,584)	(195,964,426)
- Strike, Riot, Civil Commotion and Terrorism Cover	(494,241,462)	(1,248,047,248)
Foreign reinsurers	(650,239,662)	(587,389,708)
	(1,245,930,708)	(2,031,401,382)

## Notes to the Financial Statements

### 10. CHANGE IN RESERVE FOR UNEARNED REINSURANCE PREMIUM

#### ACCOUNTING POLICY

Unearned reinsurance premium is the proportion of premium written in a year that relates to periods of risk after the reporting date. Unearned reinsurance premium is deferred over the term of the underlying direct insurance policies. Change in reserve for unearned reinsurance premium represents the net portion of the reinsurance premium transferred to the unearned reinsurance premium reserve during the year to cover the unexpired period of the policies.

For the year ended	31.12.2024	31.12.2023
	Rs.	Rs.
<b>Class-wise</b>		
Motor	<b>56,305,889</b>	491,811,328
Fire	<b>28,021,554</b>	25,803,427
Marine	<b>(440,139)</b>	(29,256,391)
Miscellaneous	<b>83,141,683</b>	76,274,834
	<b>167,028,987</b>	564,633,198

### 11. FEE INCOME

#### ACCOUNTING POLICY

Policyholders are charged for policy administration services and other contract fees. These fees are recognised on accrual basis.

For the year ended	31.12.2024	31.12.2023
	Rs.	Rs.
Policy fees	<b>79,199,465</b>	73,423,405
Administration fees	<b>19,688,395</b>	13,472,563
	<b>98,887,860</b>	86,895,968

### 12. NET CLAIMS

For the year ended	Note	31.12.2024	31.12.2023
		Rs.	Rs.
Claims paid	12.1	<b>(3,000,752,706)</b>	(3,400,715,731)
Claims recovered from reinsurers	12.2	<b>263,726,023</b>	159,649,452
Net change in contract liabilities	12.3	<b>(392,681,108)</b>	115,361,205
		<b>(3,129,707,791)</b>	(3,125,705,074)

#### ACCOUNTING POLICY

##### Recognition of gross claims

Gross claims for non-life insurance include all claims occurring during the year, whether reported or not, related external 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.

Claims expenses and liabilities for outstanding claims are recognised in respect of direct insurance business. The liability covers claims reported but not yet paid, incurred but not reported claims (IBNR) and the anticipated direct and indirect costs of settling those claims. The provision in respect of IBNR is actuarially valued on a quarterly basis to ensure a more realistic estimation of the future liability based on past experience and trends.

While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustment to the amounts provided. Such amounts are reflected in the financial statements for that period. The methods used and the estimates made are reviewed regularly.

##### Recognition of reinsurance claims

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

Claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

### 12.1 Claims paid

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
<b>Class-wise</b>		
Motor	(2,568,914,570)	(2,941,605,601)
Fire	(98,495,512)	(91,104,167)
Marine	(8,370,172)	(10,364,916)
Miscellaneous	(324,972,452)	(357,641,047)
	<b>(3,000,752,706)</b>	<b>(3,400,715,731)</b>

### 12.2 Claims recovered from reinsurers

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
<b>Class-wise</b>		
Motor	<b>91,272,631</b>	1,160,000
Fire	<b>64,415,023</b>	59,711,463
Marine	<b>3,036,644</b>	3,235,297
Miscellaneous	<b>105,001,725</b>	95,542,692
	<b>263,726,023</b>	159,649,452

### 12.3 Net change in contract liabilities

For the year ended	Note	31.12.2024 Rs.	31.12.2023 Rs.
Gross change in insurance claims outstanding	12.3.1	<b>(305,048,103)</b>	133,987,376
Change in reinsurance recoverable on claims outstanding	12.3.2	<b>(87,633,005)</b>	(18,626,171)
		<b>(392,681,108)</b>	115,361,205

#### 12.3.1 Gross change in insurance claims outstanding

For the year ended	31.12.2024		
	Change in gross claims outstanding Rs.	Change in provision for IBNR Rs.	Total Rs.
<b>Class-wise</b>			
Motor	(256,776,323)	28,602,371	(228,173,952)
Fire	(27,853,341)	(5,129,269)	(32,982,610)
Marine	(21,849,468)	1,578,291	(20,271,177)
Miscellaneous	(15,164,453)	(8,455,911)	(23,620,364)
	<b>(321,643,585)</b>	<b>16,595,482</b>	<b>(305,048,103)</b>

For the year ended	31.12.2023		
	Change in gross claims outstanding Rs.	Change in provision for IBNR Rs.	Total Rs.
<b>Class-wise</b>			
Motor	75,175,227	(23,134,173)	52,041,054
Fire	21,145,452	5,728,408	26,873,860
Marine	30,024,940	6,638,376	36,663,316
Miscellaneous	(8,477,674)	26,886,820	18,409,146
	<b>117,867,945</b>	<b>16,119,431</b>	<b>133,987,376</b>

## Notes to the Financial Statements

### 12.3.2 Change in reinsurance recoverable on claims outstanding

For the year ended	31.12.2024		
	Change in reinsurance recovery on claims outstanding Rs.	Change in reinsurance recovery on provision for IBNR Rs.	Total Rs.
<b>Class-wise</b>			
Motor	(84,743,772)	(15,858,503)	(100,602,275)
Fire	9,181,724	1,148,237	10,329,961
Marine	11,128,693	(1,519,584)	9,609,109
Miscellaneous	(13,983,240)	7,013,440	(6,969,800)
	(78,416,595)	(9,216,410)	(87,633,005)

For the year ended	31.12.2023		
	Change in reinsurance recovery on claims outstanding Rs.	Change in reinsurance recovery on provision for IBNR Rs.	Total Rs.
<b>Class-wise</b>			
Motor	1,760,000	(4,900,508)	(3,140,508)
Fire	(5,582,025)	(2,976,554)	(8,558,579)
Marine	(27,672,411)	(6,014,853)	(33,687,264)
Miscellaneous	38,952,934	(12,192,754)	26,760,180
	7,458,498	(26,084,669)	(18,626,171)

### 13. UNDERWRITING AND NET ACQUISITION COSTS

#### ACCOUNTING POLICY

##### Recognition of underwriting and deferred acquisition costs

Acquisition expenses, representing commission and data sharing which vary with and are directly related to the production of business are deferred and amortised over the period in which the related written premiums are earned.

Reinsurance commission is also treated in the same manner within deferred acquisition costs.

For the year ended	Note	31.12.2024	31.12.2023
		Rs.	Rs.
Acquisition cost	13.1	(630,853,209)	(520,116,073)
Change in deferred acquisition cost		32,159,113	(24,860,860)
		(598,694,096)	(544,976,933)
Reinsurance commission	13.1	114,626,592	483,420,248
Change in unearned commission reserve		(6,478,809)	(197,617,743)
		108,147,783	285,802,505
		(490,546,313)	(259,174,428)

### 13.1 Acquisition and reinsurance commission

For the year ended	31.12.2024				
	Acquisition cost	Change in deferred acquisition cost	Reinsurance commission	Change in unearned reinsurance commission	Total-underwriting and net acquisition cost
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Class-wise</b>					
Motor	(552,263,231)	23,082,796	(14,762,661)	10,900,388	(533,042,708)
Fire	(56,001,270)	5,361,470	99,304,126	(7,248,353)	41,415,973
Marine	(10,208,025)	(32,908)	8,774,597	(1,384,484)	(2,850,820)
Miscellaneous	(12,380,683)	3,747,755	21,310,530	(8,746,360)	3,931,242
	(630,853,209)	32,159,113	114,626,592	(6,478,809)	(490,546,313)

For the year ended	31.12.2023				
	Acquisition cost	Change in deferred acquisition cost	Reinsurance commission	Change in unearned reinsurance commission	Total-underwriting and net acquisition cost
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Class-wise</b>					
Motor	(478,172,614)	(22,781,788)	382,556,953	(196,718,300)	(315,115,749)
Fire	(33,026,969)	(904,350)	82,470,017	(3,948,828)	44,589,870
Marine	(5,239,186)	(977,502)	7,185,624	1,298,894	2,267,830
Miscellaneous	(3,677,304)	(197,220)	11,207,654	1,750,491	9,083,621
	(520,116,073)	(24,860,860)	483,420,248	(197,617,743)	(259,174,428)

### 14. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

#### ACCOUNTING POLICY

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

For the year ended	Note	31.12.2024	31.12.2023
		Rs.	Rs.
Staff expenses	14.1	(907,337,922)	(771,112,755)
Administrative expenses		(646,392,013)	(619,537,199)
Amortisation and depreciation		(115,898,452)	(105,389,701)
Impairment reversal		26,033,913	22,016,361
		(1,643,594,474)	(1,474,023,294)

# Notes to the Financial Statements

## 14.1 Staff expenses

### ACCOUNTING POLICY

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company recognises the changes in the defined benefit obligations under staff expenses in the statement of profit or loss.

- (a) current service cost
- (b) interest cost

For more details please refer Note 38 on defined benefit obligations.

#### Defined contribution plans

A defined contribution plan is a post employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to the Employees' Provident Fund (EPF) under the Employees' Provident Fund Act No. 15 of 1958 as amended and Employees' Trust Fund (ETF) under the Employees' Trust Fund Act No. 46 of 1980, covering all employees are recognised as an employee benefit expense in the statement of profit or loss when they are due. The Company contributes 12% and 3% of gross emoluments of employees' as employees' provident fund and trust fund contributions respectively.

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Wages and salaries	(538,022,870)	(464,587,955)
Staff benefit expenses	(285,694,047)	(234,076,819)
Contributions made to the EPF	(50,562,049)	(42,823,416)
Contributions made to the ETF	(12,640,513)	(10,705,855)
Defined benefit plan expenses	(20,418,443)	(18,918,710)
	(907,337,922)	(771,112,755)

## 15. FINANCE COST

### ACCOUNTING POLICY

Finance costs comprise interest expense on lease liability and recorded as it accrues using the effective interest rate (EIR) method. Accrued interest included within the carrying value of the interest bearing financial liability.

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Interest expense on lease liability	61,625,721	73,352,627

## 16. INTEREST AND DIVIDEND INCOME

### ACCOUNTING POLICY

#### Interest income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the effective interest rate method. Under SLFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI are also recorded by using the EIR method under SLFRS 9. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. When calculating the effective interest rate, the 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 or liability.

#### Dividend income

Dividend income is recognised when the right to receive the dividend is established.

For the year ended	Note	31.12.2024 Rs.	31.12.2023 Rs.
Interest income	16.1	1,178,784,913	1,458,336,410
		1,178,784,913	1,458,336,410

### 16.1 Interest income

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Interest income from FVOCI investment		
- Treasury bonds	<b>113,997,941</b>	140,839,891
Debt instrument at amortised cost		
- Treasury bills	<b>470,041,563</b>	438,510,243
- Debentures	<b>146,545,343</b>	234,480,867
- Fixed deposits	<b>393,946,255</b>	597,221,430
- Repurchase agreements	<b>857,534</b>	4,612,740
- Staff loans	<b>17,047,530</b>	10,880,956
- Call deposits	<b>-</b>	1,489,640
- Others	<b>36,348,747</b>	30,300,643
	<b>1,178,784,913</b>	1,458,336,410

### 17. NET FAIR VALUE GAINS / (LOSSES)

#### ACCOUNTING POLICY

Net fair value gains recorded in the statement of profit or loss on investment include fair value gains/(losses) on financial assets at FVTPL.

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Unit trust		
- realised	<b>3,544,272</b>	-
- unrealised	<b>14,520,263</b>	-
	<b>18,064,535</b>	-

### 18. OTHER INCOME

#### ACCOUNTING POLICY

Other income includes disposal gains/(losses) on property, plant and equipment. Profit or loss on sale of property, plant and equipment is recognised in the period in which the sale occurs and is classified under other income.

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Miscellaneous income	<b>2,757,391</b>	1,310,577
Disposal gain/(losses)	<b>15,367,834</b>	(10,877)
	<b>18,125,225</b>	1,299,700

### 19. PROFIT BEFORE TAX

The profit before tax for the year is stated after charging following expenses;

For the year ended	Note	31.12.2024 Rs.	31.12.2023 Rs.
Auditors' remuneration - statutory audit services		<b>3,590,869</b>	2,967,078
- other services		<b>7,118,647</b>	525,971
Amortisation of intangible assets	23	<b>5,049,191</b>	3,532,489
Depreciation of property, plant and equipment	24	<b>26,561,795</b>	21,455,195
Depreciation of ROU	25	<b>84,287,467</b>	80,402,017
Directors' emoluments		<b>17,201,115</b>	10,704,750

### 20. INCOME TAX EXPENSE

#### ACCOUNTING POLICY

##### Recognition of income tax expenses

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, when it is recognised in equity.

# Notes to the Financial Statements

Major components of income tax expense are as follows:

## 20.1 Tax recognised in statement of profit or loss

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
<b>Current income tax</b>		
Income tax on current year's profits	(239,175,482)	(244,425,808)
Over/(under) provision for income tax in respect of previous year	(18,232,107)	(3,155,822)
	<b>(257,407,589)</b>	<b>(247,581,630)</b>

For the year ended	Note	31.12.2024 Rs.	31.12.2023 Rs.
<b>Deferred tax</b>			
Reversal/(charge) of deferred tax liability	26.3	(19,599,670)	(16,190,285)
Origination of deferred tax asset	26.3	4,813,121	873,945
Deferred taxation charge/(reversal)		(14,786,549)	(15,316,340)
<b>Income tax expense</b>		<b>(272,194,138)</b>	<b>(262,897,970)</b>

## 20.2 Tax recognised in statement of comprehensive income

For the year ended	Note	31.12.2024 Rs.	31.12.2023 Rs.
Change in deferred tax asset due to actuarial loss	26.3	10,725,772	3,516,418
Change in deferred tax asset due to fair value gains	26.3	-	(33,600,825)
		<b>10,725,772</b>	<b>(30,084,407)</b>

## 20.3 Reconciliation of effective tax rate

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Profit for the year	<b>429,421,407</b>	521,578,016
Income tax expense	<b>257,407,589</b>	247,581,630
Deferred taxation	<b>14,786,549</b>	15,316,340
Profit before income tax	<b>701,615,545</b>	784,475,986
<b>At the statutory income tax rate of 30% (2023 - 30%)</b>		
Income exempt from income tax	(16,792,985)	(15,537,512)
Aggregate allowable expenses	(149,333,007)	(174,915,292)
Aggregate disallowable expenses	<b>277,129,888</b>	203,390,851
Non-Taxable income	(15,367,834)	17,338,663
	<b>797,251,607</b>	814,752,696
Statutory tax rate 30% (2023 - 30%)	<b>(239,175,482)</b>	(244,425,809)
Tax at applicable rate	<b>(239,175,482)</b>	(244,425,809)
Deferred taxation reversal	<b>(14,786,549)</b>	(15,316,340)
Over/(under) provision for income tax in respect of previous year	<b>(18,232,107)</b>	(3,155,822)
Income tax expense	<b>(272,194,138)</b>	(262,897,970)

## 20.4 Income tax rate

Current tax is the expected tax payable on the taxable income for the year using tax rate enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of previous year. Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of the previous period. The 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.

As per the Inland Revenue (Amendment) Act No. 45 of 2022, income tax and deferred tax were calculated at the rate of 30 %.

## 21. BASIC EARNINGS PER SHARE (EPS)

### ACCOUNTING POLICY

Company presents basic and diluted Earnings Per Share (EPS) for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted to employees.

For the year ended	31.12.2024	31.12.2023
Profit for the year (Rs.)	429,421,407	521,578,016
Weighted average number of shares (Re-stated 2023)	202,020,255	202,020,255
Basic earnings per share (Rs.)	2.13	2.58

As at	31.12.2024	31.12.2023
Number of shares	200,000,000	200,000,000
Issued ordinary shares as at 31 December	3,632,478	-
Shares issued during the year	203,632,478	200,000,000

### 21.1 Diluted earnings per share

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

## 22. DIVIDENDS

For the year ended	31.12.2024	31.12.2023
	Rs.	Rs.
Scrip dividend paid	85,000,000	-
Dividend per ordinary share	0.5	-

## 23. INTANGIBLE ASSETS

### ACCOUNTING POLICY

The Company's intangible assets include the value of acquired computer software.

#### Basis of recognition

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

Software acquired by the Company is initially measured at cost and subsequently stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### Amortisation

Intangible assets are amortised on a straight-line basis over the period of services to be rendered. Amortisation is recorded in the statement of profit or loss.

Intangible assets with finite lives are amortised over the useful economic life. Amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates.

Amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

# Notes to the Financial Statements

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows;

Asset class	Useful life	Amortisation method
Computer software	5 years	Straight-line method

## De-recognition

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from the de-recognition of such intangible assets is included in the statement of profit or loss when the item is derecognised.

## Impairment

An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of profit or loss. Future servicing rights are also considered in establishing an onerous contract provision for each reporting period.

As at	Software Rs.
<b>Cost</b>	
As at 01 January 2023	77,739,812
Additions during the year	9,854,021
<b>As at 31 December 2023</b>	<b>87,593,833</b>
Additions during the year	<b>9,085,215</b>
<b>As at 31 December 2024</b>	<b>96,679,048</b>
<b>Accumulated amortisation</b>	
As at 01 January 2023	72,313,650
Amortisation during the year	3,532,489
<b>As at 31 December 2023</b>	<b>75,846,139</b>
Amortisation during the year	<b>5,049,191</b>
<b>As at 31 December 2024</b>	<b>80,895,330</b>
<b>Carrying amount</b>	
As at 31 December 2023	11,747,694
<b>As at 31 December 2024</b>	<b>15,783,718</b>

## 23.1 Fully amortised intangible assets in use

Intangible assets also includes fully amortised assets which are still in use of normal business activities.

Initial cost of fully amortised intangible assets which are still in use as at the reporting date is as follows;

As at	31.12.2024 Rs.	31.12.2023 Rs.
Call handling software	3,881,100	3,881,100
General insurance system	60,000,000	60,000,000
HR Software	2,558,712	2,558,712
	<b>66,439,812</b>	<b>66,439,812</b>

## 23.2 Title restriction on intangible assets

No restrictions exist on the title of the intangible assets and no items pledged as securities for liabilities.

## 23.3 Acquisition of intangible assets during the year

During the year Rs. 9,085,215 intangible assets purchased. (2023 - Rs. 9,854,021).

## 23.4 Capitalisation of borrowing costs

There were no capitalised borrowing costs relating to the acquisition of intangible assets during the year 31 December 2024 (2023 - Nil).

## 23.5 Assessment of impairment of intangible assets

The Board of Directors has assessed the potential impairment indicators of intangible assets as at 31 December 2024. Based on the assessment, no impairment indicators were identified and therefore no impairment provision is required to be made in the financial statements as at the reporting date with respect of intangible assets.

## 24. PROPERTY, PLANT AND EQUIPMENT

### ACCOUNTING POLICY

Property, plant and equipment (PPE) are tangible items that are held for servicing or for administrative purposes and are expected to be used for more than one year. Property, plant and equipment include computer hardware, office equipment, furniture and fittings and motor vehicles.

### Basis of recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably.

### Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to or replace a part of it. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring at the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of computer equipment.

The Company applies the cost model to plant and equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

### Repairs and maintenance

Repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred. Cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

### Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Depreciation charge begins when an assets is available for use. The estimated useful lives are as follows:

Asset class	Useful life
Computer hardware	5 years
Office equipment	5 years
Furniture and fittings	5 years
Motor vehicles	5 years

### De-recognition

Carrying amount of an item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from it. Gain or loss arising from the de-recognition of an item of property, plant and equipment is included in the statement of profit or loss when the item is de-recognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is de-recognised. At each such capitalisation, the remaining carrying amount of the previous cost of inspection is de-recognised.

As at	Computer hardware Rs.	Office equipment Rs.	Furniture and fittings Rs.	Motor vehicles Rs.	Total Rs.
<b>Cost</b>					
As at 01 January 2023	75,851,790	94,198,311	59,060,743	18,244,201	247,355,045
Additions during the year	-	11,995,453	715,800	14,012,063	26,723,316
Disposals during the year	-	-	133,465	-	133,465
<b>As at 31 December 2023</b>	<b>75,851,790</b>	<b>106,193,764</b>	<b>59,643,078</b>	<b>32,256,264</b>	<b>273,944,896</b>
Additions during the year	<b>46,362,500</b>	<b>16,913,178</b>	<b>4,515,026</b>	<b>26,412,680</b>	<b>94,203,384</b>
Disposals during the year	-	607,162	59,857	17,600,000	18,267,019
<b>As at 31 December 2024</b>	<b>122,214,290</b>	<b>122,499,780</b>	<b>64,098,247</b>	<b>41,068,944</b>	<b>349,881,261</b>
<b>Accumulated depreciation</b>					
As at 01 January 2023	60,869,119	68,599,852	50,236,507	18,048,200	197,753,678
Depreciation during the year	6,383,485	11,249,052	3,541,124	281,534	21,455,195
Disposals during the year	-	-	117,465	-	117,465
<b>As at 31 December 2023</b>	<b>67,252,604</b>	<b>79,848,904</b>	<b>53,660,166</b>	<b>18,329,734</b>	<b>219,091,408</b>
Depreciation during the year	<b>5,820,767</b>	<b>11,570,008</b>	<b>3,101,411</b>	<b>6,069,609</b>	<b>26,561,795</b>
Disposals during the year	-	572,130	47,686	17,600,000	18,219,816
<b>As at 31 December 2024</b>	<b>73,073,371</b>	<b>90,846,782</b>	<b>56,713,891</b>	<b>6,799,343</b>	<b>227,433,387</b>
<b>Carrying amount</b>					
As at 31 December 2023	8,599,186	26,344,860	5,982,912	13,926,530	54,853,488
<b>As at 31 December 2024</b>	<b>49,140,919</b>	<b>31,652,998</b>	<b>7,384,356</b>	<b>34,269,601</b>	<b>122,447,874</b>

# Notes to the Financial Statements

## 24.1 Fully depreciated property, plant and equipment in use

Property, plant and equipment also includes fully depreciated assets which are in the use of normal business activities. Initial cost of fully depreciated property, plant and equipment which are still in use as at the reporting date is as follows:

As at	31.12.2024 Rs.	31.12.2023 Rs.
Motor vehicle	404,200	18,004,200
Computer hardware	58,451,790	48,051,355
Office equipment	59,085,614	50,302,245
Furniture and fittings	47,670,118	43,228,193
	<b>165,611,722</b>	159,585,993

## 24.2 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of property, plant and equipment of the Company as at the reporting date.

## 24.3 Acquisition of property, plant and equipment during the year

During the financial year, the Company acquired property, plant and equipment amounting to Rs. 94,203,384 (2023 - Rs. 26,723,316). Cash payments amounting to Rs. 94,203,384 (2023 - Rs. 26,723,316) were made during the year to purchase property, plant and equipment.

## 24.4 Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment pledged as securities for liabilities as at the year ended 31 December 2024 (2023 - Nil).

## 24.5 Capitalisation of borrowing cost

There were no capitalised borrowing costs relating to the acquisition of property, plant and equipment during the year ended 31 December 2024 (2023 - Nil).

## 24.6 Temporarily idle property, plant and equipment

There were no temporarily idle property, plant and equipment as at the year ended 31 December 2024 (2023 - Nil).

## 24.7 Assessment of impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment indicators of property, plant and equipment as at 31 December 2024. Based on the assessment, no impairment indicators were identified and therefore no impairment provision is required to be made in the financial statements as at the reporting date in respect of property, plant and equipment.

## 24.8 Amount of contractual commitments for the acquisition of property, plant and equipment

There are no contractual commitments for the acquisition of property, plant and equipment as at the reporting date.

## 25. LEASE AND RIGHT OF USE ASSETS

### ACCOUNTING POLICY

At inception of a contract, the Company 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 Company uses the definition of a lease in SLFRS 16.

## 25.1 Right-of-use assets

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option if applicable. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

As at	2024 Rs.	2023 Rs.
<b>Land and building</b>		
Balance as at 01 January	269,910,053	332,113,002
Depreciation charged for the year	(84,287,468)	(80,402,017)
Additions to right-of-use assets	33,770,932	18,199,068
De-recognition of right-of-use assets	(2,239,770)	-
<b>Balance as at 31 December</b>	<b>217,153,747</b>	269,910,053

## 25.2 Lease liability

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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities both in 'Right of use assets' in the statement of financial position.

As at	2024	2023
	Rs.	Rs.
Balance recognised as at 01 January	303,432,409	344,069,509
New lease agreements	33,770,932	18,199,068
Interest on lease liabilities	61,625,721	73,352,627
De-recognition of lease liabilities	(2,174,260)	-
Payments - Capital	(70,645,946)	(58,836,168)
- Interest	(61,625,721)	(73,352,627)
<b>Balance as at 31 December</b>	<b>264,383,135</b>	<b>303,432,409</b>

As at	31.12.2024	31.12.2023
	Rs.	Rs.
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Within one year	84,108,900	68,848,223
After one year but not more than three years	173,893,310	234,318,106
After three years but not more than five years	6,380,925	266,080
<b>Total operating lease rentals payable</b>	<b>264,383,135</b>	<b>303,432,409</b>

## 25.3 Amounts recognised in profit or loss

For the year ended	31.12.2024	31.12.2023
	Rs.	Rs.
Interest on lease liabilities	61,625,721	73,352,627

## 25.4 Amounts recognised in statement of cash flows

For the year ended	31.12.2024	31.12.2023
	Rs.	Rs.
Interest paid on lease	61,625,721	73,352,627
Payment on lease liability	70,645,946	58,836,168
	<b>132,271,667</b>	132,188,795

## 25.5 Extension options

Extension and termination options are included in the lease agreements of the Company. These are used to maximise operational flexibility in terms of managing the asset used in the Company's operations. The extension and termination options held are exercisable with the three months written consent by either party.

## 26. DEFERRED TAX ASSET

### ACCOUNTING POLICY

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## Notes to the Financial Statements

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

### Valuation of deferred tax assets and liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company establishes provisions based on the tax laws and interpretations.

As at	Note	31.12.2024 Rs.	31.12.2023 Rs.
Deferred tax assets	26.1	45,779,370	45,965,368
Deferred tax liabilities	26.2	(38,227,359)	(34,352,579)
		7,552,011	11,612,789

### 26.1 Deferred tax asset

As at	Statement of financial position			
	31.12.2024		31.12.2023	
	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Employee benefits	84,753,613	25,426,082	60,282,479	18,084,744
Debtors impairment recognised in statement of profit or loss	58,474,099	17,542,230	84,508,012	25,352,404
Actuarial loss recognised in other comprehensive income	9,370,194	2,811,058	8,427,399	2,528,220
	152,597,906	45,779,370	153,217,890	45,965,368

## 26.2 Deferred tax liability

As at	Statement of financial position			
	31.12.2024		31.12.2023	
	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Property, plant and equipment	(55,055,396)	(16,516,619)	(28,929,677)	(8,678,903)
Fair value gains recognised in other comprehensive income	24,131,645	(7,239,493)	50,514,023	(15,154,207)
Assets-In-Use	(48,237,490)	(14,471,247)	(35,064,895)	(10,519,469)
	(79,161,241)	(38,227,359)	(13,480,549)	(34,352,579)
Recognised net deferred tax asset	73,436,665	7,552,011	139,737,341	11,612,789

## 26.3 Change in deferred tax asset/liability

For the year ended	Statement of profit or loss		Statement of other comprehensive income	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Change in deferred tax asset/(liability) Rs.	Change in deferred tax asset/liability Rs.	Change in deferred tax asset/(liability) Rs.	Change in deferred tax asset/(liability) Rs.
<b>Deferred tax asset</b>				
Employee benefits	4,813,121	873,945	-	-
Actuarial loss	-	-	2,811,059	3,516,418
Fair value	-	-	7,914,713	-
	4,813,121	873,945	10,725,772	3,516,418
<b>Deferred tax liability</b>				
Property, plant and equipment	(7,837,716)	(9,585,377)	-	-
Assets-In-Use	(3,951,780)	-	-	-
Debtors impairment	(7,810,174)	(6,604,908)	-	-
Fair value	-	-	-	(33,600,825)
	(19,599,670)	(16,190,285)	-	(33,600,825)
	(14,786,549)	(15,316,340)	10,725,772	(30,084,407)

## 26.4 Reconciliation of deferred tax asset

As at	2024 Rs.	2023 Rs.
Balance as at 01 January	11,612,788	57,013,535
Amounts recorded in the statement of profit or loss	(14,786,549)	(15,316,340)
Amounts recorded in other comprehensive income	10,725,772	(30,084,407)
Balance as at 31 December	7,552,011	11,612,788

# Notes to the Financial Statements

## 27. FINANCIAL INVESTMENTS

### ACCOUNTING POLICY

#### Recognition and initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in business model assessment and the SPPI test below. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the day one profit or loss as described below.

#### Measurement categories of financial assets

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

\*Fair value through profit or loss (FVTPL) as explained in Note 27.1

\*Debt instruments at amortised cost as explained in Note 27.2

\*Fair value through other comprehensive income (FVOCI) as explained in Note 27.3

#### De-recognition and substantial modification

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognises the financial asset if it has both transferred the financial asset and the transfer qualifies for de-recognition.

#### Offsetting of financial investments

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

The Company's financial investments are summarised below based on measurement category.

Debt instruments at FVTPL and debt instruments at FVOCI have been valued at fair value. Debt instruments at amortised cost has been valued at amortised cost.

As at	Note	Carrying value		Fair value	
		31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
Equity instrument at FVTPL	27.1	389,064,535	-	389,064,535	-
Debt instruments at amortised cost	27.2	9,174,297,805	9,143,132,818	9,644,334,621	10,022,674,758
Debt instruments at FVOCI	27.3	522,471,501	528,052,500	515,886,000	528,052,500
		10,085,833,841	9,671,185,318	10,549,285,156	10,550,727,258

### 27.1 Fair value through profit or loss

#### ACCOUNTING POLICY

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking. FVTPL assets are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised under 'Fair value gains/(losses)' in the statement of profit or loss. Dividend income is recorded in 'Interest and dividend income' when the right to payment has been established.

As at	Note	Carrying value		Fair value	
		31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
Unit trusts	27.1.1	389,064,535	-	389,064,535	-
		389,064,535	-	389,064,535	-

### 27.1.1 Unit trust

As at	31.12.2024				31.12.2023			
	No of units	Cost of the investment	Market value	Fair value gain / (loss)	No of units	Cost of the investment	Market value	Fair value gain / (loss)
NDB wealth money fund	3,686,642	123,000,000	129,524,635	6,524,635	-	-	-	-
Capital alliance investment grade fund	7,302,118	251,544,272	259,539,900	7,995,628	-	-	-	-
	10,988,760	374,544,272	389,064,535	14,520,263	-	-	-	-

### 27.2 Debt instruments at amortised cost

#### ACCOUNTING POLICY

The Company only measures insurance receivables, reinsurance receivables and financial investments at amortised cost if both of the following conditions are met:

1. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below;

#### Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

## Notes to the Financial Statements

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is to be measured at FVTPL.

### Impairment

The Company recognises loss allowances for ECL on assets subsequently measured at amortised cost. The Company measures loss allowance at an amount equal to lifetime ECL, except financial investments that are determined to have low credit risk at the reporting date. Refer Note 3.4 for further details on ECL policy.

As at	Note	Carrying value		Fair value	
		31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
Repurchase agreements	27.2.1	-	400,214,795	-	400,214,795
Staff loans	27.2.2	163,345,014	70,963,999	162,630,560	70,631,378
Rent deposits		48,005,414	36,315,441	48,005,414	36,315,441
Fixed deposits	27.2.3	2,633,592,286	2,875,566,074	3,207,155,569	3,301,622,650
Savings accounts		260,357,072	308,808,233	260,357,072	308,808,233
Treasury bills	27.2.4	5,098,323,815	3,260,194,720	5,090,786,042	3,261,557,191
Debentures	27.2.5	970,674,204	1,813,756,737	875,399,964	1,724,688,346
Treasury bond	27.2.6	-	377,312,819	-	918,836,726
		9,174,297,805	9,143,132,818	9,644,334,621	10,022,674,758

### 27.2.1 Repurchase agreements

The Company invests in reverse repurchase agreements (REPO) with People's Bank and Commercial Bank which are fully secured against the assigned government securities with ISIN numbers. No expected credit losses (ECL) are recognised for government securities since those are rated as risk free investments. Balance existed as at 31 December 2024 was NIL (2023 - Rs. 400,214,795).

### 27.2.2 Staff loans

The Company grants vehicle loans and supporting loans for the employees of the company. Terms of the staff loans and interest rate prevailing for the staff loans as follows :

Loan category	Interest rate	Term
Vehicle loans	6%	8 years (maximum)
Supporting loans	-	3 years (maximum)

The carrying value of the staff loans has been computed based on the market interest rates which prevailed at the time of granting the loan and the fair value of the same has been computed based on the interest rates prevailed at the reporting date.

### Impairment of staff loans

No expected credit losses (ECL) were recognised for staff loans since those are fully pledged with securities and ability of deducting from the salary.

### 27.2.3 Fixed deposits

The Company has invested in fixed deposits on licensed commercial banks and registered finance companies during the period for a maximum term of 5 year. The interest rates for fixed deposits fluctuate between the range of 6% - 29.75% based on the tenures and the risk of institutions.

As at	Note	Carrying value	
		31.12.2024 Rs.	31.12.2023 Rs.
Licensed commercial banks	27.2.3.1	1,578,827,394	1,789,285,895
Registered finance companies	27.2.3.2	1,054,775,590	1,086,290,877
		2,633,602,984	2,875,576,772
Less : Allowance for expected credit losses		(10,698)	(10,698)
		2,633,592,286	2,875,566,074

Total allowance for expected credit loss stemmed from 12 months ECL since all investments under this category are investment grade instruments.

#### 27.2.3.1 Licensed commercial banks

As at	Carrying value	
	31.12.2024 Rs.	31.12.2023 Rs.
People's Bank	787,289,612	1,226,520,380
Other banks	791,537,782	562,765,515
	1,578,827,394	1,789,285,895

#### 27.2.3.2 Registered finance companies

As at	Carrying value	
	31.12.2024 Rs.	31.12.2023 Rs.
People's Leasing & Finance PLC	1,004,063,736	1,086,290,877
Other finance companies	50,711,854	-
	1,054,775,590	1,086,290,877

#### 27.2.4 Treasury bills/bonds

The Company has invested in treasury bills/bonds through People's Bank and Commercial Bank primary dealers. The treasury bill /bonds rates for the outstanding balances were in the range of between 8.74% - 12.93% .

#### 27.2.5 Debentures

As at	Carrying value	
	31.12.2024 Rs.	31.12.2023 Rs.
<b>Institution</b>		
<b>Listed debentures</b>		
<b>Sampath Bank PLC</b>		
13.90% 1,000,000 debentures redeemable on 24.02.2024	-	111,562,843
<b>National Development Bank PLC</b>		
13.95% 2,000,000 debentures redeemable on 30.03.2024	-	220,814,058
<b>DFCC Bank PLC</b>		
13.00% 844,500 debentures redeemable on 29.03.2025	92,705,657	92,681,936
13.50% 1,000,000 debentures redeemable on 28.03.2024	-	110,150,811
<b>MTD Walkers PLC</b>		
11.75% 254,624 debentures redeemable on 30.09.2019	26,954,137	26,954,137
<b>Hatton National Bank PLC</b>		
12.30% 413,300 debentures refeembale on 22.09.2024	-	42,651,214
<b>Nations Trust Bank PLC</b>		
12.80% 2,000,000 debentures redeemable on 23.12.2024	-	200,496,933
<b>Siyapath Finance PLC</b>		
13.33% 1,500,000 debentures redeemable on 08.08.2024	-	157,646,963
<b>LOLC Holdings PLC</b>		
10.25% 3,000,000 debentures redeemable on 24.02.2026	325,984,660	325,906,115

## Notes to the Financial Statements

As at	Carrying value	
	31.12.2024 Rs.	31.12.2023 Rs.
<b>Ceylon Electricity Board</b> 9.35% 4,000,000 debentures redeemable on 15.04.2026	<b>426,297,074</b>	426,189,293
<b>Unlisted debentures</b> <b>DFCC Bank PLC</b> 11.00% 1,190,000 debentures redeemable on 12.06.2025	<b>126,144,307</b>	126,114,065
	<b>998,085,835</b>	1,841,168,368
Less : Allowance for expected credit losses	(27,411,631)	(27,411,631)
	<b>970,674,204</b>	1,813,756,737

Total allowance for expected credit loss stemmed from 12 months ECL and Lifetime ECL.

### 27.2.6 Treasury bond

As at	Carrying value		Fair value	
	31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
Treasury bond	-	377,312,819	-	918,836,726
	-	377,312,819	-	918,836,726

No expected credit losses (ECL) were recognised for government securities since those are rated as risk free investments.

### 27.3 Fair value through other comprehensive income (FVOCI)

Under SLFRS 9, debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

Debt instruments at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income. Interest income is recognised in statement of profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 3.4.5. ECL calculation for debt instruments at FVOCI is explained in Note 3.4.5. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to statement of profit or loss.

As at	Carrying value		Fair value	
	31.12.2024 Rs.	31.12.2023 Rs.	31.12.2024 Rs.	31.12.2023 Rs.
Treasury bond	<b>522,471,501</b>	528,052,500	<b>515,886,000</b>	528,052,500

No expected credit losses (ECL) were recognised for government securities since those are rated as risk free investments.

## 27.4 Movement in financial investments

As at	Financial assets at FVTPL	Debt instruments at amortised cost Rs.	Debt instruments at FVOCI Rs.	Total Rs.
<b>As at 01 January 2024</b>	-	9,143,132,818	528,052,500	9,671,185,318
Purchases/accrued interest	389,064,535	8,744,332,056	20,801,379	9,154,197,970
Maturities/sales	-	(8,685,734,974)	-	(8,685,734,974)
Fair value gains recorded in statement of comprehensive income	-	-	(26,382,378)	(26,382,378)
Allowance for expected credit losses	-	(27,432,095)	-	(27,432,095)
<b>As at 31 December 2024</b>	389,064,535	9,174,297,805	522,471,501	10,085,833,841

## 27.5 Determination of fair value

Methodologies and assumptions used to determine fair value of the financial investments are disclosed in Note 44 to the financial statements.

## 27.6 Disclosure of financial risk

The Company's exposure to credit, currency and interest rate risks related to investments are disclosed in Note 45 to the financial statements.

## 27.7 Financial investments pledged as security

The carrying value of financial assets pledged as security are disclosed in note 47 to the financial statements.

## 28. REINSURANCE RECEIVABLES

### ACCOUNTING POLICY

The Company cedes insurance risk to reinsurance in the normal course of business. Reinsurance receivables represent balances due from reinsurance companies. 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.

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

According to the characteristics relating to reinsurance receivables, the instruments qualify the contractual cash flow characteristic test (SPPI test) as the return solely represent capital and interest. Even though there were no interest charge for reinsurance receivables, they satisfy the SPPI test as they are considered to be short term. Upon completion of the SPPI test, the management elected the business model of hold to collect the contractual cash flows and measure the instrument at amortised cost as these are short term in nature. Since these are short term balances without a financing component the amortised cost will be equal to carrying value.

### Assessment of impairment of reinsurance receivables

Reinsurance receivables of the Company are not qualified for ECL model based on SLFRS 4 - Insurance Contracts section 20, impairment losses will be recognised on reinsurance receivables, if and only if, there is no objective evidence, as a result that occurred after initial recognition of the reinsurance assets, that the Company may not receive all amounts due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

As at	2024 Rs.	2023 Rs.
Reinsurance receivables on outstanding claims as at 01 January	538,977,303	557,603,560
Reinsurance receivable on outstanding case reserve	(78,416,594)	7,458,413
Reinsurance receivable on IBNR cases	(9,216,411)	(26,084,670)
Reinsurance receivables on outstanding claims as at 31 December	451,344,298	538,977,303

As at	31.12.2024 Rs.	31.12.2023 Rs.
<b>Payee-wise</b>		
National Insurance Trust Fund	135,403,289	161,693,191
Foreign reinsurers	315,941,009	377,284,112
	451,344,298	538,977,303

# Notes to the Financial Statements

## 28.1 Reinsurance receivables on outstanding claims

This includes reinsurance reserve of claims that has not been paid yet.

## 28.2 Collateral details

The Company does not hold collateral as security against potential default by reinsurance counter parties.

## 28.3 Fair value of reinsurance receivables

The carrying value of reinsurance receivables approximates the fair value at the reporting date.

## 28.4 Risk management

Please refer Note 45.D. for risk management measures taken relating to reinsurance.

## 29. INSURANCE RECEIVABLES

### ACCOUNTING POLICY

Insurance receivables satisfy the contractual cash flow characteristic test (SPPI test) as the return solely represent capital and interest. Even though there were no interest charge for insurance receivables, they satisfy the SPPI test as they are considered to be short term. Upon completion of the SPPI test, management elected the business model of hold to collect the contractual cash flows and measure the instrument at amortised cost as these are short term in nature. Since these are short term balances without a financing component, amortised cost will be equal to carrying value. Based on the three stages; performing (stage 1), under-performing (stage 2), non-performing (stage 3), the Company provides ECL on 12 months ECL and lifetime ECL weighted among several scenarios.

### De-recognition due to substantial modification of terms and conditions

The Company de-recognises premium receivables, when the terms and conditions have been re-negotiated to the extent that, substantially, it becomes a new insurance contract, with the difference recognised as a separate asset or liability. The newly recognised insurance contracts are classified as stage 1 for ECL measurement purposes.

## 29.2 Analysis of impairment provision on insurance receivables

As at	31.12.2024		31.12.2023	
	Exposure Rs.	ECL allowance for impairment Rs.	Exposure Rs.	ECL allowance for impairment Rs.
Performing (Stage 1)	1,302,807,209	4,344,634	640,488,418	904,033
Under-performing (Stage 2)	56,664,841	6,494,561	384,047,101	4,635,669
Non-performing (Stage 3)	35,824,001	20,185,220	304,996,367	51,518,626
	1,395,296,051	31,024,415	1,329,531,886	57,058,328

When assessing whether or not to de-recognise a insurance premium receivable, amongst others, the Company considers the following factors:

- Loss of insurable interest
- Change in counterparty

### Assessment of impairment of insurance receivables

The Company assessed the impairment provision based on the ECL method. The analysis of the impairment provision under three categories is provided below.

As at Note	31.12.2024 Rs.	31.12.2023 Rs.
Insurance receivables	1,395,296,051	1,329,531,886
Less: Allowance for expected credit losses/impairment 29.1	(31,024,415)	(57,058,328)
Insurance receivables net of impairment	1,364,271,636	1,272,473,558

## 29.1 Impairment movement

As at	2024 Rs.	2023 Rs.
Opening balance	57,058,328	78,703,767
Allowance made during the year for expected credit losses/impairment	(26,033,913)	(21,645,439)
Closing balance	31,024,415	57,058,328

The carrying value of insurance receivables approximates the fair value at the reporting date.

### 29.3 Collateral details

The Company does not hold any collateral as security against potential default by policyholders.

### 29.4 Fair value of insurance receivables

The carrying amount disclosed above approximates the fair value at the reporting date.

### 29.5 Risk management

Please refer Note 45. (D) for risk management measures taken relating to insurance receivables.

## 30. DEFERRED EXPENSES / INCOME

### ACCOUNTING POLICY

#### Acquisition expenses

Costs of acquiring new businesses including commission, underwriting, marketing and policy issuance expenses which vary with and directly related to production of new businesses are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. Subsequent to initial recognition, deferred acquisition costs (DAC) are amortised over the period on the basis unearned premium is amortised.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

DAC is de-recognised when the related contracts are either expired or cancelled.

An impairment review of DAC is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of profit or loss. DACs are also considered in the liability adequacy test for each reporting period.

#### Reinsurance commissions

Commissions receivable on outward reinsurance contracts are deferred and amortised on a straight-line basis over the term of the expected premiums payable.

As at	31.12.2024			
	Opening balance Rs.	Deferred acquisition cost Rs.	Deferred reinsurance commission Rs.	Closing balance Rs.
<b>Class wise</b>				
Motor	(12,476,102)	23,082,796	(10,900,388)	21,507,170
Fire	(21,559,757)	5,361,470	7,248,353	(23,446,640)
Marine	(1,652,927)	(32,908)	1,384,484	(3,070,319)
Miscellaneous	644,176	3,747,755	8,746,360	(4,354,429)
	(35,044,610)	32,159,113	6,478,809	(9,364,218)

## Notes to the Financial Statements

As at	31.12.2023			
	Opening balance Rs.	Deferred acquisition cost Rs.	Deferred reinsurance commission Rs.	Closing balance Rs.
<b>Class wise</b>				
Motor	207,023,938	(22,781,787)	196,718,253	(12,476,102)
Fire	(16,706,579)	(904,350)	3,948,828	(21,559,757)
Marine	(1,974,319)	(977,502)	(1,298,894)	(1,652,927)
Miscellaneous	(909,095)	(197,220)	(1,750,491)	644,176
	187,433,945	(24,860,859)	197,617,696	(35,044,610)

### 31. OTHER ASSETS

#### ACCOUNTING POLICY

##### Recognition of other assets

Other assets which consist of non-financial assets are recognised at cost less any impairment losses.

##### Tax receivable

Tax receivable of the Company consists of withholding tax (WHT) receivable.

##### Inventory

Inventory includes all consumable items which are stated at lower of cost and net realisable value.

As at	31.12.2024 Rs.	31.12.2023 Rs.
<b>Non-financial assets</b>		
Advances, deposits and prepayments	223,601,140	129,736,970
Inventory	19,816,051	22,329,320
Tax receivable	20,967,233	39,643,665
Other receivables	5,605,628	13,101,712
	269,990,052	204,811,667

Total allowance for expected credit loss is applicable to balances at bank and it stemmed from 12 months ECL since all investments under this category are investment grade instruments.

### 32.1 Bank overdrafts

Which form an integral part of cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows. In the statement of financial position, overdrafts are included under liabilities. Cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

As at	Note	31.12.2024 Rs.	31.12.2023 Rs.
Cash in hand and balances at bank		155,077,825	108,656,922
Saving accounts		260,357,072	308,808,232
Cash and cash equivalents		415,434,897	417,465,154
Bank overdrafts	42	(98,094,193)	(75,335,203)
		317,340,704	342,129,951

### 32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand with a maturity of three months or less which are subject to an insignificant risk of changes in value.

As at	31.12.2024 Rs.	31.12.2023 Rs.
Cash in hand	1,534,364	1,527,492
Balances at bank	153,543,461	107,129,430
	155,077,825	108,656,922

### 33. STATED CAPITAL

The Company has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

As at	2024		2023	
	No. of shares	Rs.	No. of shares	Rs.
Balance as at 01 January	200,000,000	1,350,000,000	200,000,000	1,350,000,000
Scrip dividend during the year	3,632,478	85,000,000	-	-
Balance as at 31 December	203,632,478	1,435,000,000	200,000,000	1,350,000,000

#### 33.1 Rights of ordinary shareholders

All issued shares are fully paid and shares of the Company are listed on the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at General Meetings of the Company.

### 34. RETAINED EARNINGS

As at	2024	2023
	Rs.	Rs.
Balance as at 01 January	3,867,637,996	3,346,059,980
Profit for the year	429,421,407	521,578,016
Share issued	(100,000,000)	-
Balance as at 31 December	4,197,059,403	3,867,637,996

### 35. FAIR VALUE RESERVE

#### ACCOUNTING POLICY

Fair value reserve comprises the cumulative net change in the fair value of debt instruments at FVOCI and is carried forward until the respective assets are de-recognised or impaired.

As at	2024	2023
	Rs.	Rs.
Balance as at 01 January	34,801,412	(43,600,512)
Other comprehensive income for the year	(18,467,665)	78,401,924
Balance as at 31 December	16,333,747	34,801,412

### 36. OTHER RESERVES

Other reserves comprises the actuarial gains/(losses) arising from valuation of gratuity liability as required by LKAS 19 - Employee Benefits.

As at	2024	2023
	Rs.	Rs.
Balance as at 01 January	(3,887,725)	1,023,256
Other comprehensive income for the year	(6,559,135)	(4,910,981)
Balance as at 31 December	(10,446,860)	(3,887,725)

### 37. INSURANCE CONTRACT LIABILITIES

#### ACCOUNTING POLICY

##### Provision for net unearned premium

Provision for unearned premium represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income. At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognised in the statement of profit or loss by setting up a provision for liability adequacy.

As required by SLFRS 4 - Insurance Contracts, the Company performs a Liability Adequacy Test (LAT) in respect of non-life contract liabilities with the assistance of an external actuary.

##### Provision for gross outstanding claims

Non-life insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

## Notes to the Financial Statements

These liabilities are known as the outstanding claims provision which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries.

The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are de-recognised when the contract expires, is discharged or is cancelled.

### Provision for gross incurred but not reported claims

Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder method, Bornheutter-Ferguson method and Frequency/Severity method.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium.

As at	Note	31.12.2024 Rs.	31.12.2023 Rs.
Provision for net unearned premium	37.1	<b>2,580,576,098</b>	2,290,439,006
Provision for gross outstanding claims	37.3	<b>1,439,871,149</b>	1,120,209,854
Provision for gross incurred but not reported (IBNR) claims	37.4	<b>831,578,309</b>	848,173,790
		<b>4,852,025,556</b>	4,258,822,650

### 37.1 Insurance contract liabilities

As at	31.12.2024			31.12.2023		
	Gross liabilities Rs.	Reinsurance Rs.	Net liabilities Rs.	Gross liabilities Rs.	Reinsurance Rs.	Net liabilities Rs.
Provision for unearned premium	<b>3,671,058,443</b>	(1,090,482,345)	<b>2,580,576,098</b>	3,213,892,363	(923,453,357)	2,290,439,006
Provision for outstanding claims	<b>1,439,871,149</b>	(358,407,653)	<b>1,081,463,496</b>	1,120,209,854	(436,824,246)	683,385,608
Provision for IBNR claims	<b>831,578,309</b>	(92,936,646)	<b>738,641,663</b>	848,173,790	(102,153,056)	746,020,734
	<b>5,942,507,901</b>	(1,541,826,644)	<b>4,400,681,257</b>	5,182,276,007	(1,462,430,659)	3,719,845,348

### 37.2 Provision for net unearned premium

As at	2024			2023		
	Gross liabilities Rs.	Reinsurance Rs.	Net liabilities Rs.	Gross liabilities Rs.	Reinsurance Rs.	Net liabilities Rs.
As at 01 January	3,213,892,363	(923,453,351)	2,290,439,012	3,088,137,405	(358,820,153)	2,729,317,252
Premium written during the year	6,249,295,112	(1,245,930,708)	5,003,364,404	5,762,722,473	(2,031,401,382)	3,731,321,091
Premium earned during the year	(5,792,129,032)	1,078,901,714	(4,713,227,318)	(5,636,967,515)	1,466,768,184	(4,170,199,331)
As at 31 December	3,671,058,443	(1,090,482,345)	2,580,576,098	3,213,892,363	(923,453,351)	2,290,439,012

### 37.3 Provision for gross outstanding claims

As at	2024			2023		
	Gross liabilities Rs.	Reinsurance Rs.	Net liabilities Rs.	Gross liabilities Rs.	Reinsurance Rs.	Net liabilities Rs.
As at 01 January	1,120,209,854	(436,824,246)	683,385,608	1,238,091,406	(429,365,748)	808,725,658
Claims incurred during the year	3,320,414,001	(185,309,430)	3,135,104,571	3,282,834,179	(167,107,950)	3,115,726,229
Claims paid during the year	(3,000,752,706)	263,726,023	(2,737,026,683)	(3,400,715,731)	159,649,452	(3,241,066,279)
As at 31 December	1,439,871,149	(358,407,653)	1,081,463,496	1,120,209,854	(436,824,246)	683,385,608

### 37.4 Provision for gross IBNR claims

As at	2024			2023		
	Gross liabilities Rs.	Reinsurance Rs.	Net liabilities Rs.	Gross liabilities Rs.	Reinsurance Rs.	Net liabilities Rs.
As at 01 January	848,173,790	(102,153,056)	746,020,734	864,293,222	(128,237,725)	736,055,497
Provision charged/(reversed) during the year	(16,595,481)	9,216,410	(7,379,071)	(16,119,432)	26,084,669	9,965,237
As at 31 December	831,578,309	(92,936,646)	738,641,663	848,173,790	(102,153,056)	746,020,734

### 37.5 Liability adequacy test

A liability adequacy test (LAT) was performed by NMG Financial Services Consulting Pte Limited, a firm of professional actuaries as at 31 December 2024 as required by SLFRS 4 - Insurance Contracts in order to assess the adequacy of the carrying amount of the provision for unearned premiums. The valuation is based on internationally accepted actuarial methods and is performed on a quarterly basis. According to the report issued by NMG Financial Services Consulting Pte Limited, the liability carried forward by the Company was adequate. Hence, no provision was made for premium deficiency for the year ended 31 December 2024 (2023 - Nil).

# Notes to the Financial Statements

## 37.6 Valuation of IBNR and IBNER

The incurred but not reported claims reserve has been actuarially computed by NMG Financial Services Consulting Pte Limited as at 31 December 2024.

This valuation exercise was carried out to determine the required claim liability reserve (in particular the IBNR reserve) in respect of Company's non-life Insurance operations, net of reinsurance.

The central estimate of the net claim liability has been determined based upon the net analysis performed for People's Insurance as at 31 December 2024. This is a full review of the loss development factors, such that the value of the insurance liabilities is reflective of People's Insurance general insurance portfolio at 31 December 2024.

The volatility of the central estimate of net claim liability is then projected to secure an overall level of sufficiency of not less than 75% confidence. In assessing the claim liability at a 75% confidence level, the provision of risk margin for adverse deviation (PRAD) loading provided by the Insurance Regulatory Commission of Sri Lanka (IRCSL) is adopted. The 75th percentile is calculated for each line of business independently using the risk margin highlighted in Table 5 of the Regulation of Insurance Industry Act, No. 43 of 2000, revised on 15 December 2015. During the analysis, classes of business in the Company portfolio were closely matched with the IRCSL prescribed business categories.

## 37.7 Changes in assumptions

There were no material estimation changes from the previous valuation done for the balance as at 31 December 2024.

## 37.8 Reconciliation between insurance provision and technical reserves

As at	31.12.2024 Rs.	31.12.2023 Rs.
Insurance contract liabilities	4,852,025,556	4,258,822,650
Reinsurance on case reserves	(358,407,653)	(436,824,246)
Reinsurance on IBNR provision	(92,936,646)	(102,153,056)
Deferred expenses	9,364,218	35,044,610
Technical reserves	4,410,045,475	3,754,889,958

## 38. EMPLOYEE DEFINED BENEFIT OBLIGATIONS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The value of defined benefit obligations is calculated 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.

The re-measurement of the net defined benefit liability which comprises actuarial gains and losses are charged or credited to the statement of comprehensive income in the period in which they arise. The assumptions based on which the results of the actuarial valuation was determined, are included in Note 38.1.4 to the financial statements.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

The provision of the Company is not externally funded.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

## 38.1 Defined benefit plans - provision for employee benefits

As at	31.12.2024 Rs.	31.12.2023 Rs.
Present value of unfunded obligation	94,123,807	68,709,878

### Movement in the present value of the employee benefits

As at	Note	2024 Rs.	2023 Rs.
As at 01 January		<b>68,709,878</b>	54,075,334
Expenses recognised in statement of profit or loss	38.1.1	<b>20,418,443</b>	18,918,710
Payments during the year		<b>(4,374,708)</b>	(12,711,565)
Actuarial loss recognised in statement of comprehensive income	38.1.2	<b>9,370,194</b>	8,427,399
As at 31 December		<b>94,123,807</b>	68,709,878

#### 38.1.1 Expenses recognised in statement of profit or loss

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Interest cost	<b>9,481,963</b>	10,274,313
Current service cost	<b>10,936,480</b>	8,644,397
	<b>20,418,443</b>	18,918,710

#### 38.1.2 Expenses recognised in statement of comprehensive income

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Actuarial loss	<b>9,370,194</b>	8,427,399

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment liability measurement.

As at	31.12.2024		31.12.2023	
	Increase Rs.	Decrease Rs.	Increase Rs.	Decrease Rs.
Discount rate 1%	(2,409,158)	2,556,392	(2,041,722)	2,182,842
Future salary growth 1%	2,698,654	(2,586,220)	2,371,234	(2,249,918)

#### 38.1.3 Valuation of employee benefit obligations

As at 31 December 2024, gratuity liability was actuarially valued under the Projected Unit Credit method by Smiles Global (Private) Limited, a firm with actuarial expertise as required by LKAS 19 - Employee Benefits.

#### 38.1.4 Principal actuarial assumptions used

As at	31.12.2024	31.12.2023
<b>Actuarial information</b>		
(a) Discount rate	<b>10.00%</b>	13.80%
(b) Salary increase	<b>8.00%</b>	8.00%
(c) Incidence of withdrawal	<b>32.00%</b>	23.00%
(e) Mortality rates	<b>A67/70</b>	A67/70
(g) Disability rates	<b>Standard RI rates</b>	Standard RI rates
<b>Employee information</b>		
(a) Average age	<b>32</b>	31
(b) Average service period (years)	<b>4.18</b>	4.45
(c) Expected future working life time (years)	<b>3.08</b>	4.26
(d) Number of employees	<b>655</b>	568

#### 38.2 Sensitivity analysis

The sensitivity analysis below has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

# Notes to the Financial Statements

## 39. OTHER LIABILITIES

### ACCOUNTING POLICY

#### Recognition - financial liabilities

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in the statement of profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in the statement of profit or loss.

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

#### Derecognition of other financial liabilities

Other liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

As at	Note	31.12.2024		31.12.2023	
		Carrying value Rs.	Fair value Rs.	Carrying value Rs.	Fair value Rs.
Other creditors including accrued expenses	39.1	773,665,836	773,665,836	527,381,814	527,381,814
Commission payable		166,300,215	166,300,215	123,320,733	123,320,733
Amounts due to related parties	39.2	38,942,078	38,942,078	19,000,458	19,000,458
Short term borrowings	39.3	-	-	300,000,000	300,000,000
Other liabilities	39.4	94,645,588	94,645,588	81,762,963	81,762,963
		1,073,553,717	1,073,553,717	1,051,465,968	1,051,465,968

### 39.1 Other creditors including accrued expenses

As at	31.12.2024 Rs.	31.12.2023 Rs.
Other creditors	518,422,756	413,922,330
Accrued expenses	255,243,080	113,459,484
	773,665,836	527,381,814

### 39.2 Amounts due to related parties

As at	31.12.2024 Rs.	31.12.2023 Rs.
People's Leasing & Finance PLC	37,817,078	18,145,458
People's Leasing Fleet Management Limited	1,125,000	855,000
	38,942,078	19,000,458

### 39.3 Short term borrowings

As at	31.12.2024 Rs.	31.12.2023 Rs.
FD backed borrowings	-	300,000,000

### 39.4 Other liabilities

Other liabilities include government levies payable other than income tax payable. These liabilities are recorded at amounts expected to be payable as at the reporting date.

As at	31.12.2024 Rs.	31.12.2023 Rs.
Value Added Tax (VAT) payable	66,321,049	61,610,266
CESS payable	5,209,434	1,211,429
Other government levies payable	23,115,105	18,941,268
	94,645,588	81,762,963

## 40. REINSURANCE PAYABLES

### ACCOUNTING POLICY

#### Recognition and measurement of reinsurance payables

Reinsurance liabilities represent balances due to insurance companies. Reinsurance assets or liabilities are de-recognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

As at	2024 Rs.	2023 Rs.
Balance as at 01 January	838,517,286	180,790,718
Arose during the year	911,551,201	1,418,157,263
Utilised during the year	(1,362,707,546)	(760,430,695)
<b>Balance as at 31 December</b>	<b>387,360,941</b>	838,517,286

As at	31.12.2024 Rs.	31.12.2023 Rs.
<b>Payee-wise</b>		
Domestic reinsurer - National Insurance Trust Fund (NITF)	243,563,888	521,920,454
Domestic reinsurer - Others	23,318,871	33,242,791
Foreign reinsurers	120,478,182	283,354,041
	<b>387,360,941</b>	838,517,286

The carrying amount disclosed above approximates the fair value at the reporting date.

All amounts payable on reinsurance business are payable within one year.

## 41. INCOME TAX PAYABLE

Current income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income and not in the statement of profit or loss. The 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.

As at	2024 Rs.	2023 Rs.
Balance as at 01 January	264,349,105	268,977,692
Provision for the year	239,175,482	244,425,808
Under/(over) provision of taxes in respect of prior years	18,232,107	3,155,823
Self-assessment payments	(209,630,548)	(252,210,218)
Tax credits	(39,523,001)	-
Balance as at 31 December	272,603,145	264,349,105

## 42. BANK OVERDRAFT

As at	31.12.2024 Rs.	31.12.2023 Rs.
Bank overdraft	98,094,193	75,335,203

The bank overdraft facility amounting to Rs. 75,000,000 is subject to variable overdraft interest rate of People's Bank. The overdraft facility is secured by a fixed deposit of Rs. 75,000,000 and unused overdraft facility amounted to Rs. 75,000,000 as at the reporting date (2023 - Rs. 75,000,000).

## Notes to the Financial Statements

### 43. MATURITY ANALYSIS OF ASSETS AND LIABILITIES BASED ON THE REMAINING MATURITIES AT THE REPORTING DATE

As at	31.12.2024			31.12.2023		
	Carrying amount Rs.	Less than 12 months Rs.	More than 12 months Rs.	Carrying amount Rs.	Less than 12 months Rs.	More than 12 months Rs.
<b>Assets</b>						
Intangible assets	15,783,718	-	15,783,718	11,747,694	-	11,747,694
Property, plant and equipment	122,447,874	-	122,447,874	54,853,488	-	54,853,488
Right of use assets	217,153,747	82,207,217	134,946,530	269,910,053	79,683,648	190,226,405
Deferred tax asset	7,552,011	-	7,552,011	11,612,789	-	11,612,789
Financial investments	10,085,833,841	7,423,439,179	2,662,394,662	9,671,185,318	6,605,634,874	3,065,550,444
Reinsurance receivables	451,344,298	451,344,298	-	538,977,303	538,977,303	-
Insurance receivables	1,364,271,636	1,364,271,636	-	1,272,473,558	1,272,473,558	-
Other assets	269,990,052	269,990,052	-	204,811,667	204,811,667	-
Cash and cash equivalents	155,077,825	155,077,825	-	108,656,922	108,656,922	-
	12,689,455,002	9,746,330,207	2,943,124,795	12,144,228,792	8,810,237,972	3,333,990,820
<b>Liabilities</b>						
Insurance contract liabilities	4,852,025,556	4,817,176,810	34,848,746	4,258,822,650	4,197,572,267	61,250,383
Employee defined benefit obligations	94,123,807	-	94,123,807	68,709,878	-	68,709,878
Other liabilities	1,073,553,717	1,073,553,717	-	1,051,465,968	1,051,465,968	-
Lease liability	264,383,135	84,108,900	180,274,235	303,432,409	68,848,223	234,584,186
Reinsurance payables	387,360,941	387,360,941	-	838,517,286	838,517,286	-
Deferred income	9,364,218	9,364,218	-	35,044,610	35,044,610	-
Income tax payable	272,603,145	272,603,145	-	264,349,105	264,349,105	-
Bank overdrafts	98,094,193	98,094,193	-	75,335,203	75,335,203	-
	7,051,508,712	6,742,261,924	309,246,788	6,895,677,109	6,531,132,662	364,544,447

### 44. ACCOUNTING CLASSIFICATION AND FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or ;
- In the absence of the principal market, in the most advantageous market for the asset or liability.

Fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. For units in unit trusts, fair value is

determined by reference to published bid-values. If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique.

Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument i.e. without modification or re-packaging, or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in the statement of profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable is not recognised in the statement of profit or loss immediately, but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable. Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counter party where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Company believes a third-party market participant would take them into account in pricing a transaction.

Financial assets and liabilities based on the accounting classification with their carrying values and fair values are tabulated below.

As at	Note	31.12.2024				
		Equity instruments through profit or loss Rs.	Debt instruments at amortised cost Rs.	Debt instruments through FVOCL Rs.	Total carrying amount Rs.	Fair value Rs.
<b>Financial assets</b>						
Financial investments	27					
- Measured at FVTPL		389,064,535		-	389,064,535	389,064,535
- Measured at FVOCL		-	-	522,471,501	522,471,501	515,886,000
- Measured at amortised cost		-	9,174,297,805	-	9,174,297,805	9,644,334,621
Reinsurance receivables	28	-	451,344,298	-	451,344,298	451,344,298
Insurance receivables	29	-	1,364,271,636	-	1,364,271,636	1,364,271,636
Cash and cash equivalents	32	-	155,077,825	-	155,077,825	155,077,825
		389,064,535	11,144,991,564	522,471,501	12,056,527,600	12,519,978,915
<b>Financial liabilities</b>						
Other liabilities						
(excluding government levies)	39	-	978,908,129	-	978,908,129	978,908,129
Reinsurance payables	40	-	387,360,941	-	387,360,941	387,360,941
Bank overdraft	42	-	98,094,193	-	98,094,193	98,094,193
		-	1,464,363,263	-	1,464,363,263	1,464,363,263

## Notes to the Financial Statements

As at	Note	31.12.2023				
		Equity instruments through profit or loss Rs.	Debt instruments at amortised cost Rs.	Debt instruments through FVOCI Rs.	Total carrying amount Rs.	Fair value Rs.
<b>Financial assets</b>						
Financial investments	27					
Measured at FVOCI		-	-	528,052,500	528,052,500	528,052,500
Measured at amortised cost		-	9,143,132,818	-	9,143,132,818	10,022,674,758
Reinsurance receivables	28	-	538,977,303	-	538,977,303	538,977,303
Insurance receivables	29	-	1,272,473,558	-	1,272,473,558	1,272,473,558
Cash and cash equivalents	32	-	108,656,922	-	108,656,922	108,656,922
		-	11,063,240,601	528,052,500	11,591,293,101	12,470,835,041
<b>Financial liabilities</b>						
Other financial liabilities						
(excluding government levies)	39	-	969,703,005	-	969,703,005	969,703,005
Reinsurance payables	40	-	838,517,286	-	838,517,286	838,517,286
Bank overdrafts	42	-	75,335,203	-	75,335,203	75,335,203
		-	1,883,555,494	-	1,883,555,494	1,883,555,494

### 44.1 Determination of fair value and fair value hierarchy

#### Valuation of fair value of financial instruments

Determination of fair values of financial assets and financial liabilities recorded in the statement of financial position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical techniques. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish their fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1:** Listed/quoted (adjusted) prices in active markets for identical instruments are available. The Company measures the fair value of a financial instrument using active listed/quoted prices or dealer price quotations and managers buying price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

- Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. This category includes

instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3:** Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. Non-market observable input means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data.

#### 44.2 Fair value measurement

The following table analyses financial investment measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

As at	31.12.2024			
	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
<b>Assets measured at fair value;*</b>				
<b>Equity instruments at FVTPL</b>				
- Unit trusts	389,064,535	-	-	389,064,535
<b>Debt instruments at FVOCI</b>				
- Treasury bonds	515,886,000	-	-	515,886,000
<b>Assets measured at amortised cost;</b>				
<b>Debt instruments at amortised cost</b>				
- Staff loans	-	162,630,560	-	162,630,560
- Rent deposits	-	48,005,414	-	48,005,414
- Fixed deposits	-	3,207,155,569	-	3,207,155,569
- Savings accounts	-	260,357,072	-	260,357,072
- Treasury bills	5,090,786,042	-	-	5,090,786,042
- Debentures	-	875,399,964	-	875,399,964
	5,995,736,577	4,553,548,579	-	10,549,285,156

As at	31.12.2023			
	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
<b>Assets measured at fair value;*</b>				
<b>Debt instruments at FVOCI</b>				
- Treasury bonds	528,052,500	-	-	528,052,500
<b>Assets measured at amortised cost;</b>				
<b>Debt instruments at amortised cost</b>				
- Repurchase agreements	-	400,214,795	-	400,214,795
- Staff loans	-	70,631,378	-	70,631,378
- Rent deposits	-	36,315,441	-	36,315,441
- Fixed deposits	-	3,301,622,650	-	3,301,622,650
- Savings accounts	-	308,808,233	-	308,808,233
- Treasury bills	3,261,557,191	-	-	3,261,557,191
- Debentures	-	1,724,688,346	-	1,724,688,346
- Treasury bond	918,836,726	-	-	918,836,726
	4,708,446,417	5,842,280,841	-	10,550,727,258

\* Fair values are determined based on the assumptions given in Note 44.1.

# Notes to the Financial Statements

## Financial instruments not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

### Assets for which fair value approximates carrying value

For financial assets/liabilities that have a short term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. The following table lists those financial instruments for which their carrying amounts are a reasonable approximation of fair value due to their short term nature. This assumption is also applied to savings accounts without a specific maturity.

#### Assets

- Cash in hand and balances at bank
- Repurchase agreements
- Fixed deposits with less than three months remaining maturity
- Savings accounts
- Insurance receivables
- Reinsurance receivables

#### Liabilities

- Bank overdraft
- Outstanding commission payable
- Amounts due to related parties
- Other liabilities
- Reinsurance payables

### Fixed deposits with more than three months remaining maturity

The fair values are estimated based on discounted cash flows using rates currently available for similar instruments on similar term, credit risk and remaining maturities.

#### Debentures

The fair values of debentures are determined based on the last traded market price of the instrument published at the Colombo Stock Exchange.

#### Staff loans

Fair values are computed based on the interest rate that prevailed at reporting date.

## 45. RISK MANAGEMENT FRAMEWORK

The Company is exposed to various types of risks in carrying out its business activities. Thus, the Company has implemented a proper system of risk and financial management framework to protect the Company from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

The main types of risks to which the Company is exposed are given below.

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## A. Risk management framework

The Board of Directors has the overall responsibility and the oversight of the risk management framework of the Company. The Board oversees risk management process through the Board Audit Committee and Internal Audit department. The Board has delegated its authorities and responsibilities to the management to establish the Company's risk management policy and to manage overall risk framework of the Company.

At the group level, Enterprises Risk Management Committee operates to strengthen the Group's risk management process. Members from the management are invited to the Group Risk Management Committee and the Company's risk management framework and the risks are monitored by this Group Committee.

Risk governance, risk management framework and risk management strategies are described in detail on pages 180 to 187 in the Risk Management Report.

## B. Capital management framework

The Company's capital management framework forms the basis for activity managing capital within the Company and seeks to optimise the structure and source of capital to ensure that it consistently maximises returns to the shareholders and policyholders while complying with the regulatory requirements.

The Company has established the following capital management objectives, policies and approaches in managing the risks that affect its capital position.

- To maintain the robust level of stability of the Company thereby providing a degree of security to policyholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirement of the policyholders, regulators and stakeholders.
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

Operations of the Company are also subject to regulatory requirements of the Insurance Regulatory Commission of Sri Lanka (IRCSL). The regulations imposed, not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy under the risk based capital regime) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseeable liabilities as they arise.

The Company has complied with all these regulatory requirements during the financial year.

The primary source of capital used by the Company is equity which includes stated capital and the retained earnings.

Capital requirements are measured on the risk based capital regime which is calculated in a periodic basis and assessed against the available capital and determined by the capital adequacy ratio. The process is ultimately subject to the approval of the Board.

The Company has made no significant changes from previous years to its policies and processes of its capital structure.

Available capital resources based on risk based capital as follows;

As at	31.12.2024 Rs.	31.12.2023 Rs.
Total shareholders' funds as per financial statements	<b>5,637,946,290</b>	5,248,551,683
Adjustments based on regulatory requirements	(262,372,645)	51,677,892
Deductions based on regulatory requirements	<b>717,145,095</b>	491,617,006
<b>Total available capital</b>	<b>5,183,173,840</b>	4,705,256,784

## C. Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs to provide policyholders' benefits.

The Insurance Regulatory Commission of Sri Lanka (IRCSL) safeguards policyholders through supervisory control of insurance companies in line with the Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments. The Company has adopted the Risk Based Capital (RBC) framework on solvency margin as required by the IRCSL. The Company was able to maintain the Total Available Capital (TAC) and Risk Based Capital Adequacy Ratio (CAR) as at 31 December 2024 at Rs. 5,183,173,840 (2023 - Rs. 4,696,165,446) and 389% in 2024 (2023 - 336%) respectively. The regulatory minimum capital requirement is Rs. 500,000,000 and regulatory minimum Capital Adequacy Ratio (CAR) ratio is 120%.

In addition to the IRCSL monitoring, the Company is also subject to control by various regulators such as the Colombo Stock Exchange (CSE), Security and Exchange Commission of Sri Lanka (SEC), Central Bank of Sri Lanka (CBSL), Department of Inland Revenue (IRD) and Company Registrar.

## Notes to the Financial Statements

### D. Credit risk

Credit risk is the risk that associates with a loss or potential loss from customer or counter-party failing to meet its contractual obligation in accordance with agreed terms.

The Company's credit risk exposure analysis is provided in Note 45.D.

Types of credit risk	Risk respond
<b>* Insurance receivables</b> Risk of customers failing to settle their outstanding dues.	<ul style="list-style-type: none"> <li>- Regular and rigorous follow ups for premium outstanding.</li> <li>- Periodic policy cancellation for not settling within the given credit period.</li> <li>- Check the status of outstanding premium before settling claims.</li> <li>- Periodic review of the premium receivables to provide adequate impairment provisions.</li> </ul>
<b>* Reinsurance receivables</b> Risk of not receiving reinsurance receivables.	<ul style="list-style-type: none"> <li>- Assessment of credit worthiness of reinsurers in selection and periodic review of their ratings.</li> <li>- Review of outstanding balances on a monthly basis and ensure that all dues are collected or set-off against payables.</li> </ul>

List of reinsurers and the ratings with the issuing agency as at 31 December 2024

Reinsurer	Reinsurer's country of origin	Financial strength rating	Name of the rating agency
PT Asuransi Ummum Mega	Indonesia	A+ (idn)	Fitch Rating
Cica Re	Togo	B+ (Good)	A.M. Best
Best Meridian Insurance Company	USA	A- (Excellent)	A.M. Best
PVI Insurance Corporation	Vietnam	A- (Excellent)	A.M. Best
AXA XL Insurance Company UK Limited	United Kingdom	A+ (Stable)	A.M. Best
Swiss Reinsurance Company Ltd	Switzerland	A+ (Superior)	A.M. Best
Sirius Point International Insurance Corporation	USA	A- (Excellent)	A.M. Best
General Insurance Corporation of India	India	A- (Excellent)	A.M. Best
Sukoon Insurance PJSC - Dubai	Dubai	A (Stable)	S & P
AIG MEA Limited	UAE	A (Stable)	S & P
AIG UK Limited	United Kingdom	A (Stable)	A.M. Best
HDI Global Specialty SE	Germany	A+ (Stable)	S & P
Aviva Insurance Limited	United Kingdom	A+ (Superior)	A.M. Best
Lloyds of London	United Kingdom	A+ (Superior)	A.M. Best
National Insurance Trust Fund	Sri Lanka		Fitch
Allied World Managing Agency Limited	United Kingdom	A+ (Stable)	A.M. Best
Munich Re syndicate	United Kingdom	A+ (Superior)	A.M. Best
Lloyds (Liberty specialty markets singapore Pte Ltd)	Singapore	A	S & P
Ocean International Reinsurance Company Limited	Barbados	A- (Excellent)	A.M. Best
Asian Reinsurance Corporation	Thailand	B+ (Good)	A.M. Best
The New India Assurance Company Limited	India	B++ (Good)	A.M. Best
MISR Insurance company	Egypt	B++ (Good)	A.M. Best
Arch Re Limited	Bermuda	A+ (Superior)	A.M. Best
Lloyds (Lancashire Syndicates)	London (United Kingdom)	A+ (Superior)	A.M. Best
Lloyds (Everest Syndicate)	London (United Kingdom)	A+ (Superior)	A.M. Best

Types of credit risk	Risk respond
<b>* Financial investments</b>	
Risk of borrowers failing to repay or meet contractual obligation.	<ul style="list-style-type: none"> <li>- Assess the credit worthiness of the financial institute/instruments using credit ratings before investing.</li> <li>- Assess on tolerable levels, concentration risk and portfolio monitoring in line with the Company's risk appetite level documented in the investment operations manual.</li> <li>- Obtain adequate collateral to secure the investment where necessary. Regularly review its market value to ensure the adequacy of such collateral and request additional collateral in accordance with the underlying agreement.</li> </ul>

#### Credit quality analysis

The table below sets out information about the credit quality of financial assets held by the Company net allowances for impairment/expected credit losses against those assets.

##### D.i. Expected credit losses

According to the SLFRS 9 - Financial Instruments, the Company manages credit quality using a three stage approach which is in line with the standard requirements.

**Stage 1 (performing)** : 12-month expected credit losses

**Stage 2 (under-performing)** : Lifetime expected credit losses - Not-credit impaired

**Stage 3 (non-performing)**: Lifetime expected credit losses - Credit impaired

Table below shows the classification of assets based on the above-mentioned three stage model.

	12-month ECL Rs.	Life time ECL - Not credit impaired Rs.	Life time ECL - credit impaired Rs.	Unclassified Rs.	Total Rs.
<b>As at 31 December 2024</b>					
Cash and cash equivalents	155,077,825	-	-	-	155,077,825
Financial investments	10,058,401,746	-	27,432,095	-	10,085,833,841
Reinsurance receivables	451,344,298	-	-	-	451,344,298
Insurance receivables	1,298,462,575	50,170,280	15,638,781	-	1,364,271,636
Other non-financial assets	-	-	-	632,927,402	632,927,402
	11,963,286,444	50,170,280	43,070,876	632,927,402	12,689,455,002
<b>As at 31 December 2023</b>					
Cash and cash equivalents	108,656,922	-	-	-	108,656,922
Financial investments	9,634,766,689	-	36,418,629	-	9,671,185,318
Reinsurance receivables	538,977,303	-	-	-	538,977,303
Insurance receivables	639,584,385	632,889,173	-	-	1,272,473,558
Other non-financial assets	-	-	-	552,935,691	552,935,691
	10,921,985,299	632,889,173	36,418,629	552,935,691	12,144,228,792

##### D.ii. Amount arising from expected credit losses

This note highlights inputs, assumptions, and techniques used for estimating expected credit losses (ECL) as per SLFRS 9 – Financial Instruments.

##### a) Significant increase in credit risk

When determining whether the risk of default on a financial assets has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

## Notes to the Financial Statements

This includes both quantitative and qualitative information and analysis based on the Company historical experience and expert credit assessment and including forward-looking information.

### b) Credit risk

Assessment of credit risk is based on a variety of data by applying experienced credit judgement. Credit risk is evaluated using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of financial assets.

Each exposure is assessed at initial recognition based on available information about the financial assets. Exposures are subject to ongoing monitoring which may result in an exposure being moved to a different credit risk grade based on 3 stage model. The monitoring typically involves change in investment credit ratings of counter parties and instruments and number of days over due in terms of insurance and reinsurance receivables.

### c) Generating the term structure of probability of default (PD)

Date past due has been taken as the primary input into the determination of the term structure of PD for insurance receivables. The Company collects performance and default information about its credit risk exposures analysed by customer segments. For investment portfolio, information gathered from external credit agencies is used (debt instruments).

The Company employs statistical models to analyse the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macroeconomic factors.

Using variety of external actual and forecasted information, the Company formulates a base case view of the future direction of relevant economic variables (GDP growth and effect) as well as a representative range (best case and worst case) of other possible forecast scenarios. The Company then uses these forecasts to adjust its estimates of PDs.

### d) Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Using variety of external actual and forecasted information, the Company formulates a base case view of the future direction of relevant economic variables as well as a representative range (best case and worst case) of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by both local and international sources.

The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

### e) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables. These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

#### Probability of default (PD)

PD estimates are estimates at a certain date which are calculated based on statistical models and assessed using various categories based on homogenous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties.

#### Loss given default (LGD)

LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive.

#### Exposure at default (EAD)

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.

### f) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in 47.D.i.

#### Reconciliation from the opening balance to closing balance of the gross carrying amounts by class of financial instrument

The Company has not considered financial investments classified as FVTPL and FVOCL, since this class consists of risk-free government securities. Therefore, following note presents the reconciliation of financial investment at amortised cost. ECL movement of Insurance receivable disclosed in note 29.2

Company	2024			
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total ECL Rs.
Balance as at the beginning of the year	9,115,490,939	-	27,641,879	9,143,132,818
New assets originated or purchased	19,378,692,905	-	-	19,378,692,905
Foreign exchange adjustments	(16,328,674)	-	-	(16,328,674)
Assets derecognised	(19,331,199,244)	-	-	(19,331,199,244)
Balance as at the end of the year	9,146,655,926	-	27,641,879	9,174,297,805

Company	2023			
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total ECL Rs.
Balance as at the beginning of the year	8,240,848,929	-	27,641,879	8,268,490,808
New assets originated or purchased	26,623,066,177	-	-	26,623,066,177
Foreign exchange adjustments	(8,997,232)	-	-	(8,997,232)
Assets derecognised	(25,739,426,935)	-	-	(25,739,426,935)
Balance as at the end of the year	9,115,490,939	-	27,641,879	9,143,132,818

#### Credit ratings of financial instruments

Table below sets out the credit quality of financial investments based on the instruments' credit ratings.

	Risk Free Rs.	AAA to AA- Rs.	A+ to A- Rs.	BBB+ to BB- Rs.	Non-rated Rs.	Total Rs.
<b>Financial investments</b>						
<b>Equity instruments FVTPL</b>						
- Unit trust	-	129,524,635	-	259,539,900	-	389,064,535
<b>Debt instruments at FVOCI</b>						
- Treasury bonds	522,471,501	-	-	-	-	522,471,501
<b>Debt instruments at amortised cost</b>						
- Staff loans	-	-	-	-	163,345,014	163,345,014
- Rent deposits	-	-	-	-	48,005,414	48,005,414
- Fixed deposits	-	-	2,582,891,130	50,701,156	-	2,633,592,286
- Savings accounts	-	-	260,357,072	-	-	260,357,072
- Treasury bills	5,098,323,815	-	-	-	-	5,098,323,815
- Listed debentures	-	-	418,690,317	425,839,581	-	844,529,898
- Unlisted debentures	-	-	126,144,306	-	-	126,144,306
- Reinsurance receivables	-	164,302,311	143,520,994	143,520,993	-	451,344,298
- Insurance receivables	-	-	-	-	1,364,271,636	1,364,271,636
- Cash and cash equivalents	-	-	152,836,343	724,707	1,516,775	155,077,825
	5,620,795,316	293,826,946	3,684,440,162	880,326,337	1,577,138,839	12,056,527,600

# Notes to the Financial Statements

## E. Liquidity risk

Generally, liquidity risk is the risk that a company may not be able to meet short term financial demands. This occurs when financial resources are insufficient to meet the Company's obligation when they fall due and the timing difference between gross claim cash out flows and expected reinsurance recoveries.

### Risk response

- \* Regular review of cash flow projections and ensure sufficient funds are available to meet claims and operational payments.
- \* Maintain a portfolio of readily marketable securities to strengthen the liquidity position.
- \* Maintain diversified durations of investments and regular review of maturity periods based on the cash flow requirements.
- \* Agreements with the reinsurers to immediate draw funds to meet claim payments which exceed the certain agreed level.

- \* Availability of a stand-by overdraft facility to use in the event of an emergency.
- \* Determining the maturity profiles of insurance contract liabilities and reinsurance assets based on the estimated timing of net cash flows from recognised insurance liabilities.
- \* Planning for all large cash outflows in advance and making necessary arrangements to ensure the availability of funds to meet such outflows.

### Maturity profile

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access when meeting liquidity needs.

Following table summarises the maturity profile of the financial assets, financial liabilities and insurance contract liabilities.

Contractual maturities of undiscounted cash flows of financial assets and liabilities are provided below.

As at 31 December 2024	0-6 Months Rs.	7-12 Months Rs.	1-2 Years Rs.	Over 2 Years Rs.	No stated maturity Rs.	Total Rs.
<b>Financial Assets</b>						
<b>Equity instruments at FVTPL</b>						
- Unit trust	-	-	-	-	389,064,535	389,064,535
<b>Debt instruments at FVOCI</b>						
- Treasury bonds	522,471,501	-	-	-	-	522,471,501
<b>Debt instruments at amortised cost</b>						
- Fixed deposits	762,527,610	142,292,686	-	1,728,771,990	-	2,633,592,286
- Staff loans and rent deposits	15,152,693	14,856,796	21,246,448	160,094,491	-	211,350,428
- Savings accounts	-	-	-	-	260,357,072	260,357,072
- Treasury bills	4,380,577,980	717,745,835	-	-	-	5,098,323,815
- Listed debentures	65,294,025	-	752,281,734	-	26,954,139	844,529,898
- Unlisted debentures	126,144,306	-	-	-	-	126,144,306
- Insurance receivables	1,364,271,636	-	-	-	-	1,364,271,636
- Reinsurance receivables	451,344,298	-	-	-	-	451,344,298
- Cash and cash equivalents	155,077,825	-	-	-	-	155,077,825
	7,842,861,874	874,895,317	773,528,182	1,888,866,481	676,375,746	12,056,527,600
<b>Financial liabilities</b>						
Insurance contract liabilities	3,651,502,994	1,165,673,816	18,575,162	16,273,584	-	4,852,025,556
Reinsurance payables	387,360,941	-	-	-	-	387,360,941
Other liabilities	1,073,553,717	-	-	-	-	1,073,553,717
Lease liabilities	40,053,892	44,055,008	102,502,383	77,771,852	-	264,383,135
Bank overdrafts	98,094,193	-	-	-	-	98,094,193
	5,250,565,737	1,209,728,824	121,077,545	94,045,436	-	6,675,417,542

## F. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market variables. Market risk comprises of three types risks: market interest rates (interest rate risk), foreign exchange rate (currency risk) and market prices (price risk). The Company has imposed following policies and procedures to manage the market risks.

### Market risk mitigating strategies

- \* Overall market risk impact is closely monitored by the management, Investment Committee and the Integrated Risk Committee at group level on a regular basis.
- \* Investment portfolio and the fluctuation of macro-economic indicators are reviewed by the top management regularly.
- \* Set limits for investments and portfolio allocations in the investment operation manual to ensure that risk exposure is at the desired risk tolerance limit of the Company.

### F.i Interest rate risk

Interest rate risk is the risk of fluctuation of value of the future cash flows of financial instrument due to changes in market interest rates. Floating rate instruments typically expose the Company to cash flow interest risk whereas fixed interest rate instruments expose the Company to fair value interest rate risk.

### Interest rate risk mitigating strategies

- \* The management follows the guidelines set out in the investment policy and investment operations manual which are regularly reviewed by the Investment Committee.
- \* Preferred investment horizon for the investment portfolio is limited to a maximum of ten years from the time of the investment.
- \* Forecasting and monitoring future cash flows when formulating investment strategies.
- \* Relative amount of each portfolio is determined by the Company's liquidity position, availability of market value and individual securities' risk/return profiles.

The Company has no significant concentration of interest rate risk.

Following table describes the Company's sensitivity to interest rate risks. The sensitivity of reported fair value of financial instruments is monitored by assessing the projected changes in the fair value of financial instrument held by the portfolios in response to assumed parallel shift in the yield curve by +/- 100 basis points and +/- 200 basis points.

Change in variables	31.12.2024		31.12.2023	
	Impact on fund inflow Rs.	Impact on equity Rs.	Impact on fund inflow Rs.	Impact on equity Rs.
+ 100 basis points	(2,092,500)	(2,092,500)	(4,434,697)	(4,434,697)
- 100 basis points	2,109,500	2,109,500	6,126,353	6,126,353
+ 200 basis points	(4,169,000)	(4,169,000)	(16,590,862)	(16,590,862)
- 200 basis points	4,236,500	4,236,500	11,406,878	11,406,878

Following table summarises the exposure to the interest rate risks by the Company.

As at 31 December 2024	Variable interest	Fixed interest	Non-interest bearing	Total
	Rs.	Rs.	Rs.	Rs.
<b>Financial assets</b>				
Financial assets at FVTPL	389,064,535	-	-	389,064,535
Debt instruments at FVOCI	-	522,471,501	-	522,471,501
Debt instruments at amortised cost				
- Staff loans	-	149,693,745	13,651,269	163,345,014
- Rent deposits	-	-	48,005,414	48,005,414
- Fixed deposits	-	2,633,592,286	-	2,633,592,286
- Savings accounts	-	260,357,072	-	260,357,072
- Treasury bills	-	5,098,323,815	-	5,098,323,815
- Listed debentures	-	844,529,898	-	844,529,898
- Unlisted debentures	-	126,144,306	-	126,144,306
	389,064,535	9,635,112,623	61,656,683	10,085,833,841

## Notes to the Financial Statements

As at 31 December 2023	Variable interest Rs.	Fixed interest Rs.	Non-interest bearing Rs.	Total Rs.
<b>Financial assets</b>				
Debt instruments at FVOCI	-	528,052,501	-	528,052,501
Debt instruments at amortised cost				
- Repurchase agreements	-	400,214,795	-	400,214,795
- Treasury bonds	-	377,312,819	-	377,312,819
- Staff loans	-	61,370,946	9,593,053	70,963,999
- Rent deposits	-	-	36,315,441	36,315,441
- Fixed deposits	-	2,875,566,075	-	2,875,566,075
- Savings accounts	-	308,808,232	-	308,808,232
- Treasury bills	-	3,260,194,720	-	3,260,194,720
- Listed debentures	-	1,687,642,672	-	1,687,642,672
- Unlisted debentures	-	126,114,065	-	126,114,065
	-	9,625,276,824	45,908,494	9,671,185,318

### F.ii. Currency risk

Interest rate risk is the risk of fluctuation of value of the future cash flows of financial instruments due to changes in foreign exchange rates.

The Company's principal transactions are carried out in Sri Lankan Rupees (Rs.). The Company's exposure to foreign exchange risk arises primarily with respect to US Dollar denominated assets maintained in order to honor liabilities of foreign currency denominated reinsurance policies.

However, no material foreign currency denominated liability was reported during the financial year ended 31 December 2024.

	31.12.2024		31.12.2023	
	Amount in USD	Amount in Rs.	Amount in USD	Amount in Rs.
Fixed deposits	617,731	216,825,251	413,305	145,071,128
Savings accounts	433,302	110,071,750	230,775	72,898,281
	1,051,033	326,897,001	644,080	217,969,409

	Impact on PBT Rs.	Impact on equity Rs.	Impact on PBT Rs.	Impact on equity Rs.
5% strengthening of rupee	(16,344,850)	(16,344,850)	(10,898,470)	(10,898,470)
5% weakening of rupee	16,344,850	16,344,850	10,898,470	10,898,470

**F.iii Equity price risk**

Equity price risk arises due to fair value or future cash flows of a financial instrument fluctuates due to changes in equity prices other than those arising from interest rate or foreign exchange rate risk.

The Company's investment policy and investment operation manual guides the management on setting and monitoring objectives and constraints on investments, diversification plans as well as limits on each investment under each investment instrument. This policy is regularly reviewed to ensure that it suits with the prevailing market and risk environment. Further, the Company manages its equity price risk by investing in relatively less volatile sectors and in spreading the risk in different sectors.

The Company has no significant concentration of equity price risk since the Company did not have any equity investments as at 31 December 2024.

**Concentration of other financial investments**

The Company manages its credit exposure to a single investment security by regularly reviewing the investment portfolio. This analysis includes all the financial investments classified under financial assets measured at FVTPL, debt instruments at amortised cost and FVOCI.

As at	31.12.2024		31.12.2023	
	Rs.	%	Rs.	%
Treasury bonds	522,471,501	5.4	947,865,320	10.2
Treasury bills	5,098,323,815	53.0	3,260,194,720	34.9
Repurchase agreements	-	-	400,214,795	4.3
Listed debentures	844,529,898	8.8	1,720,137,893	18.4
Unquoted debentures	126,144,306	1.3	126,114,065	1.4
Unit trusts	389,064,535	4.0	-	-
Fixed deposits	2,633,592,286	27.5	2,875,576,773	30.8
	9,614,126,341	100	9,330,103,565	100

**G. Strategic risk**

Strategic risk addressing business risk and regulatory risk is described in detail along with risk mitigation strategies on page 185 in the risk management report.

**H. Operational risk**

Operational risk comprise socio/economic/political risk, environmental risk, technology risk, human resources risk, reputational risk and fraud risk is described in detail along with risk mitigation strategies on page 186 in the risk management report.

**I. General insurance business risk**

General insurance business risk arising from product design, underwriting, claims settlement, reserving, reinsurance and credit risk is described in detail along with risk mitigation strategies on pages 180 to 187 in the risk management report.

The table below sets out the concentration of insurance claim liabilities by type of the contract.

As at	31.12.2024			31.12.2023		
	Gross liability Rs.	Reinsurance receivables Rs.	Net liability Rs.	Gross liability Rs.	Reinsurance receivables Rs.	Net liability Rs.
<b>Class wise</b>						
Motor	905,575,982	96,873,767	808,702,215	648,799,659	181,617,539	467,182,120
Marine	38,257,149	21,124,824	17,132,325	16,432,681	9,996,181	6,436,550
Fire	347,113,336	103,094,085	244,019,251	121,071,340	93,912,360	27,158,980
Miscellaneous	148,924,682	137,314,977	11,609,705	333,906,174	151,298,216	182,607,958
	1,439,871,149	358,407,653	1,081,463,496	1,120,209,854	436,824,246	683,385,608

## Notes to the Financial Statements

### Claims development table

The following tables show the estimate of cumulative incurred claims for each year together with cumulative payments to date.

### Gross non-life insurance outstanding claims provision for 2024

(All figures are in Rupees thousands unless otherwise stated)

Accident period	Current estimate of cumulative claims incurred										Total					
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		2020	2021	2022	2023	2024
2024	(150)	-	7,311	4,318	820	11,724	2,640	3,847	3,470	740	(15,380)	24,124	58,364	206,422	3,012,164	-
2023	(650)	(23,893)	(10,190)	(4,891)	(14,099)	(8,967)	(21,790)	(19,128)	(15,073)	(10,124)	4,504	76,409	316,981	3,013,747	-	-
2022	(1,253)	(5,240)	(4,004)	560	8,045	(7,319)	(9,297)	(2,855)	(11,824)	(5,845)	53,369	347,744	3,517,983	-	-	-
2021	-	558	(1,319)	(600)	(7)	(907)	2,629	6,465	4,197	47,351	67,214	3014,295	-	-	-	-
2020	193	10,771	2,942	1,485	705	2,602	7,573	32,132	(27,248)	2,738,130	-	-	-	-	-	-
2019	-	42,085	5,515	1,591	1,014	2,662	4,183	31,282	92,881	3,803,005	-	-	-	-	-	-
2018	(120)	11,385	51	(8,584)	4,918	(9,647)	21,099	73,912	3,165,480	-	-	-	-	-	-	-
2017	(844)	4,738	(608)	8,298	5,704	21,071	33,255	2,792,805	-	-	-	-	-	-	-	-
2016	(945)	(113)	(17,006)	(8,555)	5,397	50,267	2,635,203	-	-	-	-	-	-	-	-	-
2015	1,703	6,377	(5,165)	35,874	31,044	2,182,704	-	-	-	-	-	-	-	-	-	-
2014	1,465	1,577	28,391	(15,126)	2,040,473	-	-	-	-	-	-	-	-	-	-	-
2013	3,148	50,297	(167,837)	2,042,094	-	-	-	-	-	-	-	-	-	-	-	-
2012	4,224	(58,704)	2,042,934	-	-	-	-	-	-	-	-	-	-	-	-	-
2011	2,762	1,396,938	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2010	213,653	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Current estimated of cumulative claims incurred</b>	<b>223,187</b>	<b>1,436,776</b>	<b>1,881,015</b>	<b>2,056,464</b>	<b>2,084,015</b>	<b>2,244,190</b>	<b>2,675,179</b>	<b>2,893,901</b>	<b>3,271,263</b>	<b>3,807,879</b>	<b>2,847,837</b>	<b>3,462,572</b>	<b>3,893,328</b>	<b>3,220,169</b>	<b>3,012,164</b>	<b>39,009,938</b>
Accident period	Cumulative payments to date														Total	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
2024	-	(8,289)	(8,488)	(2,133)	(13,731)	(3,620)	(6,495)	(4,505)	(17,053)	(6,718)	(26,411)	(98,326)	(705,229)	(2,099,757)	-	
2023	(4,357)	(300)	(2,194)	(1,450)	(1,832)	(3,414)	(10,694)	(9,915)	(13,410)	(17,166)	(114,455)	(824,727)	(2,396,800)	-	-	
2022	(650)	(387)	(10,807)	(11,439)	(10,011)	6,738	10,175	(3,340)	13,16	(7,386)	(24,130)	(846,549)	(2,831,414)	-	-	
2021	-	(58)	(2,569)	(2,428)	(5,012)	(3,402)	(8,644)	(12,075)	(10,880)	(41,866)	(534,897)	(2,397,109)	-	-	-	
2020	(193)	(3,154)	(7,835)	(4,584)	(6,434)	(10,697)	(11,924)	(12,594)	(29,128)	(737,058)	(2,214,578)	-	-	-	-	
2019	-	(84,791)	(9,222)	(4,101)	(13,820)	(21,259)	(15,975)	(39,809)	(55,178)	(2,956,804)	-	-	-	-	-	-
2018	-	(16,329)	(5,532)	(14,079)	(15,396)	(26,780)	(26,927)	(515,478)	(2,646,682)	-	-	-	-	-	-	-
2017	(2,129)	(8,627)	(10,057)	(10,447)	(13,186)	(30,788)	(46,892)	(2,267,584)	-	-	-	-	-	-	-	-
2016	(390)	(8,262)	(16,478)	(12,958)	(23,979)	(389,878)	(21,29,944)	-	-	-	-	-	-	-	-	-
2015	(1,718)	(16,664)	(53,691)	(28,525)	(395,617)	(1,743,315)	-	-	-	-	-	-	-	-	-	-
2014	(2,329)	(19,215)	(29,760)	(32,993)	(1,586,379)	-	-	-	-	-	-	-	-	-	-	-
2013	(3,495)	(57,574)	(252,384)	(1,621,312)	-	-	-	-	-	-	-	-	-	-	-	-
2012	(5,154)	(311,763)	(1,465,582)	-	-	-	-	-	-	-	-	-	-	-	-	-
2011	(72,227)	(893,615)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2010	(13,902)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cumulative payments to date</b>	<b>(223,187)</b>	<b>(1424,796)</b>	<b>(1,872,506)</b>	<b>(2,050,548)</b>	<b>(2,073,417)</b>	<b>(2,234,924)</b>	<b>(2,659,196)</b>	<b>(2,868,069)</b>	<b>(3,251,581)</b>	<b>(3,773,577)</b>	<b>(2,797,489)</b>	<b>(3,384,724)</b>	<b>(3,754,467)</b>	<b>(3,102,029)</b>	<b>(2,099,757)</b>	<b>(37,570,067)</b>
<b>Total gross claims outstanding</b>	<b>-</b>	<b>11,980</b>	<b>8,509</b>	<b>5,916</b>	<b>10,598</b>	<b>9,266</b>	<b>15,983</b>	<b>25,832</b>	<b>19,682</b>	<b>34,302</b>	<b>50,348</b>	<b>78,048</b>	<b>138,861</b>	<b>118,140</b>	<b>912,407</b>	<b>1,439,871</b>

Net non-life insurance outstanding claims provision for 2024

(All figures are in Birr unless otherwise stated)

Accident period	Current estimate of cumulative claims incurred												Total			
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
2024	(150)	14,803	13,051	5,421	5,521	11,724	5,362	14,738	7,939	24,086	29,886	48,515	143,965	72,818	2,737,425	
2023	(650)	(21,398)	(9,190)	(4,644)	(13,495)	(8,812)	(13,169)	(9,527)	(5,143)	327	13,362	81,006	246,771	2,860,161	-	
2022	(2,589)	(16,234)	(37,642)	(24,812)	(10,677)	77,430	(12,733)	(3,403)	(17,256)	(9,480)	(1,385)	420,662	3,067,091	-	-	
2021	-	58	(1,387)	428	718	2,126	4,019	7,482	8,701	50,064	121,616	2719,397	-	-	-	
2020	193	10,793	2,942	1,485	705	2,602	6,735	8,961	33,117	58,000	2,601,103	-	-	-	-	
2019	-	321	5,515	1,591	1,014	2,667	4,325	37,666	79,873	3,398,413	-	-	-	-	-	
2018	(120)	11,400	51	(11,575)	5,037	(3,500)	24,501	77,270	3,106,289	-	-	-	-	-	-	
2017	(844)	9,001	(608)	14,290	5,742	15,721	37,716	2,692,279	-	-	-	-	-	-	-	
2016	(945)	(128)	(16,949)	(10,511)	6,864	59,287	2,549,666	-	-	-	-	-	-	-	-	
2015	1,599	6,454	(3,982)	34,203	16,076	2,100,737	-	-	-	-	-	-	-	-	-	
2014	1,465	2,382	28,151	(15,127)	2,023,094	-	-	-	-	-	-	-	-	-	-	
2013	3,157	51,344	(158,485)	2,034,121	-	-	-	-	-	-	-	-	-	-	-	
2012	4,239	(15,515)	1,976,422	-	-	-	-	-	-	-	-	-	-	-	-	
2011	4,621	1,224,086	-	-	-	-	-	-	-	-	-	-	-	-	-	
2010	209,132	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Current estimate of cumulative claims incurred</b>	<b>219,108</b>	<b>1,277,367</b>	<b>1,797,889</b>	<b>2,024,870</b>	<b>2,040,599</b>	<b>2,254,982</b>	<b>2,606,422</b>	<b>2,825,466</b>	<b>3,213,520</b>	<b>3,521,410</b>	<b>2,764,582</b>	<b>3,269,600</b>	<b>3,457,827</b>	<b>2,932,979</b>	<b>2,737,425</b>	<b>36,944,046</b>

Accident period	Cumulative payments to date												Total			
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
2024	-	-	(8,289)	(8,488)	(2,133)	(13,731)	(3,620)	(6,495)	(4,505)	(17,053)	(6,599)	(24,512)	(63,360)	(651,816)	(1,926,428)	
2023	-	(4,357)	(300)	(2,194)	(1,450)	(1,832)	(3,414)	(10,634)	(9,915)	(13,410)	(15,402)	(94,330)	(774,698)	(2,309,670)	-	
2022	(650)	(387)	(10,807)	(11,439)	(10,011)	6,738	10,190	(3,340)	1,316	(3,707)	(23,120)	(774,441)	(2,666,268)	-	-	
2021	-	(58)	(2,569)	(2,428)	(5,012)	(8,644)	(12,075)	(10,872)	(37,663)	(505,153)	(2,331,752)	-	-	-	-	
2020	(193)	(31,54)	(7,835)	(4,584)	(6,434)	(10,697)	(11,371)	(12,311)	(15,045)	(487,549)	(2,149,086)	-	-	-	-	
2019	-	(113,201)	(9,222)	(4,101)	(13,820)	(21,259)	(15,969)	(32,630)	(521,977)	(2,902,120)	-	-	-	-	-	
2018	-	(16,329)	(5,532)	(11,079)	(15,396)	(26,799)	(25,385)	(492,761)	(2,619,040)	-	-	-	-	-	-	
2017	(2,129)	(8,627)	(10,057)	(10,432)	(13,132)	(30,608)	(44,6918)	(2,209,836)	-	-	-	-	-	-	-	
2016	(390)	(8,244)	(16,282)	(12,833)	(23,866)	(387,579)	(2,075,965)	-	-	-	-	-	-	-	-	
2015	(1,614)	(16,664)	(31,860)	(27,883)	(369,486)	(1,756,870)	-	-	-	-	-	-	-	-	-	
2014	(2,329)	(17,417)	(29,152)	(329,883)	(1,564,956)	-	-	-	-	-	-	-	-	-	-	
2013	(3,495)	(32,280)	(226,969)	(1,593,260)	-	-	-	-	-	-	-	-	-	-	-	
2012	(5,123)	(248,760)	(1,424,239)	-	-	-	-	-	-	-	-	-	-	-	-	
2011	(71,904)	(88,1711)	-	-	-	-	-	-	-	-	-	-	-	-	-	
2010	(131,281)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Cumulative payments to date</b>	<b>(219,108)</b>	<b>(1,251,189)</b>	<b>(1,783,113)</b>	<b>(2,018,604)</b>	<b>(2,025,696)</b>	<b>(2,246,059)</b>	<b>(2,581,097)</b>	<b>(2,780,142)</b>	<b>(3,180,038)</b>	<b>(3,461,502)</b>	<b>(2,699,360)</b>	<b>(3,225,005)</b>	<b>(3,503,726)</b>	<b>(2,961,486)</b>	<b>(1,926,428)</b>	<b>(35,862,583)</b>
<b>Total net claims outstanding</b>	<b>-</b>	<b>26,178</b>	<b>14,776</b>	<b>6,266</b>	<b>14,903</b>	<b>8,923</b>	<b>25,325</b>	<b>45,324</b>	<b>33,842</b>	<b>59,908</b>	<b>65,222</b>	<b>44,505</b>	<b>(45,899)</b>	<b>(28,507)</b>	<b>810,997</b>	<b>1,081,463</b>

# Notes to the Financial Statements

Sensitivity analysis on claim handling expenses, loss development factors and provision for adverse deviation is provided below.

**Table 1: Impact on claim liability to changes in key variables**

Variable	Change in variable	75% claim liabilities	Change in 75% claim liabilities
		Rs.	Rs.
Original		1,820,105	-
Claim handling expenses (CHE)	10%	1,827,090	6,985
Claim handling expenses (CHE)	-10%	1,813,120	(6,985)
Accident year-2024 ultimate loss ratio (ULR)	10%	2,168,987	348,882
Accident year-2024 ultimate loss ratio (ULR)	-10%	1,471,223	(348,882)
Provision for adverse deviation (PRAD)	100%	1,989,329	169,224
Provision for adverse deviation (PRAD)	-50%	1,735,493	(84,612)

**Table 2: Impact on premium liability to changes in key variables**

Variable	Change in variable	URR at 75% confidence level	Premium liabilities (PL)	Change in premium liabilities
		Rs.	Rs.	Rs.
Original		2,324,027	2,347,469	-
Unexpired risk reserves (URR)	10%	2,517,604	2,517,604	170,134
Unexpired risk reserves (URR)	-10%	2,130,451	2,347,469	-
Claim handling expenses (CHE)	10%	2,370,283	2,370,283	22,814
Claim handling expenses (CHE)	-10%	2,277,772	2,347,469	-
Provision for adverse deviation (PRAD)	100%	2,623,134	2,623,134	275,665
Provision for adverse deviation (PRAD)	-50%	2,174,474	2,347,469	-

## 46. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of its business on an arm's length with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) 24 - Related Party Disclosures.

### 46.1 Terms and conditions of transactions with related parties

The transactions with the related parties are carried out in the ordinary course of business. The outstanding balances at end of the reporting period is interest free and unsecured. The settlements are made in cash and not subject to any settlement scheme.

### 46.2 Guarantees

No guarantees received during the year. However we have given guarantees to People's Bank with regard to motor insurance tenders.

### 46.3 Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 December 2024 audited financial statements, which required additional disclosures in the 2024 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

### 46.4 Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue of the Company as per 31 December 2024 audited financial Statements, which required additional disclosures in the 2024 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Details of the related party transactions are reported below.

#### 46.5 Transactions and outstanding balances with the ultimate parent - People's Bank

##### Transactions

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium in respect of their own policies	<b>343,955,404</b>	351,572,157
Insurance premium in respect of customers introduced	<b>115,621,915</b>	89,612,590
Service charge expense	<b>13,893,934</b>	13,063,356
Claims expense	<b>33,211,223</b>	40,238,741
Investment in repurchase agreements (including reinvestments made during the year)	<b>600,000,000</b>	400,215,000
Investment income from overnight repurchase agreements	<b>857,534</b>	4,612,740
Treasury bills purchased	<b>7,382,321,533</b>	5,726,103,225
Treasury bills matured	<b>5,617,668,484</b>	4,231,354,936
Interest income from fixed deposits	<b>140,727,790</b>	245,187,462
Interest income from special foreign currency savings account	<b>1,155,857</b>	2,448,232

##### Outstanding balances

As at	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium receivable in respect of their own policies	<b>523,230</b>	70,453
Insurance premium receivable in respect of customers introduced	<b>33,460,450</b>	22,951,698
Service charge expense payable	<b>1,315,067</b>	1,028,832
Claims payable	<b>222,789,358</b>	197,315,725
Fixed deposits	<b>787,289,613</b>	1,226,520,380
Special foreign currency savings account	<b>93,927,460</b>	55,550,039
Cash at bank	<b>219,221,422</b>	126,881,113
Bank overdraft	<b>98,094,193</b>	118,756,832
	<b>1,456,620,793</b>	1,749,075,072

#### 46.6 Transactions and outstanding balances with the immediate parent - Peoples' Leasing & Finance PLC

##### Transactions

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium in respect of their own policies	<b>257,605,752</b>	230,492,184
Insurance premium in respect of customers introduced	<b>2,389,450,326</b>	2,008,450,308
Service charges*	<b>355,282,986</b>	435,968,198
Computer maintenance expense	<b>102,530,403</b>	80,464,879
Debenture interest	-	16,103,276
Interest income from savings accounts	<b>1,487,112</b>	1,426,363
Interest income from fixed deposits	<b>168,437,613</b>	167,770,991
Building rent expenses	<b>11,855,938</b>	12,536,604
Claims expenses	<b>152,491,768</b>	193,106,301
Accommodation expenses	<b>74,101,848</b>	-

##### Outstanding balances

As at	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium receivable in respect of their own policies	<b>18,919,308</b>	3,219,904
Insurance premium receivable in respect of customers introduced	<b>567,366,651</b>	507,479,661
Service charges payable	<b>95,889,183</b>	98,751,940
Claims outstanding	<b>19,535,016</b>	16,026,168
Computer maintenance expense payable	<b>17,088,401</b>	17,088,400
Savings accounts	<b>16,976,151</b>	24,454,604
Fixed deposits	<b>1,004,063,735</b>	1,086,290,877
Building rent expenses payable	<b>987,995</b>	909,717
Compensation & benefit payable for seconded staff	<b>17,659,524</b>	9,584,799
	<b>1,758,485,964</b>	1,763,806,070

\*Support service expenses mainly include amounts payable in respect of information and communication technology and management services provided to the Company.

## Notes to the Financial Statements

### 46.7 Transactions and outstanding balances with the key management personnel

According to the LKAS 24 - Related Party Disclosures, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity.

People's Insurance PLC considers its Board of Directors, Chief Executive Officer and persons having authority and responsibility for planning, directing and controlling the activities of the entity as the KMPs of the Company.

#### a) Key management personnel compensation

##### Transactions

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Short-term employment benefits	76,158,201	57,989,472
Fees paid	17,201,115	10,704,750
	93,359,316	68,694,222

#### b) Other transactions with key management personnel

##### Outstanding balances

As at	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium	521,468	783,984

### 46.8 Transactions and outstanding balances with other related companies

#### People's Leasing Fleet Management Limited

##### Transactions

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium in respect of their own policies	3,437,507	3,752,902
Claims expenses	2,496,173	2,545,125
Assessor's fees	6,434,777	8,764,183

#### Outstanding balances

As at	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium receivable in respect of their own policies	5,502	-
Compensation & benefit payable for seconded staff	1,125,000	855,000
Claims outstanding	65,000	268,526
	1,195,502	1,123,526

#### People's Leasing Property Development Limited

##### Transactions

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium in respect of their own policies	793,014	762,309
Claims expense	132,010	520,840

#### Outstanding balances

As at	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium receivable in respect of their own policies	-	504,313
Claims outstanding	100,000	50,000
	100,000	554,313

#### People's Micro-commerce Limited

##### Transactions

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium in respect of their own policies	12,286,897	10,476,320
Insurance premium in respect of customers introduced	123,820,353	99,471,971
Service charges	18,061,566	14,424,386
Claims expense	6,300,443	-
Rent income on Galle branch	1,892,755	-

**Outstanding balances**

As at	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium receivable in respect of their own policies	<b>252,494</b>	74,408
Insurance premium receivable in respect of customers introduced	<b>33,282,724</b>	32,450,339
Service charges payable	<b>4,073,508</b>	4,016,427
Claims outstanding	<b>95,000</b>	916,417
Rent receivable on Galle branch	<b>1,419,566</b>	-
	<b>39,123,292</b>	37,457,591

**People's Leasing Havelock Properties Limited****Transactions**

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium in respect of their own policies	<b>2,570,069</b>	2,567,779
Building rent expenses	<b>122,331,545</b>	121,165,772
Claims expense	<b>40,700</b>	149,123

**Outstanding balances**

As at	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium receivable in respect of their own policies	<b>70,956</b>	-
Rent paid in advance	<b>84,090,000</b>	84,090,000
Claims outstanding	<b>15,000</b>	-
	<b>84,175,956</b>	84,090,000

**People's Travel Private Limited****Transactions**

For the year ended	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium in respect of their own policies	<b>79,384</b>	11,904
Insurance premium in respect of customers introduced	<b>745,150</b>	50,570
Service charges	<b>177,620</b>	10,114

**Outstanding balances**

As at	31.12.2024 Rs.	31.12.2023 Rs.
Insurance premium receivable in respect of their own policies	<b>24,837</b>	34,602
Insurance premium receivable in respect of customers introduced	<b>368,255</b>	51,682
Claims outstanding	-	200,000
	<b>393,092</b>	286,283

**46.9 Transactions with other related parties**

Other related entities are those which are controlled or significantly influenced, directly or indirectly by key management personnel of the Company.

There are no balances with other related entities which are controlled or significantly influenced, directly or indirectly by key management personnel of the Company.

**46.10 Transactions with the Government of Sri Lanka and its related entities**

Transactions with the Government of Sri Lanka and entities controlled and jointly controlled, significantly influenced by the Government of Sri Lanka are provided below.

The Government of Sri Lanka has the right to directly control the ultimate parent company People's Bank at 31 December 2024 and thereby holds an indirect control over the Company. Accordingly, the Company has considered the Government of Sri Lanka 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.

## Notes to the Financial Statements

Name of the company/entity	Nature of transaction	31.12.2024 Rs.	31.12.2023 Rs.
Government of Sri Lanka	Investment balance	5,620,795,316	4,565,774,834
	Investment income	584,897,038	583,467,120
Other Government related banks	Investment balance	1,065,656,185	1,787,947,158
	Investment income	207,316,410	420,903,809

Apart from the transactions listed above, the Company has carried out transactions with other Government related entities in the form of premium income, reinsurance premium, claims, taxes, utility bills, regulatory charges, etc. The total of such payments made in the year ended 31 December 2024 are as follows:

Nature of transaction	31.12.2024 Rs.	31.12.2023 Rs.
Premium income from the Government and other Government related entities	500,207,761	429,393,051
Claims paid to the Government and other Government related entities	292,829,316	265,573,683
Reinsurance premium (net of commission)	532,013,176	557,603,263
Taxes paid	1,306,576,637	1,157,016,917
Regulatory charges	8,712,516	9,035,203
Utility expenses	5,368,580	7,059,231

### 47. ASSETS PLEDGED

The following assets have been pledged as a security for liabilities.

Nature of asset	Nature of liability	Carrying value		Classification
		31.12.2024 Rs.	31.12.2023 Rs.	
Fixed deposit at People's Bank	Bank overdraft facility	75,000,000	75,000,000	Loans and receivables
Fixed deposit at People's Bank	Bank guarantee	158,500,000	123,500,000	Loans and receivables
Fixed deposit at National Development Bank	Bank guarantee	1,000,000	1,000,000	Loans and receivables

### 48. EVENTS AFTER THE REPORTING DATE

#### ACCOUNTING POLICY

Events after the reporting period are those events, favourable and unfavourable that occur between the reporting date and the date when the financial statements are authorised for issue.

All material post reporting date events have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements.

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

### 49. CAPITAL COMMITMENTS AND CONTINGENCIES

#### ACCOUNTING POLICY

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the statement of financial position but are disclosed unless they are remote.

## 49.1 Capital commitments

There were no significant capital commitments as at the reporting date (2023 - Nil).

## 49.2 Contingencies

In the opinion of the Directors and the Company's lawyers, pending litigation against the Company will not have a material impact on the reported financial results or future operations of the Company.

All pending litigation for claims have been evaluated and adequate provisions have been made in the financial statements.

## 49.3 Assessment on VAT and NBT on Financial Services

The Company received an assessments on VAT and NBT on Financial Services for the taxable period from 01.01.2016 to 31.12.2021 except for the year 2020 from the Department of Inland Revenue (IRD). The Company received determination on VAT and NBT on Financial Services for the taxable period 01.01.2016 to 31.12.2017 from Department of Inland Revenue for which Company has made an appeal to the Tax Appeals Commission (TAC) against the determination as the Company's stance is that it is in the business of insurance hence is not liable for VAT or NBT on FS. Other insurers have also received similar assessments and have appealed against them. The status of assessments is provided in the table below.

Tax period	Status of assessment	Tax type	Measurement of contingent impact to the Company		
			Tax in default Rs.	Penalty Rs.	Total Rs.
01.01.2016 - 31.12.2016	TAC decision given infavour of PI, IRD had given their intention to appeal in CA	VAT on FS	9,928,843	5,560,152	15,488,995
01.01.2017 - 31.12.2017	TAC decision given infavour of PI, IRD had given their intention to appeal in CA	VAT on FS	17,352,632	8,676,316	26,028,948
01.01.2018 - 31.12.2018	Pending decision from CGIR	VAT on FS	16,983,144	8,491,572	25,474,716
01.01.2019 - 31.12.2019	Pending decision from CGIR	VAT on FS	22,103,995	11,051,998	33,155,993
01.01.2021 - 31.12.2021	Pending decision from CGIR	VAT on FS	26,007,130	13,003,565	39,010,695
01.01.2016 - 31.12.2016	TAC decision given infavour of IRD. PI has given the intention to appeal in CA. Pending case state from TAC	NBT on FS	1,600,048	800,024	2,400,072
01.01.2017 - 31.03.2017	TAC decision given infavour of PI, IRD had given their intention to appeal in CA	NBT on FS	578,421	289,210	867,631
01.04.2017 - 30.06.2017	TAC decision given infavour of PI, IRD had given their intention to appeal in CA	NBT on FS	578,421	289,210	867,631
01.07.2017 - 30.09.2017	Pending determination by TAC	NBT on FS	578,421	289,210	867,631
01.10.2017 - 31.12.2017	TAC decision given infavour of IRD. PI has given the intention to appeal in CA. Pending hearing from CA	NBT on FS	578,421	289,210	867,631
01.01.2019 - 31.12.2019	In the process of hearing by TAC	Income Tax	29,678,920	14,938,078	44,616,998
01.04.2019 - 31.12.2019	In the process of review by CGIR	VAT	949,402	979,070	1,928,472
01.07.2020 - 30.09.2020	In the process of review by CGIR	VAT	519,819	395,062	914,881
01.01.2021 - 31.12.2021	In the process of review by CGIR	VAT	610,653	318,356	929,009
01.01.2022 - 31.12.2022	In the process of review by CGIR	VAT	3,758,061	1,154,507	4,912,568
			131,806,331	66,525,540	198,331,871

## 50. COMPARATIVE INFORMATION

The presentation and classification in the financial statements have been amended where appropriate to ensure comparability with the current year.





# Supplementary Information

## Broadened Perspectives

Across the board, our operational excellence is fortified by the extra effort taken by leadership, employees and other stakeholders to ensure success. We strive to enhance our portfolio through value-adding activities and through thorough documentation, so that awareness grows and perspectives are whole.

*The bold, red stripes on a lighthouse function to alert the surrounding communities to the impact of the lighthouse itself. These stripes build upon each other to form a clear message: be aware of the lighthouse. The brilliant light at the top of the structure illuminates these stripes for added clarity and consistency.*

# Quarterly Analysis 2024

## Statement of Profit or Loss

For the year ended	1st Quarter Jan - Mar Rs.	2nd Quarter Apr - Jun Rs.	3rd Quarter Jul - Sep Rs.	4th Quarter Oct - Dec Rs.	Total Rs.
<b>Revenue</b>	1,263,761,310	1,601,092,786	1,645,497,216	1,417,850,672	5,928,201,984
Gross written premium	1,768,513,049	1,061,379,505	1,864,352,640	1,555,049,919	6,249,295,113
Change in reserve for unearned insurance premium	(376,557,702)	331,315,630	(375,971,145)	(35,952,864)	(457,166,081)
<b>Gross earned premium</b>	1,391,955,347	1,392,695,135	1,488,381,495	1,519,097,055	5,792,129,032
Premium ceded to reinsurers	(651,213,403)	(411,790,252)	69,764,340	(252,691,393)	(1,245,930,708)
Change in reserve for unearned reinsurance premium	197,069,406	301,824,552	(197,531,144)	(134,333,827)	167,028,987
<b>Net earned premium</b>	937,811,350	1,282,729,435	1,360,614,691	1,132,071,835	4,713,227,311
Fee income	25,781,187	16,913,005	27,204,200	28,989,468	98,887,860
<b>Claims and expenses</b>					
Net claims	(724,602,095)	(813,017,658)	(802,992,974)	(789,095,064)	(3,129,707,791)
Underwriting and net acquisition costs	(23,336,731)	(151,020,395)	(218,793,225)	(97,395,962)	(490,546,313)
Other operating and administrative expenses	(369,321,560)	(365,077,129)	(449,613,752)	(459,582,033)	(1,643,594,474)
Finance cost	(16,451,932)	(15,594,147)	(14,754,220)	(14,825,422)	(61,625,721)
	(1,133,712,318)	(1,344,709,329)	(1,486,154,171)	(1,360,898,481)	(5,325,474,299)
<b>Underwriting results</b>	(170,119,781)	(45,066,889)	(98,335,280)	(199,837,178)	(513,359,128)
<b>Other revenue</b>					
Interest and dividend income	310,095,910	316,164,218	276,172,634	276,352,151	1,178,784,913
Net fair value gains/(losses)	-	1,648,777	7,490,891	8,924,867	18,064,535
Other income	15,854,050	550,356	1,219,000	501,819	18,125,225
	325,949,960	318,363,351	284,882,525	285,778,837	1,214,974,673
<b>Profit before tax</b>	155,830,179	273,296,462	186,547,245	85,941,659	701,615,545
Income tax expense	(39,900,477)	(96,153,338)	(80,858,128)	(55,282,195)	(272,194,138)
<b>Profit for the year</b>	115,929,702	177,143,124	105,689,117	30,659,464	429,421,407

	Rs.	Rs.	Rs.	Rs.
<b>Share performance</b>				
Net asset value per share as at end of the quarter	26.85	27.13	27.61	27.69
Highest price per share for the interim period	23.30	25.60	23.00	32.20
Lowest price per share for the interim period	20.70	21.80	20.50	20.40
Last traded price per share as at end of the quarter	23.00	22.40	22.50	32.00

# Quarterly Analysis 2023

## Statement of Profit or Loss

For the year ended	1st Quarter Jan - Mar Rs.	2nd Quarter Apr - Jun Rs.	3rd Quarter Jul - Sep Rs.	4th Quarter Oct - Dec Rs.	Total Rs.
<b>Revenue</b>	1,504,903,258	1,513,256,716	1,513,488,594	1,098,186,873	5,629,835,441
Gross written premium	1,844,281,201	947,520,944	1,632,999,342	1,337,920,985	5,762,722,472
Change in reserve for unearned insurance premium	(424,080,580)	460,511,428	(214,743,832)	52,558,027	(125,754,957)
<b>Gross earned premium</b>	1,420,200,621	1,408,032,372	1,418,255,510	1,390,479,012	5,636,967,515
Premium ceded to reinsurers	(475,374,647)	(194,329,132)	(312,844,937)	(1,048,852,666)	(2,031,401,382)
Change in reserve for unearned reinsurance premium	193,725,650	(80,800,546)	37,667,945	414,040,149	564,633,198
<b>Net earned premium</b>	1,138,551,624	1,132,902,690	1,143,078,518	755,666,499	4,170,199,331
Fee income	23,341,905	15,239,177	23,540,910	24,773,976	86,895,968
<b>Claims and expenses</b>					
Net claims	(764,099,725)	(817,775,752)	(831,309,642)	(712,519,955)	(3,125,705,074)
Underwriting and net acquisition costs	(116,036,444)	(106,031,204)	(113,052,478)	75,945,698	(259,174,428)
Other operating and administrative expenses	(315,633,096)	(381,733,133)	(353,836,910)	(422,820,155)	(1,474,023,294)
Finance cost	(20,554,730)	(15,208,801)	(18,205,639)	(19,383,457)	(73,352,627)
	(1,216,323,995)	(1,320,748,890)	(1,316,404,669)	(1,078,777,869)	(4,932,255,423)
<b>Underwriting results</b>	(54,430,466)	(172,607,023)	(149,785,241)	(298,337,394)	(675,160,124)
<b>Other revenue</b>					
Interest and dividend income	366,007,613	380,008,167	370,179,655	342,140,975	1,458,336,410
Other income	344,021	345,859	230,421	379,399	1,299,700
	366,351,634	380,354,026	370,410,076	342,520,374	1,459,636,110
<b>Profit before tax</b>	311,921,168	207,747,003	220,624,835	44,182,980	784,475,986
Income tax expense	(94,555,806)	(58,725,001)	(73,779,088)	(35,838,075)	(262,897,970)
<b>Profit for the year</b>	217,365,362	149,022,002	146,845,747	8,344,905	521,578,016
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Share performance</b>					
Net asset value per share as at end of the quarter	24.37	25.19	26.20	26.24	
Highest price per share for the interim period	25.90	23.30	32.00	26.90	
Lowest price per share for the interim period	19.00	18.50	22.00	22.10	
Last traded price per share as at end of the quarter	21.70	20.90	26.90	22.60	

# Ten Year Summary

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Statement of Profit or Loss (Rs.)</b>										
Revenue	5,928,201,984	5,629,835,441	6,320,142,542	5,854,422,139	6,109,649,748	6,054,532,241	5,383,275,331	4,749,609,151	4,210,329,792	3,580,025,475
Gross written premium	6,249,295,113	5,762,722,472	6,132,056,844	5,987,950,074	6,011,567,761	6,029,973,270	5,591,815,141	4,781,919,014	4,339,579,669	3,813,271,656
Net earned premium	4,713,227,311	4,170,199,331	4,991,770,068	5,120,626,238	5,303,392,494	5,261,735,878	4,709,485,620	4,097,182,435	3,723,232,913	3,267,940,026
Fee income	98,887,860	86,895,968	74,521,525	54,300,338	53,036,098	53,993,709	49,393,044	41,804,663	39,778,436	37,183,722
Net claims	(3,129,707,791)	(3,125,705,074)	(3,638,222,318)	(2,994,318,525)	(2,699,553,389)	(3,552,575,189)	(3,237,226,440)	(2,840,950,188)	(2,628,295,063)	(2,257,436,973)
Underwriting and net acquisition costs	(490,546,313)	(259,174,428)	(477,367,976)	(527,064,090)	(559,530,485)	(517,151,047)	(461,795,813)	(407,022,478)	(380,484,389)	(337,631,756)
Other operating and administrative expenses	(1,643,594,474)	(1,474,023,294)	(1,239,844,352)	(1,203,691,140)	(1,216,195,647)	(1,100,691,791)	(886,630,201)	(676,749,665)	(508,318,624)	(419,175,966)
Finance cost	(61,625,721)	(73,352,627)	(38,883,616)	(11,560,267)	(19,935,057)	(26,078,185)	-	-	-	-
Underwriting results	(513,359,128)	(675,160,124)	(328,092,669)	(438,292,554)	(861,264,014)	(119,233,375)	(173,226,210)	(214,264,767)	(245,913,273)	(290,879,053)
Other revenue	1,214,974,673	1,459,636,110	1,328,372,474	730,795,901	806,257,254	792,796,363	673,789,711	652,426,716	487,096,879	312,083,449
<b>Profit before tax</b>	<b>701,615,545</b>	<b>784,475,986</b>	<b>1,000,275,805</b>	<b>1,169,088,455</b>	<b>1,667,521,268</b>	<b>912,029,738</b>	<b>847,015,921</b>	<b>866,691,483</b>	<b>733,010,152</b>	<b>602,964,502</b>
Income tax expense	(272,194,138)	(262,897,970)	(364,316,905)	(189,419,106)	(472,206,916)	(64,375,758)	(117,933,614)	(93,606,037)	(75,012,884)	(138,797,208)
<b>Profit for the year</b>	<b>429,421,407</b>	<b>521,578,016</b>	<b>635,956,900</b>	<b>979,669,349</b>	<b>1,195,314,352</b>	<b>647,653,980</b>	<b>729,062,307</b>	<b>773,085,446</b>	<b>657,997,288</b>	<b>464,167,294</b>
<b>Statement of Financial Position (Rs.)</b>										
<b>Assets</b>										
Intangible assets	15,783,718	11,747,694	5,424,182	8,197,904	10,969,646	1,876,389	2,388,131	11,000,000	23,388,110	36,164,330
Property, plant and equipment	339,601,621	324,763,541	381,714,419	123,149,959	185,479,090	238,214,775	82,006,927	84,392,671	21,388,037	21,600,023
Deferred tax asset	11,612,789	57,013,534	50,791,768	40,116,865	11,521,752	30,006,071	28,484	1,871,693	-	-
Financial investments	10,085,833,841	9,671,185,338	8,694,380,178	9,038,785,038	8,574,328,565	7,349,838,553	6,658,264,189	6,136,594,446	5,469,881,112	4,931,428,835
Reinsurance and insurance receivables	1,815,615,934	1,811,450,861	1,607,334,294	1,453,909,426	1,343,837,591	1,485,495,054	1,116,394,654	1,088,633,562	828,695,737	686,355,800
Deferred expenses	-	-	187,433,945	244,281,574	276,219,332	289,575,427	264,162,186	238,256,786	220,580,020	200,827,593
Other assets	269,990,052	204,811,667	129,084,430	67,443,627	113,804,834	75,200,225	69,952,648	69,549,058	16,003,150	20,016,352
Cash and cash equivalents	155,077,825	108,656,922	154,224,696	68,316,222	50,972,116	128,771,323	221,391,043	116,659,642	138,335,984	745,691,980
<b>Total assets</b>	<b>12,689,455,002</b>	<b>12,144,228,792</b>	<b>11,216,615,678</b>	<b>11,054,713,518</b>	<b>10,595,863,039</b>	<b>9,580,499,268</b>	<b>8,417,567,849</b>	<b>7,745,114,649</b>	<b>6,720,143,843</b>	<b>6,642,094,913</b>
<b>Equity and Liabilities</b>										
<b>Equity</b>										
Stated capital	1,435,000,000	1,350,000,000	1,350,000,000	1,350,000,000	1,350,000,000	1,350,000,000	1,350,000,000	1,350,000,000	1,350,000,000	1,350,000,000
Reserves	4,202,946,290	3,898,551,683	3,303,482,725	3,643,095,982	3,269,165,342	2,292,648,972	2,025,147,268	1,707,239,826	1,279,456,934	900,994,133
<b>Total equity</b>	<b>5,637,946,290</b>	<b>5,248,551,683</b>	<b>4,653,482,725</b>	<b>4,933,095,982</b>	<b>4,619,185,342</b>	<b>3,642,648,972</b>	<b>3,375,147,268</b>	<b>3,057,239,826</b>	<b>2,629,456,934</b>	<b>2,250,994,133</b>
<b>Liabilities</b>										
Insurance contract liabilities	4,852,025,556	4,258,822,650	4,831,710,1872	4,831,513,746	4,623,435,278	4,923,641,866	4,367,565,525	4,073,554,521	3,557,794,382	3,166,616,516
Employee defined benefit obligations	94,123,807	68,709,878	54,075,334	50,647,614	42,733,705	37,238,009	27,490,317	17,884,854	12,920,220	6,027,515
Financial and other liabilities	1,610,539,997	1,619,247,482	1,297,794,289	865,750,105	1,226,385,001	838,826,458	499,502,849	491,885,320	404,295,518	1,133,942,877
Reinsurance payable	387,360,941	838,517,286	180,790,719	244,382,102	65,498,172	75,274,09	61,807,635	35,715,836	41,432,353	36,820,195
Deferred income	9,364,218	35,044,610	-	-	-	-	-	-	-	5,940,989
Bank overdraft	98,094,193	75,335,203	198,768,739	69,323,969	18,625,541	150,616,554	86,054,255	68,837,92	74,244,436	41,752,688
<b>Total liabilities</b>	<b>7,051,508,712</b>	<b>6,895,677,109</b>	<b>6,563,132,953</b>	<b>6,061,617,536</b>	<b>5,973,850,296</b>	<b>5,042,420,581</b>	<b>4,687,874,823</b>	<b>4,090,886,909</b>	<b>4,391,100,780</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>12,689,455,002</b>	<b>12,144,228,792</b>	<b>11,216,615,678</b>	<b>11,054,713,518</b>	<b>10,595,863,039</b>	<b>9,580,499,268</b>	<b>8,417,567,849</b>	<b>7,745,114,649</b>	<b>6,720,143,843</b>	<b>6,642,094,913</b>
<b>Investor Information</b>										
Return on net assets (%)	<b>7.62</b>	9.94	13.67	19.62	25.88	17.78	21.60	25.29	25.02	20.62
Earnings per share (Rs.)	<b>2.13</b>	2.58	3.18	4.90	5.98	3.24	3.85	3.87	3.29	3.09
Dividend per share (Rs.)	<b>0.50</b>	-	2.50	1.50	3.00	1.85	2.00	1.75	2.60	1.501
Net assets per share (Rs.)	<b>27.69</b>	26.24	23.27	24.97	23.10	18.21	16.88	15.29	13.15	11.75
Last traded price per share as at end of the Year (Rs.)	<b>32.00</b>	22.60	20.20	34.30	28.20	21.70	19.10	23.00	19.00	-
<b>Other Information</b>										
Number of employees	<b>655</b>	568	620	620	622	607	554	385	330	284
Number of shares	<b>203,632,478</b>	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	150,000,000

# Horizontal Analysis of Statement of Profit or Loss

(Rs. Mn)

For the year ended 31 December	2024	2024 vs 2023	2023	2023 Vs 2022	2022	2022 Vs 2021	2021	2021 Vs 2020	2020	2020 Vs 2019
<b>Revenue</b>	<b>5,928</b>	<b>5%</b>	5,630	-11%	6,320	8%	5,851	-4%	6,110	1%
Gross written premium	6,249	8%	5,763	-6%	6,132	3%	5,968	-1%	6,012	0%
Net earned premium	4,713	13%	4,170	-16%	4,992	-3%	5,121	-3%	5,303	1%
Fee income	99	14%	87	17%	75	37%	54	2%	53	-2%
Net claims	(3,130)	0%	(3,126)	-14%	(3,638)	22%	(2,994)	11%	(2,700)	-24%
Underwriting and net acquisition costs	(491)	89%	(259)	-46%	(477)	-9%	(527)	-6%	(560)	8%
Other operating and administrative expenses	(1,644)	12%	(1,474)	19%	(1,240)	3%	(1,204)	-1%	(1,216)	10%
Finance cost	(62)	-16%	(73)	89%	(39)	236%	(12)	-42%	(20)	-24%
Underwriting results	(513)	-24%	(675)	106%	(328)	-175%	438	-49%	861	622%
Other revenue	1,215	-17%	1,460	10%	1,328	82%	731	-9%	806	2%
<b>Profit before tax</b>	<b>702</b>	<b>-11%</b>	784	-22%	1,000	-14%	1,169	-30%	1,668	83%
Income tax expense	(272)	4%	(263)	-28%	(364)	92%	(189)	-60%	(472)	79%
<b>Profit for the year</b>	<b>429</b>	<b>-18%</b>	522	-18%	636	-35%	980	-18%	1,195	85%

# Horizontal Analysis of Statement of Financial Position

(Rs. Mn)

As at 31 December	2024	2024 vs 2023	2023	2023 Vs 2022	2022	2022 Vs 2021	2021	2021 Vs 2020	2020	2020 Vs 2019
<b>Assets</b>										
Intangible assets	16	34%	12	117%	5	-34%	8	-25%	11	485%
Property, plant and equipment	340	5%	325	-5%	382	210%	123	-34%	185	-22%
Deferred tax asset	8	-35%	12	-80%	57	12%	51	26%	40	249%
Financial investments	10,086	4%	9,671	11%	8,694	-4%	9,039	5%	8,574	17%
Reinsurance and insurance receivables	1,816	0%	1,811	13%	1,607	11%	1,454	8%	1,344	-10%
Deferred expenses	-	-	-	-100%	187	-23%	244	-12%	276	-5%
Other assets	270	32%	205	59%	129	91%	67	-41%	114	51%
Cash and cash equivalents	155	43%	109	-30%	154	126%	68	34%	51	-60%
<b>Total assets</b>	<b>12,689</b>	<b>4%</b>	12,144	8%	11,217	1%	11,055	4%	10,596	11%
<b>Equity and liabilities</b>										
<b>Equity</b>										
Stated capital	1,435	6%	1,350	0%	1,350	0%	1,350	0%	1,350	0%
Reserves	4,203	8%	3,899	18%	3,303	-9%	3,643	11%	3,269	43%
<b>Total equity</b>	<b>5,638</b>	<b>7%</b>	5,249	13%	4,653	-7%	4,993	8%	4,619	27%
<b>Liabilities</b>										
Insurance contract liabilities	4,852	14%	4,259	-12%	4,832	0%	4,832	5%	4,623	-6%
Employee defined benefit obligations	94	37%	69	27%	54	7%	51	19%	43	15%
Financial and other liabilities	1,611	-1%	1,619	25%	1,298	50%	866	-29%	1,226	50%
Reinsurance payable	387	-54%	839	364%	181	-26%	244	273%	65	770%
Deferred income	9	-73%	35	0%	-	-	-	-	-	-
Bank overdraft	98	30%	75	-62%	199	187%	69	272%	19	-88%
<b>Total liabilities</b>	<b>7,052</b>	<b>2%</b>	6,896	5%	6,563	8%	6,062	1%	5,977	1%
<b>Total equity and liabilities</b>	<b>12,689</b>	<b>4%</b>	12,144	8%	11,217	1%	11,055	4%	10,596	11%

# Vertical Analysis of Statement of Profit or Loss

Gross Written Premium has been considered as the base figure

(Rs. Mn)

For the year ended 31 December	2024	%	2023	%	2022	%	2021	%	2020	%
<b>Revenue</b>	<b>5,928</b>	<b>95%</b>	5,630	98%	6,320	103%	5,851	98%	6,110	102%
Gross written premium	<b>6,249</b>	<b>100%</b>	5,763	100%	6,132	100%	5,968	100%	6,012	100%
Net earned premium	<b>4,713</b>	<b>75%</b>	4,170	72%	4,992	81%	5,121	86%	5,303	88%
Fee income	<b>99</b>	<b>2%</b>	87	2%	75	1%	54	1%	53	1%
Net claims	<b>(3,130)</b>	<b>-50%</b>	(3,126)	-54%	(3,638)	-59%	(2,994)	-50%	(2,700)	-45%
Underwriting and net acquisition costs	<b>(491)</b>	<b>-8%</b>	(259)	-4%	(477)	-8%	(527)	-9%	(560)	-9%
Other operating and administrative expenses	<b>(1,644)</b>	<b>-26%</b>	(1,474)	-26%	(1,240)	-20%	(1,204)	-20%	(1,216)	-20%
Finance cost	<b>(62)</b>	<b>-1%</b>	(73)	-1%	(39)	-1%	(12)	0%	(20)	0%
Underwriting results	<b>(513)</b>	<b>-8%</b>	(675)	-12%	(328)	-5%	438	7%	861	14%
Other revenue	<b>1,215</b>	<b>19%</b>	1,460	25%	1,328	22%	731	12%	806	13%
<b>Profit before tax</b>	<b>702</b>	<b>11%</b>	784	14%	1,000	16%	1,169	20%	1,668	28%
Income tax expense	<b>(272)</b>	<b>-4%</b>	(263)	-5%	(364)	-6%	(189)	-3%	(472)	-8%
<b>Profit for the year</b>	<b>429</b>	<b>7%</b>	522	9%	636	10%	980	16%	1,195	20%

# Vertical Analysis of Statement of Financial Position

Total Assets has been considered as the base figure

(Rs. Mn)

As at 31 December	2024	%	2023	%	2022	%	2021	%	2020	%
<b>Assets</b>										
<b>Intangible assets</b>										
Intangible assets	<b>16</b>	<b>0%</b>	12	0%	5	0%	8	0%	11	0%
Property, plant and equipment	<b>340</b>	<b>3%</b>	325	3%	382	3%	123	1%	185	2%
Deferred tax asset	<b>8</b>	<b>0%</b>	12	0%	57	1%	51	0%	40	0%
Financial investments	<b>10,086</b>	<b>79%</b>	9,671	80%	8,694	78%	9,039	82%	8,574	81%
Reinsurance and insurance receivables	<b>1,816</b>	<b>14%</b>	1,811	15%	1,607	14%	1,454	13%	1,344	13%
Deferred expenses	-	-	-	-	187	2%	244	2%	276	3%
Other assets	<b>270</b>	<b>2%</b>	205	2%	129	1%	67	1%	114	1%
Cash and cash equivalents	<b>155</b>	<b>1%</b>	109	1%	154	1%	68	1%	51	0%
<b>Total assets</b>	<b>12,689</b>	<b>100%</b>	12,144	100%	11,217	100%	11,055	100%	10,596	100%
<b>Equity and liabilities</b>										
<b>Equity</b>										
Stated capital	<b>1,435</b>	<b>11%</b>	1,350	11%	1,350	12%	1,350	12%	1,350	13%
Reserves	<b>4,203</b>	<b>33%</b>	3,899	32%	3,303	29%	3,643	33%	3,269	31%
<b>Total equity</b>	<b>5,638</b>	<b>44%</b>	5,249	43%	4,653	41%	4,993	45%	4,619	44%
<b>Liabilities</b>										
Insurance contract liabilities	<b>4,852</b>	<b>38%</b>	4,259	35%	4,832	43%	4,832	44%	4,623	44%
Employee defined benefit obligations	<b>94</b>	<b>1%</b>	69	1%	54	0%	51	0%	43	0%
Financial and other liabilities	<b>1,611</b>	<b>13%</b>	1,619	13%	1,298	12%	866	8%	1,226	12%
Reinsurance payable	<b>387</b>	<b>3%</b>	839	7%	181	2%	244	2%	65	1%
Deferred income	<b>9</b>	<b>0%</b>	35	0%	-	-	-	-	-	-
Bank overdraft	<b>98</b>	<b>1%</b>	75	1%	199	2%	69	1%	19	0%
<b>Total liabilities</b>	<b>7,052</b>	<b>56%</b>	6,896	57%	6,563	59%	6,062	55%	5,977	56%
<b>Total equity and liabilities</b>	<b>12,689</b>	<b>100%</b>	12,144	100%	11,217	100%	11,055	100%	10,596	100%

# GRI Content Index

<b>Statement of use</b>	People's Insurance has reported the information cited in this GRI content index for the period 01 January 2024 to 31 December 2024 with reference to the GRI Standards	
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<b>GRI 3: Material topics 2021</b>	3-1 Process to determine material topics	42
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	201-4 Financial assistance received from government	No assistance received
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<b>GRI 206: Anti-competitive behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	45
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax 207-2 Tax governance, control, and risk management 207-3 Stakeholder engagement and management of concerns related to tax	219 to 220 122 38
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<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions 305-4 GHG emissions intensity 305-5 Reduction of GHG emissions	103 103 103 103 103
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<b>GRI 403: Occupational health and safety 2018</b>	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-8 Workers covered by an occupational health and safety management system 403-9 Work-related injuries 403-10 Work-related ill health	46 46 46 46 46 46 46 100% of the employees are covered No work related injuries No work related ill health
<b>GRI 404: Training and education 2016</b>	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs 404-3 Percentage of employees receiving regular performance and career development reviews	45 45 84
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men	79 82
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination reported
<b>GRI 407: Freedom of association and collective bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operation is at risk
<b>GRI 408: Child labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	80
<b>GRI 413: Local communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs 413-2 Operations with significant actual and potential negative impacts on local communities	101 No operation having negative social impact
<b>GRI 414: Supplier social assessment 2016</b>	414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions taken	100% No negative social impacts
<b>GRI 415: Public policy 2016</b>	415-1 Political contributions	Company has not made any political contributions
<b>GRI 416: Customer health and safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	100% Assessment Zero non-compliance
<b>GRI 417: Marketing and labeling 2016</b>	417-1 Requirements for product and service information and labeling 417-2 Incidents of non-compliance concerning product and service information and labeling 417-3 Incidents of non-compliance concerning marketing communications	All the products are approved by IRCSL and respective disclosures are made with this regard Zero incidecdnts Zero incidecdnts
<b>GRI 418: Customer privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero incidecdnts

# Sustainability Disclosure Topics and Metrics

Topic	Metric	Category	Unit of measure	Code	PI Disclosure reference
<b>Transparent information &amp; fair advice for customers</b>	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers 1	Quantitative	Presentation currency	FN-IN-270a.1	No monetary losses as a result of legal proceedings
	Complaints-to-claims ratio	Quantitative	Rate	FN-IN-270a.2	PI does not specifically track this metric
	Customer retention rate	Quantitative	Rate	FN-IN-270a.3	Social and relationship capital on page 94
	Description of approach to informing customers about products	Discussion and Analysis	n/a	FN-IN-270a.4	Social and relationship capital on page 95
<b>Incorporation of environmental, social and governance Factors in investment management</b>	Environmental, Social and Governance Factors in Investment Management Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	Discussion and Analysis	n/a	FN-IN-410a.2	Financial Capital on page 62
<b>Policies designed to incentivise responsible Behaviour</b>	Net premiums written related to energy efficiency and low carbon technology	Quantitative	Presentation currency	FN-IN-410b.1	PI does not specifically track this metric
	Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	Discussion and Analysis	n/a	FN-IN-410b.2	Social and relationship capital on page 95
<b>Financed emissions</b>	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	Quantitative	Metric tonnes (t) CO <sub>2</sub> e	FN-IN-410c.1	Natural capital on page 104
	Gross exposure for each industry by asset class	Quantitative	Presentation currency	FN-IN-410c.2	PI does not specifically track this metric
	Percentage of gross exposure included in the financed emissions calculation	Quantitative	Percentage %	FN-IN-410c.3	PI does not specifically track this metric
	Description of the methodology used to calculate financed emissions	Discussion and Analysis	n/a	FN-IN-410c.4	PI does not specifically track this metric

Topic	Metric	Category	Unit of measure	Code	PI Disclosure reference
<b>Physical risk exposure</b>	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes 2	Quantitative	Presentation currency	FN-IN-450a.1	PI does not track this metric
	Total amount of monetary losses attributable to insurance pay-outs from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographical segment (net and gross of reinsurance) 3	Quantitative	Presentation currency	FN-IN-450a.2	PI does not track this metric
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of entity-level risks and capital adequacy	Discussion and Analysis	n/a	FN-IN-450a.3	Risk management section on pages 184 to 187
<b>Systemic risk management</b>	Exposure to derivative instruments by category: (1) total exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with a central clearinghouse, and (3) total exposure to centrally cleared derivatives	Quantitative	Presentation currency	FN-IN-550a.1	PI does not track this metric
	Total fair value of securities lending collateral assets	Quantitative	Presentation currency	FN-IN-550a.2	PI does not have securities lending collateral assets
	Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	Discussion and Analysis	n/a	FN-IN-550a.3	Risk management section on pages 184 to 187

Activity metric	Category	Unit of measure	Code	PI Disclosure reference
Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance4	Quantitative	Number	FN-IN-000.A	Social and relationship capital on page 94

# Impact of the SLFRS 17 on the Financial Statements

## Effects on the Statement of Financial Position

Financial Statement Caption	Impact
Insurance Contract Liabilities	<p>Present separately in the financial statements.</p> <p>A combination of</p> <ul style="list-style-type: none"> <li>Liability for Remaining Coverage (LRC) for unexpired risk/future coverage; and</li> <li>Liability of Incurred Claims (LIC) for past coverage. The discounted balances of LIC and the impact of unwinding as at each reporting date.</li> </ul>
Reinsurance Contract Assets	<p>Presented separately in the statement of financial position. Currently, company reports reinsurance receivable and payable separately. But under the SLFRS 17 these balances will be netted off and presented in an asset position. Company will be required to charge for the expected credit risk at the point of recognition of reinsurance receivables.</p>
Deferred acquisition costs	<p>Deferred acquisition costs will no longer appear as a separate assets line item on the balance sheet. Instead it will be included in the insurance contract liabilities. Reconciliation from the opening to closing balances of insurance acquisition cash flows (CFS) as a disclosure note will be included.</p>
Premiums receivable	<p>Premium receivable will not be presented separately in the Statement of Financial Position. Instead the receivable balance will be netted off against the insurance contract liability.</p>
Claims payable	<p>Include in the measurement of insurance contracts and disclose claims paid in a reconciliation from the opening to closing balances of insurance contracts.</p>
Onerous contracts (Loss component)	<p>Company will adjust the carrying amount of the liability with the loss component in relation to onerous contracts. As a result liability for remaining coverage will be increased based on the loss component in relation to group of onerous contracts.</p>

## Effects on The Statement of Comprehensive Income

Area	Impact
Insurance Revenue	<p>Insurance revenue is recognised based on the amount of expected premium receipts allocated to the period (excluding the investment components and adjusted to reflect the time value of money and the effect of financial risk, if applicable).</p>
Onerous contracts	<p>SLFRS 17 requires groups of insurance contracts to be assessed based on the likelihood of them being or becoming onerous at initial recognition. Accordingly Company required to recognize onerous contracts at inception. This would mean early losses will be recognized under the SLFRS 17 in statement of the Comprehensive Income.</p>
Investment Components	<p>Company's existing product portfolio do not contain either distinct or non distinct investment components. So, the company is not currently required to segregate the related income separately.</p>
Directly attributable expenses	<p>Company currently amortize acquisition expenses over the period of the contract. Under SLFRS 17, entity is permitted to charge directly attributable expenses up front to the profit and loss statement provided contracts are one year or less. This option will have a point of time impact to the financial statements of the entity however the impact is expected to be minimal over time.</p>
Treatment for long term contracts	<p>Considering the Company total product portfolio only two products is having a coverage period exceeding 12 months. These products make approximately 0.4% of the total revenue. So, the impact is immaterial.</p>
Discounting of Incurred claims	<p>Company consider discounting the liability using a suitable discount rate for the claims that exceed one year. Then the interest expense in P&amp;L will be determined using the locked in rate at the date the incurred claim is recognized.</p>
Reinsurance Contracts	<p>The contract boundary on reinsurance treaties may differ from underlying direct contracts. Profits will not necessarily be released on a consistent basis between reinsurance and the direct contracts.</p>

# Glossary of Insurance Terms

## A

### **Accumulation**

The total combined risks that could be involved in a single loss event (involving one or more insured perils).

### **Acquisition expenses**

Direct costs an insurer incurs to 'acquire' the premium such as commissions paid to a broker. These costs are required to be expensed in the same ratio as the premiums to which they relate are earned. The amount to be expensed in future periods recorded as deferred acquisition costs (an asset) in the statement of financial position.

### **Actuary**

A specialist in the mathematics of insurance who calculates rates, reserves, dividends and other statistics.

### **Administrative expenses**

Costs of an administrative nature including those arising from premium collection, portfolio administration and inward and outward reinsurance, including staff costs and depreciation provisions in respect of property, plant and equipment.

### **Admissible assets**

Assets that may be included in determining an insurer's statutory solvency position. Such assets are specified under the rules made by the Insurance Regulatory Commission of Sri Lanka under the Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments thereto.

### **Agent**

An individual who is an independent contractor authorised to carry out transactions on behalf of another, such as the sale of insurance policies. Insurance agents usually earn commission or a fee on the sale of a policy. In Sri Lanka they are tied to a particular insurance company and offer a limited selection of products.

### **All risks**

A property insurance which covers any accidental loss or damage that is not specifically excluded under the policy.

### **Annual basis of accounting**

A basis of accounting for non-life insurance business whereby a result is determined at the end of the accounting period reflecting the profit or loss from providing insurance cover during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

### **Automobile liability insurance**

Coverage for bodily injury and property damage incurred through ownership or operation of a vehicle.

## B

### **Broker**

A firm that acts as an intermediary between a buyer and seller usually charging commission or a fee. Insurance brokers arrange cover on behalf of their clients and represent the interests of the policyholder.

### **Burglary and theft**

Coverage for property taken or destroyed by breaking and entering the insured's premises, burglary or theft, forgery or counterfeiting, fraud, kidnap and ransom and off-premises exposure.

### **Bodily injury liability coverage**

Coverage for damages resulting in bodily injury or death sustained by others, including covered medical costs, that you become legally responsible for because of a covered auto accident.

## C

### **Capital adequacy ratio**

A risk based Capital Adequacy Ratio (CAR) measures the relative adequacy of an insurer's capital. The CAR value reports on the adequacy of the Total Available Capital (TAC) in insurance and shareholder's funds collectively, to support the Risk based Capital Required (RCR).

### **Captive agent**

An individual who sells or services insurance contracts for a specific insurer or fleet of insurers.

### **Casualty insurance**

A form of liability insurance providing coverage for negligent acts and omissions such as workers compensation, errors and omissions, fidelity, crime, glass, boiler and various malpractices coverage.

### **Cedent**

A ceding insurer. A ceding insurer is an insurer that underwrites and issues an original, primary policy to an insured and contractually transfers (cedes) a portion of the risk to a reinsurer.

### **Cession**

A particular risk exposure that is transferred under a reinsurance treaty.

### **Claim handling expenses (CHE)**

Expenses incurred while investigating and settling an insurance claim, over and above the cost of the claim itself. Can include legal and other professional fees. Also known as loss adjustment expenses.

### **Claims incurred**

Claims incurred include paid claims and movements in outstanding claims.

### **Claims notification clause**

A clause in an insurance or reinsurance contract which sets out the procedure that the insured or reassured must follow in order to make a claim under the contract. Such clauses frequently provide for prompt notification of claims and events which may give to claims in the future.

### **Claims outstanding**

The amount provided to cover the estimated ultimate cost of settling claims arising out of events which have occurred by the balance sheet date, including Incurred But Not Reported (IBNR) claims and claims handling expenses, less amounts already paid in respect of those claims.

### **Co-insurance**

An arrangement whereby two or more insurers enter into a single contract with the insured to cover a risk in agreed proportions at a specified premium.

# Glossary of Insurance Terms

## Combined ratio

The claims and expenses of an insurer for a given period divided by its net earned premium for the same period. It is normally expressed as a percentage with any figure in excess of 100%, signifying a technical underwriting loss.

## Commercial package policy

A broad package of property and liability coverage for commercial ventures other than those provided insurance through a business owner's policy.

## Cover note

A document issued by an insurer/broker, pending the issue of a policy which confirms the arrangement of cover for the named insured/reassured. Motor insurance cover notes that are issued in Sri Lanka are usually of short duration.

## D

### Deductible

Loss retention of the reinsured in non-proportional reinsurance. Limit above which the reinsurer becomes liable for losses up to the amount of the agreed cover limit.

### Deferred acquisition costs

Under the annual basis of accounting, acquisition costs relating to the unexpired period of risk of contracts in force at the balance sheet date which are carried forward from one accounting period to subsequent accounting periods.

## E

### Earned premium

The proportion of premium that relates to a used period of cover.

### Excess

The amount or proportion of some or all losses arising under an insurance or reinsurance contract that is the insured or reassured must bear. If the loss is less than the amount of the excess then the insured/reassured must meet the cost of it (unless there is other insurance in place to cover the excess). Excesses may either be compulsory

or voluntary. An insured who accepts an increased excess in the form of a voluntary excess will usually receive a reduction in premium.

## Excess of loss

A type of reinsurance that covers specified losses incurred by the reassured in excess of a stated amount (the excess) up to a higher amount. An excess of loss reinsurance is a form of non-proportional reinsurance.

## Exclusion

A term in an insurance or reinsurance contract that excludes the insurer or reinsurer from liability for specified types of loss. An exclusion may apply throughout a policy or it may be limited to specific sections of it. In certain circumstances, an exclusion may be limited or removed altogether following the payment of an additional premium.

## Ex-gratia payment

A payment made by underwriters 'as a favour' or 'out of kindness' without an admission of liability so as to maintain goodwill.

## F

### Facultative reinsurance

Reinsurance for a single risk or a defined package of risks. The ceding company (the primary issuer) is not compelled to submit these risks to the reinsurer, but neither is the reinsurer compelled to provide reinsurance protection.

## G

### General average

A loss that arises from the reasonable sacrifice at a time of peril of any part of a ship or its cargo for the purpose of preserving the ship and the remainder of its cargo together with any expenditure made for the same purpose. An example of a general average loss would include jettisoning cargo to keep a ship afloat and an example of general average expenditure would include towing a stricken vessel into port. An average adjuster calculates

the value of each saved interest to each interested party which is then obliged to contribute towards the general average loss or expenditure proportionately. Subject to the terms of the policy, insurance will generally only apply if the loss was incurred to avoid or in connection with the avoidance of an insured peril.

## Gross written premium

Original and additional inward premiums, plus any amount in respect of administration fees or policy expenses remitted with a premium but before the deduction of outward reinsurance premiums.

## I

### Incurred but not reported (IBNR) losses

Estimated losses which an insurer or reinsurer, based on its knowledge or experience of underwriting similar contracts, believes have arisen or will arise under one or more contracts of insurance or reinsurance, but which have not been notified to an insurer or reinsurer at the time of their estimation.

## Indemnity

The principle according to which a person who has suffered a loss is restored (so far as possible) to the same financial position that he was in immediately prior to the loss, subject in the case of insurance to any contractual limitation as to the amount payable (the loss may be greater than the policy limit). The application of this principle is called indemnification. Most contracts of insurance are contracts of indemnity. Life insurances and personal accident insurances are not contracts of indemnity as the payments due under those contracts for loss of life or bodily injury are not based on the principle of indemnity.

## Insurance contract

A contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if specified uncertain future events adversely affect the policyholder.

## Insurance provision

Usually relates to the proportion of net written premiums relating to periods of risk after the accounting date, which are deferred to subsequent accounting periods, as well as the gross claims outstanding.

## Insurance risk

Uncertainty over the likelihood of an insured event occurring, the quantum of the claim or the time when claims payments will fall due.

## L

### Layer

Section of cover in a non-proportional reinsurance programme in which total coverage is divided into number of consecutive layers. Individual layers may be placed with different reinsurers.

### Liability adequacy test (LAT)

A test that needs to be performed by an insurer to determine whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts as per the Sri Lanka Accounting Standards.

### Loss adjuster

A person who is appointed to investigate the circumstances of a claim under an insurance policy and to advise on the amount that is payable to the policyholder in order to settle that claim.

### Loss development factors (LDF)

There is a general upward trend in claim totals after the initial reporting period called 'loss development'. A common method of adjusting losses for the growth in claims and Incurred But Not Reported (IBNR) losses is to apply loss development factors.

## N

### Net expense ratio

Expenses associated with running an insurance business, such as commission, professional fees and other administrative costs, expressed as a percentage of net earned premiums.

## P

### Premium

The payment a policyholder makes in return for insurance cover. Usually paid annually.

### Premium liability

The amount required to be held in respect of the unexpired period of exposure and considers the unearned premium reserves held and estimate of unexpired risk reserves.

### Provision of risk margin for adverse deviation (PRAD)

The provision of risk margin for adverse deviation that relates to the inherent uncertainty in the central estimate value of both the premium and claim liabilities at a 75% level of sufficiency.

## R

### Reinsurance

A form of insurance bought by insurance companies to protect themselves from the risk of large losses. One insurer pays to place part of an insured risk or an entire book of business with one or more other insurance companies, known as the reinsurers.

### Reinsurance commission

Commission received or receivable in respect of premiums paid or payable to a reinsurer.

### Reinsurance inwards

The acceptance of risks under a contract of reinsurance.

### Reinsurance outwards

The placing of risks under a contract of reinsurance.

### Reinsurance premium

The premium payable to the reinsurer. Reinsurance is an arrangement whereby one party (the reinsurer), in consideration for a premium, agrees to indemnify another party (the cedent) against part or all of the liability assumed by the cedent under a policy or policies of insurance.

### Reinsurance profit commission

Commission received or receivable by the cedent (reinsured) from the reinsurer based on the net profit (as defined in the treaty) made by the reinsurer on the reinsurance treaty.

### Related party

A related party is a person or an entity that is related to the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.
- An entity is related to a Reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

### Retention

The amount of any loss or combination of losses that would otherwise be payable under an insurance/reinsurance contract which the insured/reassured must bear itself before the insurer or reinsurer becomes liable to make any payment under that contract. An insured or reassured may be able to insure its retention with another insurer/reinsurer.

### Risk based capital

Capital to be allocated by a company to cover risks arising from the nature of its business and the markets in which it operates, based on an assessment of those risks and the likelihood of adverse developments.

## S

### Short-period cancellation

When an insurance contract is terminated prior to its expiry date by the insured any return premium that is payable will usually be calculated on a time on risk basis. The result is that the insured will receive less return premium than would be the case if the return premium was calculated on a pro-rata basis.

# Glossary of Insurance Terms

## Solvency margin

The difference between the value of assets and value of liabilities, required to be maintained by the insurer who carries on general insurance business as defined in Solvency Margin (General Insurance) Rules, 2004 and subsequent amendments thereto made under section 26 of the Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments thereto.

## Subrogation

The right of an insurer which has paid a claim under a policy to step into the shoes of the insured so as to exercise in his name all rights he might have with regard to the recovery of the loss which was the subject of the relevant claim paid under the policy up to the amount of that paid claim. The insurer's subrogation rights may be qualified in the policy. In the context of insurance, subrogation is a feature of the principle of indemnity and therefore only applies to contracts of indemnity so that it does not apply to life assurance or personal accident policies. It is intended to prevent an insured recovering more than the indemnity he receives under his insurance (where that represents the full amount of his loss) and enables his insurer to recover or reduce its loss.

## Sum insured

The maximum amount that an insurer will pay under a contract of insurance. The expression is usually used in the context of property and life insurance where (subject to the premium cost) the insured determines the amount of cover to be purchased.

## Surplus treaty or surplus lines treaty

A type of reinsurance under which bands of cover known as lines are granted above a given retention which is referred to as the cedant's line. Each line is of equivalent size and the capacity of the treaty is expressed as a multiple of the cedant's line. The reinsurer receives an equivalent proportion of the full risk premium. A surplus treaty is a form of proportional reinsurance.

## T

### Technical reserve

This comprises the claims reserve net of reinsurance, unearned premium reserve net of reinsurance and the deferred acquisition expenses.

### Total available capital

Measures the actual available capital held by an insurer eligible to calculate capital adequacy.

### Treaty reinsurance

A reinsurance contract under which the reassured agrees to offer and the reinsurer agrees to accept all risks of certain size within a defined class.

## U

### Underinsurance

Insurance where the sum insured is less than the full value at risk and would not be adequate to meet a total loss.

### Underwriting

The process of selecting which risks an insurance company can cover and deciding the premiums and terms of acceptance.

### Underwriting profit

The underwriting result generated by transacting non-life insurance business, without taking into account the investment income.

### Unearned premium

The proportion of premium that relates to the unused period of cover.

### Unexpired risk reserve (URR)

The excess of the estimated value of claims and expenses likely to arise after the end of the financial year from contracts concluded before the date, insofar as their estimated value exceeds the provision for unearned premiums (after deduction of any acquisition costs deferred).

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Kandy	No. 177, D. S. Senanayaka Veediya, Kandy.	081-2236280	Mr. Jayanatha Herath
Kandy (Islamic)	No. 45, Katugasthota Road, Kandy.	081-2205651	Mr. Bathiya Bandara
Katugasthota	No. 431, Katugasthota Road, Kandy.	081-2205947	Mr. Kasun Kulasekara
Matale	No. 568, Trincomalee Street, Matale.	066-2226400	Mr. Ravindu Madhusan
Navalapitiya	No. 65, Ambagamuwa Road, Navalapitiya.	054-2224482	Mr. Tharindu Dilshan
Nuwara Eliya	No. 36, K. Ramanathan Complex, Park Road, Nuwara Eliya.	052-2224120	Mr. Sameera Janaruwan
Pilimathalawa	No. 174, Kandy Road, Pilimathalawa.	081-2056338	Mr. Chamara Sampath

#### Eastern Province

Ampara	No. 149, Kumarasiri Building, Nidahas Mawatha, Ampara.	063-2222343	Mr. Ashen Thiwanka
Batticaloa	No. 26, New Kalmunai Road, Batticaloa.	065-2226512	Ms. Tharaha Priyandren
Kalawanchchikudy	No. 251, Main Road ,Kalawanchikudi.	065-2251661	Mr. Kunanayakam Tishikanth
Kalmunai	No. 39, Batticalo road, Kalmunai	067-2225486	Mr. Ravindran Shapanadas
Kanthale	No. 72 / 1, Agrabodhi Mawatha, Kanthale.	026-2234935	Mr. Sajith Dilshan
Kattankudy	No. 187, Main Street, Kattankudy.	065-2248341	Mr. Thurairajasingam Sajeev
Muthur	No. 257, Batticaloa Road, Muthur 2.	026-2238073	Mr. M. Deneshan
Trincomalee	No. 275, Mainstreet, Trincomalee.	026-2225285	Mr. Nadeeth Prithikumara

## Distribution Network

### North Central Province

Branch	Address	Telephone Number	Contact Person
Galenbindunuwewa Service Center	No. 87 / 61, Near the Peoples Bank, Galenbindunuwewa.	025-2258001	Mr. Nilan Chathuranga
Hingurakgoda Service Center	No. 13, Govi Mawatha, Hingurakgoda.	027-2055055	Mr. Nuwan Sanjeewa
Kekirawa	No. 12 / A, Thalawa Road, Kekirawa.	025-2264820	Mr. Lakshitha Madusanka
Medawachchiya	No. 76 / D, Jaffna Road, Medawachchiya.	025-2245414	Mr. Pramod Deshanjaya
Polonnaruwa	No. 407, Main Street, Kaduruwela, Polonnaruwa.	027-2222129	Mr. Roshen Abeykoon
Thambuttegama	No. 326, Queen Junction, Kurunagala Road, Thambuttegama.	025-2276180	Mr. Shehan Sandeepa

### Northern Province

Chunnakam	No. 115, K. K. S. Road, Chunnakam.	021-2241105	Mr. Sivapalan Sivakajan
Kilinochchi	No. A 9 Road, Karadipoku, Kilinochchi.	021-2283869	Mr. Gobythas Kinoshan
Kodikamam Service Center	Peoples Bank Building , Kandy Road, Kodikamam.	021-2050234	Mr. Sathinthan Sudarshan
Mannar	No. 110, St. Sebastian Street, Mannar.	023-2251342	Mr. R. R. W. Arun
Nelliady Service Center	Jaffna Point Pedro Road, Nellyadi.	021-2262809	Mr. Ravindran Ajithram

### North Western Province

Anamaduwa Service Center	No. 57, Kurunegala Road, Anamaduwa.	032-2263487	Mr. Saliya Sujewa
Chilaw	No. 10, Colombo Road, Chilaw.	032-2224102	Mr. Nilina Malaka
Giriulla	Saman Fashion Building, Colombo Rd, Giriulla.	037-2288316	Mr. M. T. Roshan
Kuliyapitiya	No. 21, Madampe Road, Meegahakotuwa, Kuliyapitiya.	037-2281343	Mr. Sithija Sankalpa
Melsiripura	No. 237, Dambulla Road, Melsiripura.	037-2250229	Mr. Lahiru Maduranga
Narammala	No. 105, Kuliyapitiya Road, Narammala.	037-2249652	Mr. Madhushan Bandara
Puttalam	No. 106, Kurunegala Road, Puttalam.	032-2266893	Mr. Mohamed Ikram
Wariyapola	No. 119, Kurunegala Road, Wariyapola.	037-2268311	Mr. Mahesh Vijayanarayana
Wennappuwa	No. 327 1/ 1, Colombo Road, Wennappuwa.	031-2245663	Mr. Sahan Devinda

### Sabaragamuwa Province

Balangoda	No. 118 / 1, Barns Rathwaththa Mawatha, Balangoda.	045-2289500	Mr. Chathuranga Umesh
Embiliptiya	No. 122, New Town Road, Embiliptiya.	047-2261970	Mr. Asanka Madulal
Godakawela	No. 52, Main Street, Godakawela.	045-2240607	Mr. Buddika Rathnayake
Kalawana	No. 43, Mathugama Road, Kalawana.	045-2256001	Mr. Divyanjala Diyashan
Kegalle	No. 345, Main Street, Kegalle.	035-2230102	Mr. Gayashan Tharuka
Mawanella	No. 37, New Kandy Road, Mawanella.	035-2249364	Mr. Janaka Bandara
Pelmadulla	No. 118 / 1, Rathnapura Road, Pelmadulla.	045-2276081	Mr. Gihantha Chamal
Warakapola	No. 177, Kandy Road, Warakapola.	035-2268124	Mr. Gayan Wijesooriya

### Southern Province

Akuressa	No. 77, Matara Road, Akuressa.	041-2284711	Mr. Sahan Hansamal
Ambalangoda	No. 9, New Galle Road, Ambalangoda.	091-2255646	Ms. Warsha Lakmali
Ambalanthota	No. 31 1/ 1, Tissa Road, Ambalanthota.	047-2225265	Mr. Amila Isanka
Benthota	No. 415, Galle Road, Aluthgama.	034-2271630	Mr. Rajith Priyankara
Deniyaya	No. 28/ 30, Main street , Deniyaya.	041-2273341	Mr. Madhura Chathuranga
Elpitiya	No. 44, Ambalangoda Road, Elpitiya.	091-2290817	Mr. Vishan Devith
Hambanthota	No. 102K, Main Street , Hambanthota.	047-2221276	Mr. Anil Geeganage
Kamburupitiya	No. 217, Matara Road, Kamburupitiya.	041-2294620	Mr. Sachith Buddhika
Neluwa	1st Floor, Manuka Building, Dellawa Road, Neluwa.	091-2285450	Mr. Lahiru Kavinda
Tangalle	No. 05, 5A, Annapitiya Road, Tangalle.	047-2242501	Mr. Ashan Dinuka
Thissamaharama	No. 171, Main Street, Tissamaharamaya.	047-2239671	Mr. Nimesh Indika
Udugama Service Center	Bar Junction, Udugama.	091-2285445	Mr. Hashan Dananjaya
Urubokka	No. 466D, Main Street, Urubokka.	041-2272175	Mr. Dinesh Chathuranga
Walasmulla	No. 74, Beliaththa Road, Walasmulla.	047-2245651	Mr. Lahiru Kanchana

<b>Uva Province</b>			
<b>Branch</b>	<b>Address</b>	<b>Telephone Number</b>	<b>Contact Person</b>
Badulla	No. 33/ 9, Modern Complex, Cocowatta Road, Badulla.	055-2223903	Mr. Aruna Kumara
Bandarawela	No. 35/ 2D, Welimada Road, Bandarawela.	057-2233315	Mr. Sajitha Vitharana
Mahiyanganaya	No. 03, Sri Jayasanka Building, Kandy Road, Mahiyanganaya.	0552258199	Mr. Thushara Namal
Monaragala	No. 32, Pothuvil Road, Monaragala.	055-2277485	Mr. Pramuditha Madubasha
Welimada	No. 11A, Boralanda Road, Welimada.	057-2244997	Mr. Imal Saranga
Wellawaya	No. 128, Monaragala Road, Wellawaya.	055-2274035	Mr. Sineth Sathsara

<b>Western Province</b>			
Awissawella	No. 15, Kudagama Road, Awissawella.	036-2233791	Mr. Lahiru Suranjith
Battaramulla	No. 261, Main Street, Battaramulla.	011-2886818	Mr. Kasun Melaka
Divulapitiya Service Center	No. 73, Meerigama Road, Divulapitiya.	031-2248161	Mr. Malinda Sasanka
Gampaha	No. 65, Yakkala Road, Gampaha.	033-2233892	Mr. Harshan Fernando
GrandPass	No. 507, Sirimavo Bandaranayake Mawatha, Colombo 14.	011-2340013	Mr. Ramanathan Kishan
Hanwella	No. 132/ 3, Colombo Road, Hanwella.	036-2251330	Mr. Chanaka Rathnayake
Havelock	No. 07, Havelock Road, Colombo 05.	011-2592432	Mr. Sasmitha Rathnayaka
Homagama	No. 121/ 3, Highlevel Road, Homagama.	011-2098141	Mr. Aruna Sankalpa
Horana	No. 171/ A, Rathnapura Road, Horana.	034-2267701	Mr. Ayesh Madhuranga
Ja-Ela	No. 112 / A, Negambo Road, Ja-Ela.	011-2228078	Mr. Milan Thakshila
Kadawatha	No. 657A, Kandy Road, Bandarawatta, Kadawatha.	011-2926909	Mr. Thoshan Indika
Kaduwela	No. 349 / A / 1, New Kandy Road, Kothalawala, Kaduwela.	011-2548578	Mr. Rinosh Dilshan
Kalutara	No. 314 / 1 / 1, Main Street, Kaluthara South, Kalutara.	034-2235336	Mr. Ishan Udayanga
Kelaniya	No. 950, Kandy Road, Himbutuwelgoda, Dalugama, Kelaniya.	011-2914112	Mr. Sanjeewa Mendis
Kiribathgoda Service Center	No. 157/ 2 / 2, Makola Road, Kiribathgoda.	011-2911766	Mr. Hasindu Chathuranaga
Kirindiwela	No. 153, Sujaya Building, Gampaha Road, Kirindiwela.	033-2247582	Mr. Lahiru Peiris
Maharagama	No. 215, Highlevel Road, Maharagama.	011-2851899	Mr. Vidusha Perera
Mathugama	No. 98/ 3, Agalawaththa Road, Mathugama.	034-2249230	Mr. Gayan Kalhara
Metropolitant	No. 86, Vauxhall Street, Colombo 02.	011-2481000	Mr. Sahan Nidarshana
Minuwangoda	No. 67B, Colombo Road, Minuwangoda.	011-2298641	Mr. Chathuranga Lahiru
Mirigama	No. 69/ A, Giriulla Road, Mirigama.	033-2275528	Mr. Chanaka Pradeep
Moratuwa	No. 553/ 1 / 1, Galle Road, Rawathawaththa, Moratuwa.	011-2648474	Mr. Tharanga Madumal
Mount Lavinia	No. 271, Galle Road, Mount Lavinia.	011-2720720	Mr. Chanaka Prasad
Negombo	No. 29/ 1, Colombo Road, Negombo.	031-2227775	Mr. Dinesh Fernando
Negombo City Service Centre	No. 209, Main Street, Negombo.	031-2121002	Mr. Charith Heshan
Nittambuwa	No. 83, Batadole Walauwa Junction, Kandy Road, Nittambuwa.	033-2298110	Mr. Janith Randika
Nugegoda	No. 290, Highlevel Road, Nugegoda.	011-2813997	Mr. Sachithra Ferdinand
Panadura	No. 482, Arther V. Dias Mawatha, Panadura.	038-2237331	Mr. Dhanushka Harshana
Pettah	No. 319, Main Street, Colombo 11.	011-2437708	Mr. Kasun Jayarathne
Piliyandala	No. 24/A, Vidyala Mawatha, Piliyandala.	0112-609836	Mr. Charith Yasantha
Union Place - Alsafa	Parkland, No. 33, Park Street, Colombo 02.	011-2377877	Mr. Mohomad Sharaff
Wattala	No. 540A, Negombo Road, Wattala.	011-2948441	Mr. Hasith Chamara
Wellawatte	No. 44, W. A. Silva Mawatha, Colombo 06.	011-2361562	Mr. Kavindu Manuththara
Ward Place Classic Center (Premier Center)	No.02,Wijerama Mawatha, Colombo 07.	011-2122122	Mr. Nadarasa Arun

# Corporate Information

**Name of Company**

People's Insurance PLC  
(Subsidiary of People's Leasing & Finance PLC)

**Legal form**

Public Limited Liability Company  
(Incorporated and domiciled in Sri Lanka)

**Date of incorporation**

22 July 2009

**Company registration number**

PB 3754 PQ

**Stock exchange listing**

Ordinary shares of the company are listed on the Main Board of the Colombo Stock Exchange.  
3,632,478 Ordinary shares of the company were listed with effect from 11 June 2024, pursuant to a scrip dividend.

**Tax payer identification number (TIN)**

134037547

**VAT Registration Number**

134037547- 7000

**SVAT registration number**

SVAT004235

**Principal activities**

General Insurance Business

**Accounting year-end**

31 December

**Head office (Registered office) and principle place of business**

People's Insurance PLC  
No. 07,  
Havelock Road,  
Colombo 05.  
Telephone : +94 11 2126126  
Fax : +94 11 2126322  
E-Mail: pilassist@plc.lk  
Web: www.peoplesinsurance.lk

**Board of Directors**

Mr. Johnson Fernando  
Dr. Kasun Wijetilleke  
Mr, Azzam Ahamat  
Mr. Pradeep Amirthanayagam  
Ms. Nayanganie Wickramasingha  
Mr. Sanjeewa Bandaranayake (Appointed with effect from 03 September 2024)

**Principal officer**

Ms. J. Kariyawasam

**Company Secretary**

Ms Nadhra Zanoon

**Registrars**

SSP Corporate Services (Pvt) Ltd  
No. 101,  
Inner Flower Road,  
Colombo 03.

**Auditors**

Auditor General  
Auditor General's Department,  
No. 306/72, Polduwa Road,  
Battaramulla.

**Consultant actuaries**

NMG Financial Services Consulting Pte Limited  
30, Hill Street,  
#03-02A,  
Singapore.

**Gratuity**

Smiles Global (Pvt) Limited  
14A, Boyd Place,  
Colombo 03.

**Bankers**

People's Bank  
Bank of Ceylon  
Commercial Bank of Ceylon PLC  
DFCC Bank PLC  
Hatton National Bank PLC  
HDFC Bank  
National Development Bank PLC  
National Savings Bank  
Nations Trust Bank PLC  
Pan Asia Banking Corporation  
Regional Development Bank  
Sampath Bank PLC  
Seylan Bank PLC  
Union Bank of Colombo PLC

**Reinsurance panel**

Best Meridian Insurance Company  
Ocean International Reinsurance Company Limited  
Asian Reinsurance Corporation  
The New India Assurance Company Limited  
MISR Insurance company  
General Insurance Corporation of India  
CICA Reinsurance Company  
National Insurance Trust Fund  
Arch Re Limited  
Lloyds (Lancashire Syndicates)  
Lloyds (Everest Syndicate)

**Insurer financial strength rating**

A(ika)/Stable by Fitch

# Notice of Meeting

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting of People's Insurance PLC (the Company) will be held on 30 April 2025 at 10.00 AM, as a virtual meeting.

The said Annual General Meeting will be held for the following purposes:

1. To receive, consider and adopt the Annual Report of the Board of Directors with the Financial Statements of the Company for the year ended 31 December 2024 together with the Report of the Auditors thereon.
2. To re-elect Director, Mr. Mohammed Azzam Ali Ahamat, who retires by rotation in terms of Article 27 (8) of the Articles of Association of the Company.
3. To re-elect Director, Ms. Nayanganie Wickramasinghe who retires by rotation in terms of Article 27 (8) of the Articles of Association of the Company.
4. To re-elect Director Mr. Kithsen Sanjeeva Bandaranayake who was appointed to the Board since the last Annual General Meeting, in terms of Article 27 (2) of the Articles of Association of the Company.
5. To re-elect Director, Mr. Kurugamage Jude Dulinda Gregory Perera Subject to approval of the Insurance Regulatory Commission (IRCSL) who was appointed to the Board subject to IRCSL approval since the last Annual General Meeting, in terms of Article 27 (2) of the Articles of Association of the Company.
6. To authorize the Board of Directors to determine contributions to charities and other donations for the ensuing financial year.

## Auditors of the Company

According to Section 55 of the National Audit Act No. 19 of 2018, People's Insurance PLC falls under the definition of "Auditee Entity" and the Auditor General or any other person authorized by the Auditor General shall carry out the audit of the Company.

By order of the Board,



Nadhra Zanoon  
Company Secretary

03 April 2025

## Notes

Notice of the meeting, Guidelines and Registration process for the AGM via online meeting platform are attached herewith and are available on the corporate website of the Company.

Any member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

The completed Form of Proxy must be deposited at the office of the Company Secretary, People's Insurance PLC at No. 07, Havelock Road Colombo 05 not less than Forty Eight (48) hours before the time appointed for the holding of the meeting.

# Notes

# Form of Proxy

I/we .....  
 of..... being a member/s of People's Insurance PLC,  
 hereby appoint Mr. /Mrs./Miss .....  
 (holder of N.I.C No.....) failing him/her;  
 Mr. Sanjeewa Bandaranayake failing him  
 Mr. Johnson Fernando failing him  
 Dr. Kasun Wijetilleke failing him  
 Mr. Azzam Ahamat failing him  
 Ms. Nayanganie Wickramasingha failing her  
 Mr. Kurugamage Jude Dulinda Gregory Perera

As my/our proxy to represent me/us and vote on my/our behalf at the Sixteenth (16th) Annual General Meeting of the Company to be held on 30 April 2025 at 10.00 a.m virtually and at any adjournment thereof and at every poll which may be taken in consequence thereof to vote.

Please indicate your preference by placing a "x" against the Resolution No.

		For	Against
1.	To receive, consider and adopt the Annual Report of the Directors and the Financial Statements for the year ended 31 December 2024 and the Report of the Auditors thereon.		
2.	To re-elect Director Mr.Azzam Ali Ahamat , who retires by rotation in terms of Article 27 (8) of the Articles of Association of the Company.		
3.	To re-elect Director, Ms. Nayanganie Wickramasinghe who retires by rotation in terms of Article 27 (8) of the Articles of Association of the Company.		
4.	To re-elect Director Mr. Kithsen Sanjeewa Bandaranayake who was appointed to the Board since the last Annual General Meeting, in terms of Article 27 (2) of the Articles of Association of the Company.		
5.	To re-elect Director Mr. Kurugamage Jude Dulinda Gregory Perera Subject to IRCSL Approval who was appointed to the Board (subject to IRCSL approval) since the last Annual General Meeting, in terms of Article 27 (2) of the Articles of Association of the Company.		
6.	To authorize the Board of Directors to determine contributions to charities and other donations for the ensuing financial year.		

## Auditors of the Company

According to Section 55 of the National Audit Act No. 19 of 2018, People's Insurance PLC falls under the definition of "Auditee Entity "and the Auditor General or any other person authorized by the Auditor General shall carry out the audit of the Company.

Signed this .....day of .....2025

.....  
Signature

.....  
Shareholders N.I.C. / P.P/Co. Reg No.

## Notes:

- Proxy need not be a member of the Company
- Instructions as to the completion of this form of proxy are given below.

## Form of Proxy

### INSTRUCTIONS AS TO COMPLETION

1. As provided for in Article 19(3) of the Articles of Association of the Company an instrument appointing a proxy should be in writing
2. The full name and address of the shareholder appointing the proxy should be legibly entered in the Form of Proxy and duly signed and dated.
3. The Proxy shall-
  - a. In case of an individual, be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the complete Proxy if it has not already been registered with the Company.
  - b. In case of a company or corporate body, either be under its common seal or signed by its attorney or by an officer on behalf of that company or corporate body in accordance with the Articles of Association or the Constitution of that company or corporate body.
  - c. In the case of joint holder, be signed by the joint holder whose name appears first in the Register of Members.
4. The completed Form of Proxy, Virtual Meeting Online Registration Form and the Power of Attorney or other authority, if any, under which it is signed or a Notarially certified Copy of that power of attorney or other authority if any must be deposited at the officer of the Company Secretary, People's Insurance PLC at No. 07, Havelock Road, Colombo 05, not less than (48) hours before the time appointed for the holding of the meeting.
5. Every alteration or addition to the Proxy must be duly authenticated by the full signature of the shareholder's, signing the Proxy.

# Investor Feedback Form

We welcome your valuable feedback on this Integrated Annual Report.

To request information or submit a comment/query to the Company, please complete and return this page to,

Chief Financial Officer  
People's Insurance PLC,  
No. 07, Havelock Road,  
Colombo 05,  
Sri Lanka.

Fax : 011-2126322  
E-mail : amilaur@peoplesinsurance.lk

Name : .....

.....

Mailing address : .....

.....

Contact number - Tel. : .....

Fax : .....

E-mail address : .....

Name of Company  
(If applicable) : .....

Designation  
(If applicable) : .....

Company address  
(If applicable) : .....

Comments/queries : .....



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