



NATIONAL INSURANCE TRUST FUND

ANNUAL REPORT -2010



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1.NATIONAL INSURANCE TRUST FUND **AND CORPORATE PHILOSOPHY**

CORPORATE PHILOSOPHY

VISION

**SAFETY – NET AND PROTECTION
FOR ALL NEEDY SECTORS**

MISSION

To participate in the social and economic development of Sri Lanka through:

- Affordable, efficient and progressive insurance Schemes for all needy segments in the society;*
 - Providing solutions to local market to cover high risks arising from changing needs through pooling and other arrangements; and*
 - Creating a reinsurance market in Sri Lanka to provide additional capacity to the local Insurance Market.*
-

CORPORATE VALUES

- 
- *High Quality of Service*
 - *Efficiency and Trust*
 - *Credibility*
 - *Integrity and Impartiality*
 - *Dependability*
 - *Accountability*
 - *Financial Soundness and Security*
 - *Professional Management*
 - *Creative Market Handling*

CORPORATE GOALS

- ◆ *Implement insurance schemes for the benefit of intended target groups covering all segments of society*
- ◆ *Design and manage a reinsurance scheme to capture minimum of 50% of the reinsurance market*
- ◆ *Automating the management of all schemes implemented by the NITF*
- ◆ *Develop human resources to provide highly effective service to all beneficiaries.*
- ◆ *Manage the investments of NITF to achieve a maximum return during the next 5 year period.*

- ◆ *Promote and encourage the stakeholders to participate in relevant insurance schemes through education awareness programmes.*
- ◆ *Develop adequate infrastructure facilities to facilitate future operations of NITF*
- ◆ *Establish a risk management unit and conduct market studies and provide guidance to NITF on its future insurance activities.*
- ◆ *Develop a mandatory natural disaster cover insurance scheme.*
- ◆ *Implement an educational center to cater to the future growing need of competent insurance staff by encouraging youth participation.*

BOARD OF DIRECTORS OF NATIONAL INSURANCE TRUST FUND





❖ **Mr. A. K. Seneviratne(5)** **-Present Chairman**

2010

❖ **Mr. Senaka D. Abeygoonasekera (1) - Chairman**

❖ **Mr. W. H. Piyadasa (6)** **-Board Member**

❖ **Dr. Lohitha Samarawickrama (3)** **-Board Member**

❖ **Mr. N. Kulasekera(2)** **-Board Member**

❖ **Mr. J. Dadellage (4)** **-Board Member**

❖ **Mr. A. K. Seneviratne(5)** **-Board Member**

CHAIRMAN'S REVIEW

Presentation of the Annual Report-2010

It is with pride that I am presenting the Annual Report -2010 and the Audited Financial statements for the year ended December 31st of 2010, on behalf of the National Insurance Trust Fund.

Socio-Economic Review

Due to the global recession and escalation of violence during the final stages of the conflict, GDP growth slowed to 3.5% in 2009 and foreign reserves fell sharply. Business confidence rebounded quickly with the end of terrorist conflict and an International Monetary Fund (IMF) agreement in July 2009. Consequently, Sri Lanka recorded strong growth in 2010, as GDP grew by 8%. Official foreign reserves, including borrowings, reached \$6.6 billion (5.9 months of imports). The post-conflict economic re-integration of northern and eastern provinces has boosted agriculture and fisheries. Reconstruction of the damaged areas as well as infrastructure development throughout the country is also fueling growth. Tourism has rebounded strongly to record levels. Exports grew by a

healthy 17% in 2010. Foreign remittance inflows from Sri Lankans working abroad swelled to \$4.1 billion in 2010 from \$3.3 billion in 2009. The Colombo Stock Exchange was the second-best performing market for the second year in a row. Inflation, which had reached double digit levels during the terrorist conflict years, was around 7% in 2010.

Outlook

The NITF was established in 2006 as per the National Insurance Trust Fund Act no. 28 of 2006 with its initial insurance scheme of Agrahara. In 2008 it has expanded its scope of insurance by implementing Parliamentary Members' Insurance Scheme, Motor Insurance Scheme, Foreign Employment Insurance Scheme and 20% Retrocession Program in addition to the existing Agrahara Insurance Scheme as well as the Strike, Riot, Civil Commotion and Terrorism Extension which has been absorbed from the Ministry

of Finance and Planning. In the year 2009 the National Insurance Trust Fund has expanded its scope of business by entering into General Insurance businesses such as Fire, Marine and Miscellaneous etc. In 2010 it expanded geographically by opening branches in Anuradhapura and Hambantota.

NITF's Contribution

National Insurance Trust Fund has continued its service to the society by implementing the Agrahara and Motor insurance schemes at very concessionary and economical rates for the public sector and to conserve the monetary resources of the government. By implementing the 20% retrocession program, the foreign currency outflow has been curtailed to a greater extent. The Strike, Riot, Civil Commotion and Terrorism Fund continued relieving the victims of terrorism and civil commotion etc.

NITF's Performance

The Net Earned Premium Income of NITF remained more or less in the same in 2010 with Rs. 3.9 billion against Rs. 4.0 billion in

2009 in spite of drastic reduction in premium income due to dwindling demand for terrorism cover. Similarly recorded Net Profit of Rs. 2.3 billion in 2010 dwindled as against to Rs. 3.2 billion in 2009. The financial and operational performance of the NITF is illustrated in Progress Review section.

Appreciation to the Stakeholders

I take this opportunity to thank all our stakeholders including H.E. the President as the subject minister, Deputy Minister of Finance and Planning, Secretary to the Treasury, the staff of the Ministry of Finance and Planning, all our clients including Technical Advisory Committee members and Working Committee members of Strike, Riot, Civil Commotion and Terrorism Fund and all the other stakeholders who have placed the trust and confidence on us as well as who has given a helping hand to us to achieve a successful year of performance in 2010.

Sgd.

A. K. Seneviratne
Chairman
National Insurance Trust Fund

NATIONAL

INSURANCE

TRUST FUND

AT A GLANCE

The National Insurance Trust Fund (NITF) was established in 2006 under the National Insurance Trust Fund Act No. 28 of 2006 to provide benefits and safeguards against unforeseen health risks, personal accident and damage to property through contributory insurance schemes which will be operated by the NITF. In providing the benefits, NITF has implemented the Agrahara Insurance Scheme, Parliamentary Members Insurance Scheme, Motor Insurance Scheme, VIDESA REKIYA" overseas employment insurance Scheme, 20% Re insurance program and absorbed the Strike, Riot, Civil Commotion and Terrorism Fund. Thereafter NITF has entered into General Insurance in 2009.

National Insurance Trust Fund has been chaired by Prof. Jagath Wickramasinghe (2007-2008), Prof. Lukshman R Watawala (2008-2009), Mr. A.A. Wijepala (2009-2010), Mr. Senaka D. Abeygoonasekera (2010-2011) in the past. Mr. A. K. Seneviratne.. Additional Director General of Department of

Public Enterprises is presently working as the Acting Chairman of NITF.



Prof. Jagath Wickramasinghe



Prof. Lukshman R Watawala



Mr. A.A. Wijepala



Mr. Senaka D. Abeygoonasekera



2.ENVIRONMENTAL REVIEW

SRI LANKAN

ECONOMIC REVIEW

Sri Lankan economy grew by an impressive 8 per cent in 2010, reflecting a fast recovery from the setback suffered due to escalated cost of the fight against terrorism in 2009 and moved to a high and sustainable macro economic growth trend due to the far sighted intelligent vision of H.E the president of Mahinda Rajapaksa to initially gear towards winning the battle against terrorism and secondarily, to gear towards winning the battle to achieve the economic prosperity. As a result of this the tyranny of terrorist conflict and the agony of the deaths and casualties diminished out of the lives of all Sri Lankans. All key sectors of the economy demonstrated a commendable performance in 2010, underpinned by the peaceful domestic environment, and improved investor confidence, favorable macroeconomic conditions and gradual recovery of the global and financial economic crisis from one of the deepest recessions in history of Sri Lanka.

Mild and favorable inflation rate enabled the Government of Sri Lanka to continue its accommodative monetary policy stance which facilitates the accelerated growing economic situation in all market segments in Sri Lanka. The fiscal situation has also demonstrated a considerable improvement, mainly reflecting the improvement in revenue performance as well as the containment of recurrent expenditure. The external sector, which made a remarkable turnaround since the second quarter of 2009, continued to improve in 2010. Both exports and imports recovered strongly, while increased earnings from the tourism industry and higher inward remittances offset the widening trade deficit to a great extent, reducing the external current account deficit.

With supportive prudent management of macroeconomic environment and the supportive regulatory and supervisory framework, the financial sector displayed improved performance and financial system stability. While significant demand pressures were absent, improved domestic supply conditions, downward adjustments of certain administered prices and the reduction of import duties were visible in the year 2010.

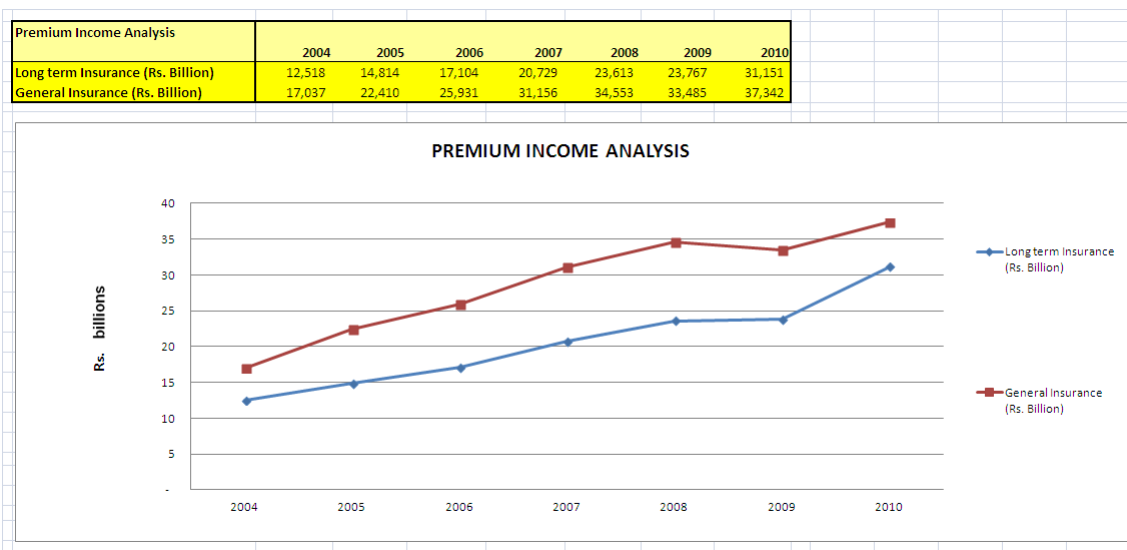
INSURANCE INDUSTRY REVIEW

There were nineteen (19) Insurance Companies (Insurers) registered with the Insurance Board of Sri Lanka (IBSL) at the end of year 2010. Twelve (12) of them were composite companies (dealing in both General and Long Term Insurance businesses), five (05) of them engaged in General Insurance business and two (02) companies engaged only in Long Term (Life) Insurance business.

The overall Gross Written Premium (GWP) Income for Long Term Insurance and General Insurance businesses was Rs. 68,493 million in 2010 compared with the previous year amount of Rs. 57,252 million which reflected a growth of 19.63%. The General Insurance Business has demonstrated a progress of its overall Gross Written Premium Income during 2010 when compared to the year 2009. The Long Term Insurance Business also showed a progress of its overall Gross Written Premium Income during the year of 2010 when compared to the year 2009. The overall Gross Written Premium Income of General Insurance Business amounted to Rs. 37,342 million (2009 – Rs. 33,485 million) while the overall Gross Written Premium Income of Long Term Insurance Business amounted to Rs. 31,151 million (2009 – Rs. 23,767 million) during 2010. (Source: Insurance Board of Sri Lanka)

Market Statistics of Insurance Industry can be epitomized as follows.

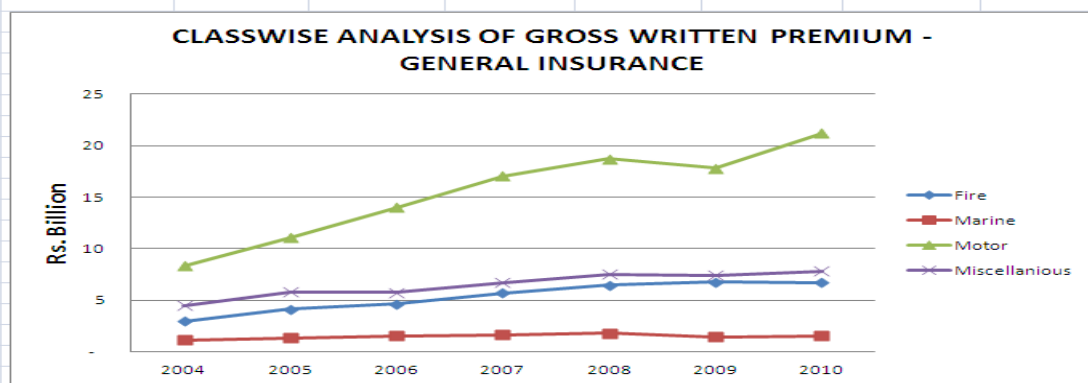
Premium Income Trend:



INSURANCE INDUSTRY REVIEW(contd.)

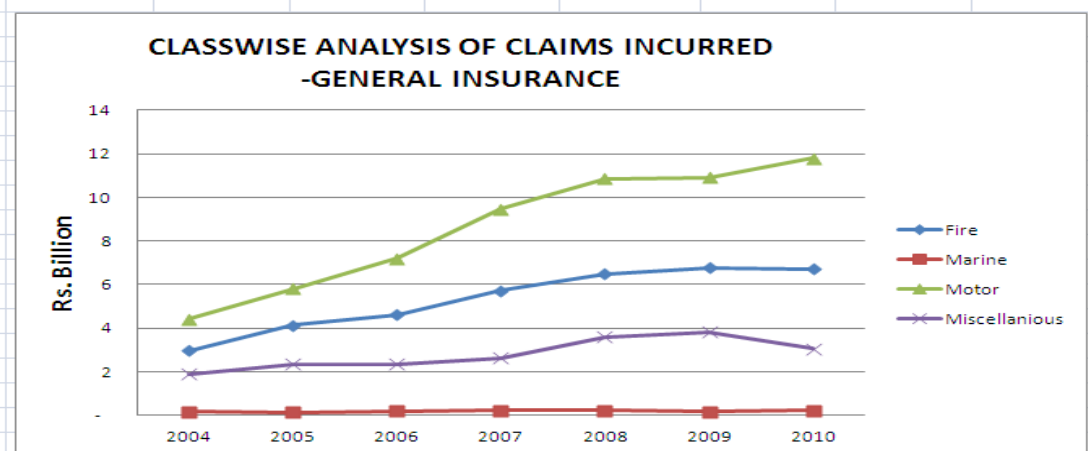
General Insurance Gross Written Premium Trend :

Sub -Class	Gross Written Premium (Rs. '000)						
	2004	2005	2006	2007	2008	2009	2010
Fire	2,978,979	4,140,458	4,627,075	5,724,377	6,480,344	6,758,843	6,720,164
Marine	1,172,810	1,358,033	1,554,560	1,637,019	1,825,782	1,441,683	1,558,178
Motor	8,367,447	11,102,737	14,005,560	17,060,829	18,717,667	17,829,077	21,221,535
Miscellaneous	4,518,122	5,808,928	5,743,624	6,733,828	7,529,146	7,455,290	7,842,314
Total	17,037,358	22,410,156	25,930,819	31,156,053	34,552,939	33,484,893	37,342,191



General Insurance Claims Trend:

Sub -Class	Claims Incurred (Rs. '000)						
	2004	2005	2006	2007	2008	2009	2010
Fire	851,804	486,354	520,944	815,821	659,542	500,043	524,630
Marine	150,590	122,131	202,379	215,824	213,740	150,275	227,036
Motor	4,421,530	5,810,762	7,204,754	9,459,168	10,854,607	10,901,356	11,785,172
Miscellaneous	1,894,192	2,338,487	2,337,018	2,618,869	3,589,902	3,828,181	3,065,776
Total	7,318,116	8,757,734	10,265,095	13,109,682	15,317,791	15,379,855	15,602,614





3.RESPONSIBLE

CORPORATE CITIZONSHIP

CORPORATE

SUSTAINABILITY

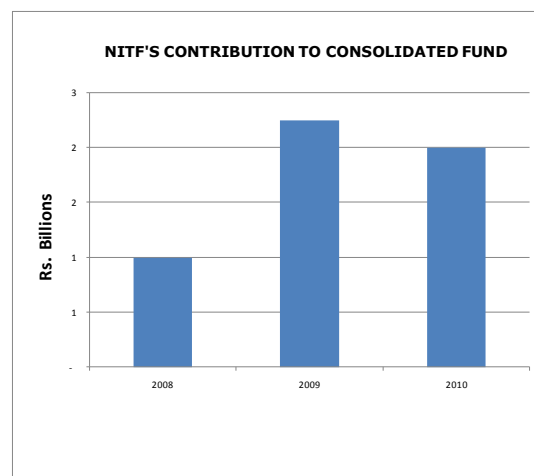
Corporate Sustainability of businesses is becoming major concern as insurance industry moves into 21st century. Accordingly, National Insurance Trust Fund strives to enhance its business performance through achieving the new performance dimensions of triple bottom line which is economic prosperity, environmental quality and social quality and strives to be a “Well Responsible Corporate Citizen”, through embracing the Global Reporting Initiatives Guidelines on organizational, economic, environmental and social performance whenever possible.

National Insurance Trust Fund adopts a Sustainable Trading System that does not harm the environment or deteriorate social conditions while promoting economical growth by adopting measures such as reductions in energy consumption, waste, the volume of free plastic carrier bags given to customers, being a responsible employer and improving the well-being of employees, providing training to employees to enhance their career development, paying a fair price to suppliers, sourcing inputs such as stationary and equipments from suppliers which are also trying to be responsible and sustainable in the ways in which they operate, reduction in carbon emissions by various means such as controlling the use of

air conditioners and other power consuming equipments.

STAKEHOLDER GROUP 1 - GOVERNMENT

National Insurance Trust Fund has contributed Rs. 2000 million to the consolidated fund in 2010, continuing the past tradition of Rs. 2,250 million in 2009 and Rs. 1,000 million in 2008.



Contribution to the Consolidated Fund	Rs. (Million)
2008	1,000
2009	2,250
2010	2,000
	5,250



National Insurance Trust Fund also has donated one day wages to relieve the casualties of the forces fighting the LTTE.

STAKEHOLDER GROUP 2 - CUSTOMERS

National Insurance Trust Fund, has implemented many insurance schemes inclined to social welfare such as Agrahara Insurance scheme and “Videsha Rekiya’ Overseas Employment Insurance Scheme with highly concessionary premium rates. NITF has continued relieve the agonies of the victimized civilians and the triple forces by paying claims through the Strike, Riot, Civil Commotion and Terrorism Fund.

National Insurance Trust Fund has obtained the RAM rating of AAA which is the highest credit rating an insurance institute in Sri Lanka has ever obtained so far.

Consequently, it has resulted in reduction of insurance policy holders’ perceived risk and enhancement of NITF brand image.



Under the Foreign Employment Insurance Scheme, the NITF has provided insurance covers for Sri Lankan house maids who are working in Middle East countries. For some of the victims NITF has made ex gratia payments.



In order to improve and extend the service of the Agrahara Insurance Scheme NITF has partnered with Lanka Hospitals Ltd. by signing Memorandum of Understanding by

exchanging agreements between Chairman of NITF and CEO of Lanka Hospitals Ltd. By this the National Insurance Trust Fund has established an out let in the Lanka Hospital to expedite the Agrahara Claims settlement process.

STAKEHOLDER GROUP 3 - SOCIETY

A Pirith ceremony was held at our Head office for the first time after the inception of this organization to invoke blessings on our subject minister His Excellency the president Mahinda Rajapaksa for his 40 years of yeomen service to the nation and for the all three service personals and the police personals who laid there precious life to rescue the motherland as well as for the staff of National Insurance Trust Fund.



A Blood Donation Campaign and a Bodhi Puja were held on the birthday of the H.E. the President Mahinda Rajapaksa to invoke blessing to H.E. the president and the country.



STAKEHOLDER GROUP 4 – EMPLOYEES

National Insurance Trust Fund considers the intellectual capital to be the main critical success factor to succeed in the perfectly competitive insurance market. Hence it invest on staff through training and development programs, welfare programs and offer gratifying careers to employees.

STAFF WELFARE EXPENDITURE (RS.)

	2007	2008	2009	2010
1. Welfare Expenses	195,420	606,228	233	716,648
2. Staff Training		421,041	1,029,701	289,268
3. Medical Insurance	946			117,050

In order to improve the culture of unity and harmony among the work force of NITF the “Annual Bak Maha Ullela” was held in April 2010 at the Race Course grounds.



HUMAN RESOURCE

OF NITF



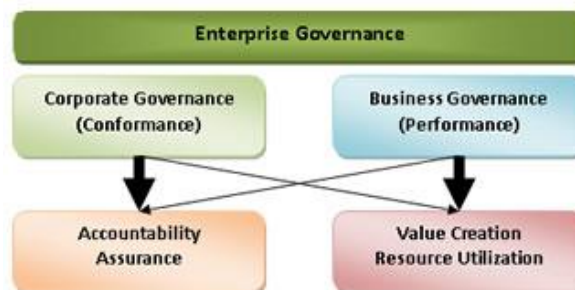
ENTERPRISE GOVERNANCE

➔ INTRODUCTION

Enterprise governance is a framework covering both the corporate governance and the business governance aspects of an organization. Achieving exceptional corporate governance that is connected strategically with performance management will enable companies to focus on the key drivers that move their business ahead. This is both a challenge and an opportunity.

Enterprise governance constitutes the entire accountability framework of an organization by simultaneously focusing on both corporate governance and business governance, and calls for a balance between accountability and assurance (conformance) and value creation and resource utilization (performance). It does so by providing an integrated framework to enhance a focus on both the value-creating drivers that move the organization forward and the maintenance of proper and adequate controls and assurance arrangements.

Conformance covers issues such as board structures and roles and executive remuneration, while the performance dimension focuses on strategy and value creation, helping the board to: provide strategic decisions; understand its appetite for risk and its key drivers for performance; and identify its key principles to decision-making.



When striving to achieve greater stakeholder value effectively, efficiently and economically, National Insurance Trust Fund adopts salient Key Enterprise Governance attributes such as

- * Scalability- Ability to scale in magnitude rapidly in response to changing requirements
- * Adaptability- Ability to respond rapidly to changing requirements
- * Flexibility- Ability to adjust rapidly to changing requirements
- * Interoperability- Ability to interoperate seamlessly
- * Entrepreneurship - Ability to respond rapidly to opportunities
- * Traceability- The ability to chronologically interrelate uniquely identifiable entities
- * Optimization- The ability to continually improve the efficiency of processes
- * Responsiveness- The ability to perform any of the above effects within a compressed or stated timeline

Corporate governance is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. Corporate governance can refer to internal factors defined by the

officers, stockholders or constitution of a corporation, as well as to external forces such as consumer groups, clients, and government regulations.

The National Insurance Trust Fund has recognized the importance of strong corporate governance as the critical success factor of a sound control environment which will ultimately improve operational effectiveness, efficiency and economy, enhance the brand image and maintain public confidence while adopting the salient corporate governance values such as discipline, transparency, independence, accountability, responsibility, fairness and social responsibility.

Ever since the NITF was established in 2006 under the National Insurance Trust Fund Act No. 28 of 2006, its Corporate Governance practices have been carried out giving due consideration to the relevant areas of Corporate Governance Code of Best Practices issued by the Institute of Chartered Accountants of Sri Lanka and the Public enterprises Guidelines for Good Governance and Corporate Governance practices.

➡ FINANCIAL ACUMEN

During the year 2010, the Board of Management's financial acumen is well fortified by the Chief Accountant of the Ministry of Finance and Planning and the Additional Director General of the Ministry of Finance and Planning.

➡ INSURANCE ACUMEN

During the year 2010, the Board of Management's insurance acumen is well strengthened by the newly appointed Chairman and Board of Directors.

➡ THE BOARD OF MANAGEMENT

The NITF is managed by a Board consisting of eight members appointed by the Minister in charge of the subject of Finance, consisting an officer to represent the Ministry of Finance, Chief Accountant of the Ministry of Finance, An officer representing the Ministry of Health, An officer representing the Ministry of Public Administration, Director General of the Insurance Board of Sri Lanka and three other persons nominated by the Minister to represent expertise in the fields of Finance, Banking, Insurance, Management and Law. The Minister is empowered to appoint one person of the Board as Chairman. In terms of the Act, all members of the Board shall hold office for a period of five years from the date of appointment. The names of the Board of Directors are given in the Board of Directors of NITF page.

➡ THE INTERNAL CONTROL

During the year 2010, internal Audit functions including the internal audit of departments and audit of the Strike, Riot, Civil Commotion and Terrorism Fund has been carried out by the Internal Audit Department.

➡ THE AUDIT COMMITTEE

During the year 2010, the Audit Committee was established and the scope of the Audit Committee is as follows.

1. Determination of the responsibilities of the internal audit unit and review of the annual audit plans.
2. Review and evaluate internal control system for all activities of the entity
3. Review performance at regular intervals for cost effectiveness and to eliminate wasteful expenditure etc.
4. Liaise with external auditor and follow up with an Auditor General's/ External auditor's management letters.
5. Ascertain whether statutes, regulations, rules and circulars are complied with.
6. Review financial statements to ensure compliance with Accounting Standards

7. Review internal audit / external audit reports, managements letters for remedial action.
8. Review implementation of recommendation / directives of the committee on public enterprises
9. Prepare report on the finding of the committee for inclusion in the Annual Report

➡ SUPPLY OF INFORMATION

The Board of Directors is provided with monthly reports of performance and minute of previous Board meetings and Board Papers of which are circulated a week prior to the Board meeting.

The Chairman and the Board meets on a monthly basis in order to make strategic decisions. During the year 2010 the Board met 9 occasions. During the year 2010 4 Audit Committee meetings were also held.

ENTERPRISE RISK MANAGEMENT

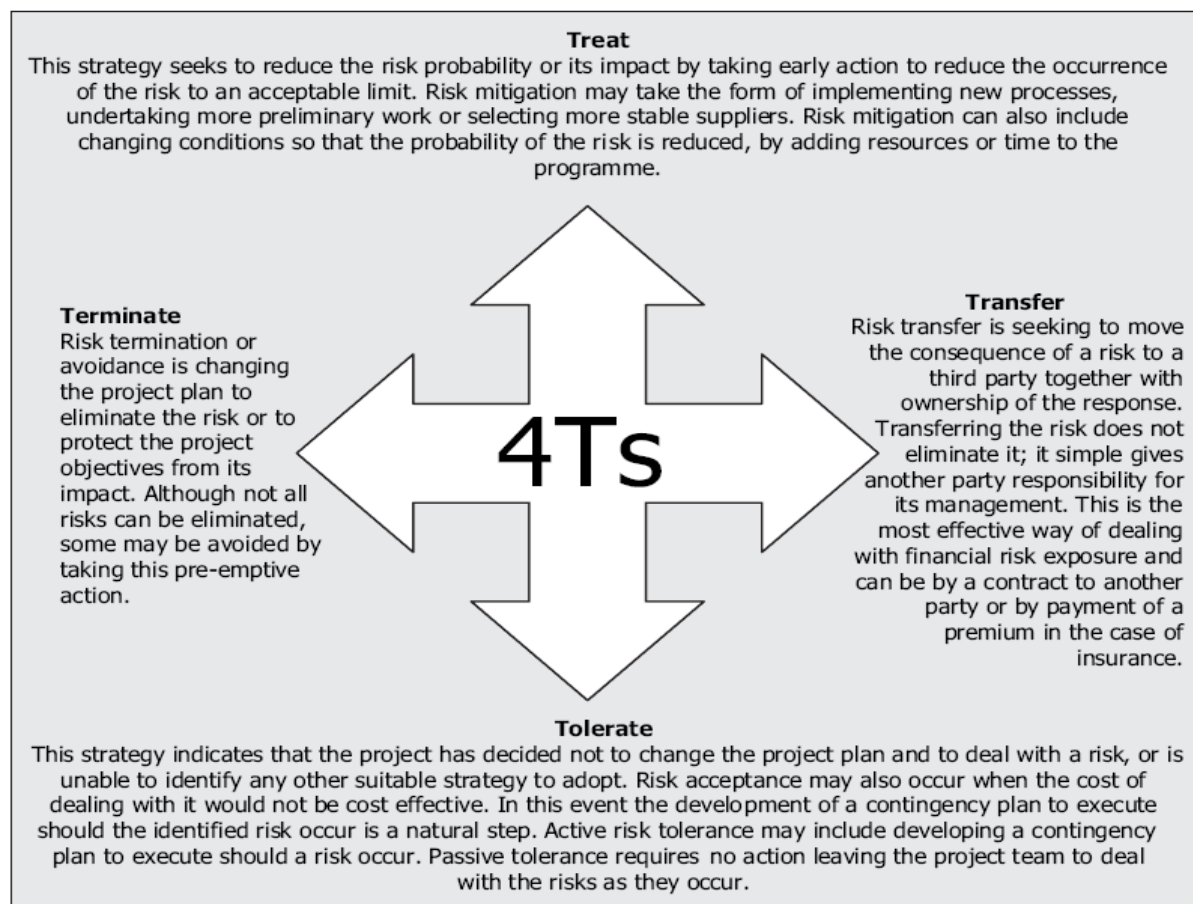
INTRODUCTION

Enterprise risk management is the process of coordinated risk management that places a greater emphasis on cooperation among departments to manage the organization's full range of risks as a whole. Enterprise risk management of NITF offers a framework for effectively managing uncertainty, responding to risk and harnessing opportunities as they arise. Unlike previous risk management practices, the concept of enterprise risk management of NITF embodies the notion that risk analysis cuts across the entire organization. The goal of enterprise risk management of National Insurance Trust Fund is to understand of the enterprise key risks and to manage enterprise risk exposure to the level desired by senior management effectively and efficiently.

National Insurance Trust Fund considers enterprise risk management as a critical success factor to thrive in the ever increasing competition within the insurance industry. Enterprise risk management strategy of NITF mainly focus on aligning risk appetite and corporate strategy, linking growth, risk and returns, improving risk responses, reducing operational failures and losses, managing enterprise wide risks, recognizing and acting upon opportunities, deploying resources effectively.

The NITF has incorporated a sound Enterprise Risk Management strategy by establishing a context in which NITF operates on an internal and external risk management context, identifying material threats to the organization's achievement of its objectives, analyzing and quantifying risk which includes the calibration and creating probability distribution of outcomes for each material risk, integration of risks, assessing and prioritization the risk, treating and exploiting of risks, monitoring and reviewing of risk environment.

National Insurance Trust Fund mainly adopts main enterprise risk management strategies such as Treating, Terminating, Transferring and Tolerating with the objective of improving the potentials of resilience and buoyancy in the competitive insurance industry.



THE RESPONSIBILITY OF RISK MANAGEMENT

The Board of Directors and the Audit Committee is responsible for determining the risk management strategy as part of its responsibilities. It is also responsible for monitoring risk and internal controls and communicating the organization's strategy to employees.

The identified risks are prioritized according to the assessment of likelihood (frequency) and impact (consequence) quantification.

Risk ID	R01
1. Name of Risk	NITF Brand Image Risk
2. Scope of Risk and Risk Control	<p>Being a well reputed organization, with highest credit rating and the credibility for claims payments and customer service excellence have to be maintained for the sustainable competitive advantage in order to outsmart the competitors.</p> <p>By carrying out Brand Management activities like TV, newspaper advertisements, editorial news items, CSR activities with publicity will enhance the NITF corporate brand image.</p>
3. Nature of Risk	Market related
5.Relevant Stakeholders	Entire organization is responsible to keep the reputation high
5. Quantification – Likelihood * Impact (Frequency*Consequence)	4*4

Risk ID	R02
1. Name of Risk	Escalation of Claims
2. Scope of Risk and Control	<p>Escalation of claims will result in due to sudden increase in risk factors and ingenuity.</p> <p>Escalation of claims risk is curtailed by prevention of in-genuine claims through loss adjustments and investigations examination by Claims Committees.</p>

3. Nature of Risk	Financial related
4. Relevant Stakeholders	Claims Processing Departments
5. Quantification – Likelihood * Impact (Frequency*Consequence)	4*3

Risk ID	R03
1. Name of Risk	Business Sustainability and Expansion Risk
2. Scope of Risk and Control	<p>In order to outsmart the competition driving towards expansion through new product development needs to be done to capture gaps of niche markets and latent demands</p> <p>Business risk has been mitigated through diversifying into many strategic business units such as Strike, Riot, Civil Commotion and Terrorism insurance, Motor Insurance, Agrahara Insurance, Foreign Employment Insurance and Reinsurance, General Insurance etc.</p>
3. Nature of Risk	Strategic related
4. Relevant Stakeholders	Staff of the relevant Departments
5. Quantification – Likelihood * Impact (Frequency*Consequence)	3*3

Risk ID	R04
1. Name of Risk	Quotation Risk

2. Scope of Risk and Risk Control	<p>Due to the emergence of new insurance firms and cut throat competition under pinned by price wars in tender quotations leads to increase the competition. Thus new entrants going for low premium for higher risk with low margins tends to capture the market. Eventually the competition reduces the profitability of the insurance industry.</p> <p>Scientific Viability Assessments have been done before when preparing tender quotations in order to mitigate this risk.</p>
3. Nature of Risk	Competition related
4. Relevant Stakeholders	Staff related to underwriting
5. Quantification – Likelihood * Impact (Frequency*Consequence)	4*2

Risk ID	R05
1. Name of Risk	Investment Credit Risk and Concentration Risk
2. Scope of Risk and Risk Control	<p>Due to the possibility of insolvency of financial institutions, default and investment credit risk occurs.</p> <p>Concentration risk is mitigated through diversification of investments into many banks such as Peoples Bank, Bank of Ceylon and National Savings Bank.</p> <p>In order to mitigate the Investment Credit Risk to a minimal level, risk free investments in Treasury Bills, REPOs and Treasury Bonds are made only in state banks.</p>
3. Nature of Risk	Financial related
4. Relevant Stakeholders	Senior Management

5. Quantification – Likelihood * Impact (Frequency*Consequence)	2*3
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Risk ID	R06
1. Name of Risk	Strategic Environmental Risk
2. Scope of Risk and Risk Control	<p>The volatility and complexity of environment results in changes in political, economical, socio-cultural, technological changes in the environment.</p> <p>In order to ensure the accomplishment of strategic objectives, the management of the National Insurance Trust Fund has been vigilantly monitoring the political, technological, socio- cultural, economic developments in the general environment and competitor and customer dynamics in the task environment of Sri Lanka related to insurance sector which may impact the strategic intent of the National Insurance Trust Fund.</p>
3. Nature of Risk	Financial
4. Relevant Stakeholders	Senior Management
5. Quantification – Likelihood * Impact (Frequency*Consequence)	1*5

Risk ID	R07
1. Name of Risk	International Risk
2. Scope of Risk and Risk Control	<p>International political and socio-economic dynamics have been monitored by the National Insurance Trust Fund which has direct impact in the business of the NITF.</p> <p>These could be managed by specifically monitoring of trends in the Middle-East countries in which the Sri Lankan migrant workers are concentrated in and the international business trends related to reinsurance sector of NITF.</p>
3. Nature of Risk	International Environment
4. Relevant Stakeholders	Overseas Employment and Reinsurance staff
5. Quantification – Likelihood * Impact (Frequency*Consequence)	2*3

Risk ID	R08
1. Name of Risk	IT Risk
2. Scope of Risk and Risk Control	<p>The utilization of software packages for insurance premium processing and claims processing and accounting purposes has become essential for promote customer services .</p> <p>IT risks have also been countered by various precautionary measures. In order to prevent virus attacks Sophos anti-virus package has been installed in computers in NITF. The losses due to systems failures have been mitigated by back up storage systems and uninterrupted power systems.</p>

3. Nature of Risk	Information Technology and Information Strategy
4. Relevant Stakeholders	IT staff
5. Quantification – Likelihood * Impact (Frequency*Consequence)	4*3

Risk ID	R09
1. Name of Risk	Operational Risk
2. Scope of Risk and Control	Operational Risk is mitigated by computerization of operations. Internal Audit functions of Strike, Riot, Civil Commotion and Terrorism Fund and other departments of NITF have been carried out by the Internal Audit Department in order to minimize the errors and discrepancies of premium collection and claims payments. Furthermore the office operations have been computerized in order to minimize errors and discrepancies.
3. Nature of Risk	Financial related
4. Relevant Stakeholders	Claims Processing Departments
5. Quantification – Likelihood * Impact (Frequency*Consequence)	5*1

Risk ID	R10
1. Name of Risk	New Product Development Risk
2. Scope of Risk and Control	<p>New product development risk refers the possibility of loss making when developing new insurance schemes.</p> <p>This NPD risk could be mitigated by carrying out intensive viability assessments including breakeven analysis, sensitivity analysis, scenario analysis etc. and devising the terms and conditions of the insurance scheme</p>
3. Nature of Risk	Financial related
4.Relevant Stakeholders	Respective insurance (General Insurance, Agrahara etc.) department staff
5. Quantification – Likelihood * Impact (Frequency*Consequence)	3*4

RISK ASSESSMENT MATRIX

Based on the Consequence –Frequency Analysis of the National Insurance Trust Fund’s prominent risks have been prioritized depending on the severity of the risks in the under mentioned Risk Assessment Matrix.

		Frequency (Likelihood)				
		1	2	3	4	5
Consequence (Impact)	1					R09
	2				R04	
	3		R07 R05	R03	R02 R08	
	4			R10	R01	
	5	R06				



4.FINANCIAL STATEMENTS

STATEMENT OF INCOME AND EXPENDITURE

(All figures in Sri Lankan Rupees)

For the year ended December 31,

	Notes	2010 Agrahara & Other	2010 SRCC & Tr.	2010 Total	2009 Total
<u>Revenue</u>					
Net Earned Premium Income	01	1,892,214,736	2,034,255,121	3,926,469,856	4,019,486,220
<u>Benefits, Losses and Expenses</u>					
Insurance claims and benefits	02	(1,615,721,920)	(676,351,063)	(2,292,072,983)	(2,075,936,806)
		276,492,815	1,357,904,058	1,634,396,873	1,943,549,415
<u>Other Revenue</u>					
Investment Income		109,025,357	689,091,680	798,117,037	1,364,459,074
Interest on Loans		-	16,982,331	16,982,331	15,125,027
Other income		1,006,353	-	1,006,353	471,787
		110,031,710	706,074,011	816,105,721	1,380,055,889
<u>Expenditure</u>					
Staff related costs	03	41,122,011	1,204,021	42,326,032	33,124,615
Administration Expenses	04	39,769,135	5,366,871	45,136,006	49,246,381
Finance & Other expenses	05	6,907,839	25,517,858	32,425,697	38,401,103
Total expenditure		87,798,985	32,088,749	119,887,735	120,772,099
Income over expenditure		298,725,540	2,031,889,319	2,330,614,859	3,202,833,204

BALANCE SHEET

NATIONAL INSURANCE TRUST FUND

BALANCE SHEET

(All figures in Sri Lankan Rupees)

As at December 31.

	Notes	2010 Agrahara & Other	2010 SRCC & Tr.	2010 Total	2009 Total
Assets					
Non-current assets					
Property, plant and equipment	06	26,161,185.36	9,934,825.76	36,096,011.12	43,603,504.43
Investments		1,490,194,062.65	4,083,913,400.92	5,574,107,463.57	8,550,206,720.66
		1,516,355,248.01	4,093,848,226.68	5,610,203,474.69	8,593,810,225.09
Current assets					
Receivables	07	349,319,032.12	1,596,496,862.70	1,945,815,894.82	2,079,570,418.71
Cash and cash equivalents	08	39,938,693.48	3,554,165,859.61	3,594,104,553.09	110,173,002.55
		389,257,725.60	5,150,662,722.31	5,539,920,447.91	2,189,743,421.26
Total assets		1,905,612,973.61	9,244,510,948.98	11,150,123,922.59	10,783,553,646.35
Equity and liability					
Equity					
Accumulated Fund	09	1,721,046,466.17	7,974,420,688.87	9,695,467,155.04	9,364,852,782.65
		1,721,046,466.17	7,974,420,688.87	9,695,467,155.04	9,364,852,782.65
Technical Reserves					
Unearned Premium	10	-	821,564,804.48	821,564,804.48	1,046,825,275.79
Deferred Commission	11	-	(139,745,299.53)	(139,745,299.53)	(200,139,536.24)
		-	681,819,504.95	681,819,504.95	846,685,739.55
Liability					
Non-Current Liabilities					
Government grant		284,330.00	-	284,330.00	719,190.00
Profit Commission payable	12	-	12,287,375.38	12,287,375.38	63,762,150.42
		284,330.00	12,287,375.38	12,571,705.38	64,481,340.42
Current Liabilities					
Claim Payable	13	119,025,592.95	358,974,614.51	518,000,207.46	329,499,920.88
Other payables	14	65,256,584.49	177,008,765.50	242,265,349.99	178,033,863.14
		184,282,177.44	535,983,380.01	760,265,557.45	507,533,784.02
Total equity and liability		1,905,612,973.61	9,244,510,949.21	11,150,123,922.82	10,783,553,646.64

I certify that the Financial Statement of the Fund comply with the requirements of the Sri Lanka Accounting Standards


Finance Manager

The Board of Directors are responsible for the Preparation and Presentation of Financial Statements

Sign on behalf of the Board

1. 

2. 

STATEMENT OF CHANGES IN ACCUMULATED FUND

(All figures in Sri Lankan Rupees)

As at December 31, 2010

	2010 Agrahara & Other	2010 SRCC & Tr.	2010 Total	2009 Total
<u>ACCUMULATED FUND</u>				
Accumulated Fund as at 31 December of the year	1,422,320,927	7,942,531,369	9,364,852,296	8,412,019,579
Prior Year Adjustment				
Less: Contribution to Consolidated Fund		(2,000,000,000)	(2,000,000,000)	(2,250,000,000)
Income over Expenditure	298,725,540	2,031,889,319	2,330,614,859	3,202,833,204
Accumulated Fund as at 31 December of the year	1,721,046,467	7,974,420,689	9,695,467,155	9,364,852,783

CASHFLOW STATEMENT

(All figures in Sri Lankan Rupees)

For the year ended December 31,

	2010	2009
<u>Cash flow from operating activities</u>		
Net profit for the period	2,330,614,859	3,202,833,204
Less: Contribution to Consolidated Fund	(2,000,000,000)	(2,250,000,000)
	330,614,859	952,833,204
<u>Adjustments for:</u>		
Depreciation	12,348,990	11,190,515
Investment income	(798,117,037)	(1,364,459,074)
Unearned Premium Income	(225,260,471)	(16,492,497)
Deferred Commission	60,394,237	6,859,804
	(620,019,422)	(410,068,049)
<u>Operating profit before working capital changes</u>		
Decrease/(Increase) in receivables	133,754,524	(91,068,430)
Increase/(Decrease) in Profit Commission Payable	(51,474,775)	(49,873,324)
Decrease in profit due to prior year adjustment	-	-
Increase in Claim payable	188,500,287	(3,821,711)
Decrease in Other payables	64,231,487	(128,031,265)
	(285,007,900)	(682,862,778)
<u>Net cash from operating activities</u>		
<u>Cash flows from investing activities</u>		
Purchases of property, plant and equipment	(4,841,497)	(10,190,446)
Investment in Government Securities	2,975,663,911	(801,028,105)
Proceeds of sale of equipment	-	-
Investment income	798,117,037	1,364,459,074
	3,768,939,450	553,240,523
<u>Net cash used in investing activities</u>		
<u>Net increase/ decrease in cash and cash equivalents</u>	3,483,931,550	(129,622,255)
<u>Cash and cash equivalents at beginning of the period</u>	110,173,003	239,795,258
<u>Cash and cash equivalents at end of the period</u>	3,594,104,553	110,173,003
<u>Analysis of cash and cash equivalents</u>		
Cash in hand and balances with banks	53,631,851	93,999,852
Short-term investments	3,540,472,702	16,173,151
Cash and cash equivalents	3,594,104,553	110,173,003

ACCOUNTING POLICIES

1.0 CORPORATE INFORMATION

National Insurance Trust Fund ("The Fund") is incorporated and domiciled in Sri Lanka by the "National Insurance Trust Fund Act, No. 28 of 2006". The registered office of the company is situated at No. 70, D R Wijewardena Mawatha, Colombo 10 and the principal place of business is located at the this address.

During the year of operation the fund has expanded its general insurance business to private sector on 20th August 2009 by an extra ordinary Gazette No. 1615/20 of National Insurance Trust Fund Act, No. 28 of 2006 -Order under paragraphs (i) and (j) of Section 2.

2.0 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Financial Statements have been prepared under historical cost convention in accordance with generally accepted accounting principles and the accounting standards laid down by the Institute of Chartered Accountant of Sri Lanka.

The financial statements are presented in Sri Lankan Rupees (Rs.)

No adjustment for inflationary factors has been made in these accounts.

Where appropriate, the accounting policies have been explained in the succeeding notes.

2.2 Comparative Figures

The accounting policies have been consistently applied by the Fund and are consistent with those used in the previous year. Previous year's figures have been rearranged wherever necessary to the year's presentation.

2.3Capital Commitments

There were no capital commitments as at Balance Sheet date.

ACCOUNTING POLICIES (contd.)

2.4 Cash Flow Statement

Cash Flow Statement is prepared using “indirect method”

2.5 Related Party Transactions

There were no related party transactions.

2.6 Post Balance Sheet Events

All material post balance sheet events have been considered and where appropriate adjustments or disclosures have been made in respective notes to the financial statements .

2.7 Assets and bases of their valuation

2.7.1 Property, Plant & Equipments

The Property, Plant & Equipments are recorded at cost

The Property, Plant and Equipment is the cost of purchase together with any expenses incurred in bringing the assets to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature by means of which to carry on the Fund.

Depreciation

The provision for depreciation is calculated by using straight line basis on the cost of all property, plant & equipments in order to write off such amount over their estimated useful lives by equal annual installments as follows

Plant & Machinery	Over 10 years
Furniture & Fitting	Over 08 years
Office Equipments	Over 06 Years
Computers	Over 05 Years
Motor Vehicles	Over 05 years

ACCOUNTING POLICIES (contd.)

2.7.2 Investments

Investment are shown at Cost

2.7.3 Receivables

Collect ability of premiums, interest and other receivables is reviewed on an ongoing basis. Debtors other Receivables which are known to be uncollectible are written off.

2.7.3 Cash & Cash Equivalents

Cash & Cash Equivalents are defined as cash in hand, demand deposit banks for the purpose of cash flow statement, Cash and Cash Equivalent consists of cash in hand deposit in bank net of outstanding bank over draft.

2.8 Liabilities & Provision

2.8.1 Unearned Premiums

Unearned premiums are those proportions of the premium written in a year that related to the period of risk subsequent to the Balance Sheet date. The unearned Premiums are calculated on the 24th basis of Gross Premium.

2.8.2 Deferred Commission

Deferred Commission represents net commission relates to unearned premium

2.8.3 Profit Commission

Profit Commission is calculated and paid in two installments. First installment is paid after six months after end of the accounting period and the second installment after twelve months after end of the accounting period.

ACCOUNTING POLICIES (contd.)

2.8.4 Claims Payable

Claims comprise of approved claims which are not paid during the relevant financial year and the provision for outstanding claims which are declared by the members of the fund together with the related expenses and deductions made for reinsurance and salvage recoveries if available.

2.8.5 Other Payables

Other payables are stated at their cost

2.8.6 Other Provisions

All known provisions as at the Balance Sheet date have been fully provided for in the accounts.

2.9 Revenue & Expenses

2.9.1 Revenue

Revenue is recognized to the extent that it is probable that economic benefit will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

a. Premium Contributions

Premium Contributions are recognized when they fall due.

b. Interest Income

Interest income is recognized as the interest accrues unless future collection is in doubt.

2.9.2 Expenditure Recognition

All expenditure incurred in the running of the Fund and in maintaining the Property, Plant & Equipments in a state of efficiency has been charged to revenue in arriving at Net Surplus.

NOTES TO FINANCIAL STATEMENTS

(All figures in Sri Lankan Rupees)

For the year ended December 31,

	2010 Agrahara & Other	2010 SRCC & Tr.	2010 Total	2009
01. NET EARNED PREMIUM INCOME				
Contribution from Members	595,140,400	-	595,140,400	573,518,510
Contribution from Treasury	442,790,000	-	442,790,000	440,380,000
Premium income - Motor	237,386,267	-	237,386,267	244,352,905
Premium income- Reinsurance	296,078,296	-	296,078,296	473,434,837
Premium income - Parliamentary members	10,000,000	-	10,000,000	15,408,460
Premium income - Foreign Employment	231,968,216	-	231,968,216	200,483,864
Premium income - GI (Fire, Marine & Misc.)	149,796,387	-	149,796,387	194,237
Gross Written Premium - SRCC & Tr	-	1,874,425,103	1,874,425,103	2,420,345,104
Premium Refunds	-	(4,194,863)	(4,194,863)	(5,956,997)
Gross Written Premium	1,963,159,567	1,870,230,240	3,833,389,806	4,362,160,919
Reinsurance Premium	(70,944,831)	(61,235,590)	(132,180,421)	(359,167,196)
Net Written Premium	1,892,214,736	1,808,994,650	3,701,209,385	4,002,993,723
Net Change in Reserves for unearned Premium	-	225,260,471	225,260,471	16,492,497
	1,892,214,736	2,034,255,121	3,926,469,856	4,019,486,220
02. BENEFITS LOSSES & EXPENSES				
Spectacles	171,198,748	-	171,198,748	176,336,549
Hospital Charges	497,586,183	-	497,586,183	449,089,973
Child Birth	92,391,681	-	92,391,681	86,719,006
Accidents	21,090,442	-	21,090,442	36,961,808
Medical Charges	33,195,607	-	33,195,607	13,832,025
Cardiac	118,423,376	-	118,423,376	125,931,246
Cancer	25,415,064	-	25,415,064	18,590,588
Normal & Accidental Death	117,405,559	-	117,405,559	177,893,355
Motor Claims	151,555,078	-	151,555,078	149,425,694
Vedesharakiya Claim Expenses	160,963,358	-	160,963,358	85,934,583
Reinsurance Claim Expenses	202,732,501	-	202,732,501	46,326,266
Medical Insurance Claim Parliamentary Members	6,951,417	-	6,951,417	11,112,229
Medical Insurance Claim- General Insurance	10,598,492	-	10,598,492	3,851
Net Claims Incurred -SRCC & Tr.	-	303,486,061	303,486,061	348,788,493
Net Commission	6,214,414	372,865,003	379,079,417	421,211,244
Profit Commission	-	-	-	(72,220,105)
	1,615,721,920	676,351,063	2,292,072,983	2,075,936,806
03. STAFF COSTS				
Gross salary	32,060,432	1,083,855	33,144,287	26,949,882
EPF - 12%	3,145,572	96,133	3,241,705	2,445,724
ETF	694,614	24,033	718,647	610,533
Overtime and holiday pay	553,393	-	553,393	242,206
Annual Bonus & Incentives	2,440,000	-	2,440,000	1,454,044
Other allowances	1,218,283	-	1,218,283	439,829
Casual wages	1,009,717	-	1,009,717	982,396
	41,122,011	1,204,021	42,326,032	33,124,615

NOTES TO FINANCIAL STATEMENT (contd.)

NOTES TO THE INCOME STATEMENT

(All figures in Sri Lankan Rupees)

For the for the year ended December 31,

	2010	2010	2010	2009
	Agrahara & Other	SRCC & Tr.	Total	
04. ADMINISTRATION EXPENSES				
Traveling	177,633	140	177,773	47,319
Depreciation	8,305,506	4,043,485	12,348,990	11,190,515
Rent	2,989,145	-	2,989,145	3,067,399
Water	301,218	-	301,218	212,370
Electricity	3,131,932	-	3,131,932	3,263,238
Staff welfare Expenses	935,912	-	935,912	233,314
Telephone	1,061,308	31,051	1,092,359	866,926
Printing and stationary	3,770,600	-	3,770,600	3,671,912
Office Repair & maintenance	5,424,755	-	5,424,755	14,360,854
Janitorial maintenance	1,795	-	1,795	-
Inspection & Assessing	2,750,775	77,200	2,827,975	2,577,938
Dayata Kirula Expenses	579,500	-	579,500	959,454
Donation	3,264,373	500,000	3,764,373	2,535,000
Entertainment	-	18,891	18,891	-
Professional fee	1,121,175	-	1,121,175	55,552
Meeting Expenses	143,897	-	143,897	90,378
Consultancy fee	68,200	-	68,200	453,880
Internet & Email expenses	469,583	-	469,583	548,021
Fuel Expenses	560,964	-	560,964	168,732
Vehicle Insurance	82,983	230,791	313,774	419,679
Staff Training	600,238	11,233	611,471	1,029,701
Medical Insurance	120,825	-	120,825	-
Newspaper and periodicals	64,937	-	64,937	19,790
Legal Expenses	-	-	-	10,500
Security Charges	492,066	-	492,066	456,000
Branch opening expenses	472,175	-	472,175	-
Postage	2,552,296	46,840	2,599,136	2,558,545
Vehicle Maintenance	325,345	407,241	732,585	449,367
	39,769,135	5,366,871	45,136,006	49,246,381

05. FINANCE & OTHER EXPENSES

Bank Charges	943,411	2,093,007	3,036,418	1,034,995
Audit Fee	-	100,000	100,000	121,009
Nation Building Tax Expenses	-	23,001,951	23,001,951	30,755,595
Stamp Duty	42,223	-	42,223	66,825
Loss of Disposal	-	-	-	147,393
Technical Advisory Committee Attendance fees	-	138,000	138,000	205,500
Working Committee Attendance fees	-	106,500	106,500	123,750
Exchange Loss	1,540,072	-	1,540,072	3,403,748
Pannel Attendance fee	-	6,000	6,000	22,000
Miscellaneous Expenses	373,496	-	373,496	292,335
Sales Promotion Expenses	866,019	-	-	-
Advertising Expenses	3,142,618	72,400	3,215,018	2,227,954
	6,907,839	25,517,858	31,559,678	38,401,103

NOTES TO FINANCIAL STATEMENTS (contd.)*(All figures in Sri Lankan Rupees)***Note 6: PROPERTY PLANT AND EQUIPMENT**

	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Furniture & Fittings</u>	<u>Software</u>	<u>Misc. Assets</u>	<u>Total</u>
<u>Cost:</u>						
Balance as at 01/01/2010	29,613,016	21,613,933	7,152,631	6,267,073	188,233	64,834,886
Additions	3,109,167	645,222	812,109	275,000	-	4,841,497
Disposals	-	-	-	-	-	-
Balance as at 31/12/2010	32,722,183	22,259,154	7,964,740	6,542,073	188,233	69,676,383
<u>Depreciation:</u>						
Balance as at 01/01/2010	10,311,625	5,344,066	2,079,300	3,444,052	52,338	21,231,382
Charge for the year	6,600,762	3,187,858	937,955	1,616,581	5,835	12,348,990
Disposals for the year	-	-	-	-	-	-
Balance as at 31/12/2010	16,912,387	8,531,924	3,017,255	5,060,633	58,172	33,580,372
Written Down Value as at 31/12/2010	15,809,795	13,727,230	4,947,485	1,481,440	130,061	36,096,011

NOTES TO FINANCIAL STATEMENTS (contd.)

NOTES TO THE BALANCE SHEET

(All figures in Sri Lankan Rupees)

As at December 31,

	2010 Agrahara & Other	2010 SRCC & Tr.	2010 Total	2009
07. RECEIVABLES				
Premium receivable from BFE	34,140,364	-	34,140,364	16,397,700
Receivable from Treasury	174,321,548	-	174,321,548	174,321,548
Premium Receivable other	1,950,673	1,500	1,952,173	1,363,323
Interest Receivable	30,487,822	188,909,733	219,397,556	125,818,680
Premium Receivable SRCC & Tr	-	234,261,889	234,261,889	388,014,979
Economic Service Charge	16,194,393	-	16,194,393	10,100,889
Receivable from Reinsurance Dept		4,262,442	4,262,442	
Advances receivable	1,423,097	-	1,423,097	465,294
Receivable Reinsurance Premium	87,440,599	-	87,440,599	79,566,098
Soft Loans	-	1,159,234,472	1,159,234,472	1,273,523,896
Refundable Deposit	1,693,218	-	1,693,218	1,317,518
Staff loans	-	9,672,555	9,672,555	6,554,500
Prepaid Expenses	-	154,270	154,270	176,901
Cheque return Receivable from members	1,667,318	-	1,667,318	1,949,093
	349,319,032	1,596,496,863	1,945,815,895	2,079,570,419
08. CASH AND CASH EQUIVALENTS				
Cash at bank	39,793,429	13,691,703	53,485,132	93,970,386
Cash in Hand	145,264	1,455	146,719	29,466
Short term Investments	-	3,540,472,702	3,540,472,702	16,173,151
	39,938,693	3,554,165,860	3,594,104,553	110,173,003
09. ACCUMULATED FUND				
Accumulated fund	1,422,320,927	7,942,531,369	9,364,852,296	8,412,019,579
Prior year adjustments	-	-	-	-
Less: Contribution to Consolidated fund		(2,000,000,000)	(2,000,000,000)	(2,250,000,000)
Income over expenditure	298,725,540	2,031,889,319	2,330,614,859	3,202,833,204
	1,721,046,466	7,974,420,689	9,695,467,155	9,364,852,783
10. UNEARNED PREMIUM				
Balance as at 31/12/2009	-	1,046,825,276	1,046,825,276	1,063,317,773
Provision for the year	-	(225,260,471)	(225,260,471)	(16,492,497)
Balance as at 31/12/2010	-	821,564,804	821,564,804	1,046,825,276

NOTES TO FINANCIAL STATEMENTS (contd.)**NOTES TO THE BALANCE SHEET***(All figures in Sri Lankan Rupees)**As at December 31,*

	2010 Agrahara & Other	2010 SRCC & Tr.	2010 Total	2009
11. DIFFERED COMMISSION				
Balance as at 31/12/2009	-	200,139,536	200,139,536	206,999,341
Provision for the year	-	(60,394,237)	(60,394,237)	(6,859,804)
Balance as at 31/12/2010	-	139,745,300	139,745,300	200,139,536
12. PROFIT COMMISSION PAYABLE				
Profit Commission payable (Payable in 2010)	-	12,287,375	12,287,375	63,762,150
	-	12,287,375	12,287,375	63,762,150
13. CLAIM PAYABLES				
Claims Payable	119,025,593	398,974,615	518,000,207	329,499,921
	119,025,593	398,974,615	518,000,207	329,499,921
14. OTHER PAYABLES				
Accrued Expenses	1,839,271	1,298	1,840,569	1,932,260
Other Payables	187,992	288,592	476,584	16,666
SRCC & Tr Premium payable	266,298	-	266,298	5,848,228
Road Safety tax payable	514,746	-	514,746	371,523
Premium Refund Payable	-	11,784,210	11,784,210	13,093,389
Contribution payable to welfare soccity	307,807	-	307,807	356,750
Claim cheques/SLIP returned payable	2,197,021	-	2,197,021	985,832
Audit fee Payable	-	325,000	325,000	225,000
VAT & NBT Payable	36,281,543	14,295,599	50,577,142	32,758,798
Reinsurance Payable	23,661,906	150,314,066	173,975,973	122,445,417
	65,256,584	177,008,766	242,265,350	178,033,863



5.AUDITOR'S REPORT

AUDITOR'S REPORT



විගණකාධිපති දෙපාර්තමේන්තුව கணக்காய்வாளர் தலைமை அபிவிதி திணைக்களம் AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல
My No } EF/I/NITF/05/2010

ඔබේ අංකය
உமது இல
Your No }

දිනය
திகதி
Date } 29 August 2012

The Chairman,
National Insurance Trust Fund.

Report of the Auditor General on the Financial Statements of the National Insurance Trust Fund for the year ended 31 December 2010 in terms of Section 14(2)(c) of the Finance Act, No.38 of 1971

The audit of financial statements of the National Insurance Trust Fund for the year ended 31 December 2010 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 Section 13(1) of the Finance Act, No. 38 of 1971 and Section 17 of the National Insurance Trust Fund Act, No.28 of 2006. My comments and observations which I consider should be published with the Annual Report of the Fund in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Fund on 24 July 2012.

1.2 Responsibility of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

අංක 306/72 පොල්දූව පාර,
බත්තරමුල්ල, ශ්‍රී ලංකාව

දුරකථනය
தொலைபேசி
Telephone } 2887028 - 34

இல. 306/72, பொல்துவ வீதி,
பத்தரமுல்லை இலங்கை

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#- மெயில்
E-mail } oaggov@sltnet.lk

1.3 Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit. Audit opinion, comments and findings in this report are based on a review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit includes the examination on a test basis of evidence supporting the amounts and disclosures in financial statements and assessment of accounting policies used and significant estimates made by the management in the preparation of financial statements as well as evaluating their overall presentation. I have obtained sufficient information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit. I therefore believe that my audit provides a reasonable basis for my opinion. Sub Sections (3) and (4) of the Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

2. Financial Statements

2.1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the National Insurance Trust Fund had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 2:2 of this report, the financial statements have been prepared in accordance with Sri Lanka Accounting Standards give a true and fair view of the state of affairs of the National Insurance Trust Fund as at 31 December 2010 and the financial results of its operation and cash flows for the year then ended.

2.2 Comments on Financial Statements
-----**2.2.1 Sri Lanka Accounting Standards**

The computers of the National Insurance Trust Fund should be depreciated in 05 years in terms of Sri Lanka Accounting Standards No.18. Nevertheless a policy of depreciating in 06 years had been adopted.

2.2.2 Accounting Deficiencies

The office equipment costing Rs.267,600 and Rs.451,590 received as Government grants in the years 2002 and 2004 respectively should have been recognized as Government grants in the respective years and sums of Rs.33,450 and Rs.75,265 should have been brought to account under income annually in 08 and 06 years respectively in accordance with Sri Lanka Accounting Standards No. 24. Instead of taking action accordingly, the cumulative amount of Rs.434,860 up to the year 2010 had been brought to account as income thus overstating the surplus for the year by a sum of Rs.326,145.

2.2.3 Accounts Receivable

The progress of recovery of the Concessionary Terms Loans balance amounting to Rs.187,756,188 outstanding as at 31 December 2010 had been at a very weak level.

2.2.4 Lack of Evidence for Audit

The Confirmations of balances to establish the accuracy of the investments totaling Rs.5,574,107,464 had not been furnished to audit.

2.2.5 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed during the course of audit.

Reference to Laws, Rules, Regulations, etc.,	Non-compliance
Financial Regulation 757(2)	The Board of Survey Reports relating to the year under review had not been furnished to audit.
Section 4.2 of Circular No. 08 dated 25 January 2006 of the National Procurement Agency	The Fund had not prepared a Procurement Master Plan.

2.2.6 Apparent Irregularities / Irregular Transactions

Instead of issuing of cheques drawn in the names of the offices concerned for the payment of transport allowance to the Branch Managers, it was observed that cheques had been issued in the name of another officer who subsequently deposited the money in the accounts of the respective Branch Managers.

3. Financial and Operating Review

3.1 Financial Review

Financial Results

According to the financial statements presented, the working of the Trust Fund for the year ended 31 December 2010 amounted to a surplus of Rs.2,330,614,859 and the surplus for the year ended 31 December 2009 amounted to Rs.3,202,833,204. The deterioration of the financial result for the year as compared with the preceding year by a sum of Rs.872,218,345 had been due to the decrease in the receipt of the net insurance premium income and the increase in the staff costs.

3.2 Operating Review

3.2.1 Staff Administration

The following matters were observed.

- (a) According to the approved and the actual cadre of the Fund, there was an excess of 39 posts while one post of management was vacant.
- (b) Salaries and allowances amounting to Rs.796,000 had been paid to 42 employees recruited on contract basis in the year 2010 without the prior approval of the Department of Management Services.
- (c) A sum of Rs.137,000 had been paid in the year 2010 to two Branch Managers who had not satisfied with the qualifications in the Scheme of Recruitment.
- (d) An examination of the personnel files of 06 officers revealed that the confirmation of educational qualifications had not been ascertained.
- (e) Even though the post of Legal Officer had not been included in the approved cadre, payments at the rate of Rs.25,640 per month had been made to two Legal Officers for 03 months while a sum of Rs.25,000 had been paid to a Legal Officer recruited on contract basis for 01 month.

3.2.2 Uneconomic Transactions

Due to the shifting of the office of the Fund to another premises, the expenditure of Rs.14,102,286 incurred on repairs to the building of the Co-operative Wholesale Establishment procured on lease basis up to then had become an uneconomic expenditure.

4. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Trust Fund from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting Policies and Disclosure
- (b) Recruitment of Staff
- (c) Performance

H.A.S.Samaraweera
Auditor General

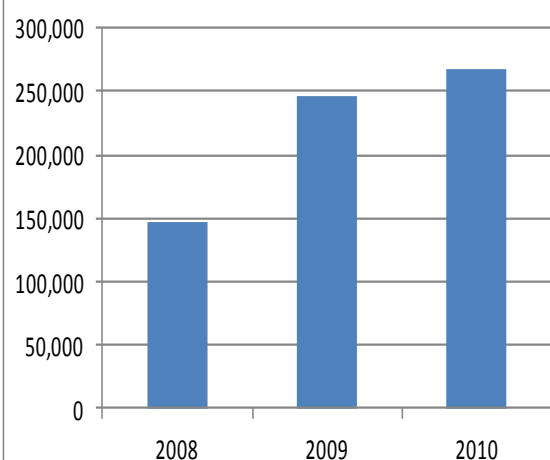


6.PERFORMANCE REVIEW

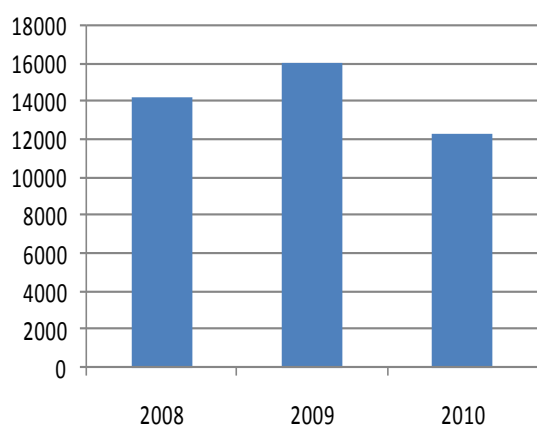
OPERATIONAL

HIGHLIGHTS

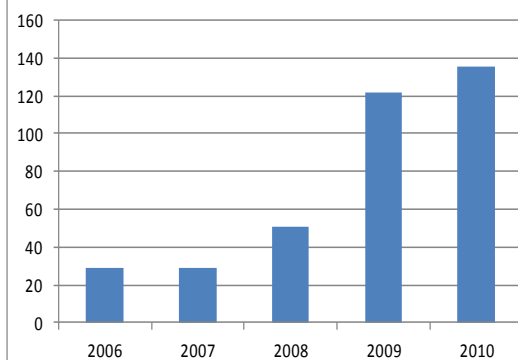
**No of Overseas Migrant
Workers Insured**



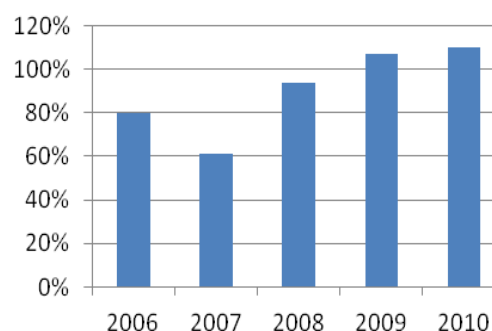
**No of Motor Insurance
Policies**



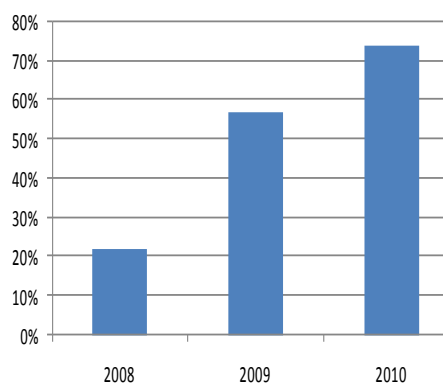
Number of Employees



**Claims Ratio -
Agrahara**

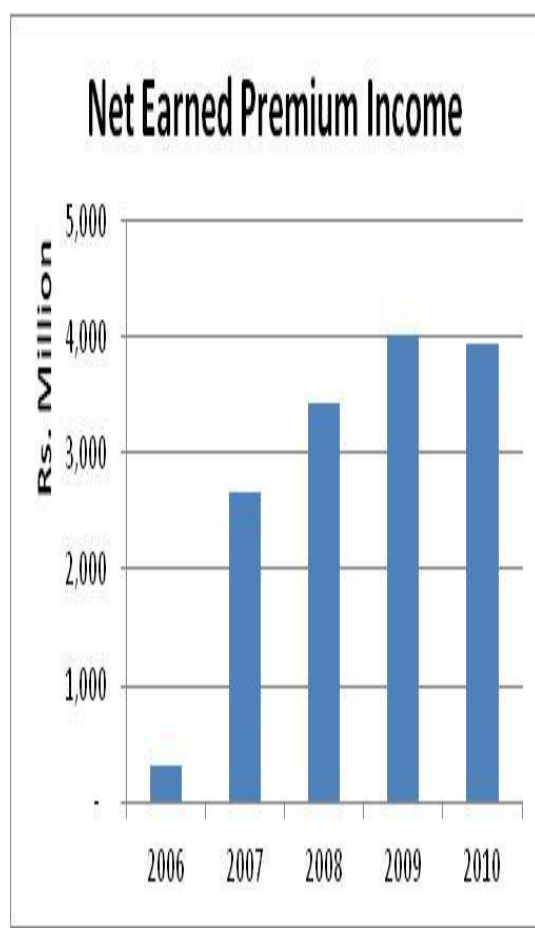


Claims Ratio – Motor Insurance

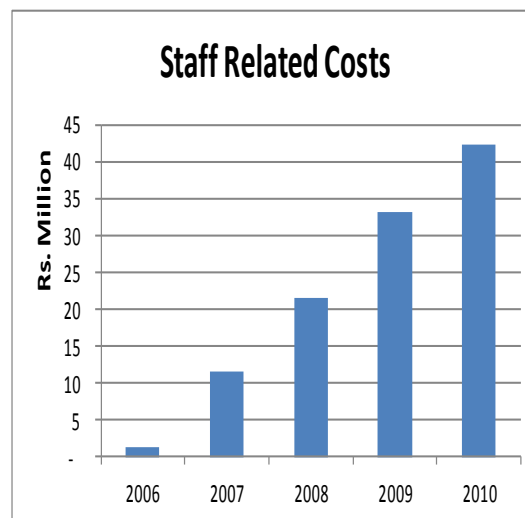


FINANCIAL HIGHLIGHTS

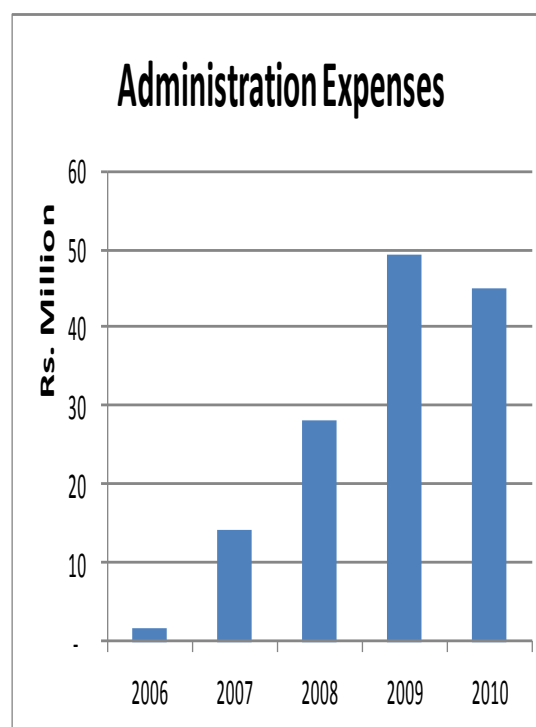
Net Earned Premium Trend



Staff Related Cost Trend



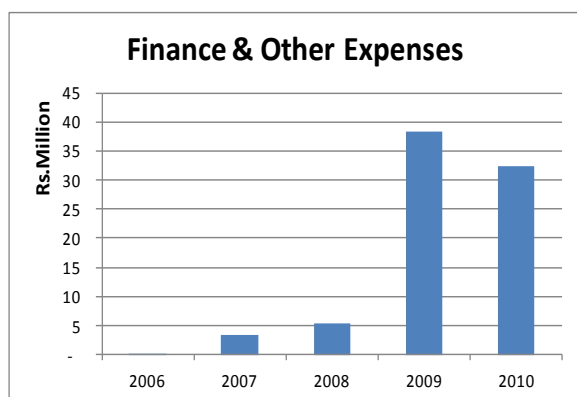
Administrative Expenses Trend



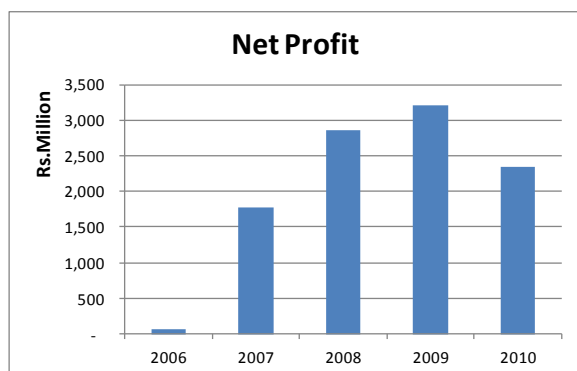
FINANCIAL

HIGHLIGHTS(contd.)

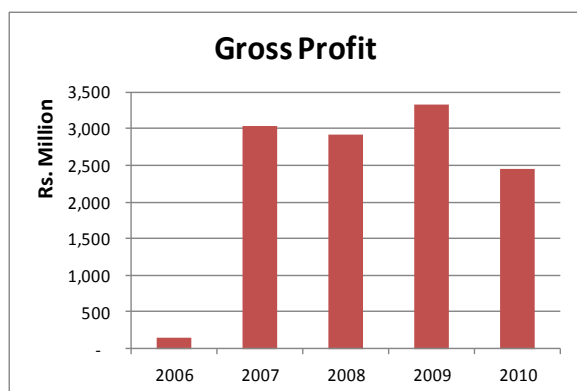
Finance & Other Expenses Trend



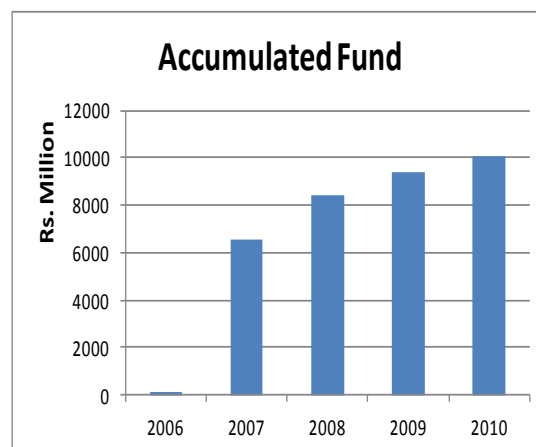
Net Profit Trend



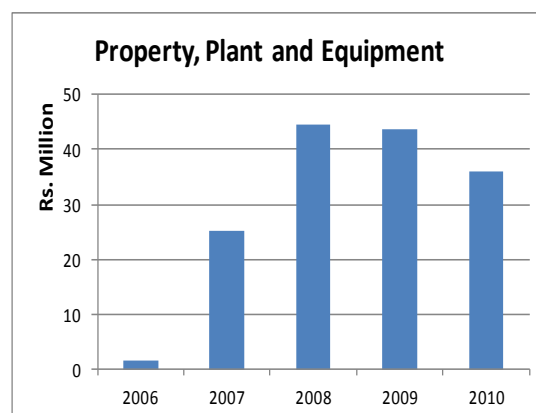
Gross Profit Trend



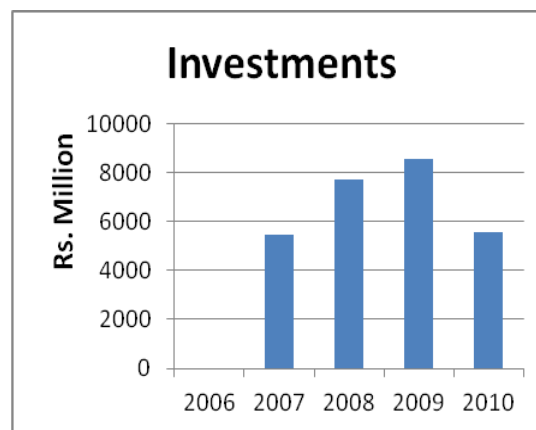
Accumulated Fund Trend



Property Plant & Equipment Trend



Investment Fund Trend

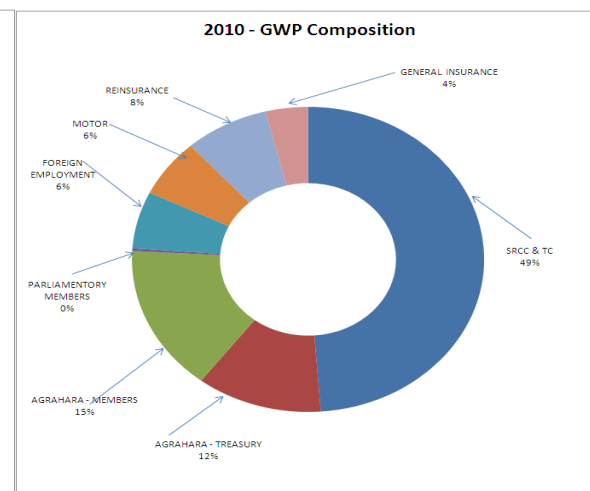
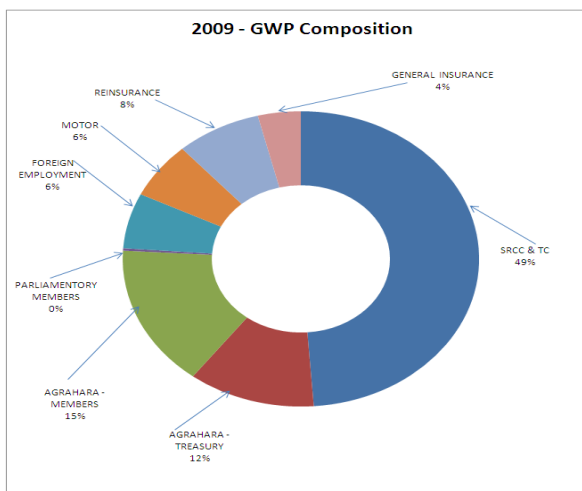
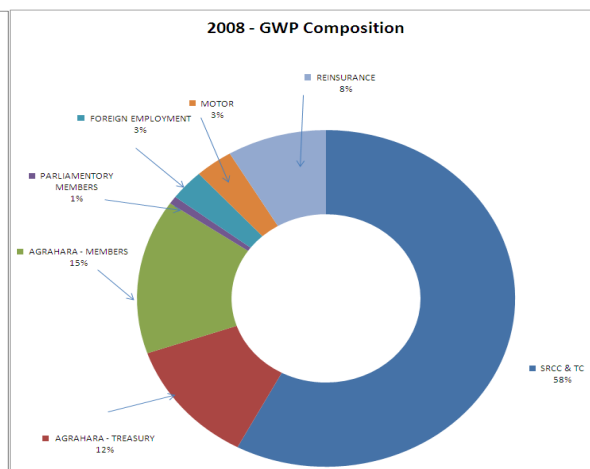
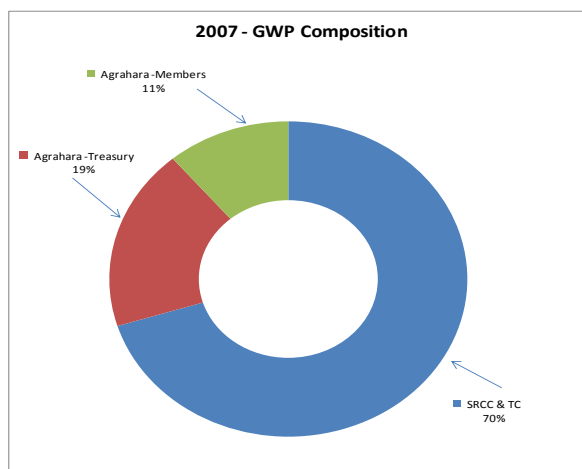


FINANCIAL

HIGHLIGHTS(contd.)

Premium Income Composition Analysis

	2007	2008	2009	2010
	Rs.	Rs.	Rs.	Rs.
SRCC & TC	2,178,012,010.00	2,317,492,759.00	2,420,345,103.68	1,874,425,102.78
AGRAHARA - TREASURY	346,711,759.00	480,000,000.00	440,380,000.00	442,790,000.00
AGRAHARA - MEMBERS	578,628,923.00	595,339,833.06	573,518,509.75	595,140,400.03
PARLIAMENTARY MEMBERS		30,000,000.00	15,408,459.53	10,000,000.00
FOREIGN EMPLOYMENT		118,428,752.50	200,483,864.00	231,968,216.00
MOTOR		130,018,979.44	244,352,904.71	237,386,267.14
REINSURANCE		341,170,102.84	473,434,837.00	296,078,296.25
GENERAL INSURANCE			194,237.13	149,796,387.42



REVIEW OF THE

AGRAHARA

INSURANCE



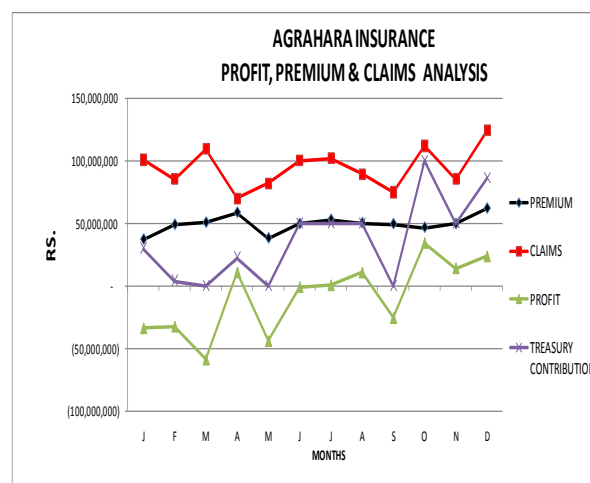
The Medical Insurance Scheme established in 1997 for the benefit of Government officers, known as Agrahara Health Insurance Scheme, commenced its operations initially as an initial payment of Rs. 11 per member. However, on a subsequent decision taken by Government in 2004, Rs. 75 per month was deducted from monthly salary from Government officers towards the Scheme. Until the Sri Lanka Insurance Corporation was privatized, the scheme was implemented by Sri Lanka Insurance Corporation. After its privatization, the Government took over the Scheme with effect from 1st January 2006 and implemented it

as a separate Government Scheme under the National Insurance Trust Fund.

Under this scheme following insurance benefits are offered

1. Medical benefits against hospital charges
2. Purchase of spectacles
3. Child Birth
4. "Naya Surakum" loan guarantee scheme

The monthly claims, premium and profit analysis for the year 2010 for the Agrahara Insurance Scheme is as follows.



The Total Annual Agrahara Members' contribution has illustrated a slight increase from Rs. 573,518,510 in 2009 to Rs. 595,140,400 in 2010 which is a 3.77% increase.

The Total Annual Agrahara Treasury contribution has illustrated a marginal increase from Rs. 440,380,000 in 2009 to Rs. 442,790,000 in 2010 this is a 0.55% increase.

The Total Annual Agrahara Claims expense has shown a marginal decrease from Rs. 1,085,354,550 in 2009 to Rs. 1,076,706,660 in 2010 which is a 0.80% decline.

The Total Annual contribution for the Parliamentary Members' insurance scheme has decreased from Rs. 15,408,460 in 2009 to Rs. 10,000,000 in 2010 which is a 35.10% decrease.

REVIEW OF THE **MOTOR INSURANCE**

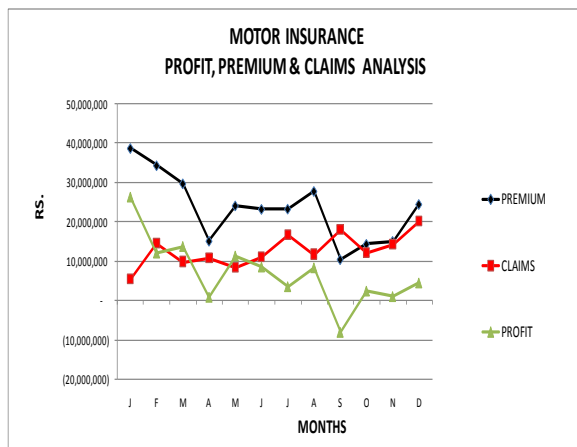


The Motor Insurance Scheme was introduced to insure the vehicles owned by Government institutions (Compulsory) and vehicles owned by semi Government institutions (Optional) after the establishment of the National Insurance Trust Fund.

The NITF offers Motor Vehicle Insurance to Government and Semi-Government Institutions at an affordable premium, which is estimated to be fast growing area for the NITF in 2010. In 2010 Motor Vehicle Insurance Scheme has been extended to private sector and individually owned vehicles also. The motor insurance scheme provided by the NITF offers the vehicle owners complete peace of mind against almost all known perils that his/her vehicle may encounter at anytime, anywhere in Sri Lanka. In order to facilitate the claims payment process, a densely populated highly competent team of assessors has been employed throughout the island who promptly act for inspections when claims intimations are made.

The additional covers available under the Motor Insurance Scheme provided by the NITF are Flood, Third Party Property Damages, Personal Accident Benefit, Duty-free Loading, Hire purchase, Air bag cover, Towing charges, Windscreen Cover, Learner Drivers Covers, Workmen's Compensation for Driver/Cleaner/Attendant, Legal Liability for passengers, Personal Accident Benefit, Goods In Transit etc.

The monthly claims, premium and profit analysis for the year 2010 for the Motor Insurance Scheme is as follows.



The Total Annual Motor Premium income has remained more or less stagnant from Rs. 244,359,905 in 2009 to Rs. 237,386,267 in 2010 which is a very trivial decrease of 2.9%.

Similarly, the Total Annual Motor Claims expenses have shown a very trivial increase from Rs. 149,425,694 in 2009 to Rs. 151,555,078 in 2010 which is a +1.43%.

REVIEW OF THE RE-INSURANCE

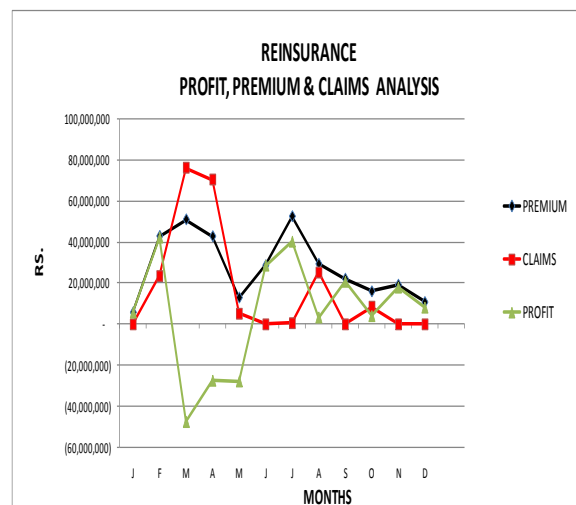
The extra ordinary gazette of Democratic Socialist Republic of Sri Lanka No: 1528 /20 dated December 19, 2007, empowers the National Insurance Trust Fund (NITF) to accept Compulsory reinsurance cession from the local general insurance market. NITF has fixed the compulsory cession at 20% of the general reinsurance program (subject to provisions to be specified) of each insurance company transacting general insurance business. NITF is also empowered to transact direct general insurance according to the Extra Ordinary Gazette No 1615/20 dated 20th August 2009.

Since then NITF is the one & only authorized institution who can engage in reinsurance business in Sri Lanka. Since 1st January 2008, the NITF is engaging in reinsurance business by accepting 20% compulsory reinsurance cession of all local general insurance companies, by retaining large portion of the foreign currency within the country.

As the only local re insurer, the NITF has protected its risk exposure with most reputed re insurers in the world with the brokerage of AON Benfield Re (which is the largest reinsurance broker in the world) for the 20% retrocession program, Motor insurance and General Insurance while the brokerage of the Strike, Riot, Civil Commotion & Terrorism Fund has been given to the Willis Re.

The NITF retrocession arrangement is headed by GIC and BEST Re., General Insurance and Motor insurance are headed by GIC & BEST Re.

The monthly claims, premium and profit analysis for the year 2010 for the Re Insurance Scheme is as follows.



The Total Annual Reinsurance Premium income has decreased from Rs. 473,434,837 in 2009 to Rs. 296,078,296 in 2010 which is a decrease of 37.46%.

The Total Annual Reinsurance Claims expense has increased from Rs. 46,326,266 in 2009 to Rs. 202,732,501 in 2010 which is a 337.62% growth.

REVIEW OF THE STRIKE, RIOT, CIVIL COMMOTION & TERRORISM FUND



The Strike, Riot, Civil Commotion and Terrorism Fund was established in 1987 in terms of a decision made by the Cabinet of Ministers, with the objective of providing additional insurance cover on insurance policies, extended to cover against loss/damage to properties and or personal death/ bodily injuries occurring due to strike, riot, civil commotion and terrorist activities within the geographical limits of the Sri Lanka, issued by all members of the Fund who are licensed insurance organizations in Sri Lanka. Since 1987 the Fund has been administered by the National Insurance Corporation. From 01.08.2005 onwards, the

Fund was administered by the Ministry of Finance and Planning taking over from the Janashakthi Insurance Corporation. Thereafter as per the section 18 (c) of National Insurance Trust Fund Act, The Strike, Riot, Civil Commotion and Terrorism Fund has been absorbed into the National Insurance Trust Fund in 2007. It is mandatory that all insurance companies who underwrites Non –Life Insurance policies in Sri Lanka should be members of the SRCC & T Fund. The main activities of SRCC & T Fund includes

- Collection of premium through Insurance Companies and remitting to the Fund
- Claims to be paid by Insurance Companies and reimbursed by the SRCC & T Fund on the recommendation of Working Committee
- Arrangement of catastrophic excess of loss reinsurance arrangement with foreign reinsurers who have credible credit ratings in order to mitigate the occurrence of possible escalation of claim cost due catastrophic events.
- The management of the soft loans granted to the institutions damaged due to terrorist attacks which was administered by the Bank of Ceylon

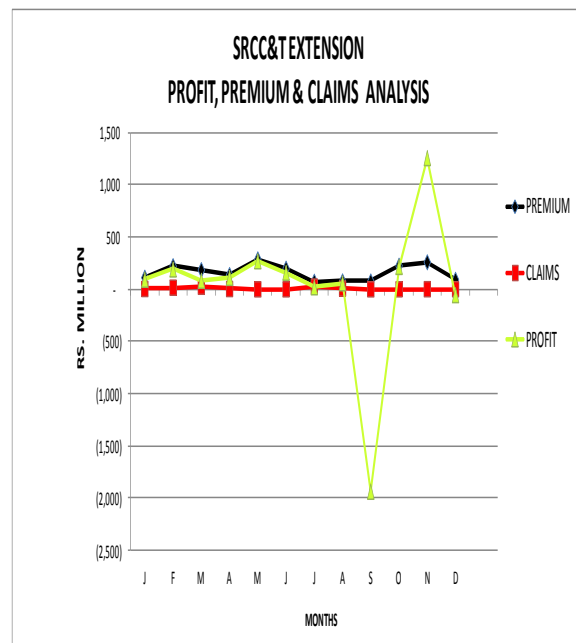
The objectives of the Strike, Riot, Civil Commotion and Terrorism Fund are:

- ❖ To establish the Fund out of the Strike, Riot, Civil Commotion and Terrorism component of insurance premiums received by all the members of the

Fund as defined in clause 4 on account of insurance policies extended to include the risks of Strike , Riot, Civil Commotion and Terrorism covered by the Fund.

- ❖ To afford protection against loss/damage to property / or personal injury occurring due to Strike, Riot, Civil Commotion And Terrorism activities as defined in the Insurance Policy to such risks insured and situated within the geographical limits of the Democratic Socialist Republic of Sri Lanka including those type of general insurance risk which provides for an extension of the geographical limit.
- ❖ To seek protection of the Fund by way of reinsurance at an economical level with a view to reducing the exposure to the Fund and to the Government of Sri Lanka.

The monthly claims, premium and profit analysis for the year 2010 for the SRCC & T Fund is as follows.



The Total Annual SRCC & T Premium income has illustrated a substantial decrease due to the reduction in demand for terrorism cover from Rs. 2,420,345,104 in 2009 to Rs. 1,874,425,103 in 2010 which is a 22.56% decrease.

The Total Annual SRCC & T Net Claims incurred has shown a reduction from Rs.348,788,493 in 2009 to Rs. 303,486,061 in 2010 which is a 13% reduction.

REVIEW OF THE GENERAL INSURANCE



This insurance scheme was established in the National Insurance Trust Fund according to the gazette notification No. 1615/20 issued on 20.08.2009.

The National Insurance Trust Fund has developed insurance schemes for Marine Cargo and Air which indemnifies the insured against loss, damage or destruction to his cargo whilst in transit (including incidental storage) across the sea, by over land, or air.

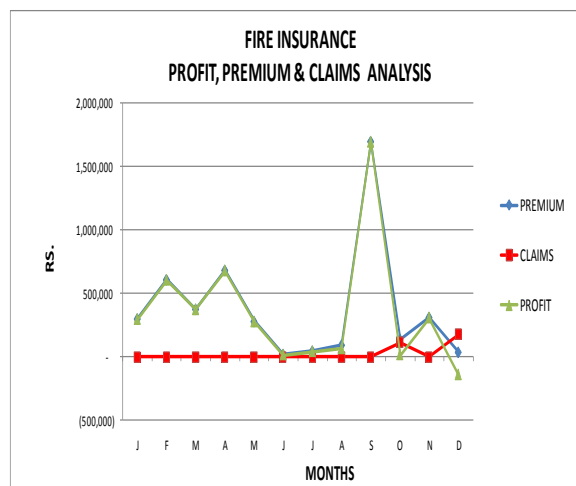
The Marine (Hull) policy covers Ocean vessels, Short-sea vessels, Port and river crafts and Yachts, all types of private, leisure and commercial transport aircrafts, private gliders, helicopters hover crafts, ground equipments and other crafts and it's a form of an all risk cover which protects the ship-owner from physical loss of/damage to the vessel, the hull.



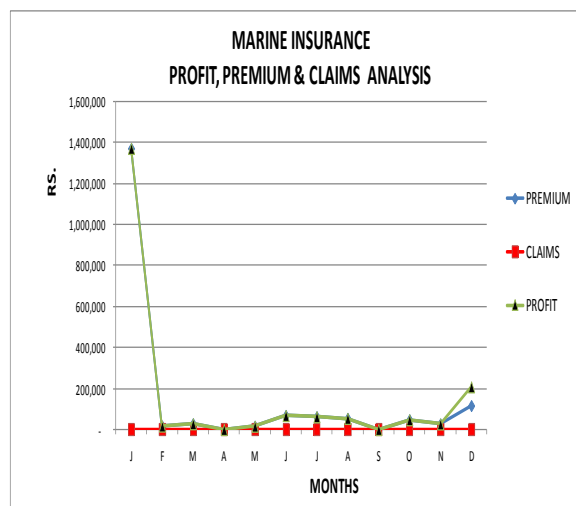
The NITF Fire Policy covers damages against Fire & Lighting which includes explosions of domestic boilers and gas installations, which could be extended to cover additional perils such as explosion, malicious damage, impact damage, air craft damage bursting and over flowing of water tanks apparatus or pipes as well as natural perils such as flood, earth quakes, volcanic eruption, hurricane, typhoon, windstorm, thunderstorm, tornado tsunami, and tidal waves. It could also be extended to cover Strikes, Riot, Civil Commotion and Terrorism and Malicious Damages.

Under this miscellaneous class of insurance scheme it provides covers for Personal Accident Insurance, Surgical & Health Insurance, Money Insurance, Baggage Insurance, Burglary Insurance, Workmen's Compensation Insurance, Trade place Insurance, Public Liability and other miscellaneous classes of insurance.

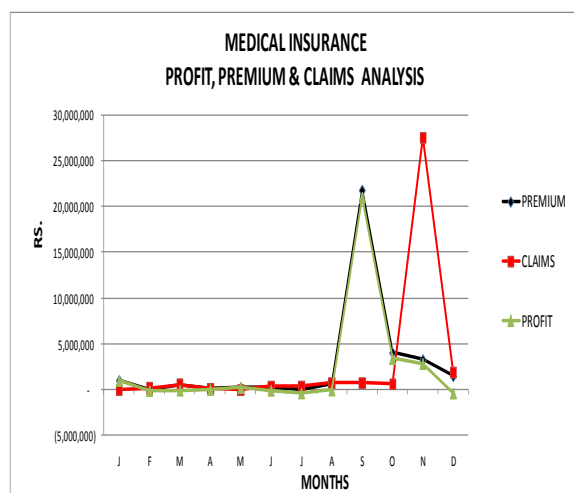
The monthly claims, premium and profit analysis for the year 2010 for the Fire Insurance Scheme is as follows.



The monthly claims, premium and profit analysis for the year 2010 for the Marine Insurance Scheme is as follows.

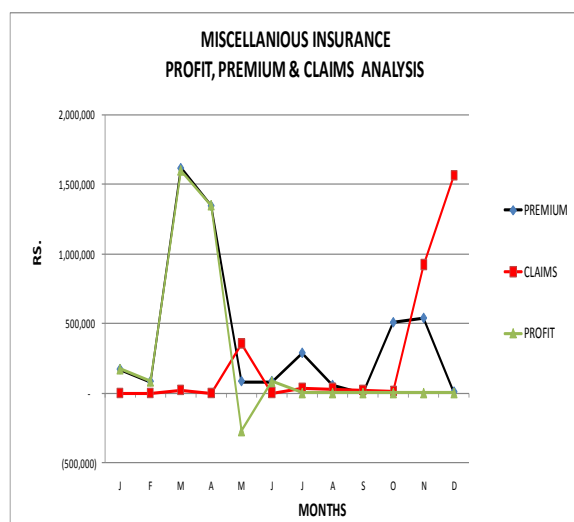


The monthly claims, premium and profit analysis for the year 2010 for the Medical Insurance Scheme is as follows.



General Insurance Claim Expense in 2009 of Rs. 3,850 (October – December 2009) has demonstrated a tremendous growth to Rs. 10,598,492.

The monthly claims, premium and profit analysis for the year 2010 for the Miscellaneous Insurance Scheme is as follows.



After the commencement of General Insurance business in the latter part of 2009, Total Annual General Insurance Premium income in 2009 of Rs. 194,237 (October – December 2009) has grown to Rs. 149,796,387. The Total Annual

REVIEW OF THE

FOREIGN

(OVERSEAS)

EMPLOYMENT

INSURANCE

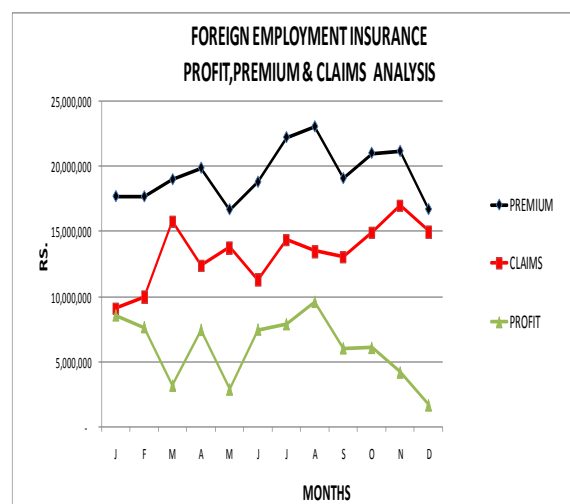


This Insurance Scheme was established in June 2008 according to the agreement of National Insurance Trust Fund with Sri Lanka Bureau of Foreign Employment. This policy covers the Sri Lankans who are in the range of ages of 18 to 65 years leaving Sri Lanka for foreign employment after obtaining the Insurance

cover from the NITF. The premium is Rs.800+VAT for two years contracts and Rs. 850+VAT for three years contracts.

The “VIDESA REKIYA” overseas employment insurance policy for Sri Lankan overseas migrant workers covers the Sri Lankans who are in the age of 18 to 65 years leaving Sri Lanka for foreign employment after obtaining the insurance cover from the NITF.

The monthly claims, premium and profit analysis for the year 2010 for the Overseas (Foreign) Employment Insurance Scheme is as follows.



Benefits such as Compensation for Repatriation, and Death due to any cause whilst working abroad, Death in Sri Lanka within 3 months after arriving to Sri Lanka, Death due to critical illness or accident occurred whilst working

abroad during the contract period, Total Permanent Disablement occurred while working abroad during the period the contract period, Partial, Permanent or Temporary Disablement occurred while working aboard during the contract period, Covers for Family Members, Special Covers (Cancer, Gastritis, Diabetics), could be obtained from this Overseas (Foreign) Employment Insurance scheme:

The Total Annual Foreign Employment Insurance Premium income has increased from Rs. 200,483,864 in 2009 to Rs. 231,968.216 in 2010 which is a 15.7% growth.

The Total Annual Foreign Employment Insurance Claims expense has also increased from Rs. 85,934,583 in 2009 to Rs. 160,963,358 in 2010 which is 87.3% growth.

FIVE YEAR SUMMERY

STATEMENT OF INCOME AND EXPENDITURE

(All figures in Sri Lankan Rupees)

For the year ended December 31,

	2010	2009	2008	2007	2006
<u>Revenue</u>					
Net Earned Premium Income	3,926,469,856	4,019,486,220	3,427,950,662	2,654,902,681	318,902,642
<u>Benefits, Losses and Expenses</u>					
Insurance claims and benefits	(2,292,072,983)	(2,075,936,806)	(1,736,355,732)	(1,423,044,038)	(242,465,993)
	1,634,396,873	1,943,549,415	1,691,594,930	1,231,858,643	76,436,649
<u>Other Revenue</u>					
Investment Income	798,117,037	1,364,459,074	1,205,463,441	528,264,787	
Interest on Soft Loans	16,982,331	15,125,027	19,424,829	38,713,576	
Other income	1,006,353	471,787	917,841		
	816,105,721	1,380,055,889	1,225,806,111	1,798,837,006	76,436,649
<u>Expenditure</u>					
Staff related costs	42,326,032	33,124,615	21,470,147	11,500,953	1,333,806
Administration Expenses	45,136,006	49,246,381	28,264,346	14,142,950	1,508,940
Finance & Other expenses	32,425,697	38,401,103	5,380,035	3,385,205	138,170
Total expenditure	119,887,735	120,772,099	55,114,528	29,029,109	2,980,916
Income over expenditure	2,330,614,859	3,202,833,204	2,862,286,514	1,769,807,897	73,455,733

FIVE YEAR SUMMERY

BALANCE SHEET

(All figures in Sri Lankan Rupees)

As at December 31,

	2010	2009	2008	2007	2006
Assets					
Non-current assets					
Property, plant and equipment	36,096,011	43,603,504	44,659,781	25,240,465	1,461,388
Investments	5,574,107,464	8,550,206,721	7,749,178,616	5,449,343,240	-
	5,610,203,475	8,593,810,225	7,793,838,397	5,474,583,705	1,461,388
Current assets					
Receivables	1,945,815,895	2,079,570,419	1,988,501,988	2,221,955,826	511,844,970
Cash and cash equivalents	3,594,104,553	110,173,003	239,795,258	560,259,122	13,357,202
	5,539,920,448	2,189,743,421	2,228,297,246	2,782,214,948	525,202,172
Total assets	11,150,123,923	10,783,553,646	10,022,135,643	8,256,798,653	526,663,560
Equity and liability					
Equity					
Accumulated Fund	9,695,467,155	9,364,852,783	8,412,019,580	6,583,508,929	94,102,009
	9,695,467,155	9,364,852,783	8,412,019,580	6,583,508,929	94,102,009
Technical Reserves					
Unearned Premium	821,564,804	1,046,825,276	1,063,317,772	877,695,727	
Deferred Commission	(139,745,300)	(200,139,536)	(206,999,340)	(161,317,228)	
	681,819,505	846,685,740	856,318,432	716,378,499	-
Liability					
Non-Current Liabilities					
Government grant	284,330	719,190	719,190	719,190	719,190
Profit Commission payable	12,287,375	63,762,150	113,635,474	83,722,067	
	12,571,705	64,481,340	114,354,664	84,441,257	719,190
Current Liabilities					
Claim Payable	518,000,207	329,499,921	333,321,632	602,777,397	
Other payables	242,265,350	178,033,863	306,121,335	269,692,571	431,842,361
	760,265,557	507,533,784	639,442,967	872,469,968	431,842,361
Total equity and liability	11,150,123,923	10,783,553,647	10,022,135,643	8,256,798,653	526,663,560

CORPORATE INFORMATION

❖ **Name of the Institution:**

National Insurance Trust Fund

❖ **Legal Form**

Statutory Body established under the National Insurance Trust Fund Act No. 28 of 2006

❖ **Office Address**

National Insurance Trust Fund

No. 97, Maradana Road,

Colombo 10

❖ **Auditors:**

External: Auditor General, Auditor General's Department

Internal: Internal Audit is done by the Internal Audit Department

❖ **Bankers:** Peoples Bank, Bank of Ceylon, National Savings Bank

