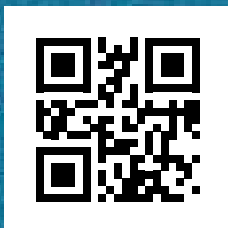


POWER OF YOU

CO-OPERATIVE INSURANCE COMPANY PLC

ANNUAL REPORT 2022





<https://www.ci.lk/>



POWER OF YOU

*Lives of people, stories of success, strength of character and the spirit of mutual value creation,
we are Co-operative Insurance.*

We are more than the numbers that reflect our market value; Co-operative Insurance is about the journey of the people we serve and the individuals that represent us. Our success is tied to our customers, our employees and every person impacted by what we do. When we talk about COOP, the conversation is not only about insurance, it is about managing all the risks that people experience, it is about doing things differently than others, and most of all it is about the COOP culture, where we come together to create value for all.

We present to you a conversation about COOP; about our people, our work, the lives we impact and the relationships that define us; it is also about our success, our growth in numbers and our focus for the future. A conversation with you, our readers, on every turned page.

CON TE NTS

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VISION

To be an organisation that will stand "united" with its customers to the very end.

MISSION

To be ever mindful of the needs of our customers and, thereby make 'true protection' a way of life via the provision of innovative, yet affordable insurance solutions, which confirm to the highest ethical and moral standards.

VALUES

Based on co-operative principles and ethics.



This Annual Report is available on the website
<https://www.ci.lk/>



To Contact us, please refer to page 05 for Corporate Information and on the inside back

WELCOME TO OUR ANNUAL REPORT 2022

We warmly invite our shareholders and readers to peruse our 2022 Integrated Annual Report to understand our progress in the past year and the value we have generated for our stakeholders, both in financial and non-financial terms.

Reporting scope and boundary

The report provides a comprehensive review of the 2022 financial year's operational and strategic information and the financial performance of the CICPLC as a company and as a Group, in addition to information on Cooplife and CITA, our subsidiary companies where applicable.

The report has been compiled based on the concepts of the integrated reporting framework, with the 2022 Annual Report being our 8th Integrated Annual Report.

The report has been compiled to inform stakeholders of the developments and results of 2022. Primarily it aims to divulge information to shareholders in making effective decisions based on accurate and audited financial data and detailed on business activities. We welcome readers interested in the progress of Co-operative Insurance Company PLC to use this report in gathering relevant information.

Principles that guide our reporting

In improving our 2022 Integrated Annual Report, we have followed the principles of the Integrated Reporting Framework of 2021.

Focus on strategy



In 2022, we unveiled a brand new strategic direction with a clear and direct set of imperatives. The report includes our strategic direction under the section 'The Strategic Blueprint'.

Matters of materiality

We have included material topics relevant for the year 2022 under the Materiality section on pages 14 to 17. The topics align with our new strategic focus and provide a clear indication of what drives us towards stakeholder value creation.

Connectedness and Conciseness

Where applicable, we have placed icons for easy and quick reference, to identify value creation activities and interconnectedness of capitals.

Assurance and Reliability

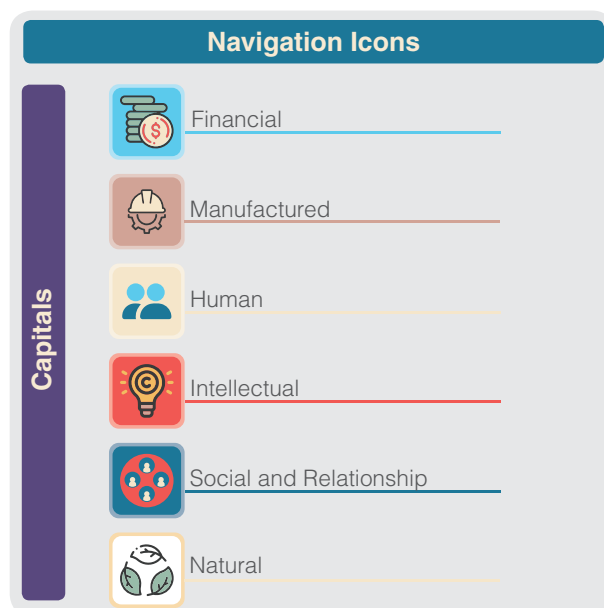
Internal assurance – Prior to compiling the report, our team gathered information from across the Company. All relevant data alongside qualitative commentaries were gathered through interviews and documented information to assure information credibility. Furthermore, the internal audit and committees played a role in ensuring compliance to statutory and regulatory frameworks.

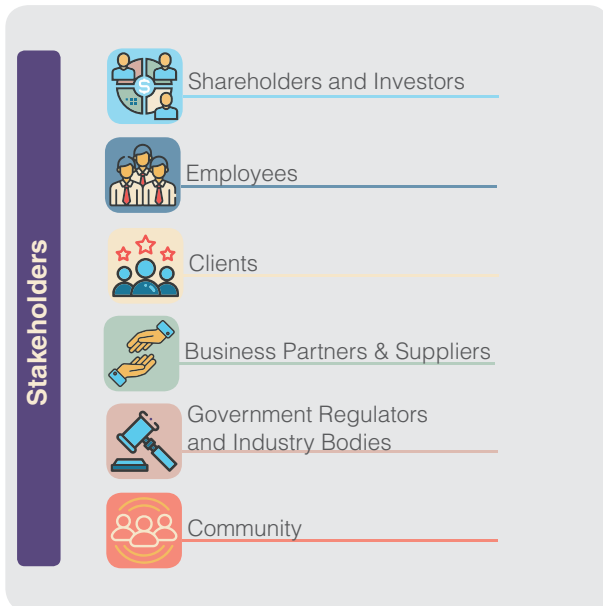
- Audit Committee
- Risk Committee
- Related Party transaction Committee
- Business Development Committee
- Investment Committee
- Purchasing Committee
- Tender Committee
- Human Resource Committee
- Remuneration Committee

External assurance – The financial statements within this report have been audited by the Company's independent auditors, confirming accuracy, quality and credibility.

Guiding frameworks

The information in the report has been prepared and presented under the following frameworks, ensuring transparency and accountability. The following frameworks cover financial reporting, industry regulations, risk management, corporate governance, and principles of integrated reporting.





Strategic imperatives

Financial reporting

- Sri Lanka Accounting Standards (LKAS/SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Companies Act No. 7 of 2007
- Listing Rules of Colombo Stock Exchange (CSE)
- Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments
- Regulations and Directions Issued by Insurance Regulatory Commission of Sri Lanka (IRCSL)
- SLSAE 3000 - Sri Lanka Standard on Assurance Engagements

Corporate Governance

- Companies Act, No. 7 of 2007
- Listing Rules of Colombo Stock Exchange (CSE)
- Code of Best Practices on Corporate Governance Issued by CA Sri Lanka and Securities and Exchange Commission of Sri Lanka
- Corporate Governance Framework for insurers issued by the Insurance Regulatory Commission of Sri Lanka
- Statement of Recommended Practice (SoRP) by IRCSL

Other reporting frameworks

- International Integrated Reporting Framework by the IIRC
- United Nations – Sustainable Development Goals (SDGs)

Reporting improvements

We incorporated the following changes and improvements into this year's report to provide a more thoroughly integrated presentation of information.

- easy to navigate layout
- concise reporting with better comparability
- focus on IR guiding principles

Reporting mediums

The English version of the Annual Report can be viewed and downloaded through our website www.ci.lk.

Forward-looking statement

The Annual report of 2022 includes statements that anticipate the Company's future financial, operational and strategic performance. However, we must iterate that such statements and projections carry a level of uncertainty, as uncontrollable factors, risks, and unfavourable determinants could alter the prescribed or desired course of actions or outcomes. Readers and users of this Annual report are requested to consider the external and internal operating contexts when following up on such matters.

Feedback and criticism

We welcome your comments and inquiries regarding the content of this report. Please direct your feedback to our Chief Financial Officer.

M. Sulochana Rasanjali
Chief Financial Officer
Tel: 0112557318
Fax: 0112557311
sulochana.r@coopinsu.com

WE ARE CO-OPERATIVE INSURANCE

As our journey unfolds and the years grow in numbers, our corporate spirit and ethos continues to be infused with fresh thinking and dynamic performance. Now in our 23rd year of business, we continue to redefine how we create value for our stakeholders; not only for our shareholders but also for our loyal customers, dedicated employees, trusted business partners, anchored regulators and the society around us.

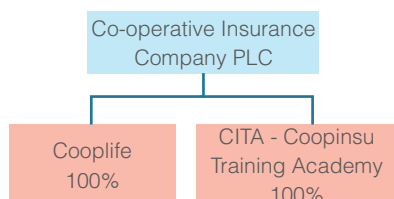
Incorporated in 1999, we have extended our reach from cities to townships and have become the insurer with the largest network of branches and partners in Sri Lanka.

We go by the philosophy of being present for our customers, not only as a provider of compensation, but as an insurer that takes care of them before indemnification happens. We have redefined ourselves as a risk management company, proactively managing risks before they overrun peace of mind.

What we do

We provide financial protection and risk management solutions for customers seeking to insure their motor and non-motor related interests. Authorised to provide general insurance solutions, CICPLC is registered under the Regulation of Insurance Industry Act No. 43 of 2000. Our subsidiaries include Cooplife, which exclusively provides life insurance and CITA, an education institute and training academy for insurance, registered under the Ministry of Skills Development and Vocational Training.

Ownership



What sets us apart

Conventionally, our industry is one that is reactive – as it offers financial solutions to compensate calamities. At Co-operative Insurance, we have altered this way of thinking, to adopt a proactive culture of providing risk management solutions to our customers.

Founded in the spirit of Co-operative community support, our growth has been driven organically over the years, powered by our formidable distribution channels and network.

Our Valuable Strength

Largest industry distribution network	1256 combined team
1316 combined sales team	In-house insurance academy (CITA)
100% equity based capital structure	Cost optimisation strategy

Cooperative Insurance Company PLC

General insurance - Motor and Non-Motor



Branches - 119



Permanent staff - 1062



Sales force - 716



GWP - Rs. 5 Bn+

Cooplife Insurance Limited

Life insurance solutions



Branches - 57



Permanent staff - 250



Sales force - 500



GWP - Rs. 1 Bn+

Coopinsu Training Academy (CITA)

Education and training – Insurance, business management, technical and sales skill development



Branches - 01



Students - 59



International affiliations
- Chartered Institute of UK



Recognised online and on-site
CII UK exam centres

We **crossed** the

Rs. 5 Bn GWP

threshold, strengthening our competitive position within the industry amidst many challenges and external pressures; a tremendous triumph in the face of a volatile economic backdrop and a socially-challenged context in the country.

During the year, our employees pushed the limits of their abilities; capitalising on their passion and talent to secure this milestone.

Rs. 458 Mn
PAT

Rs. 10.4 Bn
Total Assets

62%
Claim Ratio

Rs. 4.25 Bn
GWP - Motor








50%
GWP Growth
Fire & Engineering








PRODUCT PORTFOLIO



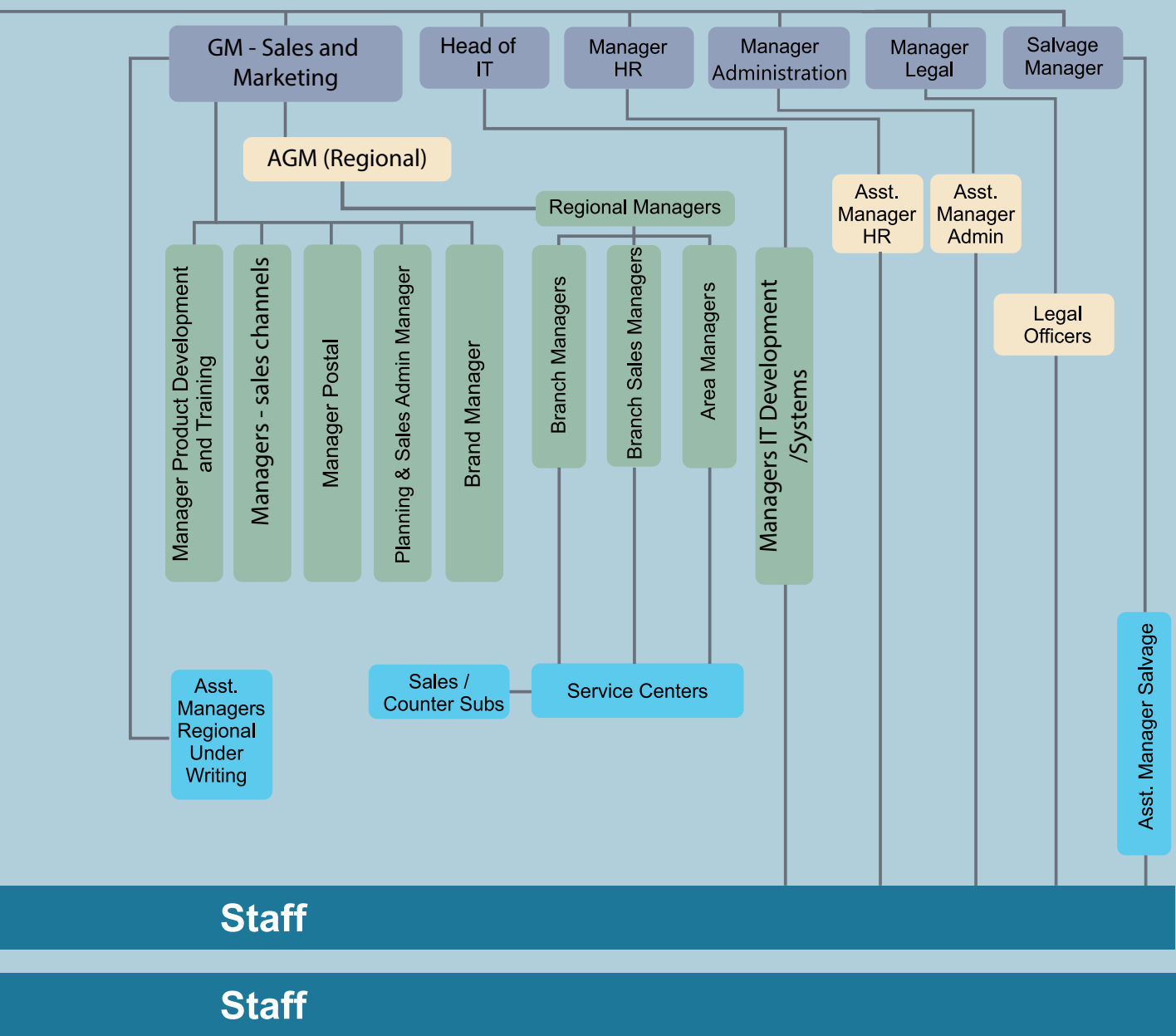
At Co-operative Insurance Company PLC and Cooplife Insurance Limited our combined product portfolio covers every aspect of life's interests. We continue to enhance our portfolio by understanding our customers and their concerns, alongside innovation in insurance. Our goal is to have a portfolio that helps manage personal and business risks.

CICPLC

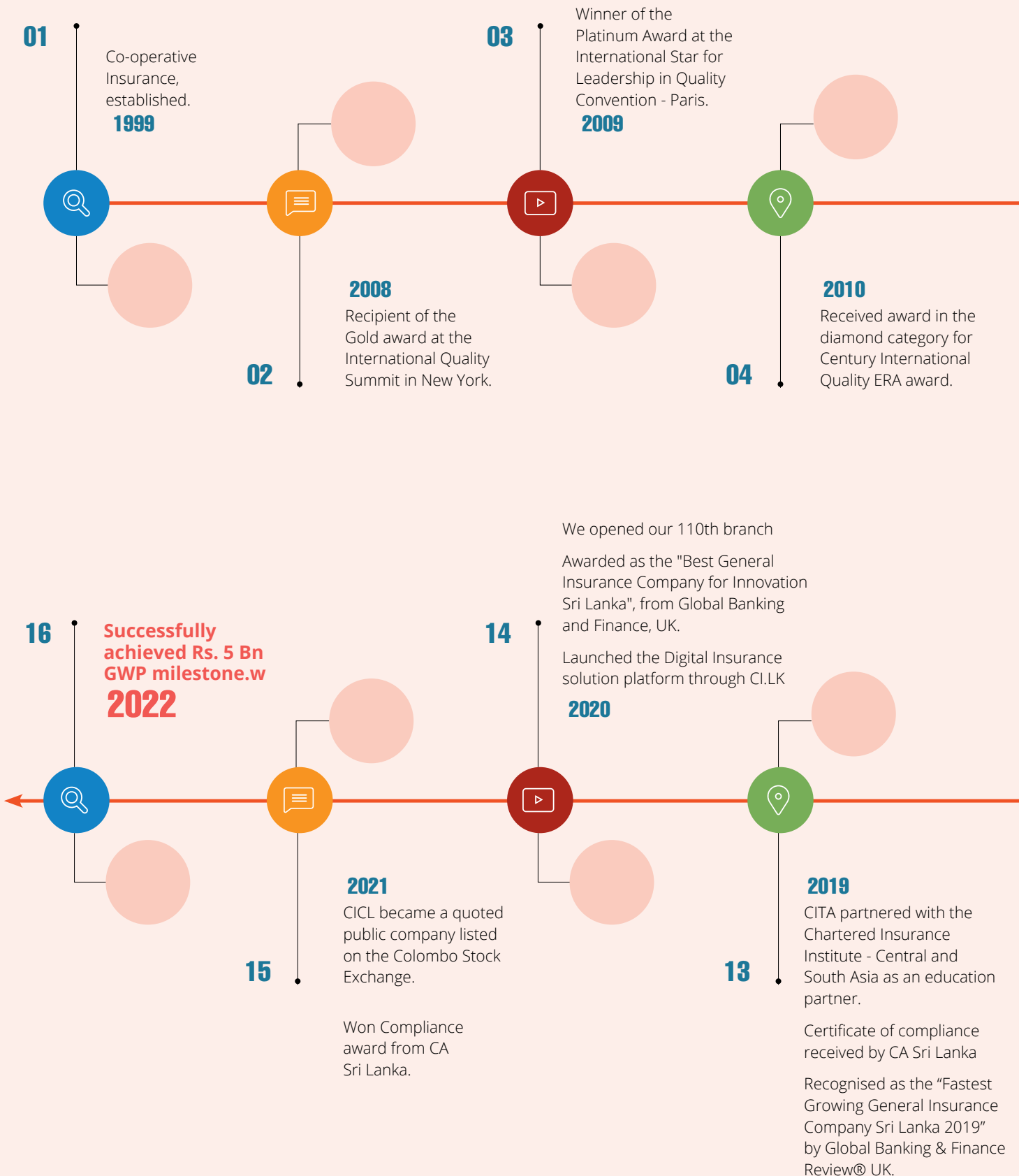
MOTOR	FIRE	ENGINEERING
		Contractors All Risk
Comprehensive Motor Insurance	Commercial Fire Insurance	
		Erection All Risk
Comprehensive Motor Insurance for Three-wheelers and Motorcycles	Dwelling House Fire Policy	
		Machinery All Risk
Comprehensive Motor Insurance	Trade Combined Insurance	
Motor Third Party		Machinery Breakdown
	Comprehensive Coverage for Dwelling Houses	
Motor Third Party Fire and Theft	Hoteliers Comprehensive	Contractors Plant and Machinery
Motor Comprehensive Insurance	Tea and Rubber Factories	Electronic Equipment
Motor Fire and Theft	Consequential Loss	Electrical and Electronic Insurance
Motor Fire only	Dwelling House	Boiler and Pressure Vessels
Motor Theft only		

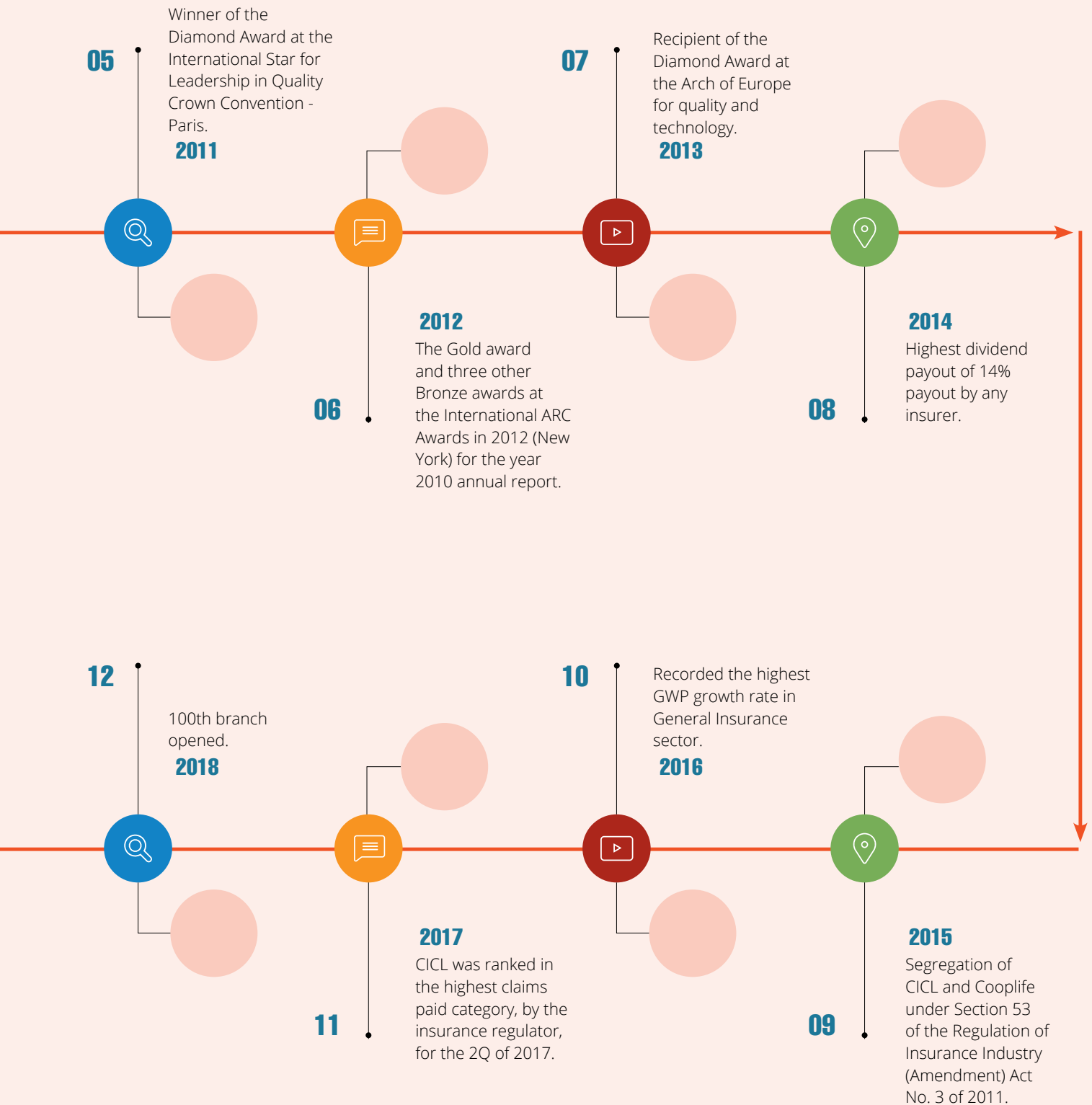
MEDICAL		MARINE	
<div></div> <div>Surgical and Hospital Insurance</div> <div>COOP Health First Medical Insurance Policy</div> <div>Dharana Plus Medical Expenses and Personal Accident Insurance Policy</div>		<div>AVIATION AND MARINE HULL</div> <div>Hull Insurance</div> <div>CARGO</div> <div>Export Cargo</div> <div>Import Cargo</div> <div>Open Policy</div>	
Miscellaneous			
<div></div> <div>Personal Accident Insurance</div>	Title Insurance	Advance Bonds	
<div></div> <div>Personal Accident</div>	COOP Travel Care	Bid Bonds	
<div></div> <div>COOP Personal Accident Cover</div>	Bankers' Indemnity	Fidelity Guarantee	
<div></div> <div>Burglary Insurance</div>	Goods in Transit	Product Liability	
<div></div> <div>Livestock</div>	COOP Farmer Care(crop) Insurance	Professional Indemnity	
<div></div> <div>Coop Shakthi Micro Insurance</div>	COOP Virtual Protector Insurance Cover	Worker's Compensation	
Isuru Personal Accident Insurance	Personal Accident Insurance Policy for Fisherman (COOP Sayura Shakthi)		Freight Forwarders Insurance
24 hour Personal Accident Insurance	All Risk	Director's Officer's Liability Insurance	
Glass Insurance	Performance Bonds		





MILESTONES OVER THE YEARS





MATERIALITY ASSESSMENT

The materiality determination process enables us to fulfil two essential purposes. One is the determination of matters for reporting disclosures, and the second is to identify matters that impact the Company's and stakeholders' interests.

Our materiality determination process has several clear steps.



Identify

To identify topics of materiality, we use a combination of stakeholder engagement methods and strategic focus, including the corporate plan, business activities, and previous year's performance, in addition to aspects from the external environment. Moreover, we strive to align our focus with sustainable development goals.

Identifying material matters

Stakeholder engagement and expectations

Strategic objectives , corporate plan discussions and development process

Previous fiscal year's financial and operational performance

Business model (business activities)

Risk assessments

Macro developments (PESTEL based aspects)

Sustainable development goals

Evaluate

Each year we take stock of these material aspects as they evolve with the operating environment, financial performance and changes in strategic focus. However, we ensure that topics that address stakeholder expectations are not compromised.

Evaluating material matters

Qualitative evaluation of material matters based on why they are important.

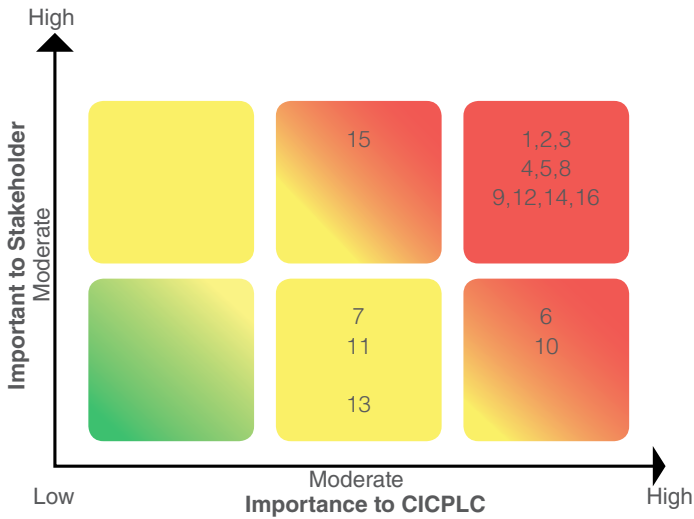
Prioritise

We then prioritise material matters based on their level of importance to the Company and on stakeholder expectations.

Prioritising material matters

Quantitative assessment based on their importance against business and stakeholders

Prioritisation mapping



Material topic	Why is it important?	Importance on Strategic Imperatives and CICPLC	Importance on Stakeholder Expectations	Importance on Sustainable Development Goals (additional focus)	How we approach it
1. Profitability and revenue growth	Important in safeguarding shareholder interests and business growth.	High	High	High	Financial summary (22-23) Financial capital (124-132) Financial statements (177-272)
2. Strong capital position (capital adequacy)	For stability and sustainability of the company its imperative to meet financial obligations and safeguard customer interests.	High	High	Moderate	Financial statements (177-272) Financial capital (124-132)
3. Strong risk management and governance	To safeguard stakeholder interests and maintain business stability, in order to sustain economic value creation for all stakeholders.	High	High	Moderate	Risk management review (52-66) Financial risk management (246-272) Corporate Governance report (68-81)

MATERIALITY ASSESSMENT

Material topic	Why is it important?	Importance on Strategic Imperatives and CICPLC	Importance on Stakeholder Expectations	Importance on Sustainable Development Goals (additional focus)	How we approach it
4. Growth in touchpoints and diversified channel mix	Critical for facilitating business growth and increased market share.	High	High	Moderate	Social and relationship capital (155-164) Service channels (136)
5. Diversified and cost-effective product mix	Central in attracting and retaining a growing number of customers and a cross-section of customers.	High	High	Moderate	Product portfolio (8-9) Social and relationship capital (155-164)
6. Technological and digital transformations	Crucial for long-term cost optimisations. For transforming processes and enhancing service value.	High	Moderate	Moderate	Intellectual capital (139-146)
7. Job opportunities and recruitment	To sustain business growth and support community development	Moderate	Moderate	High	Human capital (147-154)
8. Training and development	Retain employees that contribute towards organisational growth	High	High	High	Human capital (147-154) Intellectual capital (139-146)
9. Recognition and rewards	A critical aspect of talent management and provides an impetus for employees to remain with us	High	High	Moderate	Human capital (147-154)

Material topic	Why is it important?	Importance on Strategic Imperatives and CICPLC	Importance on Stakeholder Expectations	Importance on Sustainable Development Goals (additional focus)	How we approach it
10. Diversity, equality and inclusivity	Imperative when creating a winning team with unique strengths that can compete within	Moderate	High	High	Human capital (147-154)
11. Succession and career growth	Employees with proven leadership capabilities and performance can guide the company towards greater heights	Moderate	Moderate	Moderate	Human capital (147-154)
12. Customer convenience and accessibility	An imperative aspect in attracting and retaining customers.	High	High	Moderate	Social and relationship capital (155-164)
13. Branding and marketing	Central in our efforts to position our self as a proactive risk management solutions provider	Moderate	Low	Low (insignificant)	Intellectual capital (139-146)
14. Strong partner relations	Partner-based business opportunities are essential to achieve revenue and market share growth. Essential in reaching diverse cross-section of customers.	High	High	Moderate	Social and relationship capital (155-164)
15. Support to community	For an enhanced social license to operate. Ability to provide need-based solutions at affordable premiums to safeguard the vulnerable against risks.	Moderate	High	High	Social and relationship capital (155-164)
16. Macro environment (PESTEL analysis pages 121-122)	Economic, political, environmental, social and legal changes directly impact the nation's financial system, thereby impacting business activities and value creation.	High	High	High	Operating environment (116-122)

SUSTAINABLE DEVELOPMENT GOALS

Aligning with sustainable development goals

In recent years, our focus on sustainable business development has increased, as we took progressive steps towards sustainable business actions that positively impact the economy, the people and the environment.

Growing from a company based at the grassroots, we have evolved into a business with significant impacts on society from all aspects. The UN SDGs have been the framework of choice for us in taking conscious decisions pertaining to sustainable business practices - a guidepost for sustainability and accountability.



Our presence in the grassroots and rural areas and our association with cooperative societies have enabled us to provide tailored insurance solutions to those with fewer financial buffers in the event of losses; over the years, we have provided affordable and financially inclusive solutions.

This is exemplified by general insurance products such as Udara and Kedella and life insurance solutions such as Pension Plus, apart from other tailored solutions, such as motor insurance policies, which people can purchase according to their financial capacities.

Whether our customers depend on salaried jobs, daily wages, business profits, we cover all our policyholders and families at affordable premiums. Our products are designed with every niche in mind..



For our most financially vulnerable customers with health risks, we have created products with their payment capacity in mind. From critical illness insurance to accident covers, we strive to create affordable solutions for all.

In March 2023 we introduced Wellness Plus, which covers several critical illnesses and bears the cost of hospitalisation charges and medical expenses. The Wellness range of policies also provides policyholders with the chance to take care of family members.



We uphold the belief that education should not become a burden. For this reason, we have several life insurance-related insurance policies that guarantee uninterrupted education. Our subsidiary, Cooplife, works on the premise that 'Humanity Leads Assurance' and continues to offer Sisusetha Plus - a life insurance plan that focuses on making children's higher education dreams a reality.

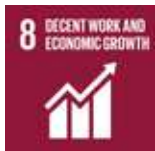
In providing quality insurance education to our staff and the industry, CITA, our dedicated training academy delivers courses and accreditations from the Chartered Insurance Institute – UK. We are the only insurer to possess such an academic institution, which also undertakes the professional development of students. Further, CITA houses an online exam centre for CII- UK exams and an on-site exam centre.

Furthermore, we undertake employees' professional and knowledge development through common and need-based training programs.



None of our offices engage in activities that may cause water pollution or sanitation risks in their surroundings. We dispose waste material accordingly, and to the best of our knowledge, our branches do not release waste directly to water sources or to land that adjoins water sources.

We also ensure that our employees have access to clean drinking water and sanitation facilities in all our branches and the Head Office.



We ensure decent working conditions for all our employees across our branches, head office, and those engaged in sales operations. We uphold employees' right to enjoy career growth, financial remuneration and a working environment free from any inconvenience.

We educate and train our workforce from a general perspective and provide access to affordable professional qualifications through our insurance academy – CITA. Moreover, we provide training to employees of all our branches, while branch employees receive equal opportunities for career progression based on their performance and professional goals.

Furthermore, by providing timely remuneration, bonus payments and salary increments, we support employees' financial growth. We also offer other benefits such as life insurance, medical coverage and staff loans in sharing their financial needs.



With the infusion of funds that came through our IPO, we have expedited several ICT projects to accommodate employee efficiencies and customer convenience. With in-house developed projects, we can keep the cost of investment at an optimum level and expedite projects speedily while customising solutions to our business requirements.

We are now on the path to providing additional digital insurance solutions to our customers, embracing industry innovations and digital service channels to increase service accessibility for all.

SUSTAINABILITY DEVELOPMENT GOALS



Reducing inequalities entail economic value creation and distribution to stakeholders based on the interests of each stakeholder group. Apart from creating a financially stable and profitable company to safeguard shareholder investments, we create economic value for our customers through affordable solutions, financial payments to partners, remuneration to employees and taxes to the government, in addition to community-based contributions.

Through business and financial growth, we can proportionally allocate such economic benefits to stakeholders while offsetting expenditures through prudent financial management. Another aspect of reduced inequality is adopting HR policies that ensure employee development and retention by addressing their needs. In 2022, we decided to make a 20% salary increment for all employees in addition to bonus payments to ensure that they are financially sound, as the cost of living impacted their lives.



As an insurer, we are dedicated to providing our policyholders with the right insurance solution they require in the event of property damage. When unexpected losses arise, we help individuals, businesses, and communities to rebuild themselves, especially after fire, natural disasters or thefts have impacted the safety and integrity of property, vehicles and businesses.

Access to essential services at work, industry and community is another business action of goal 11; therefore, through the right extent of coverage, we ensure that those with financial limitations receive access to quality healthcare services through affordable insurance solutions.



After years of providing plastic insurance cards to policyholders, we took the step towards providing e-cards for our customers at the time of obtaining a new policy or at the time of renewal.

In promoting the use of e-cards, we made several informative social media advertisements, with our employees taking the lead in producing engaging and creative material, using their own concepts and creative skills.

In 2022, we also publicised a series of communications to encourage people to protect the environment from plastic pollution, as increased plastic usage has become a serious challenge in our society.



At CICPLC, we have reduced our consumption of electricity and water during the year. Although not a significant decline, it demonstrates the effectiveness of our collective efforts to efficiently and conscientiously consume electricity and water. We also consider our use of technological solutions to have a positive effect on reducing paper and material consumption.



We make conscious efforts to minimize our consumption of resources that require the processing of natural resources. As a result, we strive to curb our consumption of power, water and fuel in addition to reusing papers and cartridges without disposing upon consumption.

Food, plastic, glass and other waste materials are disposed of appropriately. Our branches and head office have regular garbage collection from the municipal council.



Ensuring equal and just treatment of all is a premise we follow constantly. With a vision of protecting and creating value for all.

We make every possible effort to provide our stakeholders with the values they expect of us. Moreover, in ensuring ethical conduct, our leadership ensures that no employee or management personnel engages in unlawful and unethical practices. We stand against corruption and harassment within the organisation and address fraudulent practices, taking necessary punitive actions against unethical and wrongful employees and management personnel.



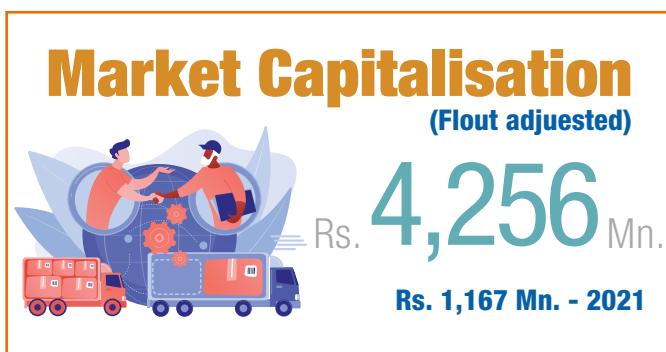
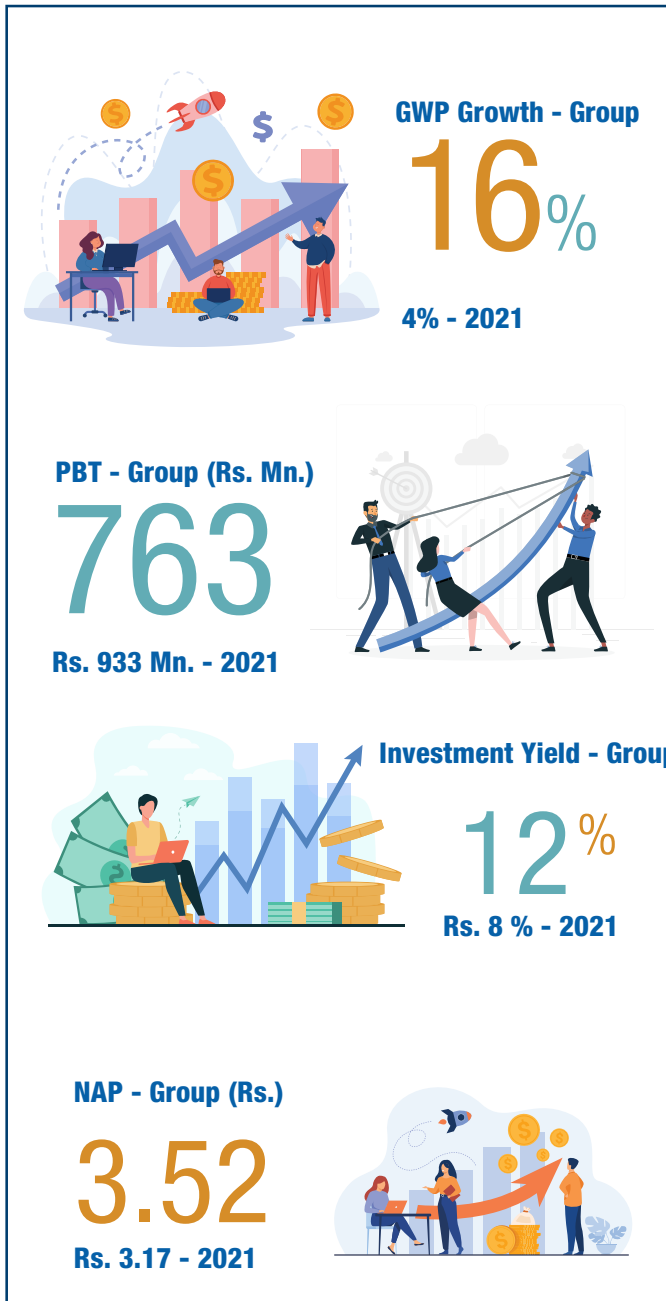
As an insurer safeguarding customer interests, we are committed to ensuring adherence to industry regulations, statutory laws and regulations while adopting best practices in business and governance. Therefore, we comply with various regulatory and legal frameworks including:

- IRCSL regulations
- Sri Lanka accounting standards to ensure transparency and integrity in financial reporting
- CA Sri Lanka and CSE regulations on governance

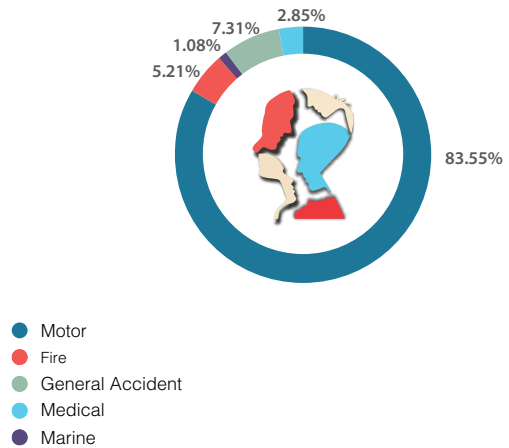
FINANCIAL HIGHLIGHTS

Key Financial Indicators	2022	2021	2020	Growth Trend	
	Rs. Mn.	Rs. Mn.	Rs. Mn.	↑	↓
Revenue and profitability – Group					
Gross written premium	6,198	5,356	5,172	↑	
Net earned premium	5,226	4,550	4,359	↑	
Finance income	1,186	764	734	↑	
Underwriting profit	1,590	1,808	1,722	↓	
Profit before tax (PBT)	763	933	940	↓	
Profit after tax (PAT)	627	810	695	↓	
Revenue and profitability – General					
Gross written premium	5,087	4,519	4,400	↑	
Net earned premium	4,161	3,760	3,634	↑	
Finance income	771	490	450	↑	
Underwriting profit	1,471	1,597	1,664	↓	
Profit before tax (PBT)	563	739	870	↓	
Profit after tax (PAT)	458	631	645	↓	
Revenue and profitability – Life					
Gross written premium	1,115	841	775	↑	
Net earned premium	1,068	794	728	↑	
Finance income	415	299	284	↑	
Underwriting profit	556	406	62	↑	
Profit before tax (PBT)	200	217	70	↓	
Profit after tax (PAT)	169	202	50	↓	
Life fund	2,761	2,327	2,136	↑	
Claims and benefits incurred					
General	2,599	2,125	1,983	↑	
Life	793	443	569	↑	
Financial position (Group)					
Total assets	14,246	13,008	10,859	↑	
Financial investments	10,242	9,032	7,366	↑	
Premium receivables	1,339	1,024	1,104	↑	
Insurance provision - General	3,249	3,127	2,957	↑	
Total liabilities	8,425	7,778	6,925	↑	
Total equity	5,821	5,229	3,934	↑	
Profitability ratios					
Return on total assets - Group	4%	6%	6%	↓	
ROCE - Group	14%	19%	25%	↓	
Investment yield - Group	12%	8%	10%	↑	
For shareholders and investors					
Flout adjusted Market capitalization	4,256	1,167	-*	↑	
Dividend per share (Rs.)	1.35	1.90	1.15	↓	
Dividend payout ratio	49%	44%	24%	↑	
Market price per share (Rs.)	4.00	7.00	-*	↓	
Net asset value per share - company (Rs.)	3.04	2.08	2.38	↑	
Earnings per share (EPS) - company (Rs.)	0.28	0.42	0.45	↓	
Ratios (Company)					
Return on equity	9%	14%	16%	↓	
Price to book ratio (Rs.)	0.85	0.25	-*	↑	

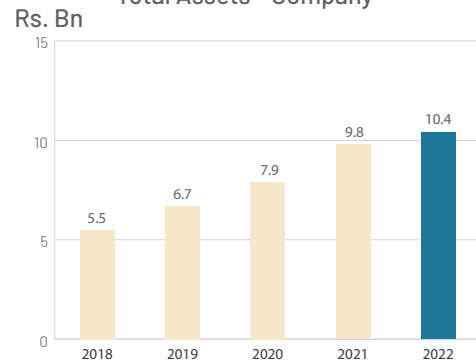
*Company was listed on Colombo Stock Exchange on 30th December 2021.



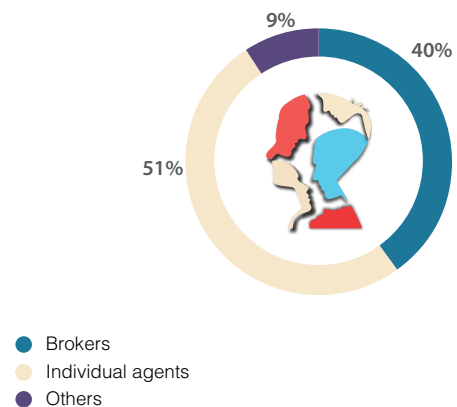
Product Mix Insurance - Company



Total Assets - Company



Channel Mix



LEADERSHIP

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CHAIRMAN'S STATEMENT



Return on Equity

9%

“We not only made a shift in our strategic focus, but we transcended limitations and achieved a milestone in Gross Written Premium while securing a customer base of 1 Mn active clients”

Dr. A.B. Senadira (JP)
Chairman

To our stakeholders,
I take this opportunity to present our Integrated Annual Report, inclusive of audited financial statements for the fiscal year, which ended on 31st December 2022.

The year 2022 brought us to a juncture where we changed our trajectory with bold strides. As the Chairman of the Board, I am pleased to state that in the financial year, we not only made a shift in our strategic focus, but we transcended limitations and achieved a milestone in Gross Written Premium while securing a customer base of 1 Mn active clients; and during the year, we redrew our strategic focus for a more robust and transformative growth.

Working against headwinds

Our biggest hurdle in the year was the constant uncertainties that taunted the nation's economy. The country's financial distresses were met with social unrest and political instability, which aggravated already dire economic conditions. As foreign currency reserves dropped to drastically low levels, its aftershocks rose uncontrollably. Importation of essentials became extremely difficult, resulting in dire shortages of many consumables, including medicine, gas and fuel. Inflation rose to decade-high levels as massive price surges of goods and services stifled consumer spending. Furthermore, monetary policy interventions resulted in significant rupee depreciation and higher financial borrowing costs.

In addition, the ban on vehicle imports cut into our industry's motor insurance segment, but was somewhat offset by premium growth due to an increase in vehicle prices in the domestic market. However, the full potential of premium growth was stifled through the import restriction, imposed in an effort to curb the outflow of foreign currency. The impact was significantly palpable since motor insurance forms more than half of the industry's general insurance premium. However by the fourth quarter of 2022, the overall industry recorded a growth of 10.3% over the previous year, with both life and general insurance sectors performing fairly well across the year.



CHAIRMAN'S STATEMENT

“CICPLC recorded an impressive performance by crossing the Rs. 5 Bn mark in GWP while Cooplife also reached a historical financial feat by surpassing Rs. 1 Bn in GWP in the financial year.”

A year of many firsts

CICPLC recorded an impressive performance by crossing the Rs. 5 Bn mark with a 12.6% growth in GWP while Cooplife also reached a historical financial feat by surpassing Rs. 1 Bn in GWP with a 34% growth in the financial year. The commendable increases were a result of channel expansions and agency sales force commitment to attracting new clientele and retaining existing business. In 2022, we established our bancassurance channel with Bank of Ceylon, opening up a new stream for new premium revenue.

The premium gathered through our motor insurance segment increased by 14%, while life premium rose by 33%. GWP from fire insurance rose by 49% while marine insurance related premiums also increased by 10% for our non-motor business. Furthermore, Net Written Premium of the group increased by 18% while CICPLC's net written premium rose by 15% and Cooplife's by 34%.

The Group posted an after-tax profit of Rs. 626.7 Mn while CICPLC and Cooplife posted after-tax profits of Rs. 457.8 Mn and Rs. 168.6 Mn, respectively.

With impacts on group profitability, CICPLC's underwriting and net acquisition costs increased by 10% in the year under review while operating and admin expenses increased by 27%. A 3% reduction in the company's tax expense also had a noticeable impact the bottom-line.

Total assets of the company grew by 6% to Rs. 10.4 Bn over the previous year, improving the company's financial position. Aside from growth in premium revenue, investment income recorded a 57% increase, owing to the higher rate of returns on fixed financial instruments. Investment income stood at Rs. 1 Bn, group-wide, with CICPLC receiving Rs. 771 Mn in total. Our investment portfolio expanded by 13% (group-wide) with CICPLC's portfolio expanding by 10% up to Rs. 6.4 Bn in the year under review. Other comprehensive income also reduced by 8% for CICPLC while the company's total comprehensive income dropped over the previous year.

Furthermore, sustainability and stability of our financial position was once again affirmed through a capital adequacy ratio (CAR), which was higher than the minimum regulatory requirements of 120% and the enforcement level of 160%.

Sharing value with stakeholders

As an insurer we carry the responsibility of sharing the financial losses of our clients. In the year under review, we distributed a total of Rs. 3.4 Bn in net claims (group wide), with a motor claims payout ratio of 62%. During the year total net claims and benefits provided to policyholders increased by 22% for general insurance and 43% for life insurance, over the previous year.

During the year, we welcomed over 85,510 new customers to our general insurance business apart from new life insurance policyholders. CICPLC continued to make product revamps and new digital services, while Cooplife continued to enhance their services to clientele.

In contributing towards the nation's economic and social development, we delivered a total of Rs. 147 Mn in taxes (group-wide). We also made several contributions to community projects, including religious activities and to promoting environmental sustainability. One such strategic effort was to announce our new insurance e-card for policyholders, with the aim of eliminating the impact of our plastic insurance cards on the environment.

Governance

In addition to the economic situation of the country which was beyond our control, as a company we faced another crisis due to the disputes among directors and due to that the company failed to comply with some regulations with the Colombo Stock Exchange (CSE) and Insurance Regulatory Commission of Sri Lanka (IRCSL). As a result, the company was led to halt and suspension of share trading and transfers to the watch list by CSE and suspension of the registration granted to Co-operative Insurance and Cooplife Insurance by the Insurance Regulatory Commission of Sri Lanka.

However, the company is now on the correct path and all the suspensions imposed by the IRCSL and CSE are lifted. Further, with the change of the leadership of the company, the new management is taking all the corrective actions to overcome the issues had by the previous management.

It is appreciated the involvement and actions taken by the IRCSL as per the law and as a regulator of the Insurance Industry to solve the issues which the company faced. IRCSL has proved that they are truly an independent body and they are always there for the protection of policyholders and their rights. Further to that, CSE and SEC also acted in a manner to protect the shareholders' rights during the crisis period.

Now we are stronger together than before as we learned a lot from our own history and are ready to serve in a better way to our existing customers and future customers. Further, we are now on a path to creating a better environment for our employees and are committed to giving our best to all our stakeholders. Hence I take this opportunity to invite all Sri Lankans to witness the excellence in products and services offered by Co-operative Insurance Company PLC.

Strategies for the future

In 2023, we will form relevant goals around our new strategic imperatives and the new strategic plan will be the blueprint towards achieving our ultimate focus - transformative growth. And truly transformative change will require repositioning the company and brand as a proactive solutions provider. This will not only require expertly planned brand communication and marketing strategies, but a prudent product and channel mix with technology-driven process optimisations and a team that is dynamic in every way. Moreover, we have the task of enhance the perceptions about insurance and to provide risk management solutions to all Sri Lankan.

Appreciating commitments

Achieving record-high premium growth and changing our strategic direction required converged efforts from our staff.

I am also thankful to the Board of Directors for guiding the company at a time when it faced transformations externally and internally. I also take this opportunity to thank the Insurance Regulatory Commission of Sri Lanka for providing the necessary direction in matters of regulatory importance. I am also thankful to the Insurance Ombudsman for supporting us in the events when complaint resolution was required.

Finally, I place on record, my appreciation to our Shareholders, Business Channel Partners, and the Co-operative community for being resolute in your support and confidence in us.



A.B. Senadira (JP)
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW



GWP Growth
12.6%

“The increase in revenue was a direct result of taking action to expedite our new strategic focus based on the corporate plan.”

W.A.L.W. Perera
Chief Executive Officer

Dear Stakeholder,

The year under review ended with several positive outcomes for the Company, preceded by compounding macroeconomic challenges. The 2022 massive economic downturn became the country's first such crisis in decades. Yet despite the shocks and turns, I am happy to report that Co-operative Insurance Company PLC had its best year in revenue, crossing Rs. 5 Bn mark in premiums for general insurance and Rs. 6 Bn as a Group. Our life insurance subsidiary Cooplife surpassed Rs. 1 Bn in premiums - demonstrating a praiseworthy performance amidst volatilities.

2022 was also a year of post-IPO work, with many transformative actions planned during the year. The growth in both general and life premium revenue was a result of a shift in our strategic thinking and operational pragmatism, which reflects the capabilities of our employees and partners and their defiance against unfavourable conditions.

Strategic approaches for transformative growth

Realising these broader objectives requires a deliberate and targeted focus on several strategic imperatives vital to unlocking the vision of the Company. These were established after reviewing our position within the industry and what would require us to reach the targeted market and brand position. While it will require focused efforts in the coming years, we have set ourselves the target of a paradigm shift – changing how people perceive insurance - not as an expense but as a solution to managing risks. To achieve this paradigm shift, there is a need for a strong brand association based on continued trust and relationship building. This perceptual change will enable us to reach untapped customer segments, paving the way for transformative growth.



CHIEF EXECUTIVE OFFICER'S REVIEW

Total Group net revenue improved by 19.3%, resting at Rs. 6.7 Bn after considering Rs. 5.2 Bn from CICPLC and Rs. 1.5 Bn from Cooplife.

The Company strategic direction and corporate plan have addressed the gaps we perceive as reasons for low insurance penetration in Sri Lanka and challenges in expanding our market share. At Co-operative Insurance, our future focus is based on proactive solutions that are diversified, simple and convenient, ones that are driven by technology, better rewards and a broader reach that takes us closer to untapped segments. As a company, we will focus on moving away from homogenous products, being mindful that insurance is a high-involvement product that requires us to serve the exact needs of varied market segments and individuals.

In addressing the challenge of providing need-based solutions, we have to strike a balance between motor and non-motor insurance within our portfolio. Presently there is a significant dependence on motor insurance premiums. Motor insurance accounts for 84%, while non-motor accounts for 16% of the total business. Creating a balance between these two segments is crucial in reaching a broader market base and imperative in expanding our portfolio. During the year, our increased efforts in non-motor insurance paved the way for international business with the P&I club and hull insurance. We see growth potential in this particular arena, pursued by our team with increasing momentum. In addition, we saw a commendable increase in our motor segment and the revenue of all our non-motor streams.

Financial performance

The group recorded a Gross Written Premium of Rs. 6.1 Bn - a growth of 15.7%, when compared to 2021. CICPLC recorded a GWP of over Rs. 5 Bn, a growth of 12.6%, whilst Cooplife's GWP surpassed Rs. 1 Bn against Rs. 840 Mn the year before. The motor insurance business recorded revenue of Rs. 4.2 Bn and a growth of 13.7%, while Non-Motor business (excluding life) recorded a 7% increase with a total of Rs. 837 Mn in business. The fire segment recorded a growth of 49% due to our increased efforts in promoting the insurance class. The net earned premium of both companies (CICPLC and Cooplife) increased, recording sums of Rs. 4.1 Bn and 1 Bn, respectively, for the year under review.

Company investment income increased during the year to Rs. 771 Mn, while the consolidated investment income for the Group was recorded as Rs. 1.2 Bn. Cooplife contributed an investment income of Rs. 415 Mn to the consolidated figure. Total Group net revenue improved by 19.3%, resting at Rs. 6.7 Bn after considering Rs. 5.2 Bn from CICPLC and Rs. 1.5 Bn from Cooplife.

Net benefits and claims increased by 24% to Rs. 3 Bn for the group, a direct result of Rs. 2.6 Bn paid out by CICPLC and Rs. 360 Mn by Cooplife. In addition the change in life contract liability has increased by 126% to Rs. 433 Mn. Group operating and administrative expenses recorded an increase of Rs. 392 Mn due to the significant price hikes. Premium ceded to reinsurers declined during the year, but not significantly.

Profit before tax for the Group stood at Rs. 763 Mn, as CICPLC recorded a PBT of Rs. 563 Mn and Cooplife at Rs. 199 Mn. Despite maintaining profitability, profits declined for the year ended 31st December 2022 when compared with the previous year's profit before tax. Profit after taxation amounted to Rs. 626.6 Mn for the Group. CICPLC's profit after tax was recorded as Rs. 457.7 Mn and Rs. 168.6 Mn for Cooplife.

Operational approaches towards transformative progress

In the year under review, we took several approaches to align our technological and digital pathways. As the first phase, we revamped the corporate website with significant improvements in user-friendliness and customer convenience. Apart from comprehensive information on solutions, the website now accommodates a digital portal for third-party insurance and premium payments. A new digital branch is now in effect with a dedicated team overseeing customer requirements. Moreover, we introduced an e-card for motor insurance customers - the first local insurance provider to offer this convenience. Another objective of this is to gradually reduce and ultimately eliminate the impact plastic insurance cards exert on the environment.

In the immediate term, we will focus on fully developing our core business system to facilitate existing business and new volumes. Necessary ICT investments will help us realign our focus and execute plans for expansions and portfolio diversification. Moreover, the core system and its modules will be crucial for productivity and efficiency by removing non-value-adding to enhance convenience and accessibility.

Taking customer engagement to a different level, the Company has created several interactive and informational social media campaigns during the year. Promotional videos and posters were created in-house with high involvement from management and staff members. This enabled us to communicate the right message interactively and effectively. During the year, the Company has revamped our motor insurance solution with a new brand name, 'SMART DRIVE'. SMART DRIVE reflects our belief that customers should receive a solution that considers what they truly need and based on affordability, amidst the rising cost of living. In satisfying these areas, we have created a solution with numerous options, including flexible payment solutions, for both personal and corporate customers.

In 2022, the Company has commenced plans to introduce a brand new health insurance solution to the market and at the beginning of 2023, the Company has introduced our flagship health insurance policy, 'Wellness Plus', a cover against 21 critical illnesses with the option of including family members in the plan. The first of its kind, Wellness Plus offers pre and post-hospitalisation covers and out-patient reimbursements, in addition to reimbursements for in-patient treatment, medical and surgical treatment.

GWP Growth Group

15.7%

GWP
(CICPLC)

13.7%

GWP Growth COOPLIFE

34%

Increase in Net Benefits and Claims
Group

24%

Increase Investment Income
(Group)

36%

CHIEF EXECUTIVE OFFICER'S REVIEW

Widening our presence

The saturation of our retail presence is one of our competitive assets. Our footprint has become one of the most robust in the industry, with more partner channels and business channels being merged each year.

With three new additions, our branches now stand at 119, alongside 113 service centres (MPCS) and 895 third-party centres throughout the country, covering 11 regions. During the year, we signed a memorandum of understanding with the Bank of Ceylon, taking our bancassurance partner base to seven. Moreover, we added over 37 new agents to our independent agent base (advisors), gathering over Rs. 1 Bn in premium revenue during the year. A new agency channel was established during the year to represent our non-permanent cadre, with oversight delegated to a dedicated channel manager. Moreover, our institutional agents and broker base increased during the year, contributing to Rs. 2 Bn in GWP.

To represent and manage our cooperative channel partners, we established a unit overseen by a Manager. The time was apt to put this into effect, as our cooperative sector partners have enabled us to branch out our presence to every locale across Sri Lanka.

Transformational future growth

Going ahead, we will focus on achieving strategic imperatives based on goals and action plans, which provide the blueprint towards several objectives – brand and market repositioning as a proactive risk management solutions provider and increasing market share through transformative growth strategies.

The brand and market repositioning that we envision requires a perceptual change in the mindsets of our employees and customers about what Co-operative Insurance represents.

Accomplishing the bigger picture will require many planned approaches, especially in creating a paradigm shift. Breaking down the broader objectives and vision, we will focus on strategies such as channel expansions by incorporating new branches and partner channels. A simultaneous focus will be portfolio diversifications, where we will fill portfolio gaps and address exact customer requirements under the principles of affordability and inclusivity. Further, new solutions through reliable insurance policies to existing clientele and new markets will be pursued.

While new solutions and channels will undoubtedly pave the way towards entering new markets and building a new base of customers, retaining the existing customer base will also be at the heart of our agenda. We will continue to strengthen customer retention approaches through improved service levels alongside frequent customer engagement to provide entirely personalised policy schemes. Moreover, several value-added services are being planned-out and will be introduced in time to come, in addition to customer loyalty rewards.

Our team will focus more on balancing the motor and non-motor portfolios. New businesses in non-motor areas, such as fire and engineering, marine, medical and miscellaneous insurance segments will be the central focus in striking this balance. However, this does not entail a reduced focus on our motor segment. More value-added services will be pursued as we will provide our motor customers more freedom and flexibility in getting the insurance plan that caters to what they need and their financial capacities.

Moreover, technology will play a chief role in realigning and improving processes. This will take centre stage alongside process re-engineering to simplify functions such as claims processing. The underwriting process will be aligned to accept new risk management solutions. Hence, targeted training for our underwriters to think differently will be imperative.

Top-line growth will be pursued through a prudent mix of channels and products. A productive, well-balanced portfolio distributed through a well-selected blend of media will be the key to unlocking the next milestone in revenue and increasing profit exponentially.

There are several plans afoot in expanding our reach. In the coming year, we will also focus on cross-selling, up-selling and direct marketing through a dedicated team. This will be in addition to alternative business channels, such as tie-ups with companies from various sectors. To leverage the existing client base and attract new market segments, we will build direct sales teams stationed at branches and the head office to act on new lead generation and secure new business.

Sincere gratitude

I am immensely thankful to the entire team at CICPLC for taking every step with determination. Whether bringing in new business or helping the community, every staff member dedicated time and talent to create value for the company and our stakeholders. My gratitude also goes out to the Shareholders, Board of Directors of CICPLC and Cooplife.

I also thank the Insurance Regulatory Commission of Sri Lanka for their assistance and guidance to us and the industry. I extend my appreciation to all our Business Partners, including brokerage companies, agents, cooperative society partners and rural banks, bancassurance partners and other alternative partners. My gratitude also goes to our reinsurance partners and other service providers for helping us across the year.

I am optimistic that in working side-by-side, we can continue to create mutual value and receive support in creating a secure future for all.



W.A.L.W. Perera
Chief Executive Officer

BOARD OF DIRECTORS AND PROFILES - CICPLC



①
Mr. A.B. Senadira
Chairman

③
Mr. K.S.S. Weerasekera
Director

②
Mr. D.L. Samarawickrama
Vice Chairman

④
Mr. D. Thilakawardana
Director



⑤
Mr. A.A.J. Amarasinghe
Director

⑧
Mr. T.B.H. Kumara
Director

⑥
Mr. M. Widanagamage
Director

⑨
Mr. Lalith Waragoda
Director
(appointed on 09th June 2023) - Not available in picture

⑦
Mr. P.B. Jayarathna
Director

BOARD OF DIRECTORS AND PROFILES - CICPLC

1. Mr. A.B. Senadira

Chairman

Non-Executive, Independent Director

Mr. Senadira is the Chairman of CICPLC and New Thalawakale MPCs Ltd. He holds several Directorships, which includes the Boards of the Sri Lanka Consumer Co-operative Federation, the Co-operative District Council Nuwaraeliya, the Central Province Rural Bank Union Ltd. and he is also Chairman of the Senadira Savindhi Transport Agency (Pvt) Ltd.

2. Mr. D.L. Samarawickrama

Vice Chairman

Non-Executive, Non-Independent Director

Vice Chairman of CICPLC, Mr. D.L. Samarawickrama is also a Director on the Board of Cooplife Insurance Limited. He is the Chairman of the Colombo South Co-operative Society Ltd., and he is also a Director of the Colombo District rural bank Federation.

3. Mr. K.S.S. Weerasekera

Director

Non-Executive, Non-Independent Director

Former Chairman of Co-operative Insurance Company PLC, Mr. Weerasekera is a veteran from the Co-operative sector of Sri Lanka. He chairs several co-operative society entities while holding the position as Chairman of Co-operative Insurance Company PLC during the year 2022. He leads the Weligama MPCs Ltd. as its Chairman, the Sri Lanka Tea Producers Co-operative Society Ltd Union as its Chairman, Vice Chairman of Matara district Co-operative Rural bank Union, the Chairman of the Matara District Tea Producers Co-op Society Ltd, the Vice Chairman of the National Co-operative Council of Sri Lanka and Director of the Matara District Co-operative Council.

4. Mr. D. Thilakawardana

Non-Executive, Non-Independent Director

Mr. Thilakawardana serves the Post and Telecommunication Co-operative Society as a Director.

5. Mr. A.A.J. Amarasinghe

Non-Executive, Independent Director

Mr. Amarasinghe is the Vice Chairman of the Wennappuwa Multi-Purpose Co-operative Society Ltd and the Director of the Kammal Pattu Coconut Producers Co-operative Society Ltd.

6. Mr. M. Widanagamage

Non-Executive, Independent Director

Mr. Widanagamage is the Chairman of Beliatta Multi-Purpose Co-operative Society Ltd. also he is the Vice Chairman of the Hambanthota District Co-operative Rural Bank Union Ltd and the Hambanthota District Co-operative Council.

7. Mr. P.B. Jayarathna

Non-Executive, Independent Director

Mr. Jayarathna is the Chairman of the Nochiyagama MPCs Ltd. He also serves as the Vice Chairman of the Anuradhapura District Co-operative Council. In addition, he is a Director on the Boards of the North Central Province Consumer Co-operative Association Limited.

8. Mr. T.B.H. Kumara

Non-Executive, Independent Director

Mr. Kumara serves the boards of the Sri Lanka Co-operative Marketing Federation Ltd. as a Director and on the Board of the Colombo District Co-operative Rural Bank Union Ltd. as Director. He also serves as the Chairman of the Kolonnawa Multi-Purpose Co-operative Society Ltd.

9. Mr. L. Waragoda

Director

(appointed on 9th June 2023)

Mr. Waragoda is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) with 35+ years exposure in external and internal auditing, financial management, human resource management and general business administration in shipping & logistics, manufacturing and trading enterprises, including in few multinational corporations (MNCs).

Mr. Waragoda hold an MBA from Postgraduate Institute of Management, (PIM) - affiliated to the University of Sri Jayewardenepura and has completed Diploma in Taxation (CA Sri Lanka) and Advanced Certificate in Executive Management (PIM).

Mr. M.G.U.P. Kumara

Managing Director

(from 15th June 2022 - 09th June 2023)

Executive, Non-Independent Director

Mr. Kumara was the CEO/MD of Co-operative Insurance Company PLC, with an extensive career in insurance.

Mr. Kumara holds a B.Com (Special) degree from the University of Sri Jayewardenepura, an MBA from the Cardiff Metropolitan University (UK), an MSc in Applied Psychology and Behavior Change from Cardiff Metropolitan University (UK).

Furthermore, he holds memberships as a Fellow Member of the Chartered Insurance Institute (FCII), as a Senior Associate of Australian and New Zealand Institute of Insurance and Finance (ANZIIF) and as an Associate of the Chartered Marketing Institute – (ACIM). Mr. Kumara serve to the Board as Managing Director with effect from 15th June 2022 to 09th June 2023.

BOARD OF DIRECTORS - COOPLIFE INSURANCE LIMITED



①

Dr. W. Lalith A Peiris
Chairman

②

Mr. R. Sooriyaarachchi
Vice Chairman

③

Mr. K.R.W. Ranasinghe
Managing Director

④

Mr. D.L. Samarawickrama
Director

⑤

Mrs. W.P.M. Chathurani
Director

⑥

Mr. K.J. Sesiri
Director

BOARD OF DIRECTORS - COOPLIFE INSURANCE LIMITED

DR. W. Lalith A Peiris

Chairman

Dr. W. Lalith A. Peiris is the Chairman of Cooplife Insurance Limited and Co-operative Insurance Training Academy (CITA) previously he served as Chairman of Co-operative Insurance Company PLC and the National Co-operative Council of Sri Lanka. Additionally, Dr. Peiris extends his service as the Chairman of Wennappuwa Multi-Purpose Co-operative Society Ltd. In addition he is a Director of Wayamba Co-operative Rural Bank Federation and Chairman of Chilaw District Co-operative Council.

Mr. R. Sooriyaarachchi

Vice Chairman

Mr. Sooriyaarachchi serves as a member of the Board of Cooplife Insurance Limited. He is the Chairman of the National Housing Development Authority. In past, he chaired both Gampaha District Rural Bank Union Limited and Puttalam Salt Limited. Further he was a Director of the Road Development Authority and Sri Lanka Co-operative Rural Bank Federation Ltd. Mr. Sooriyaarachchi served Co-operative Insurance Company PLC as a Director for 08 years.

Mr. K.R.W. Ranasinghe

Managing Director

Mr. Ranasinghe is the Managing Director of Cooplife Insurance Limited and Co-opinsu Training Academy (CITA).

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and the Society of Certified Management Accountants Sri Lanka (FSCMA). He is also a member of the Institute of Data Processing Management UK (LIDPM). He holds an MBA from PIM and B.Sc. Management (Special) Degree from University of Sri Jayewardenepura.

He possesses over three decades of expertise and experience in both the public and private sectors. Mr. Ranasinghe also acts as a Director of Prime Engineering Lanka (Pvt) Ltd, Prime Teleservices (Pvt) Ltd and Sirioya Hydro Power (Pvt) Ltd. In addition, he has served as a Director at Laugfs Group and has also held the positions of CEO and CFO.

Mr. D.L. Samarawickrama

Director

Mr. Samarawickrama serves as a member of the Board of Cooplife Insurance Limited, in addition to his service on the Boards of several Co-operative sector entities. He is the present Chairman of the Colombo South Cooperative Society Ltd. In addition to these positions he also serves on the Board of CICLPLC as Vice Chairman and also serves as a Director of Colombo District Rural Bank Federation.

Mrs. W.P.M. Chaturani

Director

Mrs. Chaturani has a longstanding experience in the field of Accounting and Auditing and she is a member of the Institute of Chartered Accountants of Sri Lanka (ACA) and Certified Management Accountants of Sri Lanka. In addition to her role as a Director of Cooplife Insurance Limited, she also extends her professional services as a Partner at PE Mathew & Company. She has graduated in the field of physics from the University of Colombo.

Mr. K.J. Sesiri

Director

While serving as a Director of Cooplife Insurance Limited Mr. Sesiri extends his service as Vice Chairman of Matara District Co-operative Council and Matara District Tea Producers, Co-operative Society Union. He is also the Chairman of Beralapanathara Multi-purpose Co-operative Society and a Director of Matara District Co-operative Rural Bank. Further he is the immediate past Vice Chairman of Co-operative Insurance Company PLC. Mr. Sesiri holds a special degree in Bachelor of Management Science.

CORPORATE MANAGEMENT TEAM - CICPLC



W.A.L.W. Perera
Chief Executive Officer



M.S. Rasanjali
Chief Financial Officer



L.A.N.C. Weerasinghe
General Manager -
Sales & Marketing



K.M. Jayasundara
Assistant General Manager -
Regional



N.D. Baduraliya
Assistant General Manager -
General Insurance



M. Nanayakkara
Assistant General Manager -
Technical



A. Sumith
Manager - Human Resource



H.S.P.I.G.P. Wijerama
Manager - Legal



N.N.D. DE Silva
Manager - Administration
& Logistics



D.Y.A. Liyanage
Head of Information
Technology



D.D.S. Gamage
Manager - Finance and
Operation



J.M.H. Jayasinghe
Senior Manager -
Motor Underwriting



A.H.T. Priyadarshani
Manager - Reinsurance



I.P. Pushpakumara
Motor Engineer



C.D. Nugegoda
Manager - Risk & Compliance



Jayantha De Silva
Consultant - Marine Insurance

CORPORATE & SALES MANAGEMENT TEAM - COOPLIFE INSURANCE LIMITED

Corporate Management Team



K.R.W. Ranasinghe
Managing Director/CEO



D.U.P. Rajapakse
General Manager - Sales & Marketing



S.G. Rathnapala
Senior Assistant General Manager - Sales



G.N. Kettipearachchi
Manager - Underwriting



R.T.K. Hakmana
Manager - Claims & Servicing



B.S. Mendis
Compliance officer



P. Jayathunga
Assistant Accountant



O.V.J. Chandula
Assistant Manager - Actuarial

Sales Management Team



A. Ranjith
Zonal Sales Manager - Northern



R.M.K. Rajakaruna
Senior Regional Manager - Anuradhapura



K.A.E.C. Perera
Regional Manager - Colombo



B.A.H. Kokila
Regional Manager - Southern



K. Kanathipan
Regional Sales Manager - Chunnakam



W.M.A.K. Wijesundara
Regional Sales Manager - Nikaweratiya



R.M.A.B. Madawala
Regional Sales Manager - East



K.G.A. Gongalegoda
Assistant Regional Sales Manager - Kandy

SENIOR MANAGEMENT TEAM - CICPLC



W.D.K. Gunasena
Manager - Finance



G.D.V.S. Fernando
Senior Manager -
Non-Motor



C.N. Kaludewa
Manager - Brand



R.A.A.K. Rathnayaka
Manager - Motor Claims



S.R.S. Epa
Manager - Non-Motor
Underwriting



P.W.S. Kumara
Manager - Non-Motor



M.E.K. Fernando
Manager - Motor Claims



I.S.W. Delgoda
Manager -
Non-Motor Underwriting



N.V.P. Jagathsiri
Zonal Manager - Southern



M.G.U.N. Bandara
Zonal Manager -
Colombo East



D.A.C. Hasantha
Zonal Manager - Colombo
North



K.G.S.P. Rathnayake
Zonal Manager - North West



A.D. Paranavithana
Assistant Regional Manager



A.I. Bandara
Assistant Regional
Manager - Southern



S. Premkumar
Assistant Regional
Manager - North



R.M.S.K. Ratnayake
Area Manager



D.S. Waththuhewa
Area Development Manager



W.S.N. Fernando
Senior Manager -
Corporate Division



R.M.B.K. Ratnayake
Manager - Broker Services



P.G.D.R. Kumara
Head of Agency Channel



A.N.M. De Alwis
Manager- 3rd party
Channel Development



H.L.N.T. Gunawardena
Assistant Manager -
Human Resource



E.M.N. Nayanangani
Assistant Manager -
Marketing



T.A.M.T.L. Wickramasinghe
Assistant Manager -
Non-Motor

SENIOR MANAGEMENT TEAM - CICPLC



L.D.S. Liyanarachchi
Assistant Manager -
Non-Motor Claim



J.S.P. Kumar
Assistant Manager -
Administration



K.P.R.I. Wijesinghe
Assistant Manager -
Internal Audit



H.P.D.K. Kumarathunga
Assistant Manager -
Internal Audit



P.N.C. Samarakkody
Assistant accountant



G.C.P. De Silva
Assistant Manager -
Motor Underwriting



J.K.A.H.R.P. Gunawardhana
Assistant Manager -
Non-Motor



G.H.K.M. Dhammika
Assistant Manager -
Bancassurance



S. Jayarathna
Assistant Manager - Stores



R.K. Kapila
Junior Engineer



C.P. Ranasinghe
Junior Engineer



K.P.J. Kumara
Junior Engineer



I.K. Perera
Officer in Charge - Postal Division



K.K.S. Chanaka
Area Manager



H.P.C. Jayasekara
Area Manager



A.P.S. Gayan
Assistant Manager -
Regional Underwriting



W.T. Randika
Assistant Manager -
Regional Underwriting



S.I. Jayalath
Assistant Manager -
Regional Underwriting



W.N.V. Sumanajith
Junior Engineer

BRANCH MANAGEMENT TEAM - CICPLC



P.P.L.D. Perera
Malabe



P.R.A.B. Udurawana
Kandy



S. Rathnayake
Kurunegala



L.R.B. Gunawardane
Kiribathgoda



M. Mallwarachchi
Maharagama



K. Jeerasinghe
Akuressa



R. Dayaratne
Rathnapura



R. Srinath
Kaluthara



N. Fernando
Negombo



G.S.R.D.K. Perera
Nugegoda



P.P.K. Jayasinghe
Ambalanthota



P.K.L.P. Peramuna
Embilipitiya



A.H.M.S.M. Abeyrathna
Wennappuwa



A.D. Kanishka
Horana



G.G.S.P. Neranjan
City



H.M.N.P. Priyankara
Kegalle



U. Wickramasinghe
Avissawella



L.J.L. Jayasinghe
Nittambuwa



R.C. Gunasekara
Kekirawa



H.E.A.P. Edirisooriya
Metro



H.K. Jayantha
Deniyaya



W.M.S. Bandara
Nikaweratiya



R.A.S.N. Dharmasiri
Monaragala



M.F.M. Numais
Trincomalee



T.M.U. Tennakoon
Kurunegala North

BRANCH MANAGEMENT TEAM - CICPLC



H.L. Rajawasam
Karapitiya



K.M. Thewapperuma
Mathugama



H.M.A.C. Herath
Kaduwela



P.M.P.S. Kumarasinghe
Giriulla



K.A.N.S.M. Fernando
Ja-Ela



D.S.S.M. Kulathunga
Aluthgama



R.M.I.U. Rathnayake
Melsiripura



D.C.C. Fernando
Chilaw



D.K.W. Dewakaluarachchi
Thissamaharama



R.K. Madanayake
Polonnaruwa



W.V.P.N. Vinodani
Ampara



H.T.M.S. Perera
Kadawatha



A.P.P. De Silva
Badulla



H.M.J. Herath
Kuliyapitiya



P.A. Weraniyagoda
Elpitiya



G.D. Kariyawasam
Neluwa



A. Ruwanthana
Kirindiwela



H.M. Karunaratna
Thambuttegama



L.H.A. Kumara
Kalawana



A.A.P. Kumara
Rikillagaskada



S.B. Sampath
Bandarawela



H.M.P. Silva
Corporate Branch



H.M.P. Dharmarathne
Mahiyanganaya



E.M.N.K. Ekanayake
Gampola



M. Sulaxshan
Jaffna



A.P.M.P. Jayasekara
Galewela



S. Wasantha
Dambulla



W.S.N. Kumara
Pelmadulla



R.M.A. Rajanayake
Katugasthota



M. Perera
Battaramulla



G.L.D. Gamage
Nuwaraeliya



E.G.S. Nidarshana
Wellawaya



T. Thushanth
Kilinochchi



W.N. Fonseka
Thalawathugoda



E.V.A.D.C.N. Perera
Walasmulla



M.M.D.P.T. Perera
Dehiwala



N. Rajakulendran
Hatton



M.A.H.H. Manchanayake
Dankotuwa



L.M.A. Ranaweera
Narammala



R.M.T.D. Rathnayake
Kalmunai



P.M.J.R. Perera
Eheliyagoda



L.R. Buddadasa
Medawachchiya



H.S. Lokuliyana
Baddegama



T.H.K.K. Heenliyadda
Digana



H.S. Dissanayake
Welimada



M.G.C.W. Meegaskumbura
Kanthale



S.S. Rathnasiri
Galenbidunuwewa

BRANCH MANAGEMENT TEAM - COOPLIFE INSURANCE LIMITED



P.N.P. Jayasinghe
Kurunegala



S.D.D. Ramanayake
Kegalle



H.N. Bandara
Kekirawa



C.M.S. Chandrasekara
Kuliyapitiya



S.P.U.N. Swarnalatha
Nikaweratiya North



R.M.A. Kumara
Monaragala



E.M.S.K. Ellepola
Dambulla



M.A.S. Ekanayaka
Gampaha



W.P.N. Wijesinghe
Alawwa



R.P. Chaminda
Homagama



R.M.W.P. Rajapaksha
Galenbindunuwewa



R.A.N. Thilakarathna
Balangoda



B.G.P. Mangalika
Maharagama



K. Nixon
Manipay



R.M.T. Rathnasiri
Mahiyanganaya



M.P.Y.R. Patabedige
Polonnaruwa



M.M.A.S. Indika
Akuressa



K.A.P. Fernando
Chilaw



S.J.C. Sellahewa
Nuwara - Eliya



S.E.N.S.P. Kumara
Galle



V. Rukgini
Jaffna Metro



C.A.H.M.D.C. Chandrasekara
Mahawa



D.M.J. Dasanayaka
Kurunegala 02



G. Asoka
Kandy 02



U.P.K. Rodrigo
Moratuwa



K.D. Basil
Morawaka



S.G.R.W. Kumara
Wariyapola



P.P.M. Priyantha
Wennappuwa



K.M.M.P. Premarathna
Anamaduwa



M. Sriyanilatha
Galgamuwa



R.A.P.S. Pushpakumari
Katugasthota



Y.G.S.C. Premachandra
Siyambalanduwa



W.S.R. Wickramapala
Medawachchiya



X.J.R. Dalima
Mannar City



R. Niroshan
Nelliyadi



S.P.D.P.N.N. Chandani
Paduwasnuwara

MDRT QUALIFIERS OF COOPLIFE INSURANCE LIMITED FOR THE YEAR 2022



Mr. T. Sinthujan
Chunnakkam Branch
COT 2021, MDRT 2020,
MDRT 2 22



Mr. Nishanthan
Nelliady Branch
COT 2022



Ms. Illangakoon
Nikaweratiya Branch
MDRT 2020, MDRT 2021,
MDRT 2022



Mr. K.G.A. Kalugala
Kandy Branch
MDRT 2021, MDRT 2022



Ms. Niraja
Jaffna Metro Branch
MDRT 2022



Mr. Kumara
Kurunegala Branch
MDRT 2022



Mr. S. Sajeeth
Chunnakkam Branch
MDRT 2022



Mr. J. Thuvaragan
Chunnakkam Branch
MDRT 2022



COOPLIFE
Insurance






DISTRIBUTION CHANNELS

Our channel partners including our dedicated sales force made commendable contributions to GWP.

CICPLC

Contribution to GWP - 2022

	LKR	%
 Individual agents	Rs. 2,603 Mn	21
 Brokers	Rs. 2,032 Mn	40
 Other	Rs. 451 Mn	09

LIFE

Contribution to GWP - 2022

	LKR	%
 Individual agents	Rs. 1,109 Mn	99
 Others	Rs. 6 Mn	01

RISK MANAGEMENT

Exposure to any type of risk is unavoidable, and its impact is highly probable for any business process or activity. At Co-operative Insurance, several risks impact our daily operational context, the strategic direction and stakeholders. However, how we identify risks and mitigate them can define the level of growth and the confidence of stakeholders we receive. Being in the service of managing risks, we have a responsibility to inculcate a culture of risk consciousness across the company. We reinforce this through awareness building and adherence to control mechanisms that are the responsibility of those within the risk management governance structure and also a concern of all employees.

The framework

Our risk management framework supports several objectives to safeguard the business and interests of our stakeholders. While the objectives underpin the framework, an end-to-end risk management process and a risk governance structure set the risk management framework in motion.



Objectives of managing risks

The risk management framework begins with several objectives, ensuring that our activities align with strategic priorities.

Identifies and Evaluates Risk

Based on internal and external changes we identify risk exposures apart from those already material to the company.

Reduce and Mitigate risk

Establish proper control mechanisms to buffer risks' impacts and evaluate mechanism effectiveness

Supports Efficient Use of Resources

Risk management provides a proactive approach to allocating resources and maximising them

Better Communication of Risk within the Organisation

Relevant lines of defence enable proper communication of risks identified and control mechanisms

Reassures Stakeholders

Risk management reduces risk exposures and adverse outcomes, thereby protecting stakeholder interests

Support the Continuity of the Organisation

Risk management provides the leverage and buffers to weather risk exposures and support business continuity

The risk management system used by CICPLC is broad and comprehensive and includes Control Mechanisms for all risk exposures. These risk exposures are routinely reviewed, and action is taken to realign them with further exposures that could come from regulatory and macroeconomic developments, which could negatively impact the insurance industry. The design of the Control Mechanisms ensures efficient risk monitoring and mitigation. The Risk Management Committee, Internal Audit, Audit Committee, Compliance Officer, Business Unit Heads, and the External Auditor all share responsibility for efficiently identifying and managing our risk.

Risk management process

In managing risks that are material to us, we follow a comprehensive risk management process. Adhering to the process sets a structured approach to governing risk management without an ad-hoc approach.



Risk identification

The first step of our risk management process is to identify all key areas of risk that we may face exposure to, based on our core business activities. We have identified all such areas of risk and sub risks, which could pose any level of impact on our ability to create value, over time. At CICPLC our risk identification is done manually and identified risks are noted down manually and are updated in the risk register.

Risk analysis

Risks identified as having potential impact on our business are then analysed in order to determine the scope of the risk. It is important to establish the connection between the risk and various variables within CICPLC. In determining the intensity and the level of seriousness associated with any particular risk, we have to identify business functions that could be affected by such risk factors; this is important as certain risks could affect the entire organisation, which could result in a complete standstill of operations. However, there are also risks that carry insignificant levels of impact. Our analysis of such risks is conducted manually.

The Company assesses and documents its risk at various levels of the organisation's functions and examples of this function are as follows:

- Strategic risk assessment

Evaluation of risks relating to the organisation's mission and strategic objectives, and typically performed by senior management teams in strategic planning meetings.

- Underwriting risk assessment

Underwriting risk refers to the risk of uncontrollable events or an inadequate risk assessment while writing an insurance policy. If the insurer underestimates the risks of expanding coverage, it may result in higher payouts than the premium collected.

- Financial risk assessment

The accounting department and audit team monitors the external environment to assess credit risk, investment and market risk exposures, based on financial markets and financial service providers. Liquidity risk is another focus assessed by monitoring the cashflow, investment portfolio etc.

- Operational risk assessment

Business process owners evaluate the risk of their operational activities and continuously improve their processes and takes steps to mitigate the risk involved. Moreover, evaluation of the risk factors relative to the organisation's compliance obligations and this assessment is performed by Compliance Officer.

Risk prioritisation

Once analysed, risks are then ranked and prioritised, as there could be varying risk categories based on the severity of risks identified and analysed. A risk that could affect the business insignificantly is rated very low or low on the scale while those with high impact receive the rating of 'catastrophic'. This nature of ranking enables us to ascertain a realistic understanding of how we will be exposed to varying risks. Although low level risks may not warrant immediate intervention, high-rated risks will call for immediate controls and mitigation, with interventions from the management and the Board.

Mitigation or control

Based on their level of impact, each risk exposure will be contained or eliminated to the best possible extent. In a manual risk management environment such as ours, we engage with each stakeholder to understand the best possible solution.

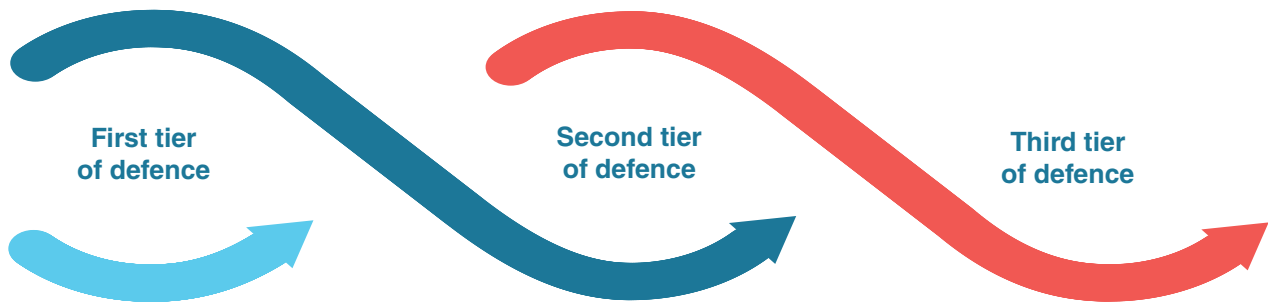
Monitoring and reporting

Risks that have been identified, analysed, prioritised and controlled, will continue to undergo monitoring by the relevant authorities of the company. In this regard, business heads, committees, the audit and compliance teams will undertake appropriate interventions according to their level of responsibility. They will maintain regular communication with the relevant line of command.

RISK MANAGEMENT

Risk management structure (risk governance)

CICPLC's structure for risk management is based on the Three Lines of Defence. This three-tiered model enables us to maintain a structured approach to risk management with clear line of authority and oversight over risk.



Heads of Business Units	Internal And External Audits	Compliance Officer/Audit Committee / Risk Management committee
<ul style="list-style-type: none"> Monitor external environment for risks and impacts through feedback from field staff, business partners and customers Design suitable risk management frame work Risk management committee / Business process reengineering committee formed at the level of operational management - identifies, evaluate and assess the potential risks. Analysing the controls in place and design new controls as required Implement action required to mitigate the risk identified in the company Monitor performance of risk management action. 	<ul style="list-style-type: none"> Conducts audits regularly across accounting, internal systems, and operations to measure adequacies and recommend improvements. Conducts investigations for known mal-practices concerning recovery and losses Strengthen control systems and deterrents 	<ul style="list-style-type: none"> Monitor effectiveness of risk management methods Recommend risk controlling measures to the Board Empower the responsible personnel to take appropriate actions to control risks

The Board of Directors holds the ultimate level of responsibility. The Board is entrusted to ensure a prudent risk management framework that addresses risks of all identified risk areas.

Reporting line summary

The internal audit team reports to the Audit Committee on Findings with recommendations, and the Risk and Audit Committee, which will review risk management practices and ensures that control mechanisms are in place. The Committee reports directly to the Board and assists Board Members by providing recommendations. The Manager Risk & Compliance is the secretary of the Risk Management Committee and reports to the Risk management Committee and Committee Chairman reports to the board. The Audit Committee is chaired by the Audit Committee Chairman and reports to the board through the Committee Chairman.

Audit Committee

The Board appoints the audit committee, granting them oversight on the appropriateness of the risk management process, including risk assessment and control and mitigation

Members	Reporting	Responsibilities
Committee Chairman Secretary 2 independent non-executive directors	to the Board	<ul style="list-style-type: none"> Evaluating and scrutinising risk monitoring, evaluation and management Review the adequacy and effectiveness of the company's accounting and internal controls and risk management systems; and Monitor and review the effectiveness of the internal audit function Review and monitor the auditor's independence, objectivity and the effectiveness of the audit Review the management letter, management's response and the auditor's recommendations.

Internal audit team

The team conducts assessment of risks and control mechanisms and ensures that the company has met with relevant control mechanisms as well as regulations.

Members	Reporting	Responsibilities
Manager Audit Assistant Managers Audit Executive / Junior Executive Audit Assistance	The team reports to the audit committee	<ul style="list-style-type: none"> Identify the audit scope and developing annual audit plans. Measuring the Company's health in risk management, operations and how well we apply controls in day-to-day work. Recommendations to rectify unhealthy conduct and mismanagement in internal controls and risk mechanisms Periodic and random audits to ensure compliance by employees and management. Gathering, Analysing, evaluating, accounting documentation, reports, data, and flowchart. Following up the audit to monitor the management's intervention.

Risk management committee

The committee has oversight on the application of risk controls in business operations, appointed by the Board.

Members	Reporting	Responsibilities
Committee Chairman Secretary Executive Director CEO	To the Board	<ul style="list-style-type: none"> Oversee the executive team to ensure that they have identified and reviewed all relevant risks and has established a risk management framework that can address such risks Oversee applicable risks (mentioned under areas of risk within this review) in conjunction with the Board and Board Committees Has oversight on dividing risk-related responsibilities to each board committee and conduct a gap analysis to see any gaps in oversight of risks Together with the Board, approve the risk management framework

RISK MANAGEMENT

Internal developments

In 2022, several internal changes took place in improving how we manage our risks, while resolving several gaps, previously identified.

- Recruitment of a Manager Risk and Compliance
- Implementation of the Risk register
- Risk and audit department changes

Risk landscape of 2022

Our operating environment experienced several uncontrollable aspects throughout 2022. Given the compounding adverse effects of the economic crisis, we were compelled to continuously assess the external environment in mitigating the effect of macroeconomic impacts on the strategic, underwriting-related, financial and operational activities and interests of the company.

Risk environment

Macroeconomic	<ul style="list-style-type: none"> • Devaluation of the rupee • Downgrade of the sovereign rating • Increasing inflation and lower disposable income has a negative impact on premium collection. • Imbalance in vehicle price resulting in constant fluctuations which have a high impact on insurance values. • Exchange rate/interest rate • Limitation in new business due to vehicle import restriction • Shortage in the inflow of foreign currency • Increasing capital market volatility • Increased prices due to exchange rate inflation
Technology	<ul style="list-style-type: none"> • Rapid changes in technology, especially in AI and process automations. • Increasing cyber security threats due to increasing digitalisation • Increasing use of digital platform
Health	<ul style="list-style-type: none"> • High level of uncertainty will lead to increasing demand of life insurance and health related products • Increasing claims

Social	<ul style="list-style-type: none"> • Public unrest through various protests and gatherings • Considerations of health and safety in work place • Adapting to the remote working environment • Increasing usage of technology and reduced social interactions
Regulation and compliance	<ul style="list-style-type: none"> • Implementation of IFRS 17 was deferred to January 2025, however it creates significant impact on the group operations and the system needs to be upgraded and redeveloped according to the requirement. • Need to adopt steps to fulfil the gap identified in implementation of IFRS 17
Impacts from COVID-19	<ul style="list-style-type: none"> • Slow down of economic growth • Possibility of new COVID variants • Possibility of new infections, therefore, the possibility of mobility restrictions • Continuation of certain work from home arrangements
Climate change	<ul style="list-style-type: none"> • Costs of climate change concern us especially as they affect business and customers due to property and vehicle damages.

Risk register

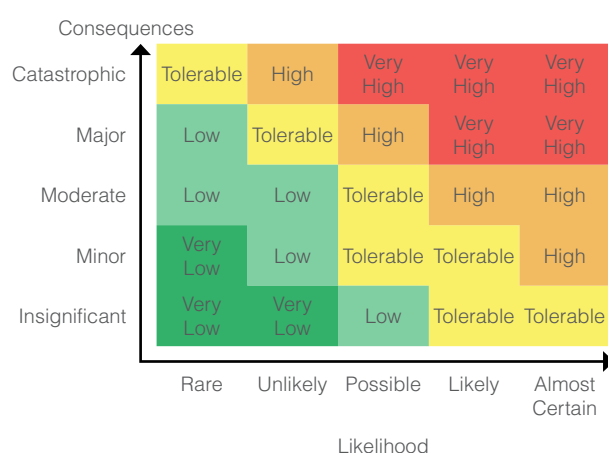
In continuously assessing risks that impact our business activities and stakeholder interests the Manager Risk and Compliance maintains a risk register. Developed and adopted in 2022, the register covers all risks that affect every function of the company. The Manager Risk and Compliance maintains the register regularly in identifying potentially threatening areas of risk and in developing correct mitigation and control mechanisms. The register also doubles as a tool for monitoring the progress of risk mitigation action.

While the Manager of Risk and Compliance conducts Risk Assessments regularly, the Internal Audit Team also undertakes assessments when conducting internal audits.

Risk appetite and tolerance

Risk appetite is the level of risk that we can safely accept, which would have a healthy level of impact on our strategic objectives and routine operations. This is determined by how each risk ranks on the risk rating model (provided below).

Risk rating



Severity of Impact:

Catastrophic – 5 Major – 4 Moderate – 3 Minor – 2 Insignificant – 1

Likelihood of Occurrence:

Almost Certain – 5 Likely – 4 Possible – 3 Unlikely – 2 Rare – 1

The risk rating model is a tool that enables us to assess and prioritise risks based on their likelihood (probability) of occurrence and the consequential impact of each risk in relation to specific objectives of the organisation.

Risk Rating Category Description

Risks that impact our business are segregated into five categories based on the severity of impact and the likelihood of occurrence. Each category has been clearly defined with its own description of how risks should be mitigated or controlled.

- Very Low - No further action is necessary other than to ensure that the controls are maintained.
- Low - No additional controls are required unless they can be implemented at a very low cost (in terms of time, money and effort)

- Tolerable - Consideration should be given as to whether the risks can be lowered where applicable to a tolerable level, and preferably acceptable level, but the costs of additional risk reduction measures should be taken into account. The risk reduction measures should be implemented within a defined period.
- High - Significant efforts should be made to reduce the risk. Risk reduction measures should be implemented urgently within a defined period, and it might be necessary to consider suspending or restricting the activity or applying interim risk control measures until this has been completed. Considerable resources might have to be allocated to additional control measures.
- Very High - Significant improvements in risk control are necessary so that risk is reduced to a tolerable or acceptable level.

Areas of risk

- The company runs its risk management process across several key categories of risks, with general and industry-specific risks that impact operations, our strategic direction and stakeholder interests.
- We assess the impact of these risks regularly by monitoring the external and internal operating environments. Based on our findings, we then adjust the risk rating and control mechanisms, accordingly.

Strategic Risk	<ul style="list-style-type: none"> • Business Risk • Economic and Political Risk
Underwriting Risk - General	<ul style="list-style-type: none"> • Exposure Risk • Reinsurance Risk • Claim Settlement Risk • Reserving Risk
Underwriting Risk - Life	<ul style="list-style-type: none"> • Reinsurance Risk • Claim Settlement Risk
Financial Risk	<ul style="list-style-type: none"> • Credit Risk • Investment Risk • Liquidity Risk • Market Risk
Operational Risk	<ul style="list-style-type: none"> • Human Resource Risk • IT Risk • Fraud Risk • Regulatory Risk

RISK MANAGEMENT

Compliance on RBC

The company monitors the RBC compliances on monthly basis and if required, whenever a significant decision is made; corrective actions are taken in advance when there are signs of any possible deviations. Moreover, the Actuarial Function has been outsourced to Actsure Lab (Pvt) Ltd and the RBC implementation was supported by them through training programs and provided support in implementation of RBC according to the guidelines

Risk exposure impact on company solvency

We have identified the following factors which would have a tendency to affect the solvency position.

Credit risk capital charge

The factors that affect the credit risk are the changes in existing ratings of the company's investments.

Concentration risk capital charge

The possibility of exceeding the prevailing limits of the investment categories due to vary in investment patterns and maturity cycles of the investment portfolio. Accumulation of inadmissible assets those are required for the business operational requirements that may lead to increase the concentration risk.

Reinsurance risk capital charge

The reinsurance receivable balances can be high significantly at a particular reporting date. This may lead to a higher reinsurance risk capital charge.

Market risk capital charge

The fluctuations in other risk charges will lead to increase market risk capital charge.

Operational risk capital charge

If the balance sheet is growing aggressively, the operational risk charge will also be increasing on the same manner.

Material risks and control mechanisms

Risk category	Risk type	What it is	Rating	Mitigation	Indicators												
Strategic risk	Business risk	Inability to implement agreed strategies and action plans due to conditions such as activities of rivals, insufficient capacities to meet the requirements of the market, resource constraints etc.	Tolerable	<ul style="list-style-type: none">- CICPLC has a five year strategic plan approved by the Board.- The Board regularly reviews actual performance against the budget and adjusts action plans in line with the external changes.- For closer monitoring the corporate budget is subdivided among each line of business and at branch level and the performance of the management team is linked to the divisional/branch goals.	Company was able to achieve 96% of the budget revenue.												
	Economic and political risk	Outcome of the socioeconomic and political factors have an impact on the expected status of performance of the Company. The impact can directly and mainly affect the insurance business, the investment income and the investment value. The management takes necessary action to mitigate the impact on possible events whilst absorbing the others.	High	<ul style="list-style-type: none">- Perform a detail economic analysis and identify the key economic indicators when preparing the corporate plan of the company.- Consider the changes in political environment in key business decisions.- Closely monitor the changes and their trends in the external environment due to political and economic factors and assess their potential risks.- Facilitate the relevant staff to attend to educational and training programs on economic trends, developments and their consequences.- Seek experts' opinion on outcomes of possible political and economic changes, when necessary.	E.g GDP growth rate and inflation rate is considered for preparation of corporate plan and annual budget.												
Underwriting risk - General	Exposure risk	Holding risks beyond the Company's net retention capacity and not having sufficient reinsurance arrangements.	Tolerable	<ul style="list-style-type: none">- The Company has system limits for underwriting and claims settlements, it defines the limits of authority applicable in making decisions relating to the underwriting of risks and settlement of claims.- Underwriting is done on a selective basis considering the appropriateness of the return to compensate the risk associated with. Whilst not undertaking loss making businesses the Company maintains records of statistics of transactions of clients.- All risks exceeding the Company's retention levels are reinsured with reinsurers who meet the criteria specified by the regulator, the Insurance Regulatory Commission of Sri Lanka.	<table><tr><th colspan="2">GWP Rs. Mn</th></tr><tr><td>Motor</td><td>4,250</td></tr><tr><td>Fire and Eng.</td><td>265</td></tr><tr><td>Marine</td><td>55</td></tr><tr><td>Misc</td><td>517</td></tr><tr><td></td><td>5,087</td></tr></table>	GWP Rs. Mn		Motor	4,250	Fire and Eng.	265	Marine	55	Misc	517		5,087
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RISK MANAGEMENT

Risk category	Risk type	What it is	Rating	Mitigation	Indicators
				<ul style="list-style-type: none"> - The Company conducts training programmes for staff involved in underwriting and claims settlements - The Company regularly seeks advice from the Consultant Actuary on terms, conditions and benefits included in insurance policies to ensure appropriate pricing - Review the wording of the policies and promotional materials to prevent claims from causes that are not anticipated. - Product prices are set through a financial analysis including review of past experiences of the Company and the industry. - Reinsurance is managed to reduce net liability on large individual risks, to have greater diversification of insurance risk and to provide protection against large losses. - Trained dedicated staff carries out underwriting. The experience and merits of the staff are applied on individual basis in underwriting each and every risk. 	
	Reinsurance risk	Retaining risks beyond the Company's net retention capacity as against having adequate reinsurance arrangements. Reinsurers to meet their commitments due to insufficient financial strength.	Low	<ul style="list-style-type: none"> - No insurance cover is issued for risks above treaty limits, without a confirmed reinsurance arrangement - We deal with reputed and rated reinsurance brokers to reduce the reinsurance risk in reinsurance placement and claims recovery. - Risks relating to riot and terrorism are placed with the Government controlled National Insurance Trust Fund (NITF). - Continuously monitor the reinsurance agreements and the credit risk of the reinsurers 	Details of reinsures Refer financial risk note (Reinsure / Country of origin/ Rating/ Rating agency) (Credit risk relating to the reinsurance receivable) Life Reinsure/Country of origin/Rating Agency Hannover Re/ Germany/A M Best Fitch GIC Re /India/A M Best

Risk category	Risk type	What it is	Rating	Mitigation	Indicators	
	Claim settlement risk	Risk of possible dispute when settling the claim and risk of not meeting the standard set for the claims payment process	Tolerable	<ul style="list-style-type: none"> - Adequate training is provided to claims management team to verify the genuineness of claims. - Daily intimation over Rs.100, 000 ACR is reviewed by the panel further identify the high-risk areas and appropriate instruction is given to the claim department to process the claim. - Claims are assessed periodically and appropriate actuarial reserves are established to reflect up to date experience and any anticipated future events. This includes reserves for claims incurred but not yet reported. The Company consults professional loss adjusters and independent assessors. - The Company's Legal Officers attend to disputes and other legal matters relating to claims and also for third party related claims. - Independent investigators/Government Analyzers are used to investigate the claim to ensure the fraudulent claims are identified - All significant claims are reviewed by the Internal Audit Department prior to release the same - Policy condition, covers, sum insured, and other writing details are initially checked by the liability team at the claim department - Claim payments are recommended to approved based on the pre defined authority level. 	Claims Incurred (Group) 2022 2021 2020	Rs. Mn 3,392 2,568 2,552

RISK MANAGEMENT

Risk category	Risk type	What it is	Rating	Mitigation	Indicators
	Reserving risk	Inadequacy of reserves made to meet future obligations arising from claims.	Low	<ul style="list-style-type: none"> - Standard claim reserves are made as soon as the required information is received for intimated claims. There is a 24-hour customer care centre set up for customers to intimate their claims. - Claims are assessed and reserves are made at the earliest, upon claim intimation. A claim is made active for processing for six months in order to ensure the optimality in making provisions - The services of a qualified Independent Actuary is obtained to assess the adequacy of reserves made in relation to incurred but not reported (IBNR) and incurred but not enough reported (IBNER) claims in the general insurance business - The service of a qualified Independent Actuary is obtained to review reserving in the life insurance business 	
Underwriting risk – Life Insurance	Reinsurance risk	Reinsurance risk arises from new or existing contracts the company has entered into. Reinsurance risk is measured based on the probability of default of the reinsurer on claims payable.	Low	<ul style="list-style-type: none"> - Restructuring of reinsurance agreements with reinsurers regularly. - A very close and professional relationship is maintained with all reinsurers. - Only reinsurers with ratings above the regulatory requirements are used as reinsurers. - Frequent review of the outstanding reinsurance receivables. - Changes to the ratings of reinsurance companies are continuously monitored. 	Details of reinsurers Refer financial risk note (Reinsure / Country of origin/ Rating/ Rating agency) (Credit risk relating to the reinsurance receivable)

Risk category	Risk type	What it is	Rating	Mitigation	Indicators					
	Claim settlement risk	The claims risk of the company primarily depends on the actual claim experience in comparison to the estimated claims experience. Claims risk refers to the risk of over or under payments of claims.	Low	<ul style="list-style-type: none">- An independent Actuary is engaged to carry out a valuation of life fund in the company.- The actuary monitors the life insurance business more closely and guides the management to make more informed decisions.- Claims are reserved immediately at the intimation or on the availability of information.- Service standards have been set on the time taken to process claims and the management monitors those.- Company Internal Audit team worked as investigators and used to investigate claims to ensure fraudulent claims are identified.- Financial Authority limits are set based on the claims limits where the maximum limit is with the Managing Director, which is involved in making decisions with regards to significant/problematic claims and appeals made in respect of claims.- The company monitors the claim ratios constantly and executes relevant mitigation actions such as re pricing products and reviewing the product mix applicable in the period.	<div>Claims Incurred - Life (without maturities)</div> <table><tr><td>2022</td><td>71.3</td></tr><tr><td>2021</td><td>100.1</td></tr></table>	2022	71.3	2021	100.1	Rs. Mn
2022	71.3									
2021	100.1									
Financial risk	Credit risk	Policyholders, who obtain insurance covers on credit basis, may fail to meet their obligations to the Company on time.	Very low	<ul style="list-style-type: none">- The Company implements the Premium Payment Warranty (PPW) and ceases the liability of policies for which premium settlements is not received within the stipulated period.- All premium receivables are monitored and every possible action is taken to collect premiums within the given period and to minimize policy cancellations.- Managing Director and the other respective officers meet regularly to review the status of outstanding premiums and monitor collections.- The Managing Director holds the ultimate authority of credit approval. Credit approval authority is delegated to different levels of management as appropriate.	E.g. receivables Refer Financial risk Note – (Premium receivable)					

RISK MANAGEMENT

Risk category	Risk type	What it is	Rating	Mitigation	Indicators
	Investment risk	The potential that a borrower or counter party will fail to meet its obligations in accordance with agreed terms and the possibility of the outcome of investments being lower than expected.	Tolerable	<ul style="list-style-type: none"> - Credit rating is evaluated prior to investing - The Investment Committee, headed by the Chairman, evaluates the investment opportunities in detail and recommends to the Board. The Company considers different types of risks in investments. 	e.g. financial instruments/ portfolio mix Refer Financial risk Note (carrying amount of financial assets as at 31st December 2022)
	Liquidity risk	The inability to meet contractual obligations (claims and reinsurers' payments) due to a shortfall of liquid assets in the investment portfolio	Low	<ul style="list-style-type: none"> - The Investment Committee reviews the maturity mix of the investment portfolio on regular basis to ensure that the liquidity levels and other regulatory requirements are maintained. - Cash flow movements are studied in advance and monitored on a daily basis. Investment opportunities are selected to meet the short term and long-term cash flow requirements - Life Insurance policies with guaranteed returns are secured by investments with higher returns with similar tenure. 	E.g. Refer Financial risk note asset maturity profiles.
	Market risk	Impairment in the value of investments due to factors that affect the overall performance on the financial market due to incidents such as natural disasters or conditions such as recessions, political turmoil, interest rate changes and commotions etc.	Low	<ul style="list-style-type: none"> - The Investment Committee keeps a close track on possible occurrences that would have impact on the value of the investments and the market rates. Possible actions are taken to reduce any adverse impact on the value of the investment portfolio within the regulatory limits - The investment portfolio is reviewed by the Investment Committee on a timely basis and analyses the vulnerability of individual investments to market risk. - Investment opportunities are analysed in terms of nature of investment and the quality of the investee organisation. 	Refer Financial risk Note <ul style="list-style-type: none"> - Equity price risk - Foreign exchange risk - Interest rate risk

Risk category	Risk type	What it is	Rating	Mitigation	Indicators	
Operational risks	Human resource risk	Human resources risk refers to the possibility that lack of competent personnel and key employees leaving the organisation. Human resources risk is considered as the most significant element of the operational risk as it ramifies to the other risks within the operation.	Low	<ul style="list-style-type: none"> - Remuneration packages for the staff are set in line with the industry to retain and attract staff with necessary qualifications and experience. - Professional and personnel development programs are provided to the staff. The Company encourages continuous education whilst providing relevant training and development opportunities and fosters a culture where all employees can actively contribute to the business. - Continuous training and education of staff are further encouraged through the provision of financial and other support. - Opportunity is given to the employees to meet the higher level of management to discuss their grievances or matters they wish to deal with confidentially. 	Staff	Retention %
					2022	70.38%
					2021	67.52%
	IT risk	Possible losses due to use of inadequate technology, inappropriate use of technology, technical mishaps and disaster situations.	High	<ul style="list-style-type: none"> - The Company assesses the status of information technology infrastructure to ensure their appropriateness to manage the needs and the scale of operation of the Company. - Policy on the security of information and information technology infrastructure is implemented and updated timely. - Disaster recovery methods are planned and made ready for implementation on urgent situations. 		

RISK MANAGEMENT

Risk category	Risk type	What it is	Rating	Mitigation	Indicators
	Fraud risk	Fraud risk is the chance that an internal or external person will commit actions that will result in the financial, material, or reputational loss of your organisation.	Low	<ul style="list-style-type: none"> - Internal Audit Team, to report on the strength of the internal control systems with their recommendations on areas that need further strengthening. The Internal Audit Team reports to the Internal Audit Committee that includes three Directors. - In cases of frauds, mal-practices and discrepancies etc., immediate investigations are carried out followed by corrective actions to recover any losses. Corrective actions are taken to prevent recurrence. - A Procurement Committee comprising four Directors has been appointed. Goods and services that are significant in terms of value and complicated in terms of nature are procured on the approval of the Procurement Committee. - Staff is educated about the laid down internal control systems in order for them to execute transactions in the transparent manner and prompt to the management of any doubts. - Any such references are investigated and appropriate actions are taken immediately. - Provisions in the Anti - Money Laundering Act are followed up strictly. 	
	Regulatory risk (compliance risk)	The possibility of being noncompliant to the regulatory requirements mandated from time to time to govern the insurance industry. In addition, there can be risk of noncompliance to the other common laws and accounting standards in relation to presentation of financial status of the Company.	Low	<ul style="list-style-type: none"> - Company culture insists on the achievement of full compliance with legal and regulatory requirements. - Internal Auditors review the status of compliance to regulatory requirements and refer any non-compliance to the Board through Audit Committee. Their findings are discussed and addressed on a timely basis. - Experts are appointed to review changes to the regulatory regime and assess impact on the business as well as to advice on compliance requirements. - A Compliance Officer is tasked with ensuring that regulatory requirements are observed and complied. - Update CICL application according to standards stated by IRCSL and FIU - Obtained customer identification document when issuing a new policy - Report generation to be automated. All types of transactions (Credit/Debit/Bond/ Salvage) should be included in the report for any given time period. 	Please refer Financial Risk note (The capital position of the group)

Outlook

Our risk outlook is tied to the macroeconomic landscape and the associated spending powers of our policy holders. With the soaring cost of living, spending on insurance may face constraints. Policy holders may opt for lesser premiums, while the company may face the risk of defaults. However, as evident in 2022, we have confidence in our employees to provide customised solutions that do not burden policy holder's financial capacity, alongside strengthened customer relations to ensure improved collections. Further, we will continue to focus on prudent cost management in balancing turnover and expenditure towards profitability.

Externally, there is the consideration that Sri Lanka may occasionally face social unrest due to rising inflation, shortage of essentials, including medicine and political dissatisfaction. Moreover, all businesses and households will be inconvenienced by the massive increase in electricity tariffs.

Despite a pickup in exports, tourism and remittances, Sri Lanka's GDP will face another year of contractions. The current President has outlined a series of targets to be achieved by 2025, expected to increase state revenue, bring inflation to mid-single digits and achieve a much-needed boost in foreign reserves – presenting a somewhat optimistic prelude to economic recovery.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

As we navigate the tough external environment, balancing business growth and stakeholder interests, our corporate governance framework provides a structured approach with which to demonstrate accountability. As a fast-growing insurance company, we are committed to upholding accountable leadership and transparent business conduct, by adhering to internal governance practices and external laws and regulations.

Governance focus of 2022

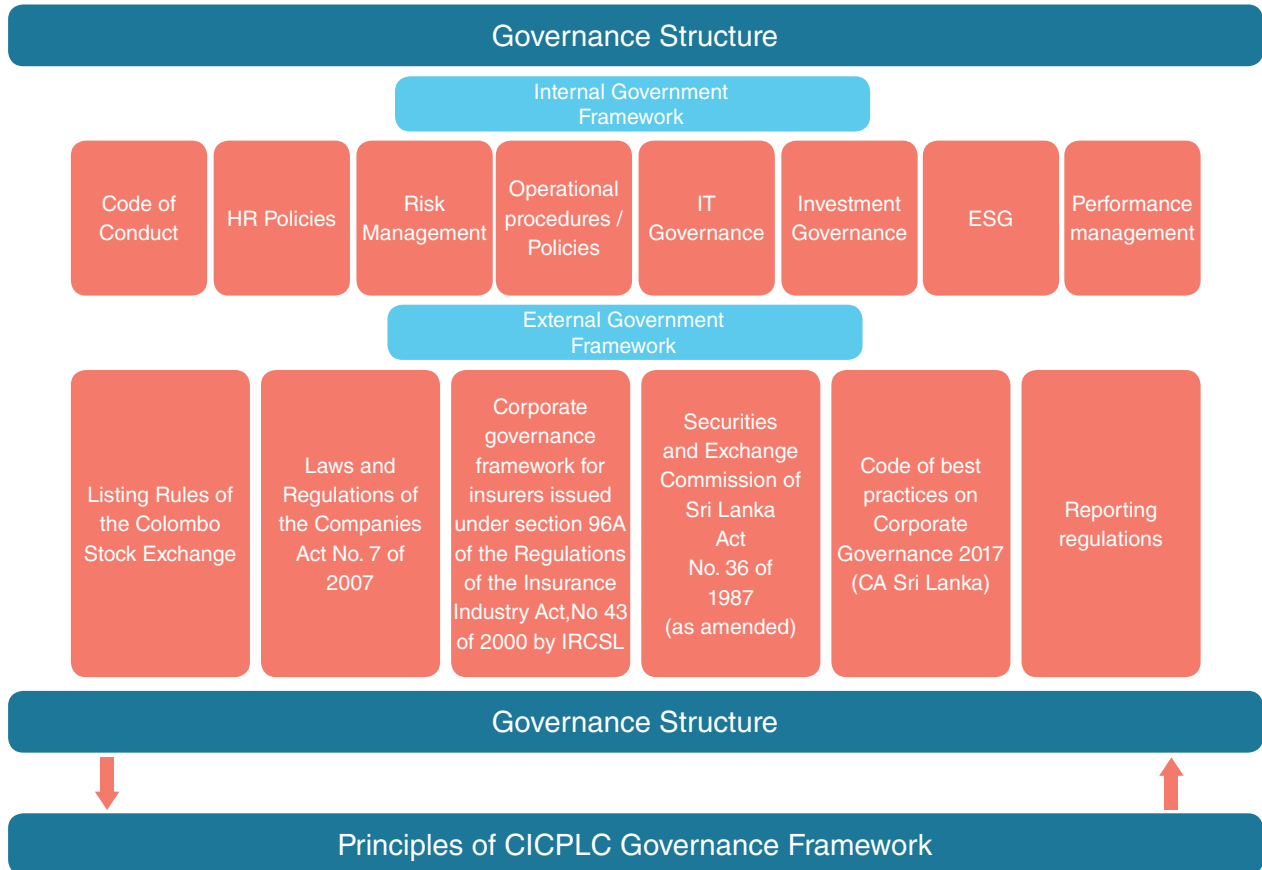
Several developments took place during the year, in strengthening governance and compliance in matters that require board approval, board composition and IT related policy formulation and approvals.

Related developments:

- Governance in the climate of an economic crisis became imperative in the financial year, as our board of directors together with the relevant board sub committees assessed the company's ability to withstand shocks.
- As per the ordinary course, several Directors retired/ ceased to hold office due to expiry of term and one new director was appointed during the year.
- Company adopted a new strategic plan for 2023, which aims towards a long-term plan of growth, by changing the Company's brand perception in the market and an increase in overall market share through transformative changes.
- The economic crisis resulted in an excruciatingly high cost of living, which impacts our employees. As a result, the Board approved the decision to increase salaries of all employees by 20%.
- The progress made on the transition to SLFRS 17 insurance contracts was assessed during the year, the date of which was deferred to 2025, SLFRS 17 was issued by the Institute of Chartered Accountants of Sri Lanka and aligns with IFRS 17 issued by the International Accounting Standard Board (IASB).
- Appointment of a new information security officer and a new Head of Information Technology enabled us to realign the robustness of the business's tech developments with plans for growth and operational improvements.

Integrated governance

At Co-operative Insurance, our corporate governance framework includes the governance leadership structure that goes hand in hand with internal policies and regulations as well as external regulatory and statutory frameworks.



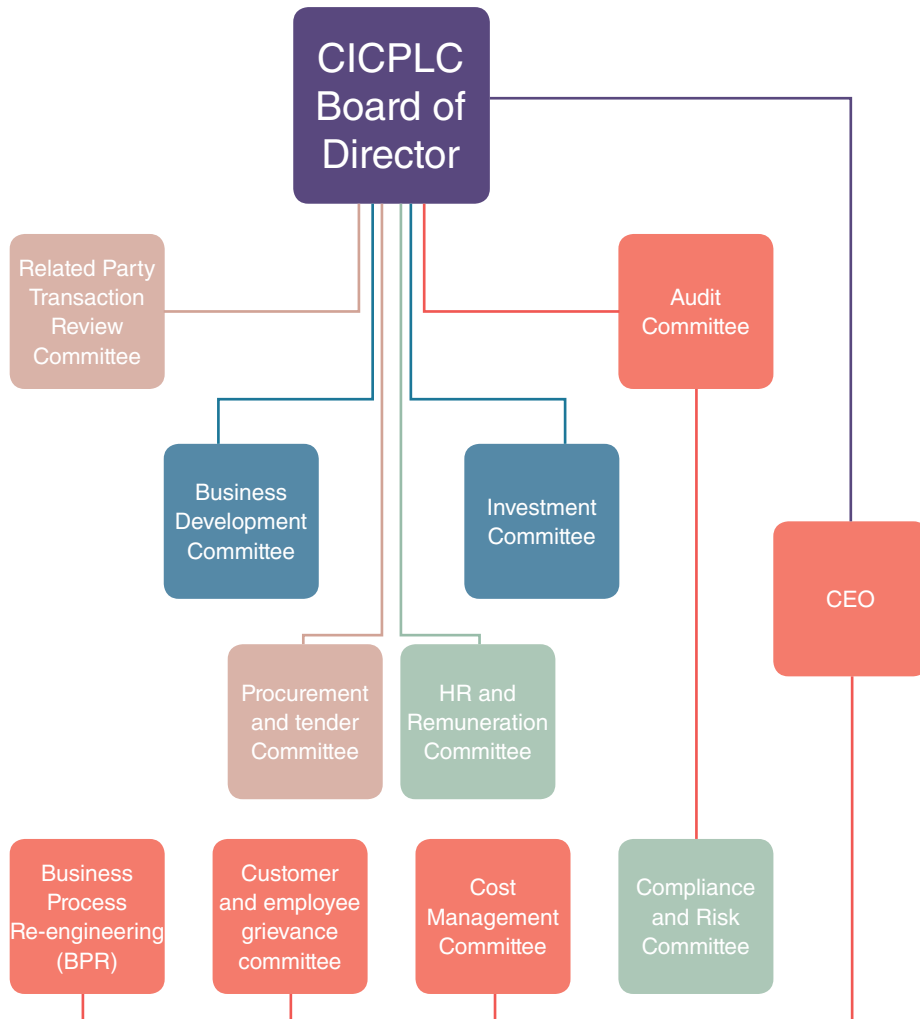
Our governance framework is governed and guided by four principles,



CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Governance structure

The governance structure reflects how leadership within CICPLC flows as a top-down managed corporate entity. There are three core layers of leadership that undertake varying responsibilities, under different levels of control and authority.



External governance frameworks and industry regulations

We abide by the following mandatory and voluntary governance best practice frameworks and compliance requirements.

Code of Best Practices on Corporate Governance (CA Sri Lanka and SEC)	Corporate Governance Framework for insurers by IRCSL	Statement of Compliance sections 7.6 and 7.10 of CSE Listing Rules	Section 168 of the Companies Act No.07 of 2007	Code of Best Practice on Related Party Transactions by the SEC
VOLUNTARY	MANDATORY	MANDATORY	MANDATORY	MANDATORY
(REFER PAGE 82-93)	(REFER PAGE 96-97)	(REFER PAGE 93-95)	(REFER PAGE 82-97)	(REFER PAGE 82-97)

Applying governance to achieving objectives.

The Board of Directors and the executive leadership is responsible for delivering value to all stakeholders. The new strategic plan will focus on the following stakeholder value creation, alongside business growth.

Stakeholders	Objectives	How governance supports value creation		
		Board	Sub committees	Executive leadership
Shareholders	Increasing financial value and ensuring profitability through increased revenue and prudent financial management	Prudent decisions through timely evaluation of company performance and external environment. Provide approvals and/or recommendations and guidance to make robust plans to achieve value creation and business growth.	Assesses company's ability to create value by taking stock of management, employee and operational performance. Ensures that policies are implemented at all levels.	Formulating the strategic plan and obtaining board approval. Setting relevant targets to achieve stakeholder value creation and achieve objectives focused on financial performance, strategic goals and operational efficiencies.
Employees	Talent management and employee development			
Customers	Ensuring financial protection during losses and providing need-based solutions. Developing inclusive and affordable solutions through easy, convenient and innovative physical and digital channels	Approve policies that safeguard stakeholder interests and expectations from CICPLC.	Ensures that everyone adheres to prescribed and mandated regulations and compliance to laws and regulations.	Guiding the corporate management, branch management, regional management and staff to achieve objectives. Providing relevant information to sub-committees and the board for effective decision-making.
Partners and Suppliers	Providing financial benefits and increased business opportunities	Ensure that shareholder investments are safeguarded and enhanced through revenue growth and proper financial management by the executive leadership, corporate management and staff.		
Regulators	Supporting industry growth, transparency and ethical conduct while protecting customer interest			
Community and environment	Sharing our economic growth through contributions. Ensuring that there is no detriment to the environment from our business actions and operations			

The board

With ultimate responsibility in assessing and approving decisions that have strategic impacts on the Company, the members of the Boards of CICPLC hold apex leadership within the Company. Their role as the company's decision-makers impacts CICPLC's ability to support growth objectives, support operational performance while achieving stakeholder expectations.

The Board is responsible for several functions, of which providing leadership on strategy is the most imperative. Some of these functions have been delegated to Board-appointed sub-committees and the executive leadership of the Company.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Board composition, skills and diversity

At the end of the financial year 2022, the Board consisted of 9 members including 8 Non-Executive Directors and 1 Executive Director; 2 Non-Executive Directors and 1 Executive Director that retired/ceased to hold office due to expiry of term in May and June of 2022.

Members of the Board represent diverse ages and experiences with varying degrees of insights and leadership capabilities for effectively leading the company on strategic and operational matters. (Profiles of Board members are provided from pages 36 to 38). Three members retired/ceased to hold office due to expiry of term during the year.

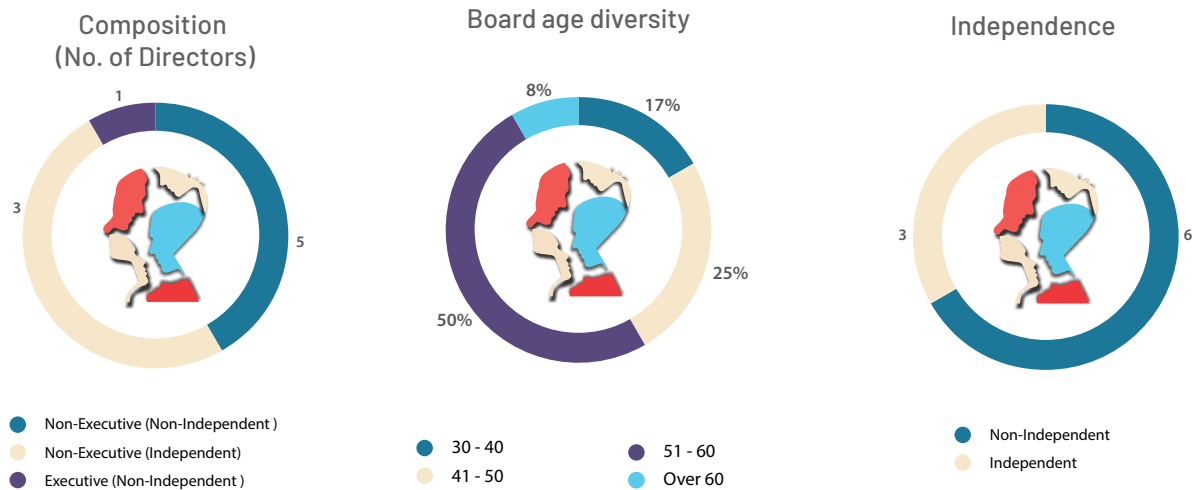
The members:

Member	Directorship	Appointment date
Mr. K.S.S. Weerasekera	Non-Executive (Non-Independent)	2016.09.04
Mr. D.L. Samarawickrama	Non-Executive (Non-Independent)	2018.08.02
Mr. A.B. Senadira	Non-Executive (Independent)	2019.08.30
Mr. P.B. Jayarathna	Non-Executive (Independent)	2021.02.05
Mr. D. Thilakawardena	Non-Executive (Non-Independent)	2021.02.05
Mr. M. Widanagamage	Non-Executive (Non-Independent)	2022.06.15
Mr. A.A. Jayantha Amarasinghe	Non-Executive (Non-Independent)	2022.06.15
Mr. T.B. Hemantha Kumara	Non-Executive (Independent)	2022.06.15
Mr. M.G.U.P. Kumara (removed w.e.f 9th June 2023)	Executive (Non-Independent)	2022.06.15
Mr. C.P. Jayasinghe (Retired w.e.f. 22th June 2022)	Non-Executive (Non-Independent)	2013.06.22
Mr. A.D.T.S. Palitha (Expiry of term w.e.f. 29th June 2022)	Non-Executive (Independent)	2015.06.29
Mr. K.R.W. Ranasinghe (Expiry of term w.e.f. 20th May 2022)	Executive (Non-Independent)	2014.05.20

Board participation in committees

Members of the board take active participation in sub-committees.

Director	Committee								
	Audit	Investment	Human Resources	Business Development	Purchasing	Tender	Risk	Remuneration	Related Party Transaction
Mr. K.K.S. Weerasekera		√	√	√	√	√	√		
Mr. D.L. Samarawickrama		√	√		√	√			
Mr. A.B. Senadira	√							√	√
Mr. P.B. Jayarathna	√							√	√
Mr. D. Thilakawardena		√	√	√			√		
Mr. M. Widanagamage									
Mr. A.A. Jayantha Amarasinghe									
Mr. T.B. Hemantha Kumara						√			
Mr. M.G.U.P. Kumara		√	√						
Mr. C.P. Jayasinghe (Retired w.e.f. 22.06.2022)					√				
Mr. A.D.T.S. Palitha (Expiry of term w.e.f. 29.06.2022)	√						√	√	√
Mr. K.R.W. Ranasinghe (Expiry of term w.e.f. 20.05.2022)		√	√	√	√		√		



Board independence

The Board has a balanced distribution of Non-Independent and Independent Directors. All Independent Directors hold no material interest in company affairs and operations, and provide unbiased, independent judgement over board deliberations.

Board responsibilities

The Board is charged with taking effective collective decisions on matters of strategic importance to the Company while taking prudent decisions to support management's efforts in maintaining sustainability and stability. They are expected to act with transparency and impartiality, balancing both Company and stakeholder interests.

- Formulate and implement company strategy
- Merging stakeholder interests with corporate decisions and objectives
- Recognise sustainable business development in decisions and business activities
- Appointing qualified and experienced individuals, with the right skills, experience and knowledge to the roles of CEO, senior management personnel and sub-committees
- Ensure that company adopts appropriate accounting policies and maintain compliance with financial regulations
- Set in place systems and controls to ensure compliance with rules and regulations and the integrity of information
- Provide independent judgement on matters of strategy, performance, resource and business conduct.

Board meetings

Board meetings take place monthly for Board members to review Company performance, plans and concerns and to make necessary deliberations prior to taking decisions. 10 board meetings took place for the financial year under consideration.

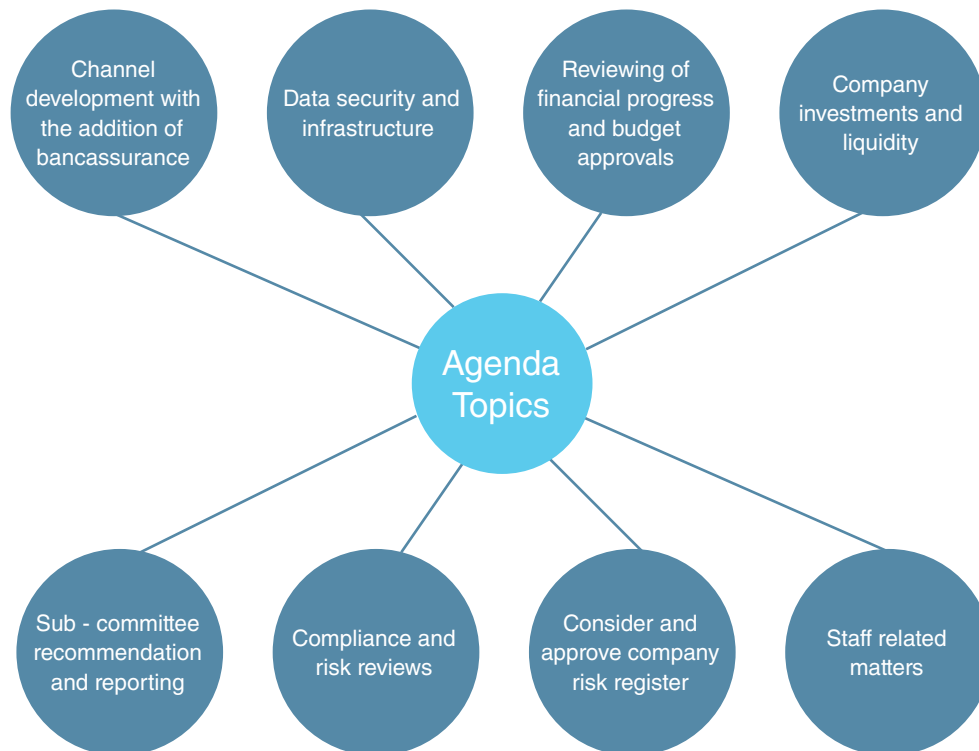
The Board secretary circulates all relevant documents amongst the Directors.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Name of Director	Attendance	Eligibility
Mr. K.S.S. Weerasekera	10	10
Mr. D.L. Samarawickrama	09	10
Mr. D. Thilakawardena	10	10
Mr. A.B. Senadira	09	10
Mr. P.B. Jayarathna	09	10
Mr. M.G.U.P. Kumara (Removed w.e.f 09th June 2023)	01	01
Mr. M. Widanagamage	03	04
Mr. A.A. Jayantha Amarasinghe	03	04
Mr. T.B. Hemantha Kumara	05	05
Mr. C.P. Jayasinghe (Retired w.e.f. 22.06.2022)	07	07
Mr. A.D.T.S. Palitha (Expiry of term w.e.f. 29.06.2022)	07	07
Mr. K.R.W. Ranasinghe (Expiry of term w.e.f. 20.05.2022)	04	04

Board agenda topics

During the year, the board focused on the following through discussions and deliberations and provided approvals for the following areas.



Board appointments

CICPLC adopts a formal and transparent process in appointing members to the Board, according to Company Article. All Board appointments are shared with Shareholders and a brief resume of the Director/s are submitted to the Colombo Stock Exchange. The company obtained IRCSL approval for an appointment of a director to the board as per RII Act No.43 of 2000

Details of newly appointed Directors were disclosed to Shareholders through CSE announcements, during the year, and disclosed through this Annual Report.

Resignation and re-election

The following Directors retired/ceased to hold office due to expiry of term during the year.

No.	Member	Directorship	Independent/ Non-Independent	Appointment date	Date of retirement/ expiry of term	Age	years of Experience
1	Mr. C.P. Jayasinghe	Non-Executive	Non-Independent	2013.06.22	22.06.2022	48	8 years
2	Mr. A.D.T.S. Palitha	Non-Executive	Independent	2015.06.29	29.06.2022	43	7 years
3	Mr. K.R.W. Ranasinghe	Executive	Non-Independent	2014.05.20	20.05.2022	63	8 years

In the event of resignation of a Director, the Company's Articles of Association allows it to appoint a person to fill the vacant position. This is also applied when expanding the size of the Board. Such Directors can offer their names for re-election at the subsequent Annual General Meeting.

In Accordance with the Company Articles at each Annual General Meeting, One third of the Directors for the time being, or if their number is not a multiple of 03, the number nearest to (but not greater than) 1/3 shall retire from office.

Board independence and declaration

As per regulations of listing rules, each Non-Executive Director must submit a declaration of independence or vice versa. With the exception of one Director, all other Directors are Non-Executive Directors, from which 6 are Non-Independent Directors and 3 are Independent Directors.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Directorships held at other business entities

Board members of CICPLC, hold the following directorships in several external entities

Director	Directorships		Board Capacity			
	Listed companies	Unlisted companies	Executive Independent	Non-Executive Independent	Executive Non-Independent	Non-Executive Non-Independent
Mr. K.S.S. Weerasekera	-	6	-	-	-	6
Mr. D.L. Samarawickrama	-	5	-	-	-	5
Mr. D. Thilakawardena	-	1	-	-	-	1
Mr. A.B. Senadira	-	5	-	-	-	5
Mr. P.B. Jayarathna	-	5	-	-	-	5
Mr. M.G.U.P. Kumara	-	0	-	-	-	0
Mr. M. Widanagamage	-	3	-	-	-	3
Mr. A.A. Jayantha Amarasinghe	-	2	-	-	-	2
Mr. T.B. Hemantha Kumara	-	3	-	-	-	3
Mr. C.P. Jayasinghe (Retired w.e.f. 22.06.2022)	-	3	-	-	-	3
Mr. A.D.T.S. Palitha (Expiry of term w.e.f. 29.06.2022)	-	1	-	-	-	1
Mr. K.R.W. Ranasinghe (Expiry of term w.e.f. 20.05.2022)	-	7	-	-	-	6

Board induction and training

Newly appointed Directors receive a formal introduction of the management, strategic plan and industry regulations in addition to an introduction to the Board sub-committees, key policies and on the conduct of meetings. Directors receive regular updates on any industry changes by Managing Director/CEO

Access to information

The senior management provides the Board, including sub-committees with adequate information in terms of strategies, developments, financial outcomes, investment analysis amongst other pertinent information. Such information will support effective decision-making and ensure that Directors are informed of strategic and other business-related proceedings. The Company Secretary maintains board meeting minutes and record of discussions post-meeting deliberations.

Board performance appraisal

The Board reviews its performance at meetings by assessing how they have discharged their duties throughout the year.

Director remuneration

Aspects pertaining to Director Remuneration are overseen by the Remuneration Committee, which follows a formal process when determining the appropriate remuneration level for each Director/ Directors. The committee sets remuneration levels to attract, retain and motivate Directors, in line with achieving business goals and strategic direction of the Company. The committee consults the CEO and the Chairman on proposals related to Directors' remuneration and obtains advice internally and externally on matters of determining fair remuneration.

Company Secretary

The role of the Board secretary is to assist the Chairman in conducting effective Board meetings, while maintaining clear and complete recordings of meetings and discussions. He/she is also a main contact point for public disclosures. In addition, he/she brings major concerns raised by shareholders to the attention of all Directors.

Governance and compliance – Cooplife Insurance Limited

Subsidiary of CICPLC, Cooplife Insurance Limited operates separately from the parent company. Cooplife Insurance Limited is governed by a separate Board of Directors, which comprises 06 Directors, with 01 Directors being members on the Board of CICPLC. Cooplife is lead by a separate CEO and corporate management team and a branch management team. CICPLC provides services to its subsidiary as part of its principal activities.

The subsidiary works in compliance with all applicable regulations and abides by RBC requirements. Cooplife Insurance Limited had a risk-based capital adequacy ratio of 317% by the end of 2022. Cooplife Insurance Limited is not a listed entity.

Board sub-committees

The Board works with eight sub-committees that oversee pre-delegated functions. These committees are a key cog within the overall governance structure and reports directly to the Board. The committees are:

Committee	Members	Meetings for the year 2022	Participation	Responsibilities
Audit Committee	Mr. A.D.T.S. Palitha	6	5	<ul style="list-style-type: none"> Review Financial Reporting Review adequacy of internal control Oversee independence of external auditor
	Mr. A.B. Senadira		6	
	Mr. P.B. Jayarathne		6	
Purchasing Committee	Mr. K.S.S. Weerasekara	3	3	<ul style="list-style-type: none"> Develop relevant policies and make decisions related to purchases
	Mr. D.L. Samarawickrama		3	
	Mr. K.R.W. Ranasinghe		1	
	Mr. C.P. Jayasinghe		3	
Tender Committee	Mr. K.S.S. Weerasekara	5	5	<ul style="list-style-type: none"> Develop relevant policies and make decisions related to tenders
	Mr. D.L. Samarawickrama		1	
	Mr. T.B.H. Kumara		3	
	Mr. M.G.U.P. Kumara		5	
Human Resource Committee	Mr. K.S.S. Weerasekara	9	9	<ul style="list-style-type: none"> Oversee HR Practices and Policies Review and recommend compensation
	Mr. D.L. Samarawickrama		1	
	Mr. Wasantha Ranasinghe		1	
	Mr. D. Thilakawardena		9	
	Mr. M.G.U.P. Kumara		5	
Investment committee	Mr. K.S.S. Weerasekara	11	11	<ul style="list-style-type: none"> Set policies and manage investment portfolio including performance
	Mr. D.L. Samarawickrama		5	
	Mr. K.R.W. Ranasinghe		1	
	Mr. D. Thilakawardena		11	
	Mr. M.G.U.P. Kumara		6	
Remuneration committee	Mr. A.D.T.S. Palitha	1	1	<ul style="list-style-type: none"> Decide remuneration levels of leadership
	Mr. A.B. Senadira		1	
	Mr. P.B. Jayarathne		1	

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Committee	Members	Meetings for the year 2022	Participation	Responsibilities
Related party transaction committee	Mr. A.D.T.S. Palitha	1	1	<ul style="list-style-type: none"> Review related party transactions and make disclosures.
	Mr. A.B. Senadira		1	
	Mr. P.B. Jayarathne		1	
Risk committee	Mr. A.D.T.S. Palitha	-	-	<ul style="list-style-type: none"> Evaluate and improve risk management and mitigation mechanisms.
	Mr. K.R.W. Ranasinghe		-	
	Mr. D. Thilakawardena		-	
	Mr. K.S.S. Weerasekara		-	

The Board sub-committees assist the Board of Directors in the effective assessment of and alignment of Company operations with internal policies, procedures and external regulations. Committees assess gaps and makes necessary recommendations to the Board in strengthening areas that are important to the sustainability and stability of the Company. Audit committee report can be reviewed on page 171.

Audits and internal controls

Internal audit

CICPLC conducts internal audits to ensure that all relevant policies and internal controls are in effect, across all processes and core functions of the Company. In this regard, the internal audit department assesses discrepancies in compliance and reports to the Audit Committee and subsequently to the Board. The audit committee oversees and ensures that the Company has conformed to regulatory requirements/frameworks and internal control mechanisms.

On 29th June 2022, Mr. A.T.D.S Palitha, (Chairman to the audit committee) ceased to be a director of the company due to the expiry of term. Company has appointed Mr. Lalith Waragoda as new Chairman to the committee with effect from 9th June 2023.

Statutory audit

CICPLC obtains the services of an statutory auditors' for independent assurance on financial statements. The statutory auditors' reports on the appropriateness of Company's accounting activities and internal controls, providing recommendations to remediate any discrepancies. The Board selects and appoints the statutory auditor, on the approval of shareholders firm based on the ability to conduct an independent investigation of the Company's financial records and activities. They ensure that the Company has complied with all required accounting practices in presenting accurate information to shareholders, regulators and other stakeholders.

The Company worked with Jayasinghe & co. The auditors assessed the effectiveness of internal controls and ensured the compliance of financial statements as per reporting standards and legal requirements.

Chairman and Chief Executive Officer

The role of Chairman and CEO are segregated and held separately. There is separation between the Chairman's roles in managing the Board and the CEO's role of managing routine business matters. Due to this separation, there is a balance of power and authority between the two positions.

Chairman

The chairman leads the Board and ensures that members operate with the highest level of accountability, in accordance with best practices of governance. He encourages Board members to discharge their duties prudently and ensures participation in Board meetings and deliberations. He conducts Board meetings and ensures that power remains balanced within the Board. Chairman is also accountable to the Shareholders and communicates with them at the Annual General Meeting of the Company.

He also provides guidance to the CEO and the corporate management on matters of strategic and operational importance.

Chief Executive Officer

The Company's CEO for 2022 was Mr. Udaya Kumara who was also appointed as the Managing Director of the Company on 15th June 2022. The CEO's main responsibility is to lead the Company to achieve strategic objectives and goals while overseeing daily operations. The board decided to appoint Ms. Lanka Perera as CEO of the Company with effect from 1st June 2023.

Overview of responsibilities

Chairman	Chief Executive Officer
<ul style="list-style-type: none"> Provide leadership to the Board and ensure discharge of duties effectively, including participation in decision-making 	<ul style="list-style-type: none"> Formulate the business strategy of the Company, along with the Senior and Corporate management teams.
<ul style="list-style-type: none"> Conduct Board meetings as required 	<ul style="list-style-type: none"> Provide leadership and expertise in daily operational and management activities
<ul style="list-style-type: none"> Objectively assess the duties discharged and concerns of Directors. 	<ul style="list-style-type: none"> Address challenges from an operational perspective and provide guidance to overcome them.
<ul style="list-style-type: none"> Ensuring conformance of governance standards 	<ul style="list-style-type: none"> Ensure proper performance of the corporate management and employees in achieving objectives and goals in line with the overall strategy.
<ul style="list-style-type: none"> Strike a balance between stakeholder interests and ensure that their interests are incorporated in decision-making and actions. 	
<ul style="list-style-type: none"> Support the CEO and the corporate management in routine affairs, providing guidance on pertinent decisions. 	

CEO appraisal

Appraising CEO performance is undertaken by the Board, annually. The CEO's performance is evaluated against financial and non-financial targets set by the Board, each year in relation to the corporate plan. The Board reviews and deliberates the CEO's performance at meetings regularly as well. Board takes necessary actions if targets are not met.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Shareholders

The Annual Report

The Annual Report is the main written form communication on Company performance and decisions taken across each reporting year. The financial and non-financial information contained within the report, intends to inform shareholders about Company's progress in terms of strategic aspirations for the business and its ability to sustain profitability and increase revenue over time. Such details will enable shareholders and potentially new investors to make informed decisions about CICPLC. Moreover, it's audited financial statements ensure transparency, assured by an external audit and internal audit evaluations.

The Annual General Meeting

The company AGM is one of the main events of the year and takes precedence in engaging with Shareholders. The Company utilises the AGM to communicate with Shareholders on important company decisions and actions and to address Shareholder concerns, directly. The Board, higher management and a representative of the external auditor participate in the AGM to address Shareholder concerns. Shareholders receive notice of the AGM 15-days prior to the date. The latest AGM was held on the 6th August 2022 and was the 24th AGM of the company.

IT Governance

As a fast-growing business, we continue to adopt technological improvements to capitalise on internal efficiencies and better provision of services to customers. As a result, we have several in-house based development projects overseen by our IT department and the IT steering committee. During the year, we strengthened our IT related governance by appointing a new Head of Information Technology, who now takes the lead on all IT related aspects of CICPLC.

IT policies

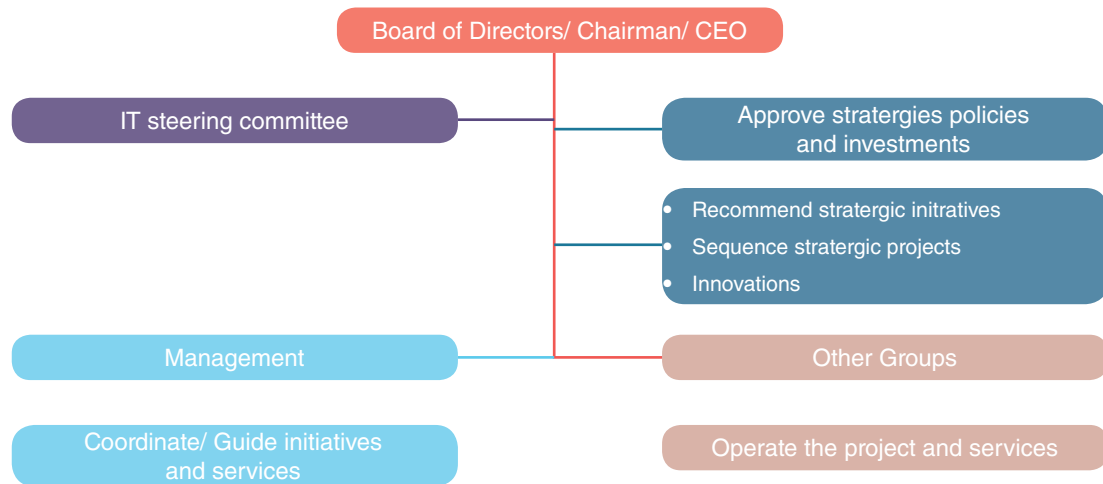
To strengthen security of data and information we adopted several policies during the year, A comprehensive policy on information security was adopted in addition to a password policy, virus guard policy and backup policy. The Company developed these policies with oversight from the IT Steering Committee.

The following are IT policies we have set in place to ensure optimum security and control

- Information Management Security policy
- Third party access policy
- Password policy
- Remote access security policy
- Virus protection anti-spam policy
- Security guidelines for switches, firewalls, routers
- Network and software monitoring policy
- Penetrating and vulnerability assessment policy
- Application and system software licensing policy
- Vendor management.
- IT Governance Structure

IT governance structure

The structure takes on a top-down approach with the Board having the ultimate oversight.



Strengthening security

Moreover, a new Information Security Officer was appointed to oversee all policies and security-related matters, reporting directly to the Head of IT. The Company is now in the process of evaluating between cloud servers and physical servers. The Board is now evaluating feasibility of both options with inputs and information from the Head of IT.

The Company took measures to strengthen network and infrastructure protection by renewing firewalls and conducted IT audits across the year to assess overall strength and assess any risk exposures that require mitigation.

COMPLIANCE STATUS

Frameworks

CICPLC complies with the following mandatory regulatory and statutory frameworks, in addition to several voluntarily adopted external frameworks.

Mandatory	Voluntary
<ul style="list-style-type: none"> Companies Act No. of 2007 Articles of Association Regulation of Insurance Industry (RII) Act No. 43 of 2000 and subsequent amendments and Regulations, directives, circulars and determinations of Insurance Regulatory Commission of Sri Lanka Motor Traffic Act No. 14 of 1951 and subsequent amendments Inland Revenue Act No. 24 of 2017 and amendments thereon Sri Lanka Accounting Standards (LKASs/SLFRSs) Listing Rules of the Colombo Stock Exchange Securities & Exchange Commission Rule 	<ul style="list-style-type: none"> United Nation's Sustainability Development Goals Code of Ethics Integrated Reporting Frameworks Code of Best Practice on Corporate Governance issued by CA Sri Lanka

COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

The table below summarises CICPLC Group's compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
A	DIRECTORS		
A.1	THE BOARD		
A1.1	<p>Every company should be compliant headed by an effective Board, which should direct, lead and control the Company.</p> <p>The Board should meet regularly. Board meetings should be held at least once in every quarter of a financial year.</p>	<p>The Board consisted of nine (9) Directors. The majority of them represent Shareholders of co-operative societies being Chairpersons of such co-operative societies. Directors' profiles are presented on pages 36 to 40 of this Annual Report.</p> <p>The Board of Directors usually meets on a monthly basis to review the Company's performance and to determine whether its strategies and business practices are in line with the corporate plan. The attendance of the Directors. During the year 2022, stated in Directors report in page 98 to 102 . 10 board meetings were held during the year 2022.</p>	✓
A1.2	KEY RESPONSIBILITIES OF THE BOARD		
	Formulation and implementation of the Business Strategy.	<p>The Board is responsible for steering the Company towards its overall success. The Board delegates the authority to the CEO to formulate the required strategy.</p> <p>The CEO and the management team develop the Corporate Strategy.</p> <p>Annual budgets and action plans are developed in order to implement the Corporate Strategy. Those are reviewed by the Board of Directors.</p>	✓

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
	Ensuring that the CEO and the Management Team possess the required skills, experience and knowledge to implement the strategy.	The Board ensures that the CEO and the Management Team possess the required skills, experience and knowledge to implement the corporate plan and further to ensure that a proper succession plan is in place.	✓
	Effective systems to ensure the integrity of information, internal controls and risk management.	<p>Adequate systems and procedures are implemented to ensure the integrity of information, effectiveness of internal controls and the appropriateness of risk management procedures. The Internal and External Auditors, management team regularly review these systems.</p> <p>Accordingly, the Board has set up the audit committee, investment committee, compliance and risk management committee, human resources committee and remuneration committee to ensure that the Company has proper systems and controls. The risk management policy has been adopted on the basis of rules set by the IRCSL in terms of RBC, solvency, technical reserves, reinsurance arrangements, actuarial reviews, and also occasional inspection by the Insurance Regulatory Commission officers.</p> <p>In the case of investment risk, the Company has adopted a policy of spreading investments in different institutions and commercial banks recognised by the Insurance Regulatory Commission so as to give a higher contribution to solvency levels.</p>	✓
	Compliance with Laws and Regulations.	The Board ensures that all the applicable Laws and Regulations are complied within the conduct of the affairs of the Company. The Company has submitted the regulatory returns and applicable payments to the IRCSL, Central Bank of Sri Lanka (CBSL), Department of Inland Revenue, Registrar General of Companies, National Council for Road Safety, Employees' Trust Fund Board, National Insurance Trust Fund and Commissioner of Motor Traffic, within the stipulated time period. The Company was transferred to the watch list of the Colombo Stock Exchange on 13th October 2022 due to non-compliance with Section 7.10 of the listing rules. Trading of the Securities of the Company was suspended on 18th April 2023 due to the same non-compliance.	
	Ensuring all stakeholder interests are considered in corporate decisions.	The Board ensures that the interests of all stakeholders are considered and safeguarded in making corporate decisions.	✓
	Recognising sustainable business development in corporate strategy, decisions and activities.	The Board recognises the necessity of sustainable business development in the corporate strategy, decisions and activities. Please refer our sustainability impact from page 18 to 21 for more information on company's sustainable business development plan.	✓
	Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	The Board ensures that the proper processes are in place and systems of control and procedures are implemented to review accounting policies annually to be in line with the changing business requirements. Company's accounting policies are fully in line with Sri Lanka Accounting Standards (SLFRS/LKAS). Please refer the Independent Auditor's Report, which evidence that the Company's Financial Statements are in line with Sri Lanka Accounting Standards, given on page 172 to 176.	✓

COMPLIANCE STATUS

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
	Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.	Through Board meetings and Board Sub-Committee all matters of concerns are properly addressed. The Board takes all its decisions paying due attention to the interests of all stakeholders and paying due attention to all matters of concern.	✓
A.1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the Country, as applicable to the business enterprise.	The Board recognises the importance of complying with all the applicable laws and regulations in Sri Lanka and the Board are in accordance with the laws of Sri Lanka as applicable to the insurance industry.	✓
A.1.5	All Directors should bring independent judgment to bear on issues of strategy, performance, resources (including key appointments) and standards of business conduct.	All Directors exercise independent judgement in decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business. The Board is conscious of its obligation to ensure that the Directors avoid conflicts between their duty towards the Company and towards their other interests. All Directors are expected to make decisions objectively, avoiding conflicts of interest and in the best interests of the Company.	✓
A.1.6	Dedicating adequate time and effort by the Directors.	All Directors ensure that they are able to render sufficient time and attention to the affairs of the Company.	✓
A.2	CHAIRMAN AND CHIEF EXECUTIVE OFFICER		
	Principle: Division of responsibilities at the head of the Company.	The posts of Chairperson and CEO were held separately. This segregation ensures a clear distinction between the Chairperson's responsibility to manage the Board and the CEO's responsibility to manage the Company's day to day business, and thereby ensures the balance of power and authority and is accountable to the Board of Directors.	✓
A.2.1	Disclosure required if the positions The position of the Chairman and the CEO are combined.	The position of the Chairman and the CEO are separated.	N/A
A.3	CHAIRPERSON'S ROLE		
	Principle: The Chairperson should preserve order and facilitate the effective discharge of Board functions.	The Chairperson is responsible for leading the Board and ensuring that it operates under the highest standards of governance. The Chairperson is charged with encouraging the effective participation of all Directors in the decision making processes and thereby ensuring the effective performance of the Board.	

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
A.3.1	<p>The Chairman should conduct Board proceedings in a proper manner and ensure:</p> <ul style="list-style-type: none"> Operations of the Board are managed effectively All key and relevant issues are discussed by the Board in a timely and constructive manner Taking appropriate steps to provide effective communication with shareholders and to ensure that shareholders' views are communicated to the Board as a whole. 	<p>The role of the Chairman is to conduct Board meetings in a manner which ensures that there is effective participation of all Directors and that their individual contribution and concerns are objectively assessed prior to making key decisions and the balance of power is maintained. He ensures that the Board is in complete control of the Company's corporate affairs. Chairman also supports the Chief Executive Officer to manage day to day operations of the Company.</p> <p>Chairman is the ultimate point of contact to the Shareholders at the AGM</p>	
A.5	BOARD BALANCE		
	Principle: The Board should have a balance of Executive and Non-Executive Directors.	The Board consists of eight Non-Executive Directors and one Executive Director	
A.5.1	The Board should include at least two Non-Executive Directors or such number of Non-Executive Directors equivalent to one third of the total number of Directors, whichever is higher	The Board comprised eight Non-Executive Directors of each category are given on page 72, the details of the Directors.	✓
A.5.2	Two or one-third of Non-Executive Directors appointed to the Board of Directors which ever is higher, should be 'Independent'.	Three Directors out of eight total Directors are Independent Directors and it is complied with the requirement of the code.	✓
A.6	SUPPLY OF INFORMATION		
	Principle: The Board should be provided with timely information, in a form and of a quality appropriate to enable it to discharge its duties.		
A6.1	The Management has an obligation to provide the Board with appropriate and timely information.	The Senior Management presents adequate information with regard to new developments, proposed strategies, financial operations, investment proposals, and etc. To ensure clear communication of information.	✓
A.6.2	The minutes, agenda and papers required for Board Meetings should be provided at least seven days before the meeting.	Comprehensive Board Papers are presented to Directors at the Board Meetings. The Board Secretary maintains record of Board discussion and minutes of matters discussed by the Board.	

COMPLIANCE STATUS

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
A.7	APPOINTMENTS TO THE BOARD		
	Principle: There should be a formal and transparent procedure for the appointment of new Directors to the Board.	All new appointments to the Board are made following a formal and transparent procedure in AGM, annually.	
A.7.3	The Company should disclose information to the shareholders upon the new appointment of Directors.	All appointments of new Directors are disclosed to the Shareholders through CSE website. In addition, new appointments to the Board are done after obtaining the approval from Insurance Regulatory Commission of Sri Lanka (IRCSL) according to the terms of the Regulation of Insurance Act.	
A.8	RE-ELECTION		
	All Directors including Chairman of the Board should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years.	In Accordance with the Company articles at each Annual General Meeting, One third of the Directors for the time being, or if their number is not a multiple of 03, the number nearest to (but not greater than) 1/3 shall retire from office.	
A.9	APPRAISAL OF BOARD PERFORMANCE		
	Principle: Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.	The Board appraised itself on its performance in the discharge of its key responsibilities in the Board meetings held during the year.	✓
A.10	DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS		
	Principle: Shareholders should be kept advised of relevant details in respect of Directors.		
A.10.1	Annual Report should contain details of all Directors.	Information with respect to all Directors is disclosed in pages 36 to page 38 in this Annual Report and where relevant.	✓
A.11	APPRAISAL OF CHIEF EXECUTIVE OFFICER (CEO)		
	Principle: The Board should be required, at least annually, to assess the performance of the CEO.	The Board sets targets (both financial and non-financial) for each of the financial years based on the corporate plan, reviews them on a regular basis and discusses at the Board meetings. If such targets are not met, it also considers whether there are reasonable grounds for such departures and takes relevant action.	
	The Board should set, with consultation of the CEO, the financial and non-financial targets to be achieved by the CEO during the year, in line with short, medium and longterm objectives of the Company		
A.11.1	The performance of the CEO should be evaluated by the Board at the end of each year	The Chief Executive Officer is responsible for day-to-day operations of CICPLC and is accountable to the Board of Directors. The Board evaluates the CEO's performance through monitoring the achievement levels of set objectives during the year.	

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
B	DIRECTORS' REMUNERATION		
B.1	REMUNERATION PROCEDURE		
	Principle: Companies should establish a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.		
B.1.1	Set up a Remuneration Committee to make recommendations to the Board.	Remuneration Committee sets remuneration, pre-requisites and allowances of the Directors, Management and the other employees based on industry and market surveys.	
B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors, and should have a Chairman, who should be appointed by the Board.	The Chairman of the Audit Committee also chairs the Remuneration Committee, and consist of only non - executive directors. Remuneration levels are designed to attract, retain and motivate persons who contribute to the achievement of the corporate plan.	✓
B.1.3	The Chairman and Members of the Remuneration committee should be listed in the Annual Report each year	Please refer the details of the Remuneration Committee on page 77.	✓
B.1.5	The Remuneration Committee should consult the Chairperson and CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities.	The Chairperson of the Audit Committee is also the Chairman of the Remuneration Committee. The CEO attends meeting by invitation. Remuneration Committee obtains professional advice from within and outside the Company	
B.2	THE LEVEL AND MAKE-UP OF REMUNERATION		
B.2.1	The Remuneration Committee should provide the packages needed to attract, retain and motivate CEO/ Executive Director.	Remuneration committee designed remuneration levels to attract, retain and motivate persons who contribute to the achievement of the corporate plan.	
B.3	DISCLOSURE OF REMUNERATION		
	Principle: The Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.		
B.3.1	Remuneration Policy and details of remuneration of the Board should be stated in the Annual Report.	The aggregate remuneration of the Directors is shown on page 100.	✓

COMPLIANCE STATUS

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
C.	RELATIONS WITH SHAREHOLDERS		
C.1	CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS		
	Principle: Boards should use the AGM to communicate with shareholders and should encourage their participation	<p>The Company uses the AGM as a tool to effectively communicate with Shareholders and to allow them a reasonable opportunity to ask questions from the Board of Directors.</p> <p>As per the Companies Act No 07 of 2007, annual report together with notice of meeting, form of proxy and any other document (if any) are circulated to the Shareholders at least 15 working days prior to the date of the Annual General meeting.</p> <p>All members of the Board and the senior management make an effort to attend the AGM and answer questions and concerns raised by the Shareholders. A representative (usually the engagement partner) of the External Auditors also attends the AGM and takes questions from shareholders relating to their audit of the Company's Financial Statements, if required.</p> <p>The Board members and Company representatives are available to clarify the matters raised by shareholders. The most recent shareholders' meeting after 24th Annual General Meeting (AGM) of the Company held on 6th August 2022 was held on 17th December 2022</p>	✓
C.1.1	Dispatch notice of AGM and related papers to shareholders.	Company counts all proxy votes and to indicate to the Chairperson the level of proxies lodged on each resolution and the number of votes for and against such resolutions.	✓
C.1.2	Separate resolution for each substantially separate issues.	Each substantially separate issue is proposed as a separate resolution to provide Shareholders the opportunity to deal with each significant matter separately.	✓
C.1.3	Accurate recording and counting valid proxy appointments received for a General Meeting.	All proxy appointments received are duly recorded and counted in respect of each resolution.	✓
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting.	The Chairmen of the Board Committees (except audit committee) were present to answer any queries of the Shareholders directed to them by the Chairperson of the Company at the last AGM	
C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings.	<p>A summary of procedures governing voting at the AGM is provided in the Proxy form, which is circulated to the shareholders, fifteen working days prior to the AGM.</p> <p>The Company will inform the shareholders of the Annual General Meeting to be held in 2023 in due course</p>	✓

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
C.2	COMMUNICATION WITH SHAREHOLDERS		
	Principle: The Board should implement effective communication with shareholders.		
C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	All financial information released to the shareholders is authorised by two Directors and Chief Financial Officer. Any other information released to the shareholders are approved by the CEO and communicated through the Secretaries	✓
C.2.2	Disclose the policy and methodology for communication with shareholders.	The Company keeps informed their Shareholders via AGM, responding to inquiries from shareholders and provides feedback.	✓
C.2.3	Disclose how the Company has implemented the above policy and methodology	Company uses the annual report to inform its Shareholders on the affairs of the Company including major financial and non-financial information, regulatory requirements and other assurance reports issued by independent parties like external auditors and etc.; Our corporate website provides an additional channel for shareholders, information about the Company. Financial statements, details of the Company, Board of Directors and corporate managements the information on new products, can be accessed at www.ci.lk	✓
C.2.4	Disclose the contact person for such communication.	CEO and Company Secretary will be the main contact persons with regard to any public disclosures. Therefore, any clarification or further information with regard to any information published about the Company should be directed to the CEO. Further, clarifications with regard to any financial information published can also be directed to the CFO of CICPLC through the details given on page 05.	✓
C.2.5	A process to make all Directors aware of major issues and concerns of shareholders, and this process has to be disclosed by the Company.	If there are any major issues and/or concerns raised by shareholders, they are brought to the attention of all Directors by the Company Secretary.	
C.2.7	The process for responding to shareholder matters.	The Company's aim is to provide an appropriate reply to written requests from shareholders, within a reasonable time. If those queries raise a matter of general interest to shareholders, the Company will take this into account and will address them in subsequent corporate communications to all shareholders.	✓
C.3	MAJOR AND MATERIAL TRANSACTIONS		
	Principle: Directors should disclose to shareholders all proposed material transactions.		
C.3.1	Proposed major transactions	There were no major transactions during the year.	N/A

COMPLIANCE STATUS

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
D.	ACCOUNTABILITY AND AUDIT		
D.1	FINANCIAL REPORTING		
	Principle: Board responsibility for statutory and regulatory reporting.		
D.1.1	Present a fair and balanced annual report prepared following the laws and regulations with an explanation of deviations.	The Annual Report, which is the main communication tool between the Company and the shareholders, is prepared and presented in compliance with the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 and other rules and regulations of the IRCSL and other applicable rules and regulations of the country.	✓
D.1.4	Declarations by Directors in the Directors' Report	The Annual Report of the Board of Directors on the affairs of the Company is presented on pages 98 to 102.	✓
D.1.5	Statements of Directors' responsibilities and auditors responsibilities	The statement of responsibilities of the board for the preparation and presentation of financial statements is presented on page 170. The Auditor's Report is provided on pages 172 to 176.	✓
D.1.6	The Annual Report should contain a 'Management Discussion and Analysis.	The Management Discussion and Analysis is given on pages 106 to 168 of this Annual Report, which covers the disclosure requirement under this Code.	✓
D.1.7	Summon an Extraordinary General Meeting (EGM)	There has not been any requirement to summon an Extraordinary General Meeting (EGM) to notify serious loss of capital. Although the likelihood of such a situation is remote, if it arises, an EGM would be called to inform Shareholders.	N/A
D.2	RISK MANAGEMENT AND INTERNAL CONTROL		
D.2.1	The Board should monitor risk management and internal control systems and carry out a review of their effectiveness and report on the same in the Annual Report.	The Board is ultimately responsible for the Company's system of Internal Controls and the continuous review of their effectiveness. Some of these responsibilities are delegated to Audit Committee, Investment Committee, HR Committee Purchasing Committee and Business Development Committee to ensure effectiveness of internal controls.	✓
D.2.3	Internal audit function	The internal audit function is carried out by the team of Internal Auditors headed by a person well experienced and competent to carry out the internal audit functions. The Internal Auditor directly reports to the Board of Directors through Audit Committee. The Board is of the opinion that the function of the Internal Auditor would provide a more independent view on the Company's system of internal controls.	✓
D.2.4	Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls.	Effective internal control system is ensured by the audit committee. It reviews the effectiveness of the internal control system through the Internal Audits. Risk management committee decisions are discussed at audit committee meeting reviews since the Audit Committee carries the responsibility over the Company's risk management practices.	✓
D.2.5	Statement of internal control	The Board's Statement on Internal Control is given on pages 68 to 81.	✓

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
D.3	AUDIT COMMITTEE		
D.3.1	Establish an Audit Committee of at least three Non-Executive Directors.	The Audit Committee is a sub-committee of the Board and comprises of three (03) Non-Executive Directors. The Audit Committee was chaired by a Chartered Accountant who was a professional Director. On 29th June 2022, Mr. A.T.D.S. Palitha, (Chairman to the audit committee) ceased to be a director of the company due to the expiry of term. Company has appointed Mr. Lalith Waragoda as new Chairman to the committee with effect from 9th June 2023. The term of reference under which the Committee has been appointed sets out its scope and responsibilities and enables it to operate with appropriate authority, independence and objectivity.	✓
D.3.2	Terms of Reference for Audit Committee	The Audit Committee operates with clearly defined terms of reference, which are reviewed annually. Key areas of focus are; <ul style="list-style-type: none"> - Composition - Meetings - Internal audit - External audit - Financial reporting - Compliance and litigation - Risk management and internal control - Reporting responsibilities - Other responsibilities 	✓
D.3.4	Disclosures required by the Audit Committee in the Annual Report.	Audit committee report on page 171 includes names of the Directors in the Audit Committee and other disclosures.	✓
D.5	CODE OF BUSINESS CONDUCT AND ETHICS		
D.5.1	Disclosure of Compliance with the Corporate Governance Code	Company has included Corporate Governance report in pages 68 to 81 setting out the manner and extent to which the Company has complied with the principles and provisions of the Code of Best Practice on Corporate Governance issued jointly by the SEC and the CA Sri Lanka.	✓
D.5.4	Chairman's statement	Refer to the Chairperson's Message on page 26 and the Annual Report of the Board of Directors on the affairs of the Company on pages 98 to 102.	✓
D.6	CORPORATE GOVERNANCE DISCLOSURES		
D.6.1	Corporate Governance disclosures	The Corporate Governance Report on pages 68 and 81 comply with this requirement.	✓

COMPLIANCE STATUS

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
E.	INSTITUTIONAL INVESTORS		
E.1	SHAREHOLDER VOTING		
	Principle: Should ensure institutional shareholders' voting intentions are translated into practice.		
E.1.1	Communication with Shareholders	Please refer details on shareholder communication under C.2.1 and C.2.2	✓
F.	OTHER INVESTORS		
F.1	Investing and divesting decision	Individual shareholders are encouraged to carry out adequate analysis or seeking dependent advice on their investing, holding or divesting decisions. The Annual Report contains sufficient information to make an informed decision.	✓
F.2	Encouraging shareholder participation and exercise their voting right.	Refer Annual General Meeting section on page 300.	✓
G.	INTERNET OF THINGS AND CYBER SECURITY		
G.1	Internet of things and cyber security	IT department has competent staff and with the advice of the Managing Director they have identified the business process. IT department has taken mechanism to connect IT devices within the organisation and outside the organisation to the organisation network to send and receive information. Also they maintain proper risk mitigation mechanism to protect Company information from cyber treats.	✓
G.3	Cyber risk management to be a regular item on the Board agenda	Please refer identified risk and risk control mechanism taken by the Company in Risk management section on page 52.	
G.4	Independent periodic review and assurance	IT department ensures the effectiveness of cyber security periodically and suggests necessary actions to the Managing Director who is reports to the Board. Board of Directors takes necessary actions accordingly.	
G.5	The process to identify and manage cyber security risks	Please refer identified risk and risk control mechanism taken by the Company in Risk management section on page 52 to 67.	

Section	Corporate Governance Requirement	CICPLC's Level of Compliance	Compliance Status
H.	ENVIRONMENT, SOCIETY AND GOVERNANCE		
	<p>This report has been prepared following the IR Framework, and the Code of Best Practice on Corporate Governance.</p> <p>The following reports provide further information:</p> <p>Social Reporting</p> <p>Human Capital Report on page 147 Social & Relationship Capital Report on page 155</p> <p>Environmental Reporting</p> <p>Natural Capital Report on page 165</p> <p>Governance</p> <p>Corporate Governance Report on page 68</p>		
H.1	Environment, Society and Governance (ESG) Reporting	Annual Report of the Board of Directors on page 98	

COMPLIANCE WITH LISTING RULES SECTION 7.10

The Company required compliant with the Corporate Governance Rules as per Section 7.10 of the Listing Rules and Colombo Stock Exchange. The following table has been published in accordance with the requirement to disclose the level of compliance with such rules.

Rule No.	Subject	Requirement	CICPLC's level of compliance	Compliance Status
7.10 (2) (a) (b)	Statement of Compliance	Publish a statement of compliance with Corporate Governance Rules (Section 7.10 of the Listing Rules) in the Annual Report	Please refer page 93 for the statement of compliance. The Company is compliant with the Corporate Governance Rules as per Section 7.10 of the Listing Rules.	✓
7.10.1	Non-Executive Directors	Two or one-third of the total number of Directors, whichever is higher, shall be Non-Executive Directors	8 Directors out of 9 are Non - Executive and only 1 directors are Executive Directors for 2022.	✓
7.10.2 (a)	Independent Directors	Two or one-third of Non-Executive Directors appointed to the Board, whichever is higher, shall be independent	3 Directors out of 8 Non - Executive Directors are independent.	✓

COMPLIANCE STATUS

Rule No.	Subject	Requirement	CICPLC's level of compliance	Compliance Status
7.10.2 (b)		Each Non-Executive Director shall submit a declaration of independence or non - independence in the prescribed format	Non-Executive Directors have submitted declarations during 2022.	✓
7.10.3 (a)	Disclosures Relating to Directors	The Board shall disclose the names of the Independent Directors in the Annual Report.	Please refer page 72 of the Annual Report for the names of Independent Directors.	✓
7.10.3 (b)		In the event a Director does not qualify as independent as per the Rules on Corporate Governance, but if the Board is of the opinion that the Director is nevertheless independent, the Board shall specify the basis for that determination in the Annual Report.	No such situation has arisen during the year.	N/A
7.10.3 (c)		The Board shall publish a brief resume of Directors in the Annual Report, including their experience in relevant areas.	Please refer the profiles of Directors on pages 36 to 38.	✓
7.10.3 (d)		The Board shall provide a brief resume of newly appointed Directors to the Colombo Stock Exchange (CSE) for dissemination to the public.	Appointments of new Directors are disclosed after the approval from IRCSL with brief resume.	✓
7.10.5	Remuneration Committee	A listed entity shall have a Remuneration Committee.	Details of the Remuneration Committee is given on page 100.	✓
7.10.5 (a)		The Remuneration Committee shall comprise of Non-Executive Directors, a majority of whom shall be independent.	The Remuneration Committee comprises 03 Non-Executive Directors, all three are Independent Non-Executive Directors.	✓
		One Non-Executive Director shall be appointed as the Chairman of the Committee by the Board of Directors.	Mr. A.T.D.S. Palitha (Independent Non-Executive Director) served as the Chairman of the Remuneration Committee till 29th June 2022.	✓
7.10.5 (b)		The Annual Report should set out names of the Directors serving in the Remuneration Committee.	Please refer page 77 for the composition of the Remuneration Committee.	✓
		Aggregate remuneration paid to Executive and Non-Executive Directors.	Please refer Note 32 on page 234.	✓
7.10.6	Audit Committee	A listed entity shall have an Audit Committee.	Details of the Audit Committee are given on page 77.	✓

Rule No.	Subject	Requirement	CICPLC's level of compliance	Compliance Status
7.10.6 (a)		The Audit Committee shall comprise Non-Executive Directors, a majority of whom shall be independent.	All Directors in Audit Committee are Independent Non-Executive Directors.	✓
		One Non-Executive Director shall be appointed as the Chairman of the Committee by the Board of Directors.	Mr. A.T.D.S. Palitha (Independent Non-Executive Director) served as the Chairman of the Committee till 29th June 2022.	✓
		Chief Executive Officer (CEO) and Chief Financial Officer (CFO) shall attend Audit Committee meetings.	Both the CEO and the CFO attend the meetings by invitation.	✓
		Chairman or one member of the Committee should be a member of a recognised professional accounting body.	The securities of CICPLC have been transferred to Watch List due to non-compliance with Corporate Governance Rule 7.10.6(a) and 7.10.7 on 13th October 2022. And securities of CICPLC suspended on 18th April 2023 due to non compliance with Corporate Governance Rule 7.10.6(a) and 7.10.7. Mr. Lalith Waragoda was appointed to the board with effect from 9th June 2023 as the professional director and the Chairman of the Audit committee. Please refer page 38 for qualifications of the members of the Audit Committee. The Chairman is a Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).	✓
7.10.6 (b)		The functions of the Audit Committee shall be as set out in Section 7.10 of the Listing Rules.	Please refer page 171 for the Report of the Audit Committee.	✓
7.10.6 (c)		The Annual Report should set out:		
		- Names of the Directors serving in the Audit Committee.	Please refer page 77 for the composition of the Audit Committee.	✓
		The Committee's determination of the independence of the Auditors and the basis for such determination.	Please refer page 171 for the Report of the Audit Committee.	✓
		A Report by the Audit Committee setting out the manner of compliance with the requirements set out in Section 7.10 of the Listing Rules	Please refer pages 171 for the Report of the Audit Committee.	✓

COMPLIANCE STATUS

COMPLIANCE WITH CORPORATE GOVERNANCE FRAMEWORK FOR INSURERS

In year 2018, Insurance Regulatory Commission of Sri Lanka issued the Direction number 17 introducing a Corporate Governance framework for insurers. These rules came into effect (extended effective date) from 01st July 2019 and IRCSL amended the Direction number 17 during the year 2020 and said amendments came into effect from 1st June 2020 onwards. Compliance of CICPLC group with these regulations is given in the table below:

Section	Requirement	CICPLC's level of compliance	Compliance Status
A	Alnsurers are recommended to adhere to the Code of Best Practice on Corporate Governance issued in 2017.	The Company's status of compliance with the relevant Corporate Governance Code is given from pages 82 to 97.	
B	Insurers are required to comply with the following:		
(1)	The Board of an insurer must be comprised of a minimum of two Directors who are citizens and residents of Sri Lanka.	All Directors of the Company are citizens and residents of Sri Lanka.	✓
(2) (a)	The total period of service of a Director of an insurer, other than Executive Directors, shall not exceed nine years, and such period in office shall be inclusive of the total period of service served by such Director up to 01st July 2019.	None of the directors exceed nine years of service	✓
(2) (a) (i)	Above 9 year rule shall not be applicable to major Shareholder Director representing a major corporate shareholder and / or Corporate groups with majority shareholding i.e. more than 50% shares of the insurer directly or an individual Shareholder Director holding more than 50% could hold the directorship of the insurer for more than 9 years and upon reaching 70 years she/he could nominate his/her representation to the Board.	Not Applicable	Not Applicable
(2)(a) (ii)	Above 9 year rule shall not be applicable to Technical Director, such Director be allowed to remain in office till the age of 75 provided such person is an Associate or above the Chartered Insurance Institute and having 10 years' experience in an insurance company at senior managerial level.	Not Applicable	Not Applicable

Section	Requirement	CICPLC's level of compliance	Compliance Status
(3) (a)	The age of a person who serves as a Director shall not exceed 70 years.	No Directors have exceeded the Age of 70 years.	✓
(3) (b)	In this context following transitional exemption apply. (i) (ii) (iii)	No such situation has arisen during the year.	
(4)	The Board of an insurer must adhere to Section 7.10 of the Listing Rules of the CSE	The Company's compliance status with rule number 7.10 is given on pages 93 to 95.	✓
(5)	A person shall not hold offices as a Director of more than 20 companies/ entities/institutions including of subsidiaries or associate companies of the insurer, in not more than 10 specified business entities in terms of the Sri Lanka Accounting Standards Act, No.15 of 1995.	As at the date of this report, no Director holds directorship in more than 20 companies/ entities/ institutions and not more than 10 specified business entities.	✓
(6)	The Company is required to demonstrate compliance with this Direction by way of disclosure in the Annual Report, including the disclosure requirements stated in 7.10 of the Listing Rules of the Colombo Stock Exchange. If the Company is unable to confirm compliance, disclose the reasons for its non- compliance and the action that will be taken rectifying the said non-compliance within the period. The Annual Report of the Company should be accessible to the IRCSL and the general public via the website of the Company within five months after the Balance Sheet date of the Company.	The Company has disclosed the Compliance status with Section 7.10 of the Listing Rules on page 93 to 95 of the Annual Report and It published on the Company's website.	✓
	The Insurer shall rectify its non-compliance in respect of B 1 to 6 above within three months from the date of Non-Compliance of same and inform the IRCSL immediately after three months.	The Company has disclosed the Compliance status with Section 7.10 of the Listing Rules on page 93 to 95 of the Annual Report Company has taken the corrective measures to comply with the section 7.10 of listing rules.	

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors has pleasure in presenting the Annual Report to the members together with the Audited Financial Statements for the year ended 31st December 2022 and the Auditor's Report thereon of Co-operative Insurance Company PLC. This Report contains information required by Section 168 of the Companies Act No. 7 of 2007 and other necessary information required by the Listing Rules of the Colombo Stock Exchange.

General

The Company is a limited liability company incorporated in Sri Lanka on August 11, 1997 under the Companies Act No. 17 of 1982 and re-registered on 31st December 2008 as required under the provisions of the Companies Act No. 07 of 2007.

Principal Activities

There was no significant change in the nature of the principal activities of the Company during the year and general insurance remained to be the principal activity of the company. The Company has not engaged in any activity which contravenes the Laws and Regulations of the country.

Review of Business and Future Developments

A review of the financial and operational performance and future developments of the Company is contained in the Chairman's Message, and Former Chairman's review and the Management Discussion and Analysis of the Annual Report. These reports form an integral part of the Report of the Directors' and together with the audited Financial Statements reflect the state of affairs of the Company.

Financial Statements and Auditor's Report

The financial statements of the Company are prepared in conformity with the Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirements of the Companies Act No. 07 of 2007 and the Regulation of the Insurance Industry Act No. 43 of 2000 and other rules issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL).

The financial statements duly signed by the Directors are provided on pages 177 to 272 and Auditor's Report on financial statements is provided on pages 172 to 176 of this annual report.

Corporate Governance

The Corporate Governance principles and practices of the Company are described from pages 68 to 81 of this Report.

Directors' Responsibility for Financial Reporting

The Statement of Directors' Responsibilities for Financial Reporting is given on page 170 which forms an integral part of the Annual Report of the Board of Directors.

The Directors are responsible for preparing and presenting the Financial Statements, which are set-out on pages 177 to 272. The Financial Statements have been prepared in conformity with the Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange. The Directors are satisfied that, the Financial Statements, presented on pages 177 to 272 give a true and fair view of the state of affairs of the Company as well as the profit for the year then ended.

Turnover/Gross Written Premium (GWP)

The total turnover measured by the Gross Written Premium (GWP) of the group of companies for the financial year under review amounted to Rs. 6,198 Mn (Rs. 5,355 Mn in 2021).

Financial Results and Appropriations

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Net profit before taxation	763,067	933,036	563,348	739,342
Income tax	(136,446)	(123,169)	(105,578)	(108,548)
Net profit after taxation	626,621	809,867	457,770	630,794
Unappropriated profit brought forward	2,255,311	1,714,233	1,767,966	1,401,973
Funds available for appropriation	2,645,384	2,255,311	1,992,173	1,767,966
Other comprehensive income	198,673	83,466	167,980	182,770
Dividends Paid	223,044	280,375	223,044	275,924
Unappropriated profits carried forward	2,645,384	2,255,311	1,992,173	1,767,966
Earnings per share (Rs.)	0.38	0.54	0.28	0.42

The Board of Directors

The Directors of the Company as at date are set out under "Corporate Information" on inner back cover and their profiles are given on pages 36 to 38 of the annual report.

The Directors of the Company who held office during the year are set out below together with the respective dates of change:

- K.S.S. Weerasekera
- D.L. Samarawickrama
- P.B. Jayarathna
- D. Thilakawardhana
- A.B. Senadira
- M. Widanagamage - Appointed with effect from 15th June 2022
- A.A.J. Amarasinghe - Appointed with effect from 15th June 2022
- T.B.H. Kumara - Appointed with effect from 15th June 2022
- M.G.U.P. Kumara - Appointed with effect from 15th June 2022
- A.T.D.S. Palitha - Retired with effect from 29th June 2022
- C. PJayasinghe- Retired with effect from 22nd June 2022.
- K.R.W. Ranasinghe - Retired with effect from 20th May 2022.

The following purported appointments to the board by K S S Weerasekera, (Chairman who held the office during the year) and few others directors was invalidated at the meeting held on 20th May 2023 by the Directors who had been appointed properly as per the Article of Association of the Company and approved by IRCSL.

- K.W. Gunasekera
- W.T.K. Rajapaksha
- Y.M.J. Indika
- N.P. Manage

Directors' Meetings

The number of Directors' meetings which comprises Board meetings, Audit Committee meetings, Investment Committee meetings, Humana Resources Committee Meetings, Business Development Committee Meetings, Remuneration Committee meetings and Related Party Transaction Review Committee Meeting together with the attendance of each Director at these meetings during the year are tabulated below:

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Name of e Director	Board Meetings		Audit Committee Meetings		Investment Committee Meetings		Human Resources Committee Meetings		Business Development Committee		Purchasing Committee		Tender Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
1 K.S.S. Weerasekara	10	10			11	11	09	09			03	03	05	05		
2 D.L. Samarawickrama	10	09			11	05					03	03	05	01		
3 K.R.W. Ranasinghe	06	04			04	01					03	01				
4 C.P. Jayasinghe	07	07									03	03	01	01		
5 A.D.T.S. Palitha	07	07	05	05												
6 A.B. Senadira	10	09	06	06												
7 P.B. Jayarathna	10	10	06	06												
8 D. Thilakawardhana	10	10			11	11	09	09								
9 M. Widanagamage	04	03														
10 A.A.J. Amarasinghe	04	03														
11 M.G.U.P. Kumara	01	01			06	06	04	04					4	4		
12 T.B.H. Kumara	04	04											4	3		

A – Number of Meetings held during the period while the director was holding office

B – Number of meetings attended

The meeting held with the purported appointment to the board was not considered in above tabula on the instruction of Directors.

Board Sub Committees

The following Sub Committees were established by the Company:

Audit Committee

Investment Committee

Human Resource Committee

Purchasing Committee

Remuneration Committee

Tender Committee

Risk Committee

Related Party Transaction Review Committee

Business Development Committee

The Reports of the Sub Committees are on page 77 in the Annual Report. The Composition of the Board and the sub-committees of the Company and their functions and responsibilities are set out in the Corporate Governance Report appearing on pages 68 to 81 of this Annual Report

Directors' Interest with Contracts and Related Party Transactions

The Directors have no direct or indirect interest in contracts with the Company other than those disclosed in Note 35 to the Financial Statements.

Directors' Fees and Emoluments

Directors' fees and emoluments in respect of the Company for the Financial Year Ended 31st December, 2022 are as follows.

Directors' Fees and emoluments are as follows.

	2022 Rs. "000"	2021 Rs. "000"
Board Expenses	5,487,307	7,609,340
Board Remuneration	13,218,772	11,244,132
Board Remuneration of Cooplife Insurance	15,378,804	8,428,379
	34,084,883	27,281,851

Directors and their shareholdings

The Articles of Association of the Company does not stipulate the Directors to hold shares of the Company as qualifying shares. The Directors' shareholding as at 31st December 2022 are as follows:

Name of Director	Number of Shares
K.S.S Weerasekara	Nil
D.L. Samarawikrama	Nil
A.B Senadira	Nil
D. Thilakawardana	Nil
P.B. Jayarathna	Nil
M. Widanagamage	Nil
A.A.J. Amarasinghe	244,030
T.B.H. Kumara	Nil
M.G.U.P. Kumara	Nil

Dividends

The board of directors has not recommended a dividend for the financial year 2022.

Investments

The details of investments held by the Company are disclosed in Note 06 to the Financial Statements.

Property, Plant & Equipment

The book values of the Property, Plant & Equipment were Rs. 1,071 Mn as at the Balance Sheet date. Details of the Property, Plant & Equipment and movement during the year are disclosed in Note 04 to the Financial Statements.

Major Shareholders

20 Major shareholders of the Company as at 31st December, 2022

Name of the Shareholder	31st December 2022 Shareholding
Wennappuwa Multi Purpose Co-Operative Society Ltd	216,895,920
Post & Telecom Employees Co-Operative Bank Society Ltd	156,656,840
Wayamba Co-Operative Rural Banks Union Ltd	105,377,730
Gampaha District Co-Operative Rural Bank Union Ltd	103,955,830
Public Service Co-Operative Credit & Thrift Society Ltd	91,090,730
Matara District Tea Producers Co-Operative Society Ltd	76,448,180
Beliatta Multi Purpose Co-Operative Society Ltd	65,431,230
Matara District Co-Operative Rural Banks Union Ltd	50,709,940
Puttalam Salt Ltd	41,371,390
Beralapanathara Multi Purpose Co-Operative Society Ltd	31,637,250
Homagama Multi Purpose Co-Operative Society Ltd	30,018,540
Kotapola Multi Purpose Co-Operative Society Ltd.	28,614,020
Colombo District Co-Operative Rural Bank Union Ltd	27,808,570
Sri Lanka Co-Operative Rural Banks Federation Limited	26,172,490
Hambanthota District Co-Operative Rural Bank Union Ltd	25,206,250
Panduwasnuwara Multi Purpose Co-Operative Society Ltd	24,547,180
Central Province Co-Operative Rural Banks Union Ltd	24,234,010
Bingiriya Multi Purpose Co-Operative Society Ltd	22,181,190
Mirigama Multi Purpose Co-Operative Society Ltd	20,579,230
Kolonnawa Multi Purpose Co-Operative Society Ltd.	18,973,030

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Analysis of Shareholders

The percentage of Public Holding is 64.4% of the issued voting shares of the Company, represented by 4,867 shareholders.

The Company is in compliance with the minimum Public Holding requirement as at reporting date.

Provisions

The Directors' have taken reasonable steps to ensure adequate provisioning for all known liabilities and insurance related reserves i.e. Unearned premiums reserves, Claims outstanding reserve and provisions for Claims Incurred but Not Reported (IBNR) and Claims Incurred but Not Enough Reported (IBNER) in Non-Life Insurance. The Directors also have consulted an Independent Actuary in this process of valuing IBNR and IBNER reserves and his report is given on page 103.

Stated Capital

The Company's issued and fully paid stated capital as of the year end was Rs. 2198.3Mn

Shareholders

The total Shareholder base of the Company as at 31st December, 2022 was 4,885.

Statutory Payments

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

Donations

There were no charitable contributions made in the Year 2022.

Contingencies and Events Occurring After the Balance Sheet Date

Details of contingencies and events occurring after the Balance Sheet date are disclosed in Note 36 and Note 37 respectively to the Financial Statements.

Auditors

The Financial Statements for the period under review have been audited by Messrs Jayasinghe & Company, Chartered Accountants. Rs. 1.7 Mn (2021 - Rs. 1.7Mn) has been paid as Audit Fee for the Year Ended 31st December, 2022.

Auditors' Relationship with the Company

Messrs M/s Jayasinghe and Company, Chartered Accountants, did not provide other consultancy services to the company during the year under review

By Order of the Board,



Secretary
Kalupahana and Thilakarathne Law Associates
Secretaries

30th June 2023

CERTIFICATE OF IBNR AND LAT



CERTIFICATE OF IBNR AND LAT

17th May 2023

Certification of Net IBNR and Liability Adequacy Test Certification Cooperative Insurance Company Limited 31st December 2022

I hereby certify that undiscounted central estimate net of reinsurance IBNR provision for Co-operative Insurance Company Limited as at 31st December 2022 inclusive of allowance for claims handling expenses (CHE) is LKR 395,542,016.43, together with the case reserves as at 31st December 2022 is adequate (for many but not all scenarios) as the claims provision at the 50th percentile to meet the liabilities incurred in the future where the claims obligation incurred at 31st December 2022. The gross of reinsurance, undiscounted central estimate of IBNR as at 31st December 2022 inclusive of CHE is LKR 427,325,266.36.

The LAT has been performed to assess whether the carrying Unearned Premium Liability (UPR) is adequate as per the SLFRS 4 guidelines. The net of reinsurance UPR is LKR 2,029,548,990 is adequate at the 50th percentile with related to the unexpired risk of the company as at December 2022 at many but not all future experience scenarios. There is no additional risk reserve are required as at 31st December 2022.

The company's unexpired risk reserve valuation is performed in accordance with the RBC solvency rule issued by the IRCSL in 2015. I have performed all the calculations in accordance with the professional standards relevant to Institute of Actuaries India and International Actuarial Practices in particular Code of conduct and the relevant professional standards and guidance.

I have relied upon the information provided by the company company's management, and I have not verified the data supplied at individual level, beyond applying some data validation check to satisfy myself of the reasonableness of the data provided.

Saket Singhal FIAI
COP No: 175/058
On Behalf of Acts Sure Lab (Pvt) Ltd

Acts Sure Lab (Pvt) Limited
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MANAGEMENT DISCUSSION AND ANALYSIS

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STAKEHOLDER ENGAGEMENT

Our Stakeholder Interactions

At CICPLC, stakeholder interactions are not only transactional. Since our inception, the needs of the cooperative communities of Sri Lanka have been at the centre of how we have crafted our business model and value proposition. Our business model has now evolved into incorporating the needs and interests of all stakeholders who have vested interests in our decisions and business activities.

As an insurance solutions provider and risk management specialist, we understand that our decisions and actions require accountability in fulfilling stakeholder expectations. Therefore, we continue to honour our commitments through regular communications, enhanced value offerings and increased value creation in the short to long term.


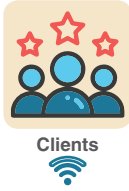
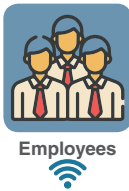
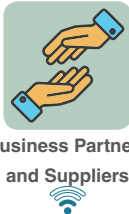




The stakeholder engagement process

To avoid ad-hoc communications with employees, there is a formal process that the Company follows. The process gives structure to occasions or matters when stakeholder engagement requires planning and proper execution to avoid miscommunication and to keep stakeholders and company personnel informed.



STAKEHOLDER ENGAGEMENT

	Reason	Modes of engagement	Expectations from CICPLC	How we respond
 <p>Shareholders and investors</p>	We are accountable for their investments entrusted towards business growth. Therefore, there is a responsibility to communicate company decisions, actions and performances transparently and formally.	<ul style="list-style-type: none"> AGM and EGMs Annual Report Interim financial reports CSE announcements and communications Website PR communications In-person interactions 	<ul style="list-style-type: none"> Revenue generation and profitability Financial stability and sound financial management Transparency in financial performance Future-forward thinking 	<ul style="list-style-type: none"> Annual dividends Strategies to enhance revenue growth Timely reporting and transparent financial disclosures Prudent financial investment and financial management
 <p>Clients</p>	To communicate new products, value additions, promotions and service improvements. Moreover, engagement is an absolute requirement when generating policies, settling claims and in resolving complaints.	<ul style="list-style-type: none"> Branch interactions Website Media communications Appointments/ in-person meetings Social media Call centre 	<ul style="list-style-type: none"> Financial indemnity during unexpected losses Efficient services Approachability and reliability Affordable and inclusive solutions Grievance resolution Honesty and integrity Honouring contractual clauses 	<ul style="list-style-type: none"> Claim settlement Affordable solutions based on exact requirements Access to a strong and large distribution network Complaint management Empathetic and proactive service
 <p>Employees</p>	As the people that drive value creation, employees must maintain communication with peers, the management and other stakeholders, as and when required. And in attracting, retaining and managing employees, the management must maintain constant communication and engagement – informing the value propositions they create for employee growth.	<ul style="list-style-type: none"> Intranet Staff meetings Training programs Awards program Performance evaluations Satisfaction surveys E-mails and telecommunications Recreational activities 	<ul style="list-style-type: none"> Fair and full remuneration Incentives and benefits Career growth and succession Professional and technical development Job security Respect and inclusivity Work life balance Rewards and recognition Health and safety 	<ul style="list-style-type: none"> Increasing remunerations and benefits Annual increments and promotions Training and development Access to professional qualifications (CITA) Conducive and safe working environment KPI based performance recognition and rewards
 <p>Business Partners and Suppliers</p>	To maintain business partnerships and reinforce contractual obligations, in addition to exchanging business requirements and financial value creation	<ul style="list-style-type: none"> One to one meetings Site visits E-mails and telecommunications 	<ul style="list-style-type: none"> Business growth Timely payments Business continuity Contractual commitments Integrity and ethical business conduct 	<ul style="list-style-type: none"> Commitment to contracts and timely payments Open communications
 <p>Government, Regulators and Industry Bodies</p>	Government and regulators expect transparency and information on our conformance to statutory and regulatory requirements.	<ul style="list-style-type: none"> Media communications Periodic submissions and returns Responding to inquiries CSE announcements Annual report 	<ul style="list-style-type: none"> Adherence to proper procedures and regulations Compliance with mandatory laws and regulations Ethical conduct and transparent operational conduct 	<ul style="list-style-type: none"> Timely financial report submissions and declarations Timely tax returns Adherence to existing and new regulations and directives
 <p>Community</p>	The community expects the company to share the benefits of its growth with them through jobs and financial distributions.	<ul style="list-style-type: none"> Website Call centre Media communications Social media 	<ul style="list-style-type: none"> Employment opportunities Financial support Affordable solutions Environmentally friendly operations 	<ul style="list-style-type: none"> Recruitments to branches from respective locales Contributions Focus on contributing to environmental sustainability

OUR STRATEGY

What we want to achieve

The company strategy is imperative to how we want to achieve our aspirations for the future. It was redrawn in 2021, infusing a more practical way of thinking. The new strategic focus is based on a core focus of creating a secure future for all; to become an insurer that not only comes to the financial rescue but creates value in numerous ways, for all our stakeholders.

Core vision: To be an organisation that will stand "united" with its customers to the very end.

Mission: To be ever mindful of the needs of our customers and, thereby make 'true protection' a way of life via the provision of innovative, yet affordable insurance solutions, which confirm to the highest ethical and moral standards.

The long-term goal: Goal of becoming a pioneer in the industry, offering a different value proposition through a reach of 132 branches across Sri Lanka.

While the new strategy requires more groundwork in the coming months, we have already begun integrating our thinking and operational aspects to complement its strategic imperatives. Importantly, the new strategy drives us to become advocates of risk management, providing solutions and innovative services to reflect true customer needs, different to generic solutions. The new strategic imperatives strike a balance between company growth and creating value for all our stakeholders, over time.



OUR STRATEGY

How we want to achieve our strategy (Resource allocation)

Strategic imperatives	What it implies	Metrics	2022 results	Short-long term plans
Paradigm shift	To position the company as a proactive risk manager and insurer with structural enhancements to improve efficiency and market growth	<ul style="list-style-type: none"> GWP GWP by category 	Company achieved over Rs. 5 Bn in GWP	<ul style="list-style-type: none"> Increase brand engagements Less soft rates Increase customer convenience with increased accessibility and simplified processes Change market perceptions Targeted products Direct marketing
Expanding our reach	Increasing physical access and setting in place digital access	<ul style="list-style-type: none"> Market share Branch numbers Service partners Digital access 	<p>Able to expand business network through third party centres</p> <p>Customers can purchase insurance covers online</p>	<ul style="list-style-type: none"> New branches in the next five years Digital insurance portal
Process optimisation through technology	Using tech solutions to harness process efficiencies	<ul style="list-style-type: none"> Number of tech based simplified processes 	<ul style="list-style-type: none"> Company was able to enhance certain process automations. Motor and non motor claim process. Stationary request process 	<ul style="list-style-type: none"> Process re-engineering Digital insurance
A winning culture	Building a dynamic team and work culture to tackle challenges and proactively pursue growth	<ul style="list-style-type: none"> Performance targets of departments and units 	Time line targets and process targets given to each teams in claim department.	<ul style="list-style-type: none"> Increase a comprehensive strategy for training Strongly adhere to the KPI-based performance evaluation system Performance-based incentives
Productivity and profitability	Effectively meet financial metrics and ensure profitability	<ul style="list-style-type: none"> GWP/top line Product mix Channel mix Claim ratio and Combined ratio Expense ratio Investment return 	Performing profitability analysis when underwriting correct policy.	<ul style="list-style-type: none"> Targets based on product classes Channel mix that reduces cost and capitalises on direct business channels Strategies to bring down claim expense

Paradigm shift

As it implies, the paradigm shift involves a complete revamp of our market positioning with the ultimate goal of reaching Rs. 10 Bn GWP. This requires leveraging the existing customer base through telemarketing, online selling and channel-based targets, which will be priorities. Moreover, we will also focus on providing tailor-made motor insurance solutions than selling standard solutions.

Process re-engineering

Apart from product transformations and diversifications, business process re-engineering will significantly improve internal process efficiencies and customer services; this is where our third strategic imperative will come into play. Processes will be redesigned with price competitiveness and profitability in mind without disrupting routine operations. Through such redesigns, we expect to absorb the benefits of low-cost processes while transferring the benefits to our customers. Furthermore, a simplified and rapid claim management process with enhanced underwriting and finance functions is part of this BPR focus.

Market penetration

Broadening market share will be done gradually across planned stages. However, a primary strategy will be to leverage the existing customer base while following retention strategies such as enhancing customer engagement to brace tough competition.

Portfolio expansion

We will launch new products by broadening our risk appetite and taking additional measures to enhance underwriting in accommodating various insurance plans for varying needs.

Transformative growth

In the long run, we aspire to pursue transformational growth to increase market share through increased customer access, improved value proposition and investments in business promotion and technology.

Capital impact of paradigm shift

Value	Financial	Human	Social and relationship	Intellectual	Manufactured	Natural
Increase	√	√	√	√	√	√
Decrease	√					
Transformations	√	√	√	√	√	
No direct impact						

Short to long term value creation, preservation and erosion

Over time investments in will impact financial capital more than others, which will at times help increase or transform the value of other capitals; however, the objective of reaching the GWP objective will benefit the Company's financial returns.

Expanding our reach

Our market presence grows each year, with physical expansions that are competitive. Currently, CICPLC operates 119 branches, 113 service centers and a highly saturated network of 3rd party insurance points, which will be grown to accommodate further island-wide coverage in the next few years.

New channels are in the pipeline, with several new streams added to the mix in the year under review. At present, we have separate teams undertaking telemarketing and direct sales, with digital insurance overseen by another dedicated team.

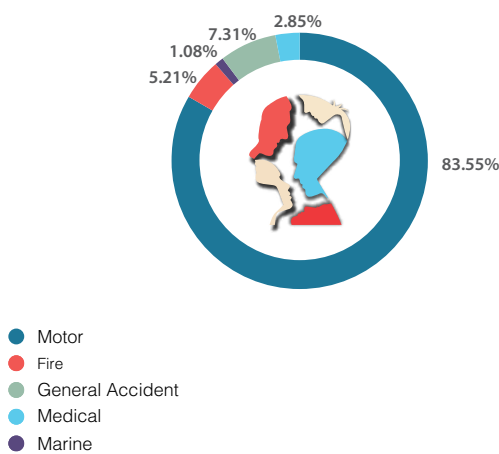
A target-based incentive scheme will drive accountability among all channel heads. Each channel and unit will have separate targets for new business, while the telemarketing team will oversee reactivation of lapsed policies cross-selling and up-selling.

OUR STRATEGY

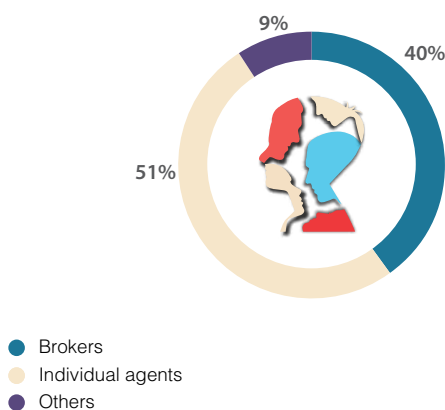
Channel and product mix

The proposed channel mix will be proportionately segregated amongst channels prudently, to lower company's acquisition cost. Product mix will be changed for non motor and motor segments to reach an equilibrium status.

Product Mix Insurance - Company



Channel Mix



Capital impact of expanding reach

Value	Financial	Human	Social and relationship	Intellectual	Manufactured	Natural
Increase	√	√	√	√	√	√
Decrease	√					
Transformations	√		√		√	√
No direct impact						

Short to long term value creation, preservation and erosion

Increasing branches will incur heavy cost of investments and operational costs; on the other hand, branches will drive organic business growth and reduce costs of external business channels.

Optimising processes through technology

To provide convenient insurance, there is no better way than digitalised processes and online service solutions. Together, these would provide greater accessibility for customers along with utmost convenience - imperative to achieving our core vision. Already available digital and online tools will be enhanced and combined with new digital solutions and core tech infrastructure.

We are now exploring the implementation of core system modules for digitally systematising several main business processes, apart from claims settlement and underwriting which are already in digitalised modes. Consequently, tech systems and digitalisation will benefit both motor and non-motor processes.

Capital impact of tech-based process optimisation

Value	Financial	Human	Social and relationship	Intellectual	Manufactured	Natural
Increase	√	√	√	√	√	
Decrease	√					√
Transformations	√	√	√	√		
No direct impact					√	

Short to long term value creation, preservation and erosion

A winning culture

Building a winning culture takes a concerted effort to improve how we take care of our employees and develop them professionally and personally. Enhancing professionalism is a primary focus with imperatives such as empowerment and higher decision-making autonomy. Importantly, our employees will be trained and shaped to navigate any external and internal environment and to proactively face risks and opportunities.

Capital impact of building a winning culture

Value	Financial	Human	Social and relationship	Intellectual	Manufactured	Natural
Increase	√	√	√	√		
Decrease	√					
Transformations	√	√				
No direct impact					√	√

Short to long term value creation, preservation and erosion

Productivity and profitability

Enhancing profitability remained central to our operational and strategic focus and will continue beyond 2022. The main priority remains pinned on increasing GWP (top-line) along with a focus on achieving it through innovative pricing strategies, market-focused product mix and channel mix that helps improve claim ratio, combined and expense ratio and investment return.

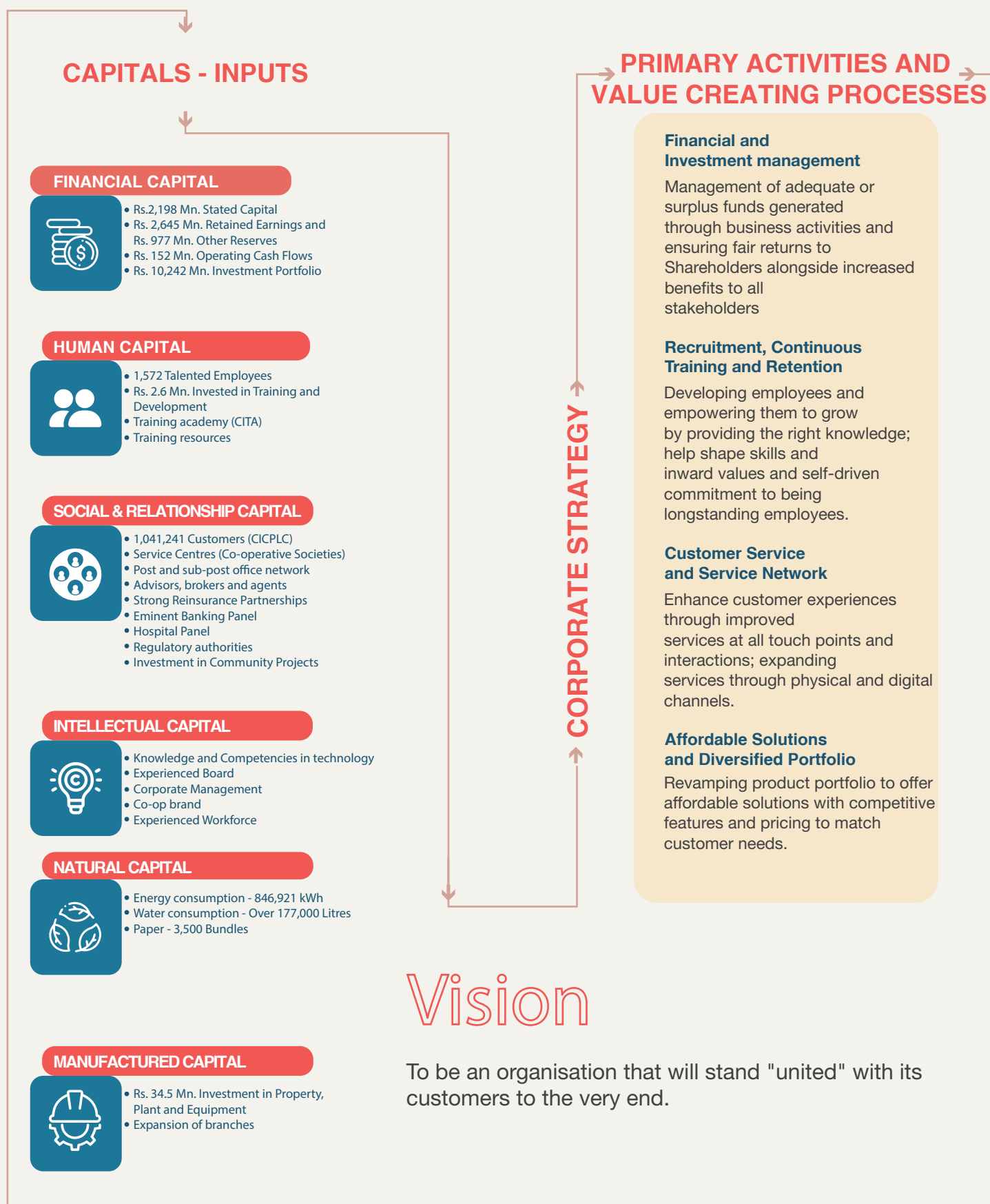
Capital impact of being profitable and productive

Value	Financial	Human	Social and relationship	Intellectual	Manufactured	Natural
Increase	√	√	√	√	√	√
Decrease	√					
Transformations	√					
No direct impact						

Short to long term value creation, preservation and erosion

Increasing productivity will decrease and also transform financial capital by improving the channel mix (expanding reach), training employees and by developing tech systems to improve productivity. These are imperative investments to attract new business, retain existing customers and to increase revenue, thereby maintaining and increasing profit margins.

VALUE CREATION MODEL



OUTPUT PRODUCTS

Claim Processing

Improved claim settlement processes and reduced claim processing times through integrated tech systems and continuous training.

ICT Development

Developing internal systems for improving process efficiencies and reducing service times for the benefit of customers and employees.

Policy Underwriting

Efficient and accurate policy underwriting based on policy buyer's risk exposures and assigning the right pricing.

Corporate Governance and Compliances

Adherence to Company Governance Framework, regulatory stipulations and supporting regulatory decisions in the industry, for the common betterment of Stakeholders.

Risk Assessment

Creating and implementing appropriate risk strategies to achieve strategic objectives while ensuring the maximum management of key operational risks.

- Motor Insurance Products
- Fire Insurance Products
- Micro Insurance Products
- Liability Insurance Products
- Engineering Insurance Products
- Marine Cargo and Hull Insurance Products
- Life Insurance Products

OUTCOMES

FINANCIAL CAPITAL

- 11% increase in net assets per share
- 26% growth in reserves
- 10.8% return on equity
- Rs. 626 Mn. profitability
- 16% revenue growth



HUMAN CAPITAL

- Increase in employee training
- Rs. 4 Mn. revenue per employee
- 70.38% employee retention



SOCIAL & RELATIONSHIP CAPITAL

- Increased customer base
- Wider customer reach
- Increased accessibility to services
- Rs. 3392 Mn. claims paid



INTELLECTUAL CAPITAL

- Digital insurance card (e-card)
- Revamped web portal
- Digital tender process
- Continuous upgrades and additions to core systems



NATURAL CAPITAL

- Reduced electricity consumption
- Reduced overall water consumption
- Saplings distributed towards long-term carbon offset
- Actions to reduce long-term plastic waste
- Digital solutions to offset resource-oriented processes



MANUFACTURED CAPITAL

- 06 new branches
- New ICT equipment
- In-house software development
- 07 acre property



Mission

To be ever mindful of the needs of our customers and, thereby make 'true protection' a way of life via the provision of innovative, yet affordable insurance solutions, which confirm to the highest ethical and moral standards.

OPERATING ENVIRONMENT

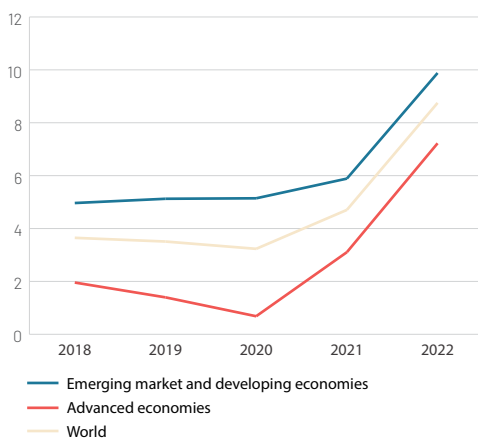
Global economy

Across 2022, the global economy faced a sharp downturn affected by worsening financial conditions, inflation, tightened policies and the war in Ukraine. All these were flanked by the continuing effects of the pandemic's economic impacts. According to IMF statistics, global growth was projected to reach 3.2%, dipping from 6% reported in 2021. Global inflation was forecasted to reach 8.8% in 2022, with energy and food price hikes pushing inflation to persist.

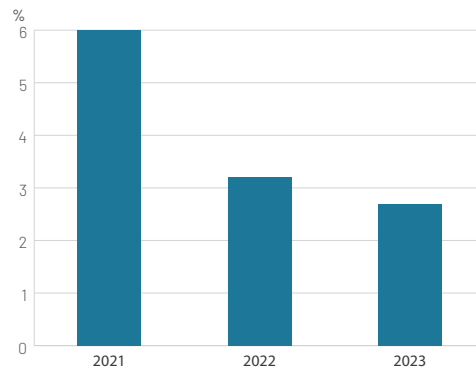
Other developments across the world:

- The world witnessed a rapid unwinding of accommodative monetary actions to control high inflation.
- Energy and food prices became a main influence on world inflation
- In controlling inflation, central banks across the world tightened monetary policies.
- Due to its war with Ukraine, Russia's gas supply was reduced, impacting global prices. The country also faced sanctions due to its attack on Ukraine, while international businesses from many sectors ceased operations in Russia due to the attacks.
- Around the world, high borrowing costs affected spending and demand.
- Climate-change-related impacts included extreme heat waves and droughts as well as extreme hurricanes and other weather-related disasters across the world.

Inflation (average consumer prices)



World GDP Growth



Source: IMF, World Economic Outlook, October 2022

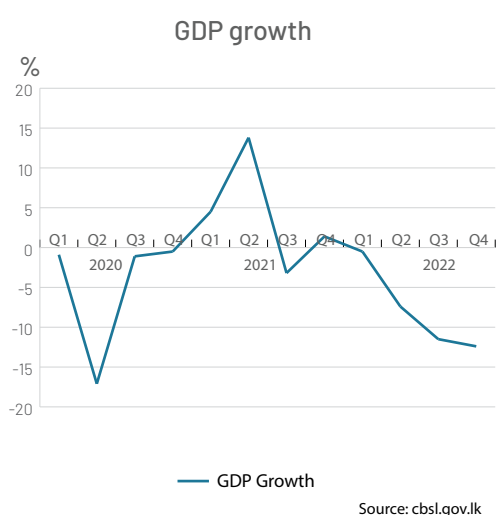
The dollar's appreciation became challenging for many emerging markets, with import prices increasing. The dollar reached its highest level since early 2000, which is attributed to monetary policy tightening by the US as well as the energy crisis.

Sri Lankan economy

Sri Lanka faced the worst economic crisis on record. It was sparked by several factors, including rapidly dwindling gross official reserves and significant rupee depreciation, which created a vacuum in supplies, such as gas, fuel and medicines. The situation escalated into social unrest and political discontent, which sparked countrywide protests since the beginning of 2022. By the end of 2022, there was a complete shift in the country's Leadership. Subsequently, Sri Lanka received the first tranche of the IMF bailout package Sri Lanka had secured through discussions.

The country's real GDP contracted by 7.8% in 2022, deteriorating in comparison to the 3.5% growth in 2021, according to the Department of Census and Statistics. Agriculture recorded a 4.6% contraction, while industry and service sectors recorded GDP contractions at 16% and 2%, respectively.

The agriculture sector's contraction is due to shortages in inputs, fertiliser and agrochemicals and higher cost of raw materials alongside supply disruptions. The contracted performance in the industry sector resulted from the subdued performance of construction and manufacturing activities which experienced raw material shortages amidst rising costs. Power outages and fuel shortages also impacted the sector. Contraction in the services sector was marginal compared to the industry and agriculture sectors owing to activity expansions related to accommodation and food and beverage, which helped offset the reduction in transportation, personal services and financial activities.

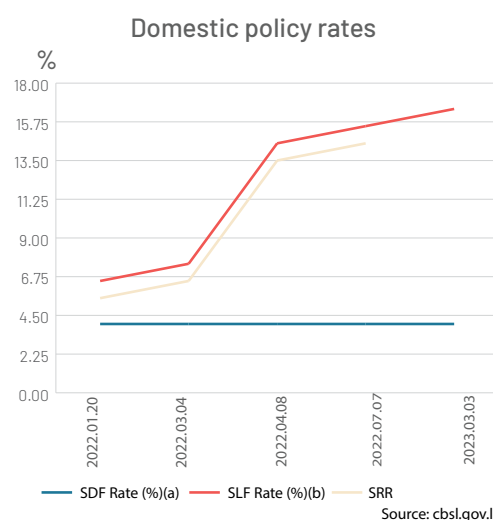


The insurance sector recorded a growth in assets and GWP alongside a decline in insurance market penetration.

Sri Lanka witnessed its highest inflation on record, with headline inflation (CCPI) reaching 69.8% in September, while NCPI-based headline inflation reached 73.7%. By the end of 2022, inflation dipped to 57.2% (headline inflation: CCPI), showing a decelerating momentum.

Inflation was driven by rising aggregate demand, local and global supply chain disruptions, exchange rate depreciation and increases in global commodity prices, with reverberating effects from the Russia-Ukraine war impacting prices, in addition to adjustments of administered prices.

In an effort to control inflation and demand, the central bank raised policy interest rates (SDFR and SLFR) by 700 basis points in April 2022. This was the highest increase in recent history. Moreover, the exchange rate adjusted based on market forces in March 2022 resulting in 41.4% rupee depreciation against the USD by the end of April 2022.



The reduction of gross reserves became a concern, as it dipped to USD 1.8 Bn by the end of September 2022. It became challenging to revive reserves due to continued sovereign downgrades that hampered access to foreign finances, and less-than-desirable foreign exchange inflows.

The export performance showed a promising upward movement and contributed to narrowing the trade deficit amidst import curtailments to save foreign exchange outflows. Merchandise exports topped USD 13 Bn for 2022 - surpassing USD 12 Bn recorded in 2021 and marking a 4.9% growth. Merchandise imports contracted to USD 18 Bn, down from USD 20 Bn the year before.

As a result, the trade balance narrowed to USD 5.1 Bn compared to USD 8.1 Bn the year before. Tourism earnings surpassed USD 1.1 Bn compared to just USD 507 Mn in 2021.

OPERATING ENVIRONMENT

The global industry

A 0.2% contraction is estimated for premiums for the year 2022, on a global scale, with inflation remaining a key concern. The cost of living in advanced markets contributed to a reduction in global life insurance premiums in 2022 but is likely to grow in 2023/24 due to growth in emerging markets. According to forecasts, global personal lines may have shrunk in 2022, in comparison to commercial premiums, which are estimated to have grown. Unsatisfactory performance in advanced market-based motor insurance is said to be a cause of the decline in global personal lines insurance premiums.

A 2.30% growth is forecasted for non-life premiums from 2023-2024, and a 1.7% growth in life premiums from 2023-2024. Awareness of the benefits of life insurance will contribute to life premium growth, in addition to a growing middle class in emerging markets, and government focus on increased penetration of life insurance.

		Total		Non-life		Life	
		2022	2023-2024F	2022	2023-2024F	2022	2023-2024F
World		-0.2%	2.10%	0.90%	2.30%	-1.9%	1.70%
Advanced markets	All	-0.8%	1.60%	0.60%	1.90%	-2.8%	0.80%
	North America	1.20%	1.50%	1.00%	1.90%	1.50%	0.00%
	EMEA	-2.9%	1.60%	-1.2%	1.90%	-4.2%	0.70%
	Asia Pacific	-3.9%	2.20%	2.10%	2.30%	-6.0%	2.00%
Emerging markets	All	2.10%	4.20%	2.70%	4.10%	0.90%	4.30%

Source: Market hardening and higher interest rates: the silver lining for insurers as the global economy slows. Swiss Re

Local industry

Local industry performance indicators show an all-around increase in financial outcomes. Premium, profit before tax, total assets and claims have increased in 2022, amidst the economic crisis and volatilities.

Indicator	Total (Q3 performance)	General insurance (Q3 performance)	Life insurance (long-term) (Q3 performance)
GWP	2022: Rs. 190 Bn ▲ 2021: Rs. 165 Bn	2022: Rs 92 Bn ▲ 2021: Rs. 78 Bn	2022: Rs. 98 Bn ▲ 2021: Rs. 86 Bn
Profit before tax	2022: Rs. 39 Bn ▲ 2021: Rs. 26 Bn	2022: Rs. 21 Bn ▲ 2021: Rs. 14 Bn	2022: Rs. 17.9 Bn ▲ 2021: Rs. 11.6 Bn
Total assets	2022: Rs. 921 Bn ▲ 2021: Rs. 855 Bn	2022: Rs. 265 Bn ▲ 2021: Rs. 239 Bn	2022: Rs. 656 Bn ▲ 2021: Rs. 615 Bn
Claims	2022: Rs. 86 Bn ▲ 2021: Rs. 67 Bn	2022: Rs. 46 Bn ▲ 2021: Rs. 34 Bn	2022: Rs. 40.6 Bn ▲ 2021: Rs. 32 Bn



15.27%

Premium Growth



29.47%

Claims increase



7.79%

Total assets
Growth

50.01%

Profit before Tax
increase

Source: Performance of the Insurance Industry for the 3rd Quarter 2022 and Performance from year 2017 to 2021.
Insurance Regulatory Commission of Sri Lanka

The number of industry players remains at twenty eight with fourteen companies providing long-term (life) insurance and twelve companies engaged in providing general insurance. Two composite companies also exist within the industry. In addition, there are seventy seven brokering companies working with the twenty key players.

Internal environment

Leveraging our existing strengths and understanding structural weaknesses is vital to striking a balance between our potentials as a Company and what we want to achieve (vision and strategy). The mapping of our strengths, weaknesses, opportunities and threats enable us to improve our actions in achieving all five strategic imperatives.

Strengths	Capitalising on strengths	Related strategic imperative	Opportunities	Approach	Related strategic imperative
"Branch network/ service centers	New branch investments Direct sales team to be set-up each branch	Expanding our reach	Access to government and public insurance	Fill portfolio gaps through discussions and product development	Expanding our reach Paradigm shift
Access to Co-operative societies /MPCS networks	Continuing to add rural banks and co-op society locations as third party centers	Expanding our reach	Untapped market	Channel expansions and new channels	Expanding our reach Paradigm shift
Our Staff	Targeted and general training to develop potential	Building a winning culture	Bancassurance	7 partners	Expanding our reach
Brand recognition in outskirts	Third-party centers that promote the brand	Expanding our reach paradigm shift	Tele marketing	Newly established tele-marketing team	Expanding our reach
Being a 100% Sri Lankan company and its recognition	Continuing to focus on inclusive insurance solutions	Paradigm shift	Online marketing	Social media promotions. Need targeted digital marketing strategies	Paradigm shift
Financial stability – profits	Profits enable continued business expansion and strategic investments	Productivity and profitability	Government focus on the SME sector	Requires identifying market gaps	Expanding our reach Paradigm shift

OPERATING ENVIRONMENT



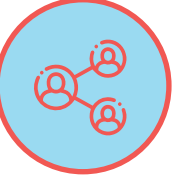

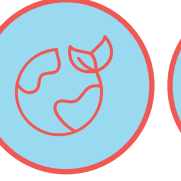

Strengths	Capitalising on strengths	Related strategic imperative	Opportunities	Approach	Related strategic imperative
Our customer base	New business acquisitions and focus on promoting motor and non-motor products	Paradigm shift Productivity and profitability	Development in infrastructures	Investments in physical assets and ICT	Optimizing processes through technology
Cost structure of the company	Cost controls are used to increase profit margins	Productivity and profitability	Rising awareness in health related insurance Lifestyle changes	New health insurance policy – Wellness Plus Looking into providing solutions based on individual needs	Paradigm shift Paradigm shift
			Access agro insurance requirement	Capitalise on existing solutions and consider new ones	Paradigm shift

Weaknesses	Our approach
• Over dependency on motor line of business	• increasing focus on marine and property-based insurance; new health insurance product
• Gaps in brand awareness in different markets	• Practical brand communication strategies in repositioning brand; rebranded products.
• Higher attrition rate	• Salary increments and removal of deposit when joining the company
• Reliance on organic growth	• Targeted communications through social media and outdoor promotions
• Lack of cross selling and up selling	• Tele-marketing team undertaking cross-selling and up-selling

Threats	Our approach
• Decline in rates – Price war	• Product bundling, cross-selling and up-selling through direct sales and tele marketing
• Import restriction	• Focus on existing market prices and second-hand auto market
• Fluctuation of exchange rate	• Strategies to offset exchange losses
• Financial crisis/Industry de growth	• Prudent spending and investments and focus on revenue growth
• Differentiated products from competitor	• Focus on non-motor products and diversifications
• Regulatory intervention	• Regular compliances
• Reduction in investment return	• Strategies to offset reductions
• Mass advertising and publicity campaign from competitors	• Cost-effective retail growth, tele-marketing team and online marketing
• Decline in disposable income	• Affordable solutions

External environment

A PESTEL analysis sums up the external factors that has a direct impact on the business and provides an overview of their impact on both general and life insurance businesses.

	Political	Economic	Social	Technological	Environmental	Legal
						
What it entails	Government policy, changes, tax and employment laws.	Changes in supply and demand. The impact of inflation, exchange rates and economic growth.	Customer demographics and lifestyles.	Technological changes in the insurance industry and digital financial services.	Climate change, weather-related activities and environmental laws.	Legalities that affect business, such as copyright law, consumer laws etc.
Related developments	<ul style="list-style-type: none"> • Tax increase. • Political instability. • Trade policies. • Government policy on debt management and fiscal stability. 	<ul style="list-style-type: none"> • High-interest rates. • Ban on vehicle imports. • Depleted gross official foreign reserves and significant rupee depreciation. • Shortages and high costs of essentials including fuel and medicine. 	<ul style="list-style-type: none"> • Reduced disposable income due to the high cost of living and increase in the poverty line. • Rise in non-communicable diseases. • Increased interest in outward migration. 	<ul style="list-style-type: none"> • Digital insurance growth. • Public access to AI. • Cyber security threats. • High-priced IT services. • SLFRS-17 system changes. 	<ul style="list-style-type: none"> • Unprecedented floods and extreme weather conditions in several districts. • Unpredictable weather patterns. 	<ul style="list-style-type: none"> • Issuance of new acts and directions in addition to circulars. • Amendments to existing regulations and statutory requirements.

OPERATING ENVIRONMENT

Challenges to Co-operative Insurance	<ul style="list-style-type: none"> • Risk of a receding bottom line despite revenue growth. Instability and unrest create constrained economic activity and spending. 	<ul style="list-style-type: none"> • High lending rates constrain funding options. The auto-import ban constrains new motor premiums. • Shortages of essentials disrupt daily lives, and medicine deficits pose a threat to the health of many. 	<ul style="list-style-type: none"> • Adverse - impact on advancing new business and risk of arrears and policy lapses. • Outward migration may impact the country's skilled and semi-skilled labour force. 	<ul style="list-style-type: none"> • The threat of customers switching due to the subdued pace of digital services. • Loss of valuable data due to lack of analytical software, in-house. • A proper gap assessment is needed to transition to SLFRS 17 on the due date 	<ul style="list-style-type: none"> • Possible rise in property, motor and life-related claims. 	<ul style="list-style-type: none"> • Non - compliance can result in fines and reputational loss.
Addressing concerns	<ul style="list-style-type: none"> • We focus on having a prudent product and channel mix to maximise revenue. We also focus on controlling expenditures by managing costs at each branch and head office. 	<ul style="list-style-type: none"> • Focus on higher premium rates due to current high vehicle market prices. 	<ul style="list-style-type: none"> • Affordable solutions without burdening customers. 	<ul style="list-style-type: none"> • Digital portal for digital insurance and revamped website for other online quotes, claim submissions, and payments etc. • In-house developments to minimise IT expenditure. 	<ul style="list-style-type: none"> • Adopt climate-based risk analysis to assess future scenarios. • Explore ways in which we could provide advice to policyholders in reducing risks. 	<ul style="list-style-type: none"> • Incorporate regulatory requirements and laws into decisions and strategies and ensure full compliance with all applicable laws and regulations.
Opportunities for Co-operative Insurance	<ul style="list-style-type: none"> • Securing the IMF bailout package provides some optimism for the country's economic recovery and positive sentiment. 	<ul style="list-style-type: none"> • High-interest income from higher deposit rates. • Increase in existing automobile market prices. • Opportunity to pursue exchange gains. 	<ul style="list-style-type: none"> • The opportunity to provide more affordable insurance solutions in addition to solutions that cover critical illnesses and hospitalisations 	<ul style="list-style-type: none"> • Ability to target tech-savvy customers and convenience seekers. potential to reach people with physical. 	<ul style="list-style-type: none"> • Diversify towards climate risk policies and proactively offer solutions. 	<ul style="list-style-type: none"> • Change in internal accounting approaches and governance policies to enhance transparency and procedures.

Country and company outlook

Sri Lanka's financial vulnerability will continue indefinitely due to high debt and subdued official reserves. Disinflation has set in but carries concerns that global food and energy prices will have an impact. During the writing of this report, inflation has declined, showing some promise. The economy is projected to contract but with an improvement compared to 2022. Debt restructuring is underway, while the IMF bailout package under the extended fund facility is a welcoming respite.

Interest rates may decline with a favourable impact on lending and an unfavourable effect on investment income. Moreover, tourism has rebounded with increased tourist arrivals in addition to export earnings, which showed commendable performance.

The motor vehicle ban will persist for some time, driving the Company to pursue the existing auto market and non-motor segments in addition to life insurance. Despite the economic crisis, the industry has performed well, and it could continue to defy the odds and show positive results in 2023.

SOUND FINANCIAL PERFORMANCE



As a Group, we crossed the Rs 6 Bn mark with both general and life insurance businesses making commendable achievements in non-life and life premium collections. We also secured a profitable financial year for the year 2022 despite several impediments.

Our financial performance for the year was strong despite the severe macroeconomic disturbances. Due to several timely and proactive measures, we were able to curb the adverse impacts of inflation.

Several value drivers enabled the financial outcomes of the year.

Net Earned Premium
Rs. 5.2 Bn



Gross Written Premium
Rs. 6.2 Bn



Key outcomes

Other Revenue
Rs. 1.4 Bn



Profit After Tax
Rs. 627 Mn



Value Drivers

Revenue management
(policy premium pricing)

Prudent forecasting and
budget planning

Proactive working capital
and cost management

Timely investment
decisions

Shared value through financial capital (Interdependencies)

Demonstrative values (Group - 2022)	Interdependency by other capitals and stakeholders	Stakeholders and capital
Rs. 2,957 Mn	Economic value to shareholders	
Rs. 691 Mn	Financial value distributed to staff	
Rs. 107 Mn	Defined benefit and contribution plan	
Rs. 2,958 Mn	Indemnification to customers	
Rs. 35 Mn	Loans to customers (Life)	
Rs. 2,761 Mn	Life fund	
Rs. 430 Mn	Payments for services and goods	
Rs. 625 Mn	Economic benefits to sales force	
Rs. 148 Mn	Support to the state	

Relevance to strategy

Profitability and growth in revenue have strong relevance to our focus on transformative growth. It demonstrates our ability to support the paradigm shift and transformative change we aspire to.

This year's profit and revenue growth reaffirms our ability to adapt and sustain general and life insurance businesses amidst the daunting economic circumstances. Moreover, our healthy liquidity position and dependence on retained profits and equity make us stable and strong during tough times.

Through prudent financial and revenue management, we demonstrate our capability of reaching strategic imperatives for which financial capital is of utmost importance.

SDGs embraced through Sound Financial Performance

Goal	Contribution
	Supports economic growth of stakeholders including employees and customers
	Reduces inequalities through stakeholder-based economic generation and distribution

Revenue growth

Gross written premium

During the year, we crossed Rs. 5 Bn in GWP as a Company, with growth in motor and non-motor business segments contributing to this overall achievement. The Company's gross written premium, which entails the GWP of the group's general business, grew by 12.5% from the previous financial year.

SOUND FINANCIAL PERFORMANCE

Revenue growth was a direct result of

- Prudent pricing strategy while maintaining customers' financial capacity in mind (revenue management)
- Concentrated sales and partner channel efforts

Motor

The motor insurance business grew by 13.7% from Rs. 3.7 Bn in the previous year to Rs. 4.2 Bn in the year under review. The growth came despite the ban on vehicle imports. We attribute this growth to the increase in market vehicle prices, which corresponded with higher insurance premiums for motor policyholders based on the market value of their vehicles.

Non-motor

During the year, the general insurance business (CICPLC) strived to focus on the growth of its non-motor insurance segments, which account for even less than 20% of the total GWP of the Company. We focused on concentrated business expansion in areas such as property-based insurance, marine and health insurance, which resulted in significant revenue growth of fire and engineering insurance class by 49.2% to Rs. 265 Mn, a growth of 10.2% in marine insurance to Rs. 55 Mn. However, from a consolidated perspective, the miscellaneous insurance segment dropped revenue by 6.5% to Rs. 517 Mn.

Life

Our life insurance subsidiary Cooplife Insurance Limited crossed Rs. 1 Bn in GWP from the previous year's revenue of Rs. 841 Mn. Salesforce expansions, focus market oriented products and target high-ended customers and good retention of existing clients contributed towards this achievement.

Consolidated Group GWP

The consolidated revenue of both general and life insurance businesses amounted to Rs. 6.2 Bn in GWP, which is a growth of 15.7% when compared to the previous year's GWP of Rs. 5.4 Bn.

Net written and earned premium

Net written premium after deducting premium ceded rose by 15% for our general insurance business and a 34% growth for the life insurance business. NWP was recorded as Rs. 4.4 Bn for CICPLC and Rs. 1.1 Bn for Cooplife, respectively, for the financial year under review. The growths of NWP in general and life business segments are a combination of increased revenue and declines in premiums ceded to reinsurers.

Consequently, the net earned premium shows an increase for the general insurance business (CICPLC) by 10.7%.

Premium ceded to reinsurers declined marginally to Rs. 705.6 Mn. for the year under review for general insurance CICPLC while ceded premium rose marginally for life insurance to Rs. 46.7 Mn.

The overall premium gained by Cooplife Insurance Limited for the year under review amounted to over Rs. 1,115 Mn, which had a contribution of Rs. 623 Mn from Renewal Premium and another Rs. 492 Mn from First-year Premium. Single Premium, which includes upfront, lump sum payments on policies amounted to Rs. 283 Mn for the year under review.

Net revenue

Net revenue considered for the year under review increased to Rs. 5.2 Bn for the CICPLC (general insurance business), followed by Rs. 1.5 Bn total net revenue achieved by the life insurance business.

Significant factors that contributed to the increase in total net revenue include 57% and 39% growth in investment income for both CICPLC and Cooplife, respectively. The Company's (CICPLC) investment income grew dramatically to Rs. 771 Mn in 2022 from Rs. 490 Mn (2021) while Cooplife's investment gains accumulated to Rs. 415 Mn within the year.

Policy administration fees are another vital part of total net revenue, which amounted to Rs. 232 Mn. However, it declined during the year to Rs. 232 Mn from Rs. 256 Mn reported in the previous year, for the general insurance business. This is followed by other income, which rose by 96% for the year under review for the general insurance business, while other income of Cooplife was reported as Rs. 5.8 Mn for the year.

The total net revenue of CITA – our insurance training academy, reached Rs. 1.3 Mn through a mix of investment income and fees and other course-related charges.

Consolidated Total Net Revenue

The net revenue of the Group accumulated to Rs. 6.7Bn against Rs. 5.6 Bn reported in the previous year. The said growth is marked by 19.3%. Group-wide investment income reached Rs. 1.2 Bn after consolidation. It is a 55% increase from the previous year's investment income of Rs. 764 Mn.

For both companies, the considerable increase in market rates boded well for the rise in investment income. Moreover, the group's other income reached Rs. 17 Mn from Rs. 10 Mn, the year before.

Investment income

A majority of the group's investment income earned from fixed deposits, followed by commercial papers and repos. Interest income on savings deposits also saw a substantial increase during the year. Furthermore, Held-to-Maturity assets also contributed to the rise in net finance income and net revenue investments.

Consolidated financial instruments performance

Income from Held to maturity reached Rs 631 Mn while loans and receivables (fixed deposits, repo, and commercial papers) made a notable upturn during the year. Income has increased by 129% comparing to previous year while income from debentures rose by 47%

Investment income

	Group (Rs. Mn)		CICPLC (General) (Rs. Mn)		Cooplife (Life) (Rs. Mn)	
	2022	2021	2022	2021	2022	2021
Held to maturity						
Treasury bonds	233	94	116	52	117	42
Debentures	393	267	248	267	145	-
Asset backed securities	5	1	-	-	5	1.1
Loans & receivables						
Fixed deposits	381	192	293	115	88	77.5
Repo	39	8	36	6.8	3.2	1.2
Overnight deposits	14	2.8	14	2.8	-	-
Commercial paper	72	25	49	19	23	6.5
Money market	14	7.8	-	-	14	7.8
Treasury bills	16	0.2	-	-	16	0.2
Asset backed securities	10	1.8	10	1.8	-	-
Interest income						
Savings deposits	5.2	0.5	5.2	0.5	-	-
Policy loans	3.4	3.8	-	-	3.4	3.8
Staff loans	0.5	0.6	0.2	0.2	0.3	0.35

Income statement

	Group (Rs. Mn)		CICPLC (General) (Rs. Mn)		Cooplife (Life) (Rs. Mn)	
	2022	2021	2022	2021	2022	2021
GWP	6,198	5,356	5,087	4,519	1,115	841
NWP	5,446	4,597	4,381	3,807	1,068	794
NEP	5,226	4,550	4,161	3,760	1,068	794
Other revenue	1,435	1,031	1,018	753	420	306
Total net revenue	6,661	5,581	5,179	4,513	1,489	1,100
Net benefits and claims	3,392	2,568	2,599	2,125	793	443
Other expenses	2,506	2,080	2,017	1,649	496	441
Profit before tax	763	933	563	739	200	217
Income tax	136	123	106	109	31	15
Profit for the year	626	810	458	631	169	202

SOUND FINANCIAL PERFORMANCE

Total comprehensive income

Total comprehensive income (group) which includes revaluation of property, plant and equipment amounted to Rs. 324 Mn (2021: Rs. 236 Mn) which increased marginally when compared to previous year. Total comprehensive income for the general insurance business decreased by 23% to Rs. 626 Mn (2021: Rs. 814 Mn). The life insurance business recorded a total comprehensive income of Rs. 199 Mn for the year under review.

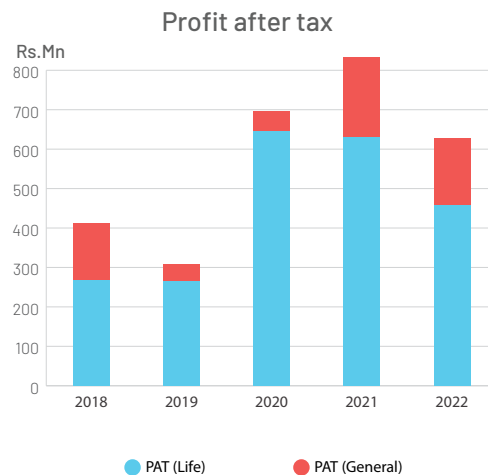
Profitability

Profit before tax

(CICPLC: general insurance) Profit before tax of the company was recorded as Rs. 563 Mn for the year under review. The PBT has declined by 23.8% from the previous year (2021: Rs. 739 Mn). The reduction occurred despite an increase in revenue and occurred due to increased benefits and claims and expenses during the year under review. Life insurance business (Cooplife) achieved a profit before tax of Rs. 200 Mn compared to the previous year (2021: Rs. 217 Mn)

Profit after tax

Similarly, profit after tax declined for the year under review, and was reported as Rs. 458 for the general insurance business, alongside Rs. 169 Mn for the life insurance subsidiary.

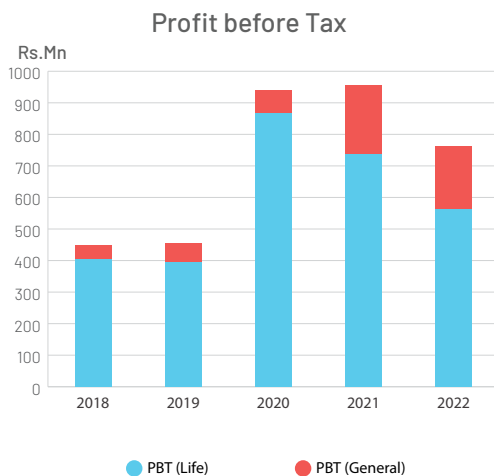


Consolidated profit before tax

Profit before tax for the Group was reported as Rs.763 Mn when compared to Rs. 933 the year before. The PBT is a decline of 18% as a result of increased operating and administrative expenses of both the general and life insurance businesses and a higher claims payout.

Consolidated profit after tax

The profit outcomes of CICPLC, Cooplife and CITA resulted in a consolidated profit after tax of Rs. 627 Mn. Group PAT weathered the challenge of rising operating costs due to the economic crisis. However, we managed to maintain profitability despite the significant surge in expenses.



We incurred increased staff expenses for two main purposes:

1. Increased remuneration to support cost of living
2. Support increased employee retention

74% of staff expenses have been incurred through salaries and wages, followed by contributions to defined contribution plan.

Claims and expenses

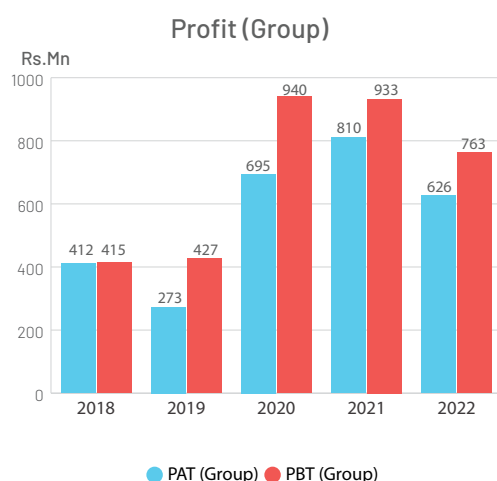
Net benefits and claims

Net benefits and claims of general insurance business amounted to Rs. 2.6 Bn for the year under review and increased by 22% (2022: Rs. 2.1 Bn). Gross benefits and claims prior to deducting ceded claims were reported as Rs. 2.9 Bn when compared to Rs. 2.4 Bn the year before. This year we expended 17% more in gross benefits and claim. Our life insurance subsidiary incurred net claims to the total of Rs. 360 Mn increasing from Rs. 251 Mn the year before, which is a 43% expansion.

Claims and benefits (Group)

The group incurred a total of Rs. 3.4 Bn in net benefits and claims, increasing by 32% (2021: Rs. 2.6 Bn). The net amount is a result of gross benefits and claims, which rose by 20.4% to Rs. 3.3 Bn from Rs. 2.7 Bn incurred in 2021. Moreover, change in life contract liabilities also weighed on the increase of net benefits and claims. Change in life contract liabilities in relation to our life insurance business increased by 127% to Rs. 433 Mn from Rs. 191 Mn (2021).

The general insurance business's underwriting and policy acquisition cost reached Rs. 324 Mn during the year under review, increasing by 10.3% from the previous year. Moreover, life insurance segment recorded a cost of Rs. 152 Mn for the year. The Group as a whole reported Rs. 476 Mn as total cost for underwriting and policy acquisition.



Other operation and administration expenses

On the general insurance line of business the Company incurred a cost of Rs. 1.7 Bn in other operating and administrative expenses, increasing by 26.8% from the previous year.

Rs. 672 Mn in staff expenses was the highest contributor, followed by depreciation and selling expenses, respectively.

The 14.4% increase in staff expenses is a result of increased salary scales and other financial remuneration. Staff expenses accounts for 41% of all other operating and administrative expenses, followed by selling expenses and administrative & establishment expenses, which amounted to Rs. 372 Mn (23%) and Rs. 358 Mn (22%), respectively.

The same can be said for life insurance segment as staff expenses form the highest portion of their expenses. Moreover, CITA incurred a total of Rs. 1.2 Mn in operating and administrative expenses.

Other expenses Rs Mn	Group		CICPLC		Cooplife	
	2022	2021	2022	2021	2022	2021
Underwriting & policy acquisition cost	476	431	324	294	152	137
Other operating and administrative expenses	1,977	1,585	1,652	1,302	333	291
Finance cost	53	64	42	53	11	14

During the year, finance cost declined by 21% from the previous year's amount of Rs. 52.8 Mn for CICPLC and Cooplife Insurance Limited.

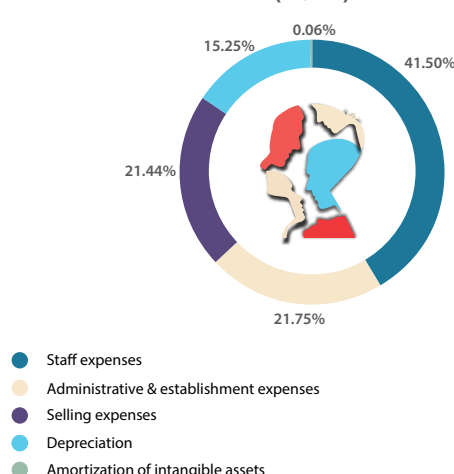
Operating and administrative expenses (Group)

In total, the group incurred nearly Rs. 2 Bn in other operating and administrative expenses (2021: Rs. 1.6 Bn) an increase of 25%. Staff expenses which increased by 15% amounted to Rs. 823 Mn.

SOUND FINANCIAL PERFORMANCE

Group	2022	2021
	Rs.Mn	Rs.Mn
Staff expenses	823	715
Administrative & establishment expenses	429	262
Selling expenses	423	332
Depreciation	301	275
Amortization of intangible assets	1	2
Reversal of impairment on motor vehicle	-	(0.012)

Operating and Administrative Expenses (2022)



Cashflow (Group)

Cashflow from operating activities amounted to Rs. 343 Mn from previous year's Rs. 1,052 Mn. Net cash flow from operating activities was reported as Rs. 152 Mn. Net cash flow from investing activities reached Rs. 99 Mn from Rs. 1,132 Mn, the year before. In addition, net cash flow from financing activities was reported as Rs. 223 Mn., mainly as a result of dividend payment.

Taxation

The group recorded a tax expense of Rs. 136 Mn (2021: Rs. 123 Mn)

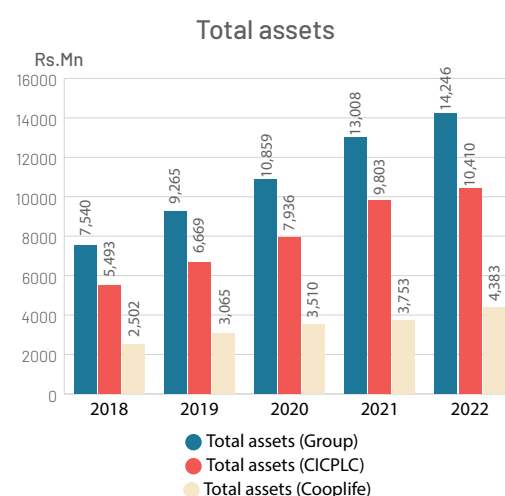
We balanced expenditures and outflows within a climate of high inflation through:

- Prudent forecasting and budget planning
- Proactive working capital and cost management

Financial position

Assets

Total assets for the year under review amounted to Rs. 10.4 Bn for the Group's general insurance arm while life insurance total assets stood at Rs. 4.4 Bn. The asset base of both companies increased when compared to the previous financial year's total assets. Financial investments made the highest contribution to the increase in total assets.



Financial investments of the general insurance business amounted to Rs. 6.4 Bn which grew by nearly 10% over the previous year's financial investments of Rs. 5.9 Bn. Financial investments contribute to 62% of total assets at CICPLC. 13% is formed by premium receivables while 10% of total assets are formed by property, plant and equipment. Assets (excluding financial investments) equalled to Rs. 4 Bn for the general insurance business (CICPLC). From the latter amount, property, plant and equipment (PPE) totalled Rs. 1 Bn while premium receivables amounted to Rs. 1.3 Bn for general insurance business.

Life insurance business related financial investments amounted to Rs. 3.8 Bn with PPE amounting to Rs. 359 Mn. 87% Cooplife's total assets belongs to financial investments while property, plant and equipment represents 8%.

Consolidated assets

Group's total asset increased to Rs. 14.2 Bn from Rs. 13 Bn recorded the previous year. Total assets increased by 10% mainly due to an increase in financial investments, property, plant and equipment (PPE) and premium receivables, which were recorded as Rs. 10.2 Bn, Rs. 1.4 Bn and Rs. 1.3 Bn, respectively. Moreover, 72% of total assets are formed by financial investments, while 10% is formed by property, plant and equipment.

Liabilities

Total liabilities of general insurance business amounted to Rs. 5.4 Bn, a slight increase from the previous year (2021: Rs. 5.2 Bn). Life insurance business's liabilities stood at Rs. 3 Bn by the end of the financial year 2022. From total liabilities of CICPLC, a considerable portion of 60% is taken by insurance liabilities. Insurance liabilities of the general insurance business amounts to Rs. 3.2 Bn (2021: Rs. 3.1 Bn). Cooplife's insurance liabilities amounted to Rs. 2.8 Bn which accounts for 92% of total liabilities.

In the general insurance business, preference shares show a considerable decline by 78% while retirement benefit obligations rose by 41% during the year.

Consolidated Liabilities

From the total liabilities of the Group which amounts to Rs. 8.4 Bn, 72% is formed by insurance contract liabilities while 14% by 'other liabilities'. Total liabilities rose by 8% during the year under review, from Rs. 7.8 Bn reported in the previous year.

Other liabilities of the Company (CICPLC) and Cooplife subsidiary amounted to Rs. 1,048 Mn and Rs. 115 Mn respectively. When consolidated it amounts to Rs. 1.2 Bn in 'other liabilities' for the Group, which has increased from Rs. 974 Mn in 2021.

Equity

Total equity of the group amounted to Rs. 5.8 Bn surpassing Rs. 5.2 Bn from the year before. This is a 11% increase and received a boost from increase in revaluation reserve. Retained earnings increased to which stood at Rs. 2.6 Bn from Rs. 2.3 Bn reported in 2021.

General insurance related side of the Group recorded a Rs. 5 Bn of total equity over Rs. 4.6 Bn of total equity from 2021. Moreover, life insurance business recorded a Rs. 1.3 Bn total equity, rising from Rs. 1.2 Bn reported in 2021.

	Group		CICPLC		Cooplife	
Rs.Mn	2022	2021	2022	2021	2022	2021
Stated capital	2,198	2,198	2,198	2,198	544	544
Revaluation reserve	1,057	849	856	682	220	186
Available for sales reserves	(80)	(74)	(24)	(28)	(25)	(14)
Retained earnings	2,645	2,255	1,992	1,768	603	438
Total equity	5,821	5,229	5,022	4,620	1,342	1,153

Performance Indicators

Earnings per share

Group EPS was reported as 0.38 at the end of the financial year, down from 0.54 reported in the previous financial year. CICPLC's earnings per share was 0.28 when compared to 0.42 from the year before.

Other indicators

	CICPLC	
	2022	2021
ROE %	9%	14%
Net asset value per share (Rs.)	3.04	2.80
Market price per share (Rs.)	4.00	7.00
Price earnings ratio (times)	14.44	18.33
Price to book ratio (times)	0.85	0.25

	Cooplife	
	2022	2021
ROE %	13%	18%
Net asset value per share (Rs.)	24.66	21.19

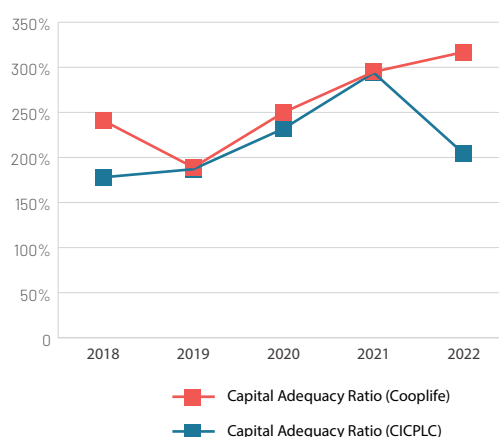
SOUND FINANCIAL PERFORMANCE

Capital adequacy

Across the year, our capital adequacy ratio remained above regulatory minimum. General insurance (CICPLC) CAR was 204% and that of Life insurance business (Cooplife) was 317% as at 31st December 2022.

	2022		2021	
	CICPLC	Cooplife	CICPLC	Cooplife
Total available capital (TAC)	Rs. 3.5 Mn	Rs. 1.7 Mn	Rs. 3,390 Mn	Rs. 1,494 Mn
Minimum capital requirement	Rs. 500 Mn	Rs. 500 Mn	Rs. 500 Mn	Rs. 500 Mn
Risk-based capital adequacy ratio (CAR) ratio (CAR)	204%	317%	294%	295%
Regulatory minimum CAR	120%	120%	120%	120%

Capital Adequacy Ratio



Focus on financial management

We will continue to apply the following measures in strengthening financial management.

Short- long term

- Cost optimisations and proposing plans to optimise costs across branches and the head office
- In-house ICT developments to contain expenditures
- Maintaining debt at a minimal

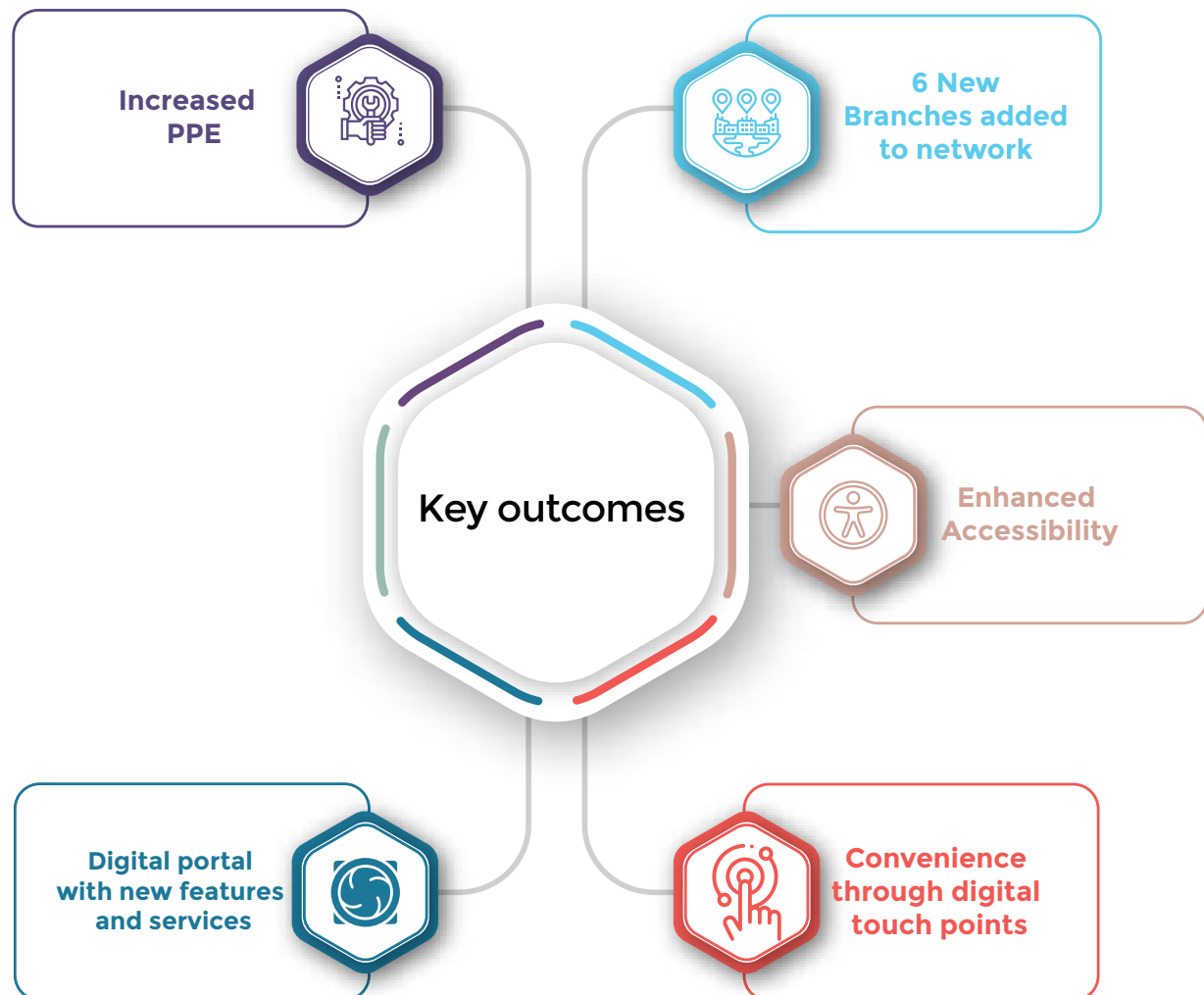
SLFRS 17: Insurance Contracts

The new model will be in effect from 1st January 2025. We continue to assess gaps and take gradual steps towards a smooth transition to the new accounting model. The new model will provide a deeper understanding of the insurance company's financial standing through the financial statements. The new model corresponds to a great extent with SLFRS 4 and will apply to insurance and reinsurance contracts of the Company, reinsurance contracts held by the Company and investment contracts with discretionary participation features (provided the entity also issues insurance contracts).

BROADENING BOUNDARY LINES



Each year, we expand physical assets to support growth in operations and 2022 was no exception. Even amidst rising costs, we made new investments and incurred expenditure to increase our retail presence and made prudent decisions on PPE costs and investments. In 2022, we succeeded in increasing our new branch investments fuelling our growth strategy.



Value Drivers

Branch expansions

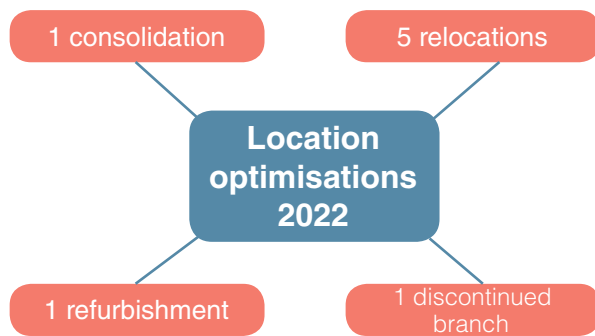
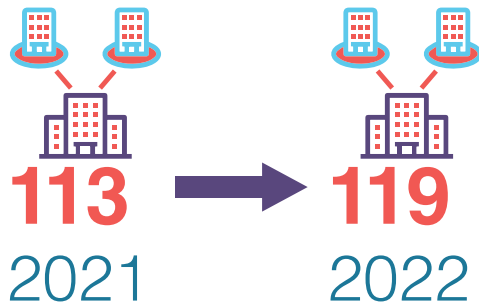
Optimising branches

Accelerated focus on digital touch points

Improving IT Infrastructure to provide efficient services

BROADENING BOUNDARY LINES

Branches



Relevance to strategy

In order to increase our market share, there is a considerable need to broaden our distribution channels and touchpoints. One such way to expand our distribution infrastructure is to invest in new branches alongside expenditures on other plant and equipment.

Consequently, with increased branches and digital touchpoints comes the benefit and competitive advantage of serving additional customers, partners and other stakeholders. In turn, it enables us to gradually increase premium growth and market position.

SDGs embraced by broadening boundary lines:

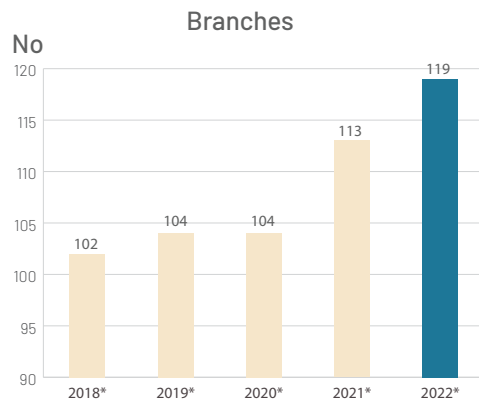
Goal	Contribution
	Creating job opportunities with new branches
	Investing in IT infrastructure for productivity
	Increased touch points to serve more customers in both rural and urban areas
	Reduce

Shared value and trade-off

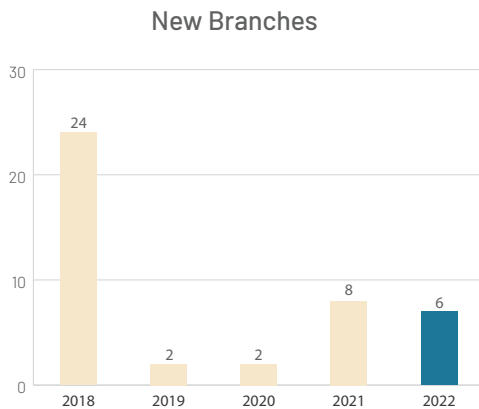
Aspect		Impact
• Investments in property, plant and equipment including branch expansions and improvements		<ul style="list-style-type: none"> Increases retail presence and accessibility for customers
		<ul style="list-style-type: none"> New jobs created in local branch areas Enhances employee convenience through branch improvements
		<ul style="list-style-type: none"> Increases long-term financial gains through value increase in property Adds to financial position by increasing total assets
• Investments in digital and ICT solutions		<ul style="list-style-type: none"> Enhances customer convenience and satisfaction and facilitates business growth
		<ul style="list-style-type: none"> Increases employee capabilities in technologies and enhances their efficiencies
• Investments in PPE and digital infrastructure		<ul style="list-style-type: none"> Trade-off with financial capital in the short- medium term; expected to be recovered through revenue growth. These are necessary investments for business growth.

Branches

Our branches are the most critical aspect of our physical assets and represent a substantial portion of our property, plant and equipment. The expansion of branches is central to our strategy of 'Expanding our reach'.



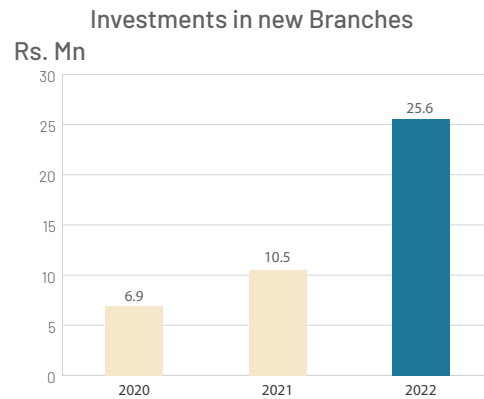
In the year under review, we injected a sum of Rs. **25.6 Mn** in establishing 6 new branches. The new investment exceeded that of the previous year, which was a **144%** increase.



All branches are obtained and retained on a rent basis and are overseen by a dedicated team of branch employees. When combined, these branches possess a total of **197,463** square feet of space.

Co-operative Insurance House - Head office:

Our head office in Grandpass sits on a **28,262** sq.ft. property and houses all of our administrative units.



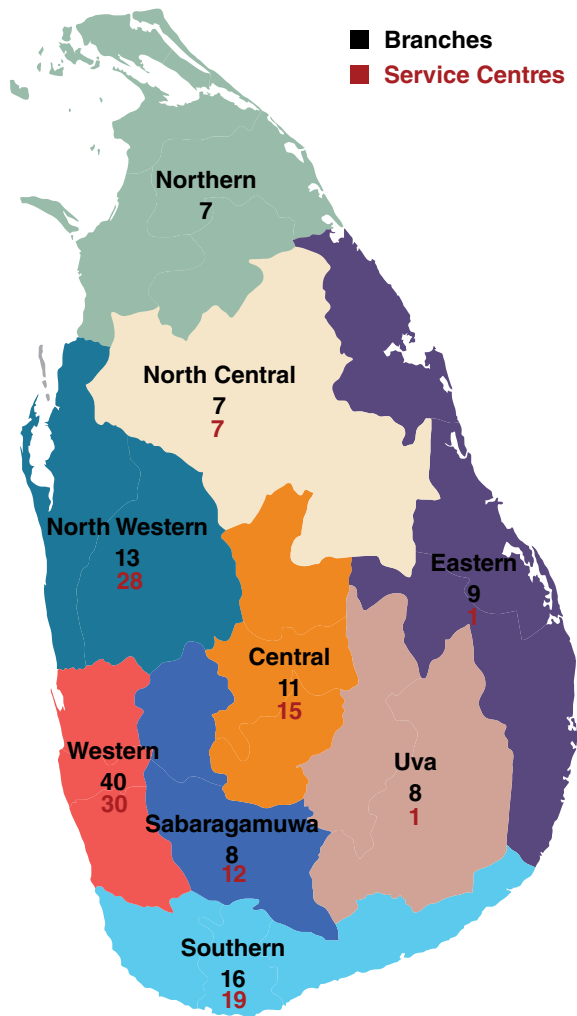
Increase in New Branch investments (CICPLC)



CITA

The head office building also houses our dedicated training academy for insurance qualifications and skill development. The unit is complete with an examination centre and auditorium facilities.

BROADENING BOUNDARY LINES



Total service centres 113

Total Branches 119

Branch optimisations

Optimising the existing branch network became a focus during the year. As a result, we relocated five branches during the year. These relocations incurred up a sum of Rs. 3.1 Mn.

- Welimada
- Metro
- Kuliyaipitiya
- Vavuniya
- Puttalam

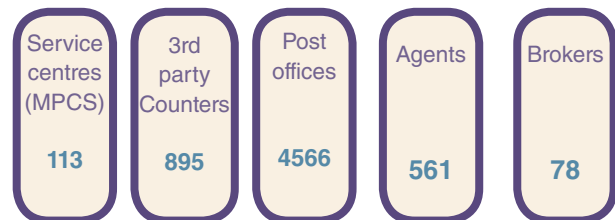
As our main customer touch point, we maintain our branches to improve customer experiences, ensure employee comforts and their safety. In 2022, we spent a total of Rs. 25 Mn in upgrading our branches and for renovations of the Ampara branch. In addition, our branch in Nugegoda South was consolidated during the year.

In terms of our retail footprint, we have a strong presence in the Western province, with 40 branches spread throughout. We also have a growing presence within the Southern and North Western provinces. The geographical spread of our branches is visible across the country, in all 9 provinces.

Other distribution and service channels

Our distribution infrastructure includes several channels based on business partnerships. From an overall standpoint, these channel partners and the location mix they offer is highly advantageous in reaching every area of the country. These channels are essential in taking our insurance solutions to the mass market and to niche segments.

Channels

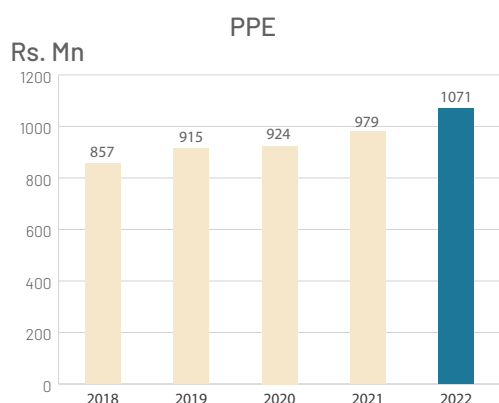


PPE base and assets

Investments in PPE not only entail an increased physical footprint, but it shows how we have invested in supporting our growing operations with the necessary equipment and resources. The PPE base increased by 9.4% for the year 2022 due to additions in building related improvements, computer purchases, furniture and fittings and office equipment purchases. Moreover, due to rapid increase in market values of properties, the re-valued amounts of company properties increased during the year.

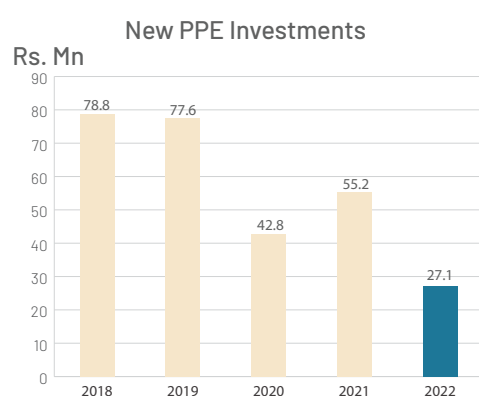
Main property capacities

Main properties	Capacity	
	Land extent	Building area
Grandpass	33.15 perches	28,262 sq.ft.
Ja-Ela	991.29 perches	4,000 sq.ft.
Ambalanthota	4.27 perches	2,534 sq.ft.
Nikaweratiya	39.7 perches	17,775 sq.ft.

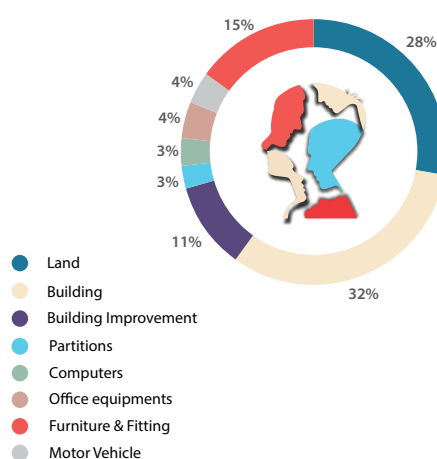


Key challenges for investment In PPE

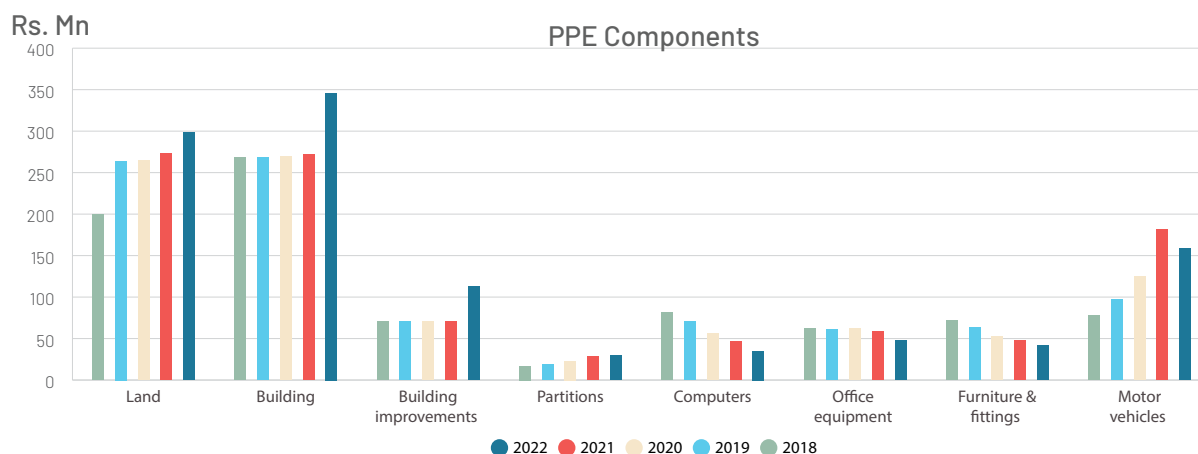
By end of August 2022, inflation as per the CCP index reached **64.3%**, while borrowing costs was driven up considerably due to a historical policy rate increase. All these impacted the decision-making process of investing in plant and equipment.



PPE Composition (2022)



Investments in property and plant for the year amounted to **Rs. 8.1 Mn**, a decline from **Rs. 16.7 Mn** the year before. Our investments continued despite rising cost of goods and services alongside a high borrowing cost due to increase in market lending rates.

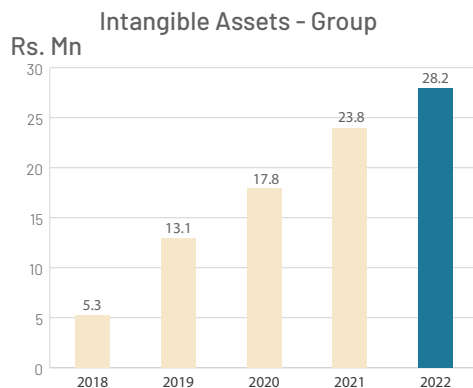
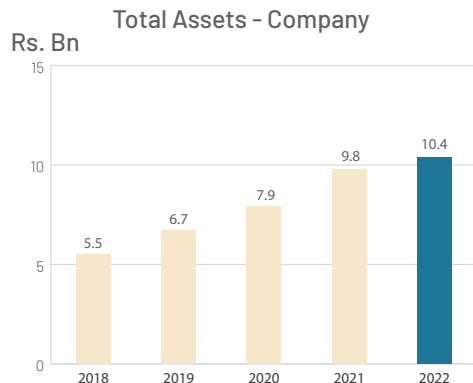


Property, plant and equipment of the company includes buildings which form 32%, with Buildings forming **32%** of the total base, followed by land at **28%**. New property, plant and equipment investments declined by **50.9** per cent during the year to **Rs. 27Mn** - as a result of expenditure reductions and no significant investments when compared to 2021.

BROADENING BOUNDARY LINES

Total assets

Total assets of CICPLC increased by 6%, reflecting a marginal increase over the previous year. This can be attributed to the increase in property, plant and equipment



Intangible asset recorded **24%** increment in the year under review due to an increase in the internally generated intangible asset value in CICPLC through ongoing development projects.

Providing services digitally

The base of our digital touch points has grown in recent years and has gained traction in providing added convenience to customers. Starting with our website, which was revamped during the year, we have added several other digital access points along the way.

The digital portal

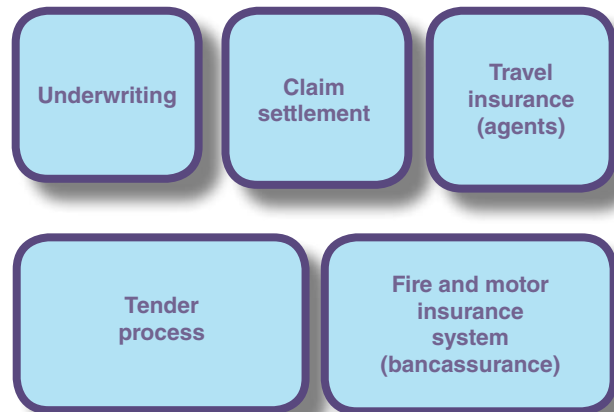
Revamped in 2022, with a new look, feel and feature functionalities, the Co-operative Insurance Digital Portal now provide customers access to:

- Third party motor insurance renewal
- Online premium payments
- Critical illness cover

Developed in-house, the portal enables us to reach potential customers and provide our services in a cost-efficient manner.

Possibilities through IT infrastructure

Our IT infrastructure has improved steadily in recent years. We now have in place several IT solutions which are connected to the core business system. These solutions function as efficient, digitalised tools that make our primary operations efficient and effective. Presently, we use online solutions or digitalised processes for the following



Our investments in in-house software amounted to Rs. **5.5 Mn** during the year and are an essential strategy of how we improve our digital infrastructure. With in-house software development we have the capacity to capitalise on the knowledge of our IT staff and keep costs at an optimum level. It also provides flexibility and freedom in developing solutions tailored to our processes and standards.

Future approach

As we aggressively focus on our strategy of expansion, we will continue to increase our retail and digital distribution channels. A strong focus on digital touchpoints and channels will follow 2022, as we continue to allocate our spending on improved digital tools and experiences. Moreover, by investing in right tech solutions, we will optimise our processes, speed of service – making operational lead times shorter and processes more efficient for customers and employees.

Short-long term

- Increase our retail distribution channels and service touch points
- Enhance digital touchpoints to provide services
- Continue to invest in digital and IT infrastructure to produce better service delivery, efficiency of services and innovative solutions

TRANSFORMATIONS AND INNOVATIONS FOR A PARADIGM SHIFT



The innovations we have undertaken over the years and the transformations of the Company support growth and how we create value for the business and stakeholders. Our intellectual capital has enabled us to improve our competitive position within the market and give momentum to our strategic objectives.



Value Drivers

Inclusive and Value-added product

Digital insurance improvements

Technological systems for transformations

Enhancing team acumen (to develop tactic and explicit knowledge)






Evolving Brand

TRANSFORMATIONS AND INNOVATIONS FOR A PARADIGM SHIFT






Relevance to strategy

As we are focused on achieving a milestone in premium income, we seek avenues to improve and innovate products and services - towards an enhanced value proposition. In addition, we have a strong focus on developing our team's knowledge in products, sales, customer service and soft skills, apart from building our brand presence and endorsing a culture that reflects our implicit vision, mission and values.

SDGs embraced by transformations and innovations for a paradigm shift

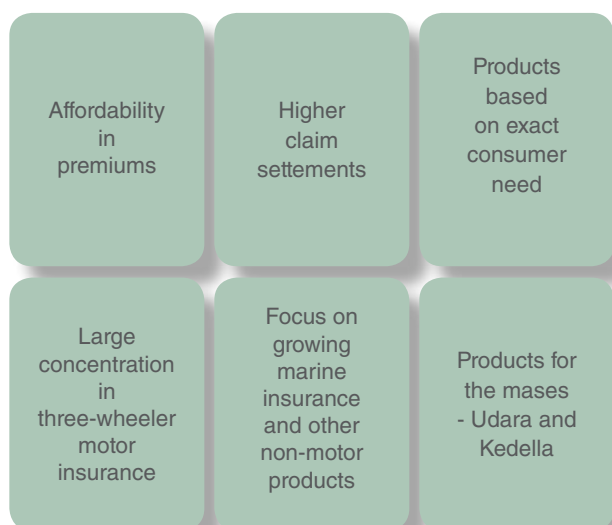
Goal	Contribution
	We provide affordable insurance for those with economic hardships, enabling quick rebound from losses.
	Developing employee potential provides them with a fulfilling and progressive career.
	Ensuring that insurance is easily accessible for all and easy to comprehend through digital solutions.
	We strive to provide economic benefits to all stakeholders. Our affordable solutions for MSMEs and for those with risk exposures ensure that life continues undisturbed even after calamities strike.
	A culture that promotes humanity in building a better future for all.

Shared value and trade-off

Aspects		Impact
• Investment in marketing and branding		Adds value to relational capital by attracting new customers
• Investments in digital solutions and IT infrastructure		The potential to increase customer relations and enhance shareholder confidence in future-focused growth.
• Investments in training		Investments in technology enhance manufactured capital as it enables efficient creation and provision of services.
• Investments in enhancing intellectual capital		Adds greater value to what employees can deliver for company growth while developing them professionally and personally.
		Short-term impact on company financials

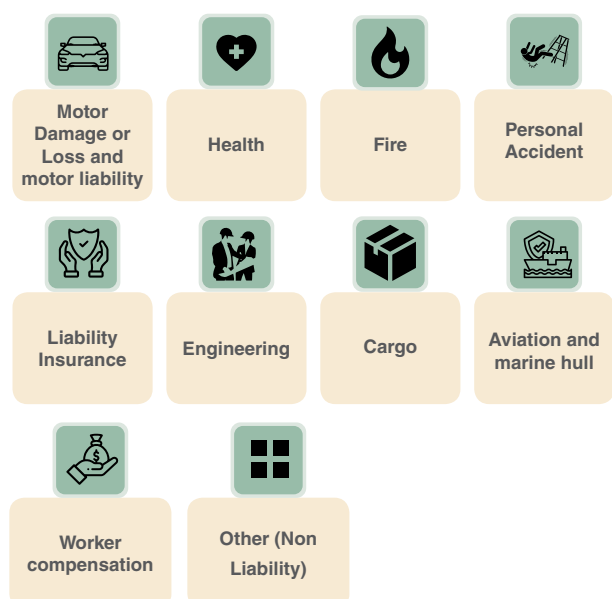
Products

Our product portfolio of motor and non-motor products contributed greatly to the higher premium income of 2022. As always, we continued to introduce several new products and promote our most attractive products, focusing on several attributes.



Product overview

We maintain a comprehensive list of products under several categories. In total, we operate 56 insurance solutions to protect various client interests and assets. In 2022, our strategic focus was to promote non-motor products, tapping into potential markets such as marine, health and property insurance.

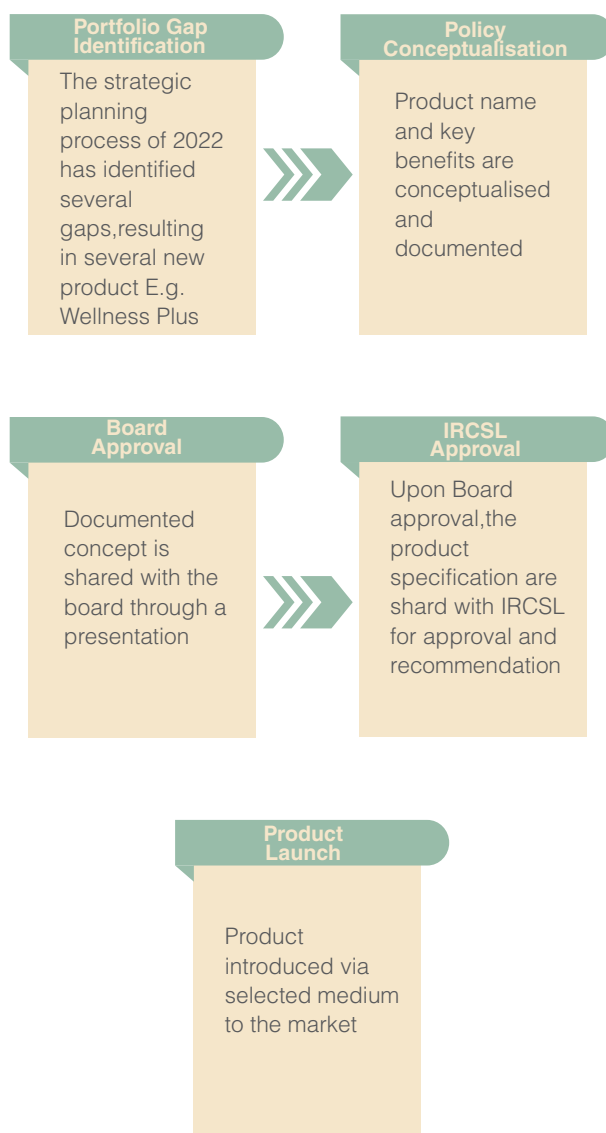


New products

We introduce new solutions based on gaps within the product portfolio. Such gaps are usually recognised due to various customer needs and by observing market needs and industry developments. In 2022 we launched Araksha, which provides compensation against death caused by violent, accidental, external and visible means, and named critical illnesses.

Product development process

With a duty to safeguarding the interests of our customers, we follow product development in several stages.



TRANSFORMATIONS AND INNOVATIONS FOR A PARADIGM SHIFT

Responsibility for product development



The corporate website now includes a host of other functionalities and information on:

- Personal and Corporate insurance plans
- Claim submission forms
- Access to quotations
- Dedicated page for complaint submissions
- Key information about the company, its branches and important links with access to other information.
- Tender portal

Future focus of the website

A real-time chatbot will be incorporated to the website, in addition to improving the payment gateway, motor policy renewals and policy generations, medical policy generations etc.

Digital insurance and other services

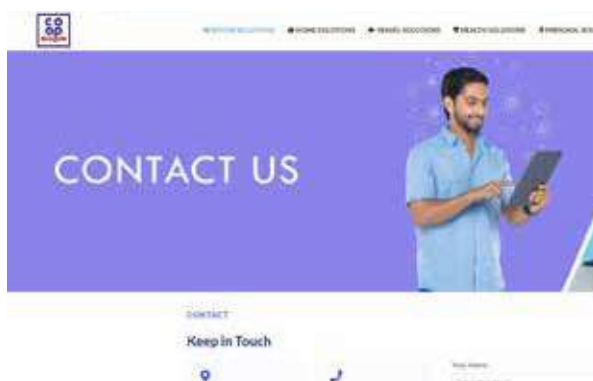
Digital insurance is the industry's future and paves the way for increased efficiencies, reduced operational costs and improved customer value. Moreover, replacing legacy systems and digitalisation of processes make ordinary insurance services easily accessible, efficient and reliable.

During the year, we invested in enhancing our digital portal, which provides access to online payments, third-party insurance renewals and our newest health insurance policy, 'Wellness Plus'. Moreover, in an associated move, we introduced an insurance e-card.

Projects in 2022 – Digital insurance and other digital solutions

Website revamp

Our website underwent a much-required transformation in its appearance and interactive features. Users can now obtain online policies and perform several functions through the dedicated 'Digital portal' within the main www.ci.lk website.



E-card

During the year, we introduced an e-card for policyholders. We take pride in being the first local insurance company to introduce digital insurance cards. Not only does it complement our new digital offerings, but it is an effort to reducing the number of plastic cards in-use and ones being disposed.

When customers use the e-card a link is sent to their mobiles, enabling a quick download of the card. This can then be used as a normal insurance card to validate the policy.

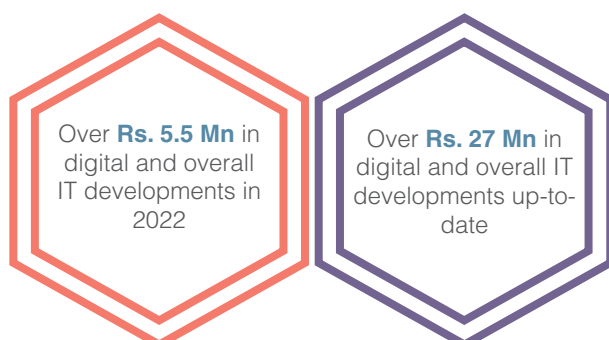


Technological systems for transformations

In recent years, we accelerated our technological adoptions to support our core insurance processes and business functions. Our IT team has made commendable efforts by bringing on board tech systems and software solutions that have driven employee efficiencies and digitally streamlined processes.

In the past we initiated;

- Underwriting-related motor and non-motor developments
- Salvage system
- In-house motor claims
- Online third-party and online cover note systems
- Assessor app with photo uploading mechanism
- Document management system
- Digital document uploading for claim settlement



Projects in 2022	Status
<ul style="list-style-type: none"> • Tender portal <p>The digital tender process through the corporate website offers a one-year registration for interested parties.</p>	Completed
<ul style="list-style-type: none"> • Travel system <p>We developed a new travel system for in-house work and for travel agents to issue policies on our behalf.</p>	Completed
<ul style="list-style-type: none"> • Motor and fire online systems <p>Online system to issue motor and fire insurance for bancassurance. 386 state bank branches are now connected through the new system and will be enhanced to accommodate other bancassurance partners.</p>	Completed
<ul style="list-style-type: none"> • Network and data security <p>Currently in the process of assessing the use of either cloud services or data centres for future operations.</p>	On-going
<ul style="list-style-type: none"> • ICT Policies <p>Password, information security, virus guard and backup policies implemented</p>	Completed

IT standards and governance

The path is now being built to secure international standards in IT. For this purpose, the IT department along with its new Head of IT is addressing gaps within the core business systems, network infrastructure and security protocols. We anticipate IT-related policies to take effect as soon as such gaps are addressed.

Team acumen (organisational knowledge)

Our team of professionals include people with various technical and non-technical capacities. They foster the Company's ability to create value with skills and knowledge unique to the Co-operative Insurance portfolio of products and base of diverse customers. From underwriting policies for competitive premiums to developing in-house software solutions, our team is highly dynamic, versatile in adapting to new business paradigms and committed to providing proactive solutions to customers.

Enhancing team acumen

As emphasised under 'Building a winning culture' (pages 148 to 154), we conduct general and specific training in enhancing employee acumen across various areas. The following categorised trainings took place during the year.

Training based on categories	No.	Training based on function	No.
Sales and Non-Sales Category	500	Motor Product Training	150
Managers Category	160	Non-Motor Product Training	150
Technical Staff Category	92	Customer Care Training Program	420
J/Executive and Executive Category	75	Outbound Training Program	40
Claim Department Staff Category	77	Sales Training Program	300
Call Centre Staff Category	12	Motor Claims Training Program	244
Other Staff Category	394	Motivational Speaker in you Training Program	6

Enhancing the knowledge base

Apart from training, we have a comprehensive talent management approach, complete with recruitment and KPI-driven performance recognition to attract and retain the right employees for the right position. (See 'Building a winning culture' on pages 148 to 154)

TRANSFORMATIONS AND INNOVATIONS FOR A PARADIGM SHIFT

Forms of training

Online Training
Physical Training
Hired Trainers
Outbound Training
On-the-Job Training

Training programs

Motor and non-motor product training
Motor claims
Customer care
Sales
Outbound
Motivational programs

Over Rs. 1.8 Mn in training investments

Future of training at CICPLC

Training will take on increased momentum, driven by a dedicated training unit with a new training manager with a strong focus on developing our employees. Incorporated to this will be a training calendar and a training schedule to address improvements in product knowledge, professional development, soft skills etc.

Co-operative Insurance Training Academy (CITA)

CITA is Co-operative Insurance's in-house training institute, which grooms industry professionals and employees to reach their full potential. This is achieved with a world-class insurance accreditation in partnership with CII-UK, alongside professional courses and local qualifications.

Courses

- Certificate Course in Professional Development and Technical Skills Development (CII CERT)
- Award in General Insurance (WOI)
- Underwriting Practice (WUE)
- Claim Management (WCE)
- Certificate Course in Insurance (Local)
- Diploma in Insurance (Local)
- Diploma in Business Management (Conducted by University of Sri Jayewardenepura lecturers),

Examinations:

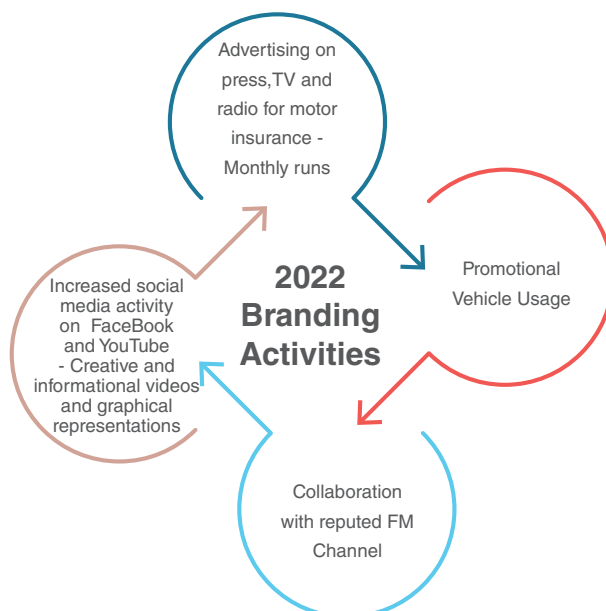
- Online Exam Centre
- Recognized online and offline exam centre by Chartered Insurance Institute of UK

Professional development programs are conducted on various topics in addition to conferences for students' benefit.

Evolving brand image

The Co-operative Insurance brand has a rooted presence in the outskirts of the country. Given our commencement with the rural cooperative societies, we have a strong connection with people from the grassroots communities.

Over the years, our brand recognition and brand equity grew from a mix of organic visibility through branch expansions and a cautious approach to marketing and promotions. Now, with our refocused and realigned strategic focus, brand-building efforts will take a central role in pursuing transformational growth.



Social media communication took on a new phase, as we created several informational videos on our services and products. We realised that our strengths and most unique services were not being communicated effectively due to a lack of clearly crafted direct messages. In addressing this concern, we took it upon ourselves to use in-house video creation capabilities to produce and publish promotional videos, posters and other communication material.

Strong brand association with co-operative sector entities

A brand steeped in rural market niches with gradual increase in corporate and middle-high income clientele

Future of our brand

We strive to improve brand visibility to achieve a higher customer base growth in the long run. Enhancing visibility is a strategic step towards creating a robust brand position and in being identified as a proactive service provider.

Future Brand Position

Proactive Services

More value For Money

Better Brand Visibility

Brand Communication Strategy

Strategy and governance

We have a robust strategic framework with transformational growth as its core focus. The new strategic plan came into effect in 2022 after a thorough assessment of company capabilities, gaps and an all-around look at the nature of insurance in Sri Lanka. Market research and the company's current position were all carefully assessed to determine what we want to achieve in the mid to long-term period.

Culture and values

Since inception, our culture was always associated with the fundamental values of the cooperative sector. However, with increasing competitiveness in the insurance industry, an evolving regulatory landscape and a need for investments in fuelling growth, we embraced a completely new approach to how we do business with our IPO in 2021.

Our family of shareholders grew as a result of the IPO, opening the Company to an altered focus on growth and value creation. In the past year alone, the Company has undergone a leadership change and a shift in our strategic focus to achieve a robust and dynamic change in how we think, act and deliver value. Despite adopting a renewed approach to serving our stakeholders, we will continue to focus on some level of organic growth while pursuing a culture that nurtures loyalty by delivering on our promises.

TRANSFORMATIONS AND INNOVATIONS FOR A PARADIGM SHIFT

VISION

To be an organisation that will stand "united" with its customers to the very end.

CORE FOCUS OF CICPLC

MISSION

To be ever mindful of the needs of our customers and, thereby make 'true protection' a way of life via the provision of innovative, yet affordable insurance solutions, which confirm to the highest ethical and moral standards.

Values

Based on co-operative principles and ethics.

What lies ahead?

The road ahead for our product portfolio, tech and digital adoptions is clear with several plans – expected to be executed prudently.

Short – Medium term

Tech

- New applications for customers for any time accessibility and proactive service (e.g. Co-op customer care app)
- System for underwriting
- IFRS 17 system compatibility and adaptations
- Module for spare part quotations
- Portal for medical insurance
- Non-motor claim system

Products

- Identify portfolio gaps and introduce new products (focus on non-motor)
- Product bundling

Training to develop organisational knowledge

- A dedicated training unit overseen by a training manager

Long-term

- Robust core IT system with modules for all key functions
- Achieve full digitalisation of the claim process (fully paperless)
- Continuous product enhancements and value additions

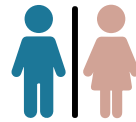
BUILDING A WINNING CULTURE



Employees are the core of our human capital. The composition of our human capital includes employees' knowledge, skills, experiences and capacity to improve, in addition to their willingness to contribute to the Company's growth and personal willingness towards growth. Each year, we conduct measures to improve our human capital, through short-term financial investments.



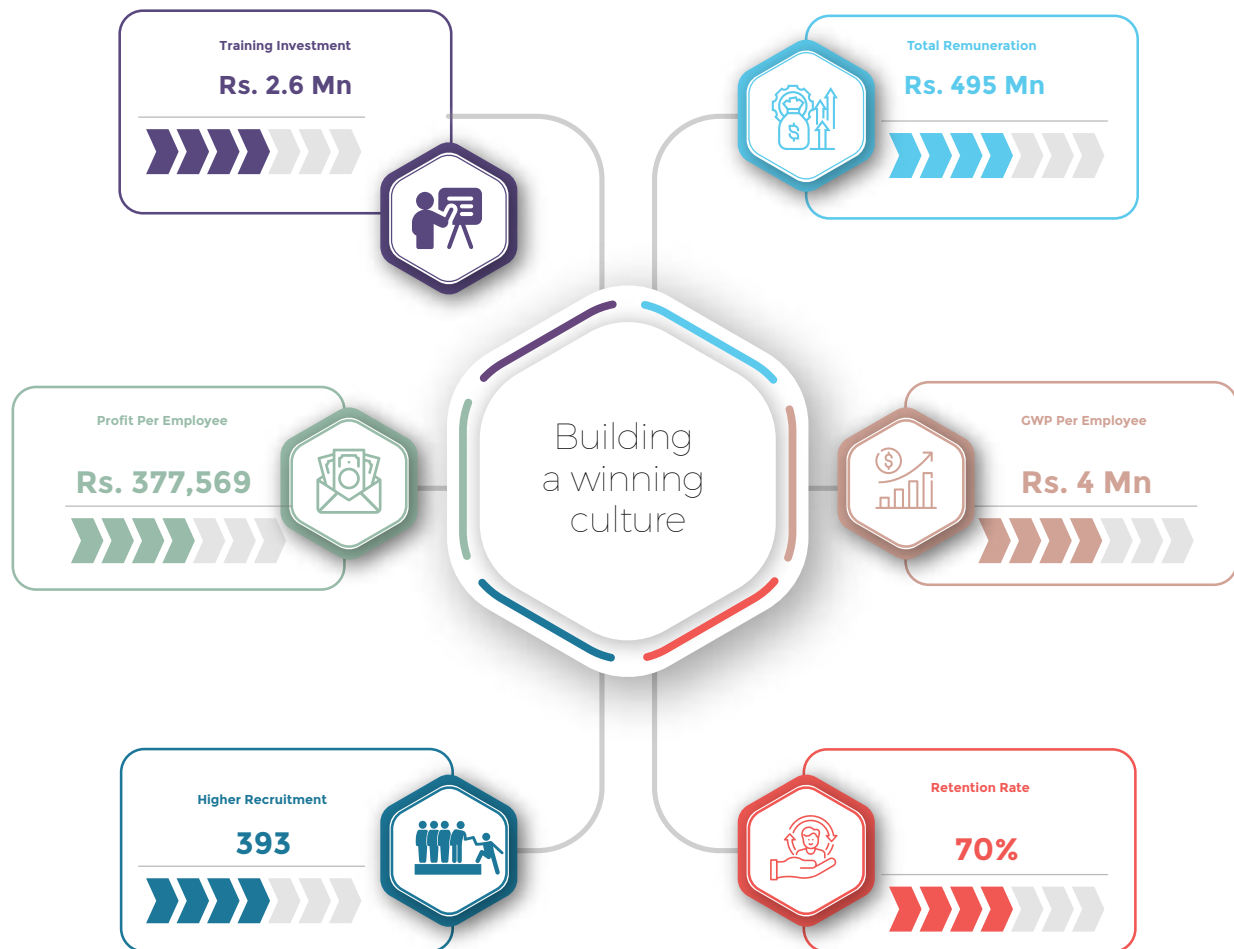
1,295
Employees



3:2
Gender parity



393
New recruits



Value Drivers

Training Employees
Across multiple areas

Increasing remuneration
across the company

Increasing
recruitment

Career growth and
recognition







BUILDING A WINNING CULTURE

Relevance to strategy







From recruitment to succession, the company adopts every aspect of a holistic talent management framework. Such an approach is necessary for the longevity of our business, as employee contributions alone drive financial growth, enhance the value of other capital resources and drive value creation simultaneously.

By creating a winning culture, we can reach milestones and achieve our vision of building a secure future for all.

SDGs embraced by Transformations and innovations for a paradigm shift

Goal	Contribution
	Provide employees with financial sources to overcome economic hardships and improve financial independence
	Insurance and medical reimbursements that take care of health-related costs, ensuring peace of mind during illnesses or sudden hospitalisations
	Employee skills developed for personal and career growth
	Employees of all genders and social diversities receive chances for a better life and equal opportunities
	Create prospects for employee growth.
	All our employees receive fair remuneration based on skills, experience and performance and contribute to creating economic value for other stakeholders.

Shared-value and trade-off

Aspect		Impact
• Investments in training and development		• By investing in employee T&D, employees can infuse productive ideas and approaches to working effectively and creatively. They develop a growth mindset with a drive to convert ideas into successful outcomes.
		• With training comes the ability to improve customer service, technical capabilities and soft skills – required to better serve customers and stakeholders empathetically and proactively.
• Increased remuneration and benefits in addition to performance-based rewards		• Drives employees to serve stakeholders better and contribute towards increased revenue.
• New recruitments		• Enhances the company's overall capacities and knowledge base, enabling us to grow through intellectual strengths
		• Helps create new connections with stakeholders
• Employee related investments and expenditures		• Investments are required for employee development, which translates into business growth and better performance, over time.

Human capital management

For the company to achieve continued growth, our employees should develop professionally and personally, becoming proactive and adequately dynamic to navigate challenges. Aside from career growth, we ensure that everything we do helps them be part of the Co-operative Insurance family and be active stakeholders in the Company's success. Importantly, we strive to create a work environment that respects the rights of each employee and values their professional skills and personal talents.

A unique composition

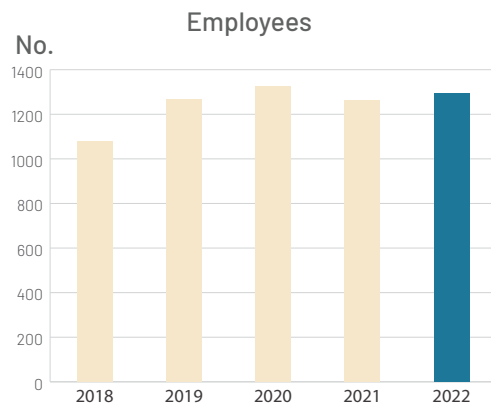
Our team includes 1,295 employees, with each individual representing CICPLC in various capacities. In 2022, this number represented 750 male and 545 female employees, a number that combines employees of our head office, branches and field staff.

2022: 1,295
2021: 1,264

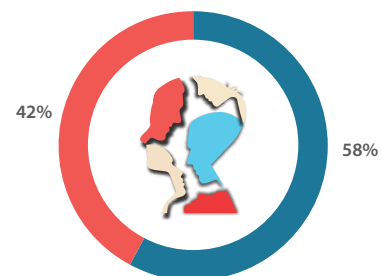
Diversity and inclusion

Our team is a vibrant combination of diverse professionals from various ages, religions, social backdrops and a wide spectrum of diverse capabilities.

Due to the spread of our island-wide branch network and an all-district presence, the diversity of our team is organic. The teams of individual branches respond to the complexities of people from their respective locales; this diversity empowers them to provide solutions unique to the communities in which they operate (e.g. MSME and cooperative sectors). Their diversities enrich them with knowledge and experiences to provide equitable and inclusive treatment to customers.

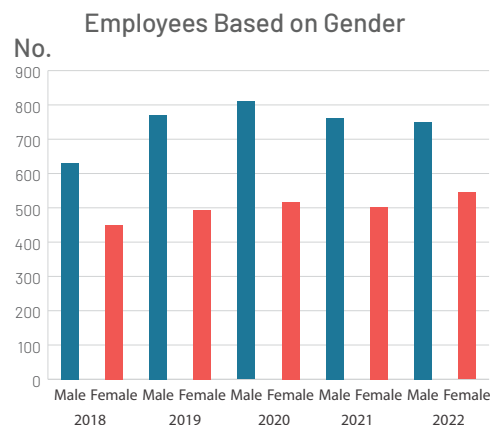


Total (Gender - Wise)

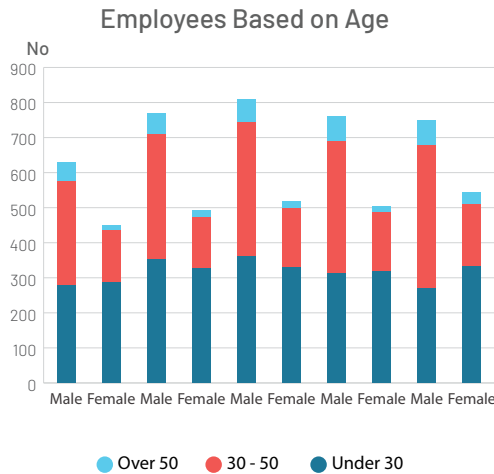


● 2022 Female
● 2022 Male

We have a 42% female representation within the Company, compared to 58% of male representation. This denotes the Company's narrowing gender gap.



BUILDING A WINNING CULTURE



While the HR department carries out HR practices according to policies, the Human Resource Committee oversees HR practices and policies and recommends actions to improve how we manage and treat our workforce. The human resource committee meets across the year, to review and make changes to existing policies and propose new strategies to make the Company's HR processes more holistic and effective.



Employees by tenure (years)

	2022		2021	
	Male	Female	Male	Female
Below 5	521	387	574	369
5 to 10	168	93	13	70
11 to 15	45	42	43	41
16 to 20	13	15	12	16
21 to 25	3	8	1	7

Gender parity, equality and diversity

At Co-operative Insurance, we uphold equality among men and women. Across the company, at branches and head office and amongst sales personnel, there is equality in the opportunities and training they receive for professional development. Moreover, we ensure:

1. Unbiased opportunities in recruitment
2. Increasing female workforce representation
3. Fairness in promotions (focus on performance, equitably)
4. Equal opportunities for to training and development
5. Balanced participations in decision-making

Policies and governance

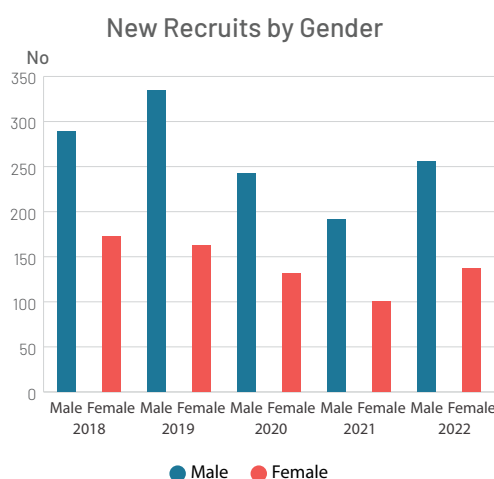
Human resource management plays a crucial role in elevating the value of our human capital. The HR team supports the corporate management with insights into employee requirements, to better gauge gaps and address employee needs.

Talent acquisition

With evolving strategic objectives and operational requirements, the need for employees with the right prerequisites is crucial than ever. Our focus is to find employees that fit into our corporate culture who can tackle rising competitive forces and counter challenges pragmatically and innovatively, irrespective of their functions and business units.

New recruits	2022	
	Male	Female
Total	256	137
% from total	65.1	34.9

During the fiscal year 2022, we recruited a total of 393 individuals, under various age ranges. The number of recruits is an increase compared to the 291 persons recruited in 2021 but lesser when compared to 2019 and 2020.



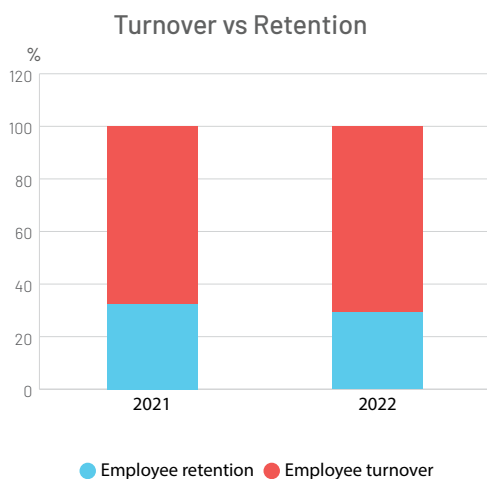
The recruitment procedure remains formal and unbiased, prioritising the selection of the best candidate to match job requirements. Internal recruitment is the preferred choice, preceded by external recruitment when existing employee profiles fail to meet requisites.

New recruitments show an increased percentage of recruits within the under 30 category.

Retention and turnover

In the past employee turnover remained a serious challenge, given industry competitiveness and volatility. In 2022, we addressed this issue directly through several well-thought-out efforts of increasing salary levels.

As a direct result, turnover has slowed to 29.62 in 2022, indicating a correlated increase in retention to 70.38



Training and development

Training programs are a core factor in enhancing the value of our human capital, and is a substantial focus of the HR department. In 2022, we established a dedicated training unit, to strategically devise training schedules based on the training needs of the Company and knowledge gaps of employees.

The changing insurance industry and business environment makes training imperative. Our programs are designed around the various technical and non-technical needs of the Company in meeting business targets. We also believe that enhancing employee skills adds to their satisfaction and improved productivity.

Training programs during the year

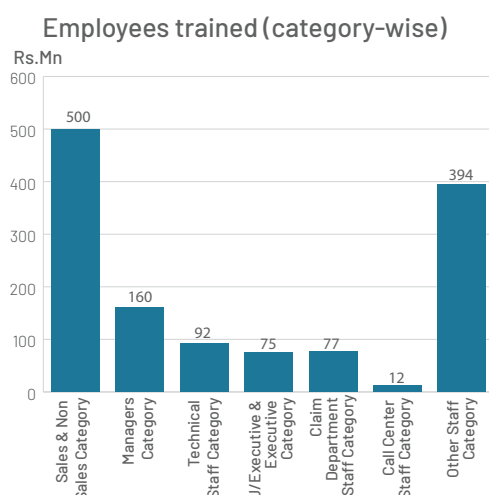
In 2022, we conducted internal and external programs with in-house and outsourced resource persons, A total of 35 programs were organised with 1,310 participants joining all programs.



Program name	Participants	Audience
Motor Product Training	150	Sales and Non-Sales
Non Motor Product Training	150	Sales and Non-Sales
Customer Care Training Program	420	All Staff
Outbound Training Program	40	Management
Sales Paradigm Shift Training Program	300	Head of Department, Branch Managers and Sales Staff
Motor Claims Training Program	244	Branch Staff
Motivational Speaker in you Training Program	6	Company Trainers

Employees across various job categories received participation opportunities to appropriately developed training programs.

BUILDING A WINNING CULTURE



Training programs covered employees from all branches and districts. Organised on a monthly basis, programs were conducted mainly at Head Office, in selected locations or training centres. Programs also include induction sessions for employees from both CICPLC and Cooplife.

Professional education - CITA

In the effort to strategically integrate professional education to the lives of our employees, our dedicated training academy plays a central role. CITA educated 59 students across all courses with 21 students graduating in the year. The academy provides insurance professionals the opportunity to obtain CII-UK accreditation in Chartered Insurance. Furthermore, the academy educated its students along the lines of business management, sales skills development, personal skills and technical skills development.

Performance evaluation

Our employees receive constructive feedback based on our comprehensive, KPI driven performance evaluation model. Initiated in 2019, the system rewards employees from each level beginning with the top-most executive down to the janitorial staff. We use performance evaluations to assess performance incentives, in addition to selecting our top performers for the year.

Rewards and recognition

Rewarding employees for their hard work and commendable achievements is a priority at Co-operative Insurance. By honouring their performance, we nurture a team that strives to pursue goals and seek validation from peers and management. Our KPI-driven performance evaluation system is used in awarding employees at our annual awards ceremony.

We conduct the annual awards ceremony for employees in sales, branches and within the corporate office.

All employee receive awards based on performance across respective categories. The sales staff of branch offices and branch managers that met minimum criteria received awards as platinum, gold and silver based on their performance in relation to premiums. Non-permanent individual sales officers were also considered under the Advisor category for awards. Top performers were rewarded with cash and foreign tours.

For the year 2021, 23 of our sales employees received awards across eight categories in addition to branch managers across two categories. Similarly, Cooplife Insurance Limited, our subsidiary organised its annual awards program to honour and commend top achievers.

Succession planning

Succession plan to replace top management and corporate management at the time of their resignations or retirements falls within the responsibility of the Board. They identify talent within the Company to replace any executive leaders or corporate management based on the succession policy.

Parental leave

20 employees were granted maternity leave, maternal for the year 2022, providing the freedom for our female co-workers to take time off and enjoy time with their newborns.

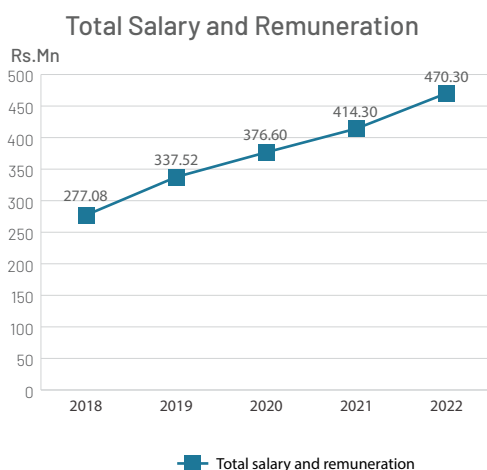
Work life balance

Work responsibilities can become tedious and stressful at times, irrespective of the scope of work involved. To help employees from mental burnout and to support them in maintaining a balanced lifestyle, we create opportunities for them to relax and engage in interactive activities. During the year, we conducted several such programs for work-life balance and showcase employee talents.



- A musical program was organised to help employees step out of their work lives, enjoy and interact with peers in an entirely different setting.
- Our employees participated in the Mercantile Athletic Tournament, winning 10 positions.
- Appearances on promotional and infotainment videos and advertisements, for social media engagements
- Our Netball team participated in a tournament organised by an industry competitor; our team emerged as the runner-up.
- Participation in religious activities, sponsored by the company.

Economic wellbeing



Salaries and remuneration remain the primary source of compensation for the hard work and time put in by our employees. We understand that the financial incentives they receive strongly correlate with job satisfaction and performance.

During the economic crisis, when most businesses opted out of incentives and timely salary payments, we maintained bonus payments and salary increments. Despite the lagging effects of the pandemic that impacted business and the national economic crisis of 2022, we maintained our stance on timely remunerations and other financial benefits.

As part of taking care of employee well being, we also provide them with:

- Life insurance
- Medical benefits
- Staff loan facility
- Bonus payment
- Annual increments
- Family medical benefits
- Transport on 2 main routes (benefitting 42 employees)

Compared to the number of employees in 2021 and the relative salary and remuneration, the Company has paid a higher amount at 13.5% in salary and remuneration to employees in 2022.

	2022	2021	2020	2019	2018
Total salary and remuneration (Rs. Mn)	470.30	414.30	376.70	337.52	277.08
Employees	1,295	1,264	1,327	1,265	1,079

Health and safety

As an insurer, it is our duty to first and foremost ensure employee health and safety. We endorse healthy lifestyles and encourage employees to maintain regular medical checkups and adopt a balanced lifestyle. Moreover, our offices across Sri Lanka ensure physical safety of employees. CCTV cameras, security personnel are deployed to ensure physical safety of employees.

Just as physical safety, we ensure a conducive work environment that does not harm employee mental wellbeing. Our branches and at head office, employees can bring to management's attention any incident that may have infringed on their psychological wellbeing.

Employee communication and engagement

We use purposeful mechanisms to engage with employees and to communicate with them in a meaningful manner. By listening and responding to their perspectives, feedback and even complaints, employees receive a sense of being valued and respected.

BUILDING A WINNING CULTURE

Exchanging feedback and voicing concerns

- Open door policy
- Performance appraisal and feedback process
- Employee surveys
- Skip level discussions
- Training and development programs
- Monthly staff meetings
- Emails and other digital communications
- Intranet

Raising wrongdoings

- Open
- Grievance handling procedure

Building camaraderie and work-life balance

- Talent show
- Annual outing
- Other welfare activities
- Awards ceremony

Grievance handling and whistle blowing

As employees' emotional wellbeing is crucial for proper state of mind, we encourage employees to present their incidents of grievances at any given time. Employees can approach their immediate supervisor or any management personnel, including the CEO, in voicing their concerns.

Employee concerns or complaints against misconduct will be handled confidentially through a formal process to provide the complainant with a fair response and take corrective action.



What is ahead for our winning team?

Our primary focus for our employees will be to make them part of a winning team. To achieve this, we will exercise increased training and development programs, as part of a well-rounded talent management framework.

We will continue to:

- Reward employees of all tiers based on key performance indicators
- Provide increments based on cost of living expenses and industry standards
- Take increased momentum with training initiatives through the training department

Employee achievements - Cooplif Insurance Limited

The growth of our life insurance subsidiary is a result of employee hard work and dedication. In 2022, Cooplif achieved Rs 1 Bn in GWP due to the commitment and commendable performance of its sales force. For the year 2022, Cooplif's team included 8 MDRT qualifiers. The Cooplif sales force achieved a membership for Court of Table (COT).

Short-term

- Develop the new training unit under a training manager
- Effectively carry out programs according to a monthly training schedule
- Provide increments and performance-based incentives, appropriately
- Provide increased opportunities for work-life balance and personal skill development

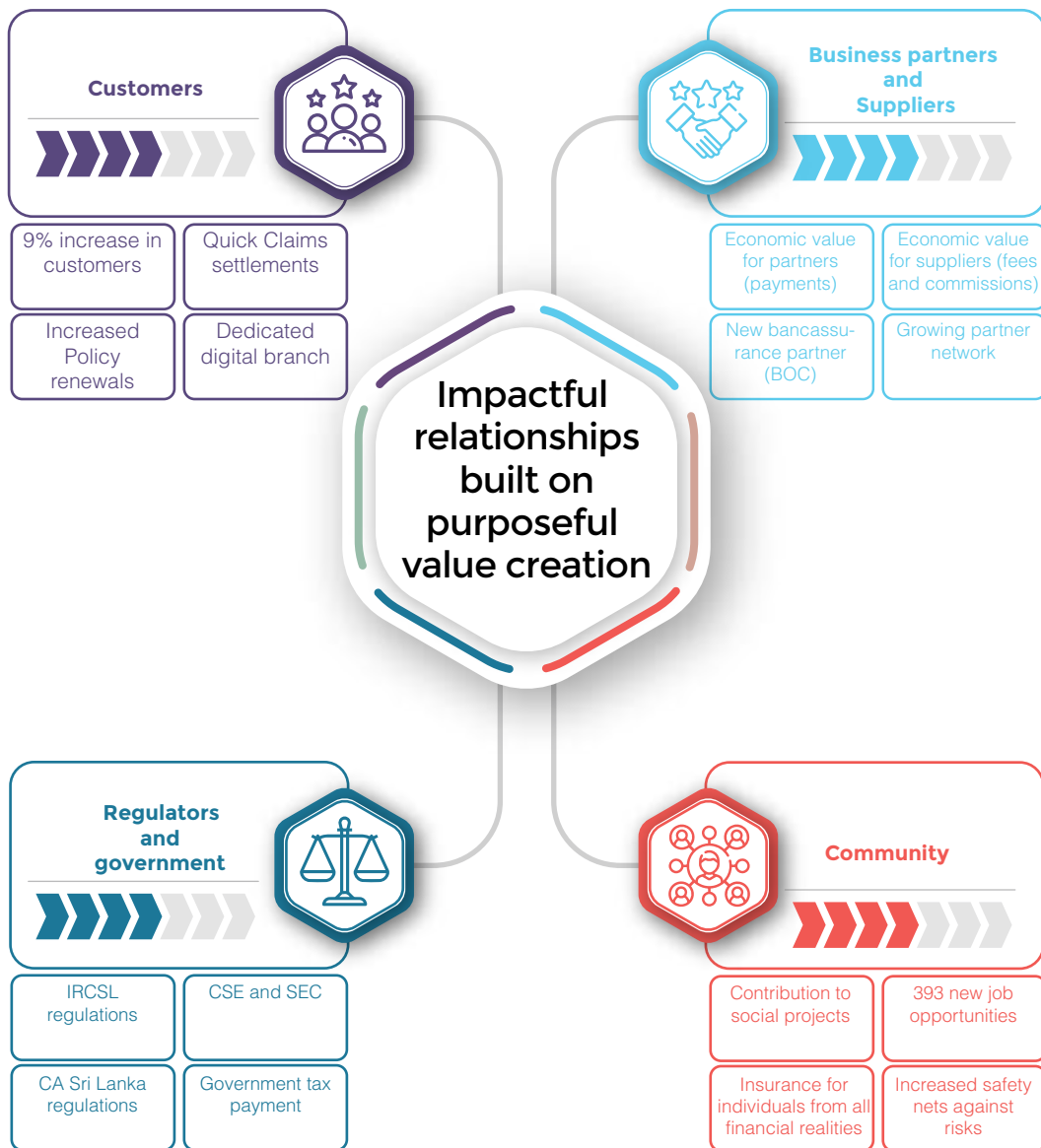
Medium to long-term

- Increase common and needs-based training program
- Increase remuneration through salary increments and selected benefits
- Find gaps and improve KPI-based performance evaluation
- Enhance our human resource management approaches

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION



As a solutions provider for life's unexpected risks, we strongly connect with the customers we serve. This relationship is at the heart of our operations and strategic focus. Moreover, our relational capital includes relations with our business partners and suppliers, regulators and the government, and connections with the community. These stakeholder relationships bring value to the Company, elevate our social capital, and provide social license to operate.



IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION

Value Drivers

Customers

- Creating value-based products
- Increasing touchpoints for better accessibility
- Improvements in services

Business partners and suppliers

- Business opportunities
- Financial benefits
- Training

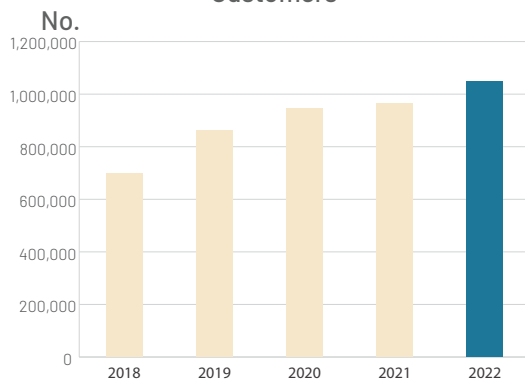
Regulators and government

- Complying with regulations
- Maintaining capital adequacy requirements

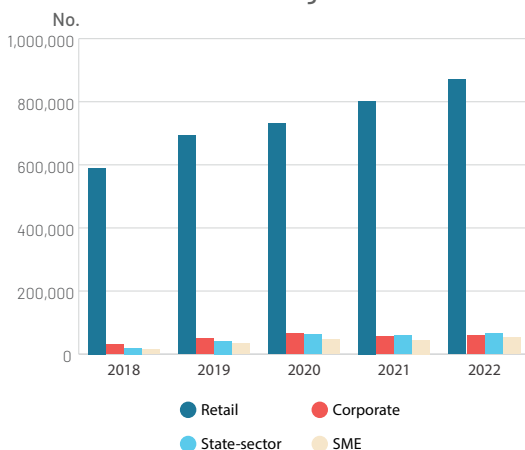
Community

- Supporting community projects

Customers



Customer Segments



	2022	2021	2020	2019	2018
Agents	186	149	141	247	363
Brokers	78	70	68	68	63
Bancassurance	7	4	4	4	3
Reinsurance	6	5	4	4	3
Suppliers	72	68	63	54	
Service providers	4	4	4	4	4

Group stakeholder based ethos

Our objective is to create a secure future for all our internal and external stakeholders. With this purpose in mind, we continue to distribute economic benefits to customers, partners and suppliers, regulators, the government and the community.

Cooplife's approach to stakeholder value creation

Vision: "Life insurance Company that will stand "UNITED" with its customers to the very end."

Mission: "To be ever mindful of the needs of our customers, and thereby make 'true protection' a way of life, via the provision of innovative yet affordable insurance solutions which conform to the highest ethical and moral standards."

Relevance to strategy





Stakeholders, especially customers, are a vital part of our value-creation process. Their expectations form the base for how we create value and form the nucleus of what we do.

By increasing partner channels, we can augment our customer base and diversify who we serve. As a result, we are motivated to enhance our diverse portfolio for both personal and corporate customers. With this increase in partners and customers, we can expand our market reach and market share, reaching our goals for higher premium revenue and the objective of transformational growth.

SDGs embraced by Impactful relationships built on purposeful value creation

Goal	Contribution
	Financial disbursements for customers, partners, suppliers and community projects help reduce poverty.
	Supporting customers to maintain healthy lifestyles through our advice and helping them financially in obtaining medical attention during critical illnesses and personal accidents.
	Life insurance safeguards the education of policyholder beneficiaries.
	Rewarding business opportunities for agents and business partners
	Reducing inequalities through business opportunities for partners and financial indemnification for policyholders.
	Insurance helps restore assets, including property and vehicles, after calamities, helping to sustain communities.
	Taking affordable insurance

Shared value and trade-off

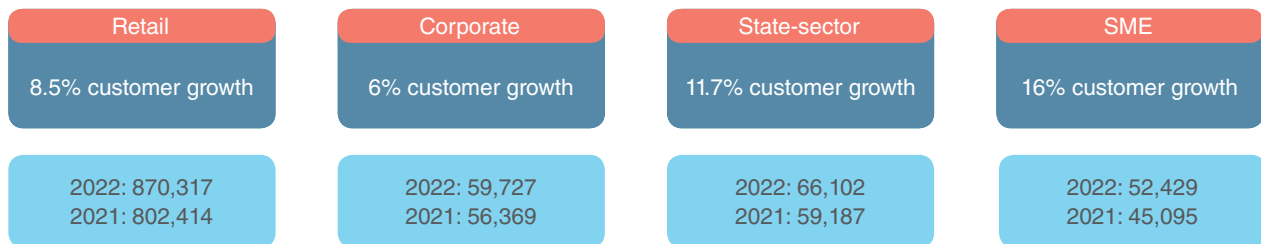
Aspect		Impact
• Investment in increased touchpoints		• New branches require new employees
		• Increases property, plant and equipment
• Actions that enhance relations with partners		• Partner insights into customer expectations and product innovations drives our knowledge
• Relationship with suppliers and service providers		• Goods and services increase PPE base and supports employee productivity and helps enhance service delivery
• Improvements in processes such as claim settlement		• Enhances employee productivity
		• Process improvements and adoption of new tech solutions
• Community project involvements		• Provides work-life balance to employees that participate in activities

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION

Purposeful value creation – Customers

We maintain impactful customer relationships through enhanced product portfolio and value additions to existing products. In addition, we create new touchpoints and channels for customer accessibility and convenience, and adopt transformations in processes and technology to enhance service delivery.

Due to value enhancements in insurance solutions and service delivery, CICPLC's customer segments increased during the year. We witnessed new customer growth across all our key customer segments: retail, corporate, SME and state sector.



There was a considerable increase in our SME customers, as we approached them with relevant and cost-effective solutions. Moreover, we made a leap in Hull Insurance. During the year, marine, property and miscellaneous product categories showed promise due to new business opportunities and increased clientele.

Product propositions that add value

Our motor insurance segment forms nearly 80-84% of our portfolio. Given this large concentration of motor insurance policyholders, we find avenues to enhance our non-motor value proposition.

During the year, we focused on several products more extensively.

- Udara policy is a family insurance solution, which covers accidental damages. There was remarkable growth in Udara insurance policy during the year 2022.
- Initiated planning, developing and promoting Wellness Plus health insurance cover.
- Rebranding our motor insurance product as Smart Drive.
- In balancing our portfolio, we focused increasingly on non-motor related products such as health insurance, property, hull and marine insurance.

Personal insurance (CICPLC)



Motor

- Smart Drive



Home

- Kedella



Travel

- Travel Care



Health

- Smart Wealth
- Wellness Plus



Personal

- Personal accident insurance solutions
- Udara

Product (Cooplife)



Health



Retirement

Education
(Future protector)

Investments

Corporate insurance (CICPLC)



Motor

- Smart Drive



Health

- Wellness



Liabilities

- Liability
- Professional indemnity
- Public liability
- Workmen's compensation



Miscellaneous

- All risk for valuables
- Cash in transit
- Good in transit



Property

- Boiler and pressure vessel
- Burglary and house breaking
- Combined tea factory
- Commercial fire
- Consequential loss
- Contractor's all risk
- Contractor's plant and machinery
- Electronic equipment
- Hotelier's comprehensive
- Deterioration of stock in cold storage
- Machinery breakdown
- Plate glass
- Property
- Traders' combined

Claim settlements

Claim settlements are a vital part of why customers look towards us for risk management solutions. We provide the financial buffer they require to rebound from losses, ensuring that life returns to normalcy faster. We put our best effort into delivering claim settlements to customers who have faced sudden adverse incidents and as swiftly as possible.

Over the years, including in the year under review, we have taken measures to bridge service gaps and strengthen points of weakness. While there are aspects that require continuous improvements, as with any business, we continued to focus on several areas across the year.

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION

- Increasing touch points and enhancing service levels for increased quality of service
- Business process improvements through technology
- Effective use of customer data and their segmentation
- Make more use of digital technology to improve service standards and deliver efficient services
- Engaging with customers daily and throughout the year instead of only at renewal time

During the year, we settled 82% from the claims total submissions total submissions and made a payout of Rs. 2.6 Bn in claims and benefits while Cooplife, our subsidiary incurred a total of Rs. 360 Mn in net claims and benefits. Group-wide net benefit and claim amounted to Rs. 3 Bn.

Increasing touch points

Branches facilitate customers with the ability to obtain numerous services with in-person assistance and

attentiveness. By increasing our branch network, we can expand our physical reach to serve customers. We now have 119 island-wide retail touchpoints through company-owned branches, which includes 5 new additions during the year.

Moreover, marketing efforts were heightened during the year through a dedicated team. The unit mobilised door-to-door marketing actions aimed at reaching more customers across regions. In addition, we have increased several of our other business channels, taking insurance solutions to more customers in all parts of the nation.

New branches

Narammala

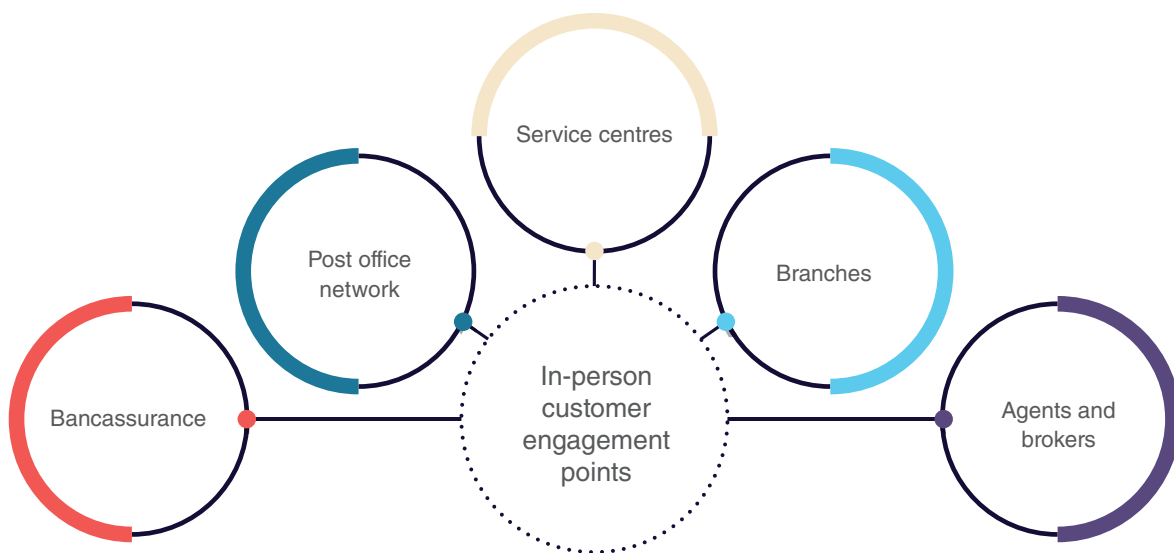
Eheliyagoda

Kanthale

Tangalle

Ganemulla

Our most critical customer engagement points



Digital customer engagement points

- Website / Digital portal
- Social media (FaceBook)
- Email and other digital communication platforms (E.g. WhatsApp)

Process improvements through technology

Business process improvements are critical for improving service delivery times and efficiency. Shedding manual processes in a swift yet prudent manner, we have transitioned our workflows to online systems and digitized processes. This is more apparent with claim settlement and underwriting to provide speedy and efficient services to customers. By using such solutions, we strive to minimise turnaround times in underwriting and claim settlements.

Furthermore, we understand that customers anticipate swift claim settlements when unexpected losses occur through exposure to risks. Therefore, we strive to maintain claim settlements within three working days of receiving or completing pending documentation.

Process	Time
Underwriting decisions	1 to 2 days
Time to formulate policies	30 minutes
Average time to resolve queries	On time or within 10-15 minutes
Average call-centre response	Within 5 minutes
Abandoned call rate	2%
Claim settlement time	Within three working days from the date of completing pending documents
% of claims settled	82%

Digital insurance, convenience and accessibility

During the year, we improved our main digital channel, our website, by enhancing interactive feature functionalities while providing a refreshed look and feel to the web portal. Apart from its appearance, we improved the functions of our digital portal, enabling customers to access third-party motor insurance, premium payments and policy renewals - providing convenience through digital insurance avenues.

Additionally, we established a new unit for digital insurance (digital branch) overseen by two dedicated professionals. They oversee quotation requests received through the website and requests that come through the digital portal.


In providing convenience to customers and adopting responsible use of motor insurance, we introduced an e-card during the year, the first Sri Lankan insurance provider to step into the novel concept of providing a digital motor insurance card.

Digital touchpoints and customer engagement


In comparison to previous years, we increased efforts in social-media-oriented customer engagements. Our Facebook page became a channel for communicating services and products while making it the platform of choice for promotions. During the year, we used social media to educate our audience on our unique services and strengths while sharing company activities and achievements with those who follow us on social media.

In accelerating our digital presence, online engagement and brand visibility, we focused on SEO as a strategy. This has enabled us to gradually advance our web presence improving our web identity from the low impressions we previously experienced.


Furthermore, we have incorporated several services into our website through development initiatives taken by our IT department, in the year under review. The website offers customers several conveniences which reduce the need for in-person interactions. The website now facilitates:




Claims Submissions




Quotations for Policies



Online Payments



Complaint Submissions



Digital portal for third party motor insurance renewal, payments and wellness plus insurance

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION

Customer data and privacy

With the adoption of digitised processes and online systems, we can enter and store customer data more efficiently. Through our document management system, we have reduced the dependence on physical document retrievals and physical storage while keeping document transfers between locations at bay.

During the year, we initiated the KYC process during customer onboarding to ensure effective information capturing. This will enable us to better segment clients based on income levels and other preferences while ensuring better risk management against fraudulent customer behaviours.

Furthermore, we bolstered our internal data security measures to proactively mitigate any exposures. We refortified our password, backup and security policies to ensure that customer data remains inaccessible to outsiders and safe from data losses.

Complaint resolution

Satisfied customers retain longer and recommend the company to their social circles. With this in mind, we swiftly expedite complaint resolution, striving to provide a favourable response in the least possible time. During the year, we received several complaints, all of which were resolved to satisfy our customer. In safeguarding consumer interests, we adhere to regulatory requirements and ensure that customer complaints are resolved formally and transparently. Moreover, we improved our complaint submission interface on our website, complying with regulations and providing customers with a reliable method of presenting their complaints in full detail.

Business partners and suppliers

Our partners perform the crucial role of bringing untapped market segments and customers closer to our insurance solutions. The business and premium income they deliver is reciprocated with fees and commission payments. In maintaining reliable and trusted relationships with our partners, we ensure timely payments, commitment to agreed conditions and formal communication. Moreover, partners and suppliers are treated with the same professional decorum and are considered a valuable part of our ability to create value.

Highlights from the year;

- A new memorandum of understanding was signed with the Bank of Ceylon as our bancassurance partner
- The tender process is now digitalised and can be accessed through a dedicated portal on the corporate website
- A new agency channel and alternative business channel were added to the network during the year
- Training and monthly evaluation meetings with agents and brokers

Agents

Our agents undertake a significant role in our relationships with customers. They approach a diverse mix of clients across Sri Lanka, forming new relationships and retaining customers for the company and our subsidiary.

- As of December 2022, we worked with 561 agents who helped achieve the Rs 5 Bn GWP mark during the year.
- We work with our agents by providing training, monthly evaluations and motivational guidance. Most importantly, we continue to remunerate them with commission payments for their relationships and business with clientele.

Brokers

Brokerage companies have significant leverage in promoting our insurance solutions to customers who seek flexibility in premiums and solutions based on a combination their needs and financial capacity. For the service they deliver, we provide commissions promptly and provide them with the knowledge required on products.

Bancassurance

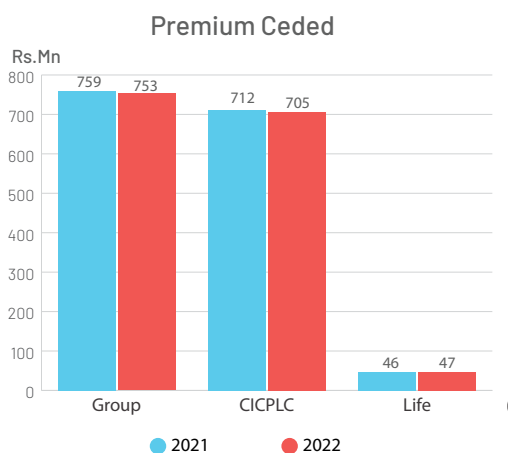
We work with 7 various banking partners who are leaders in the banking industry. To reach customers who are outside of our reach, we partnered with the Bank of Ceylon during the year. We continue to bolster a strong banking partner channel, which will enable us to provide unique solutions to their customers' needs. Our other bancassurance partners include Sampath Bank, Seylan Bank, PABC, RDB, People's Bank and NTB.

Suppliers and service providers

We work with local and foreign suppliers and service providers to obtain various goods and services. Goods we obtain from suppliers include office equipment, furniture and fittings, tools and required machinery. Moreover, services we obtain from service providers include auditing services, banking services, telecommunications, IT services etc...

Reinsurance partners

Reinsurance partners enable us to maintain profitability in an industry that is highly centred on various risk exposures and unexpected losses. Due to sustained relationships with our reinsurers, we continue to absorb risks of an increasing number of clients, which affirms our ability to maintain stability despite the risks we undertake.



Sharing value with business partners

Our partners enable us to increase premium income and move towards the strategic objective of increasing our market share.

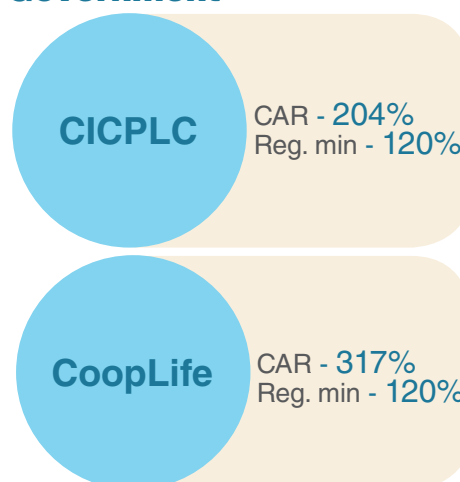
Partner	Value delivered 2022 (Commission)	Value received 2022 (Premium)
Agents (including Salesforce)	Rs. 23.8 Mn	Rs. 1,081 Mn
Brokers (including bancassurance)	Rs. 218 Mn	Rs. 2,032 Mn
Other intermediary partners	Rs. 172 Mn	Rs. 1,973 Mn

During the year, we worked with 72 suppliers including service providers across head office and branch levels and provided payments for goods and services obtained.

Industry associations

We are part of the International Co-operative and Mutual Insurance Federation (ICMIF), UK. ICMIF is renowned globally and represents 120 cooperative insurance companies across 65 countries. In addition, we are members of the Asia and Oceania Association (ACA). We are affiliated with the Chartered Insurance Institute – UK through CITA and are accredited in providing CII-UK authorised professional qualifications.

Commitments to regulators and the Government



In 2022, we tried to maintain compliance with applicable laws and regulations. Both CICPLC and Cooplife take business decisions within the regulatory parameters, ensuring compliance and transparency to protect stakeholder interests. Abiding by regulatory capital requirements, we maintained capital adequacy ratios well-above industry minimums. Both CICPLC and Cooplife maintained adequate capital buffers across the year.

During the year, we incurred a total group-wide tax payment of Rs 59.4 Mn.; both CICPLC and Cooplife made tax payments according to applicable revisions.

Regulators	2022
Fines for violating laws	Nil
Fines for service related damages/issues	Nil

Contributing to community

As an insurer providing some of the industry's most affordable insurance policies under cost-effective premiums, we promote social security and personal risk management to persons from low to high-income capacities. How we achieve this is unique to our association with the Cooperative sector of Sri Lanka.

IMPACTFUL RELATIONSHIPS BUILT ON PURPOSEFUL VALUE CREATION

Strengths in creating value creation for the community

- Strong association with the cooperative community, individuals and institutions at the grassroots.
- Association with Multi-Purpose Cooperative Societies (MPCS), which are highly saturated across Sri Lanka.
- Association with cooperative societies brings us closer to individuals with varying needs from grassroots and rural communities.
- Interconnectedness between the cooperative sector and the government enables us to provide insurance solutions to those from the state sector.

How we help the community through cost-effective solutions

- Insurance solutions crafted around SMEs
- Affordable solutions to help professionals and business owners with low financial capacities
- Ensure financial rebound after losses
- Job opportunities to individuals from rural locales - appointed to branches
- By becoming part of CICPLC or Cooplife sales force/ advisors, individuals from rural backgrounds receive opportunities for a rewarding career and financial independence.
- Contributions to religious activities.

Our future with external stakeholders

Moving ahead, we will continue to create value based on stakeholder expectations and our vision of creating a secure future for all.

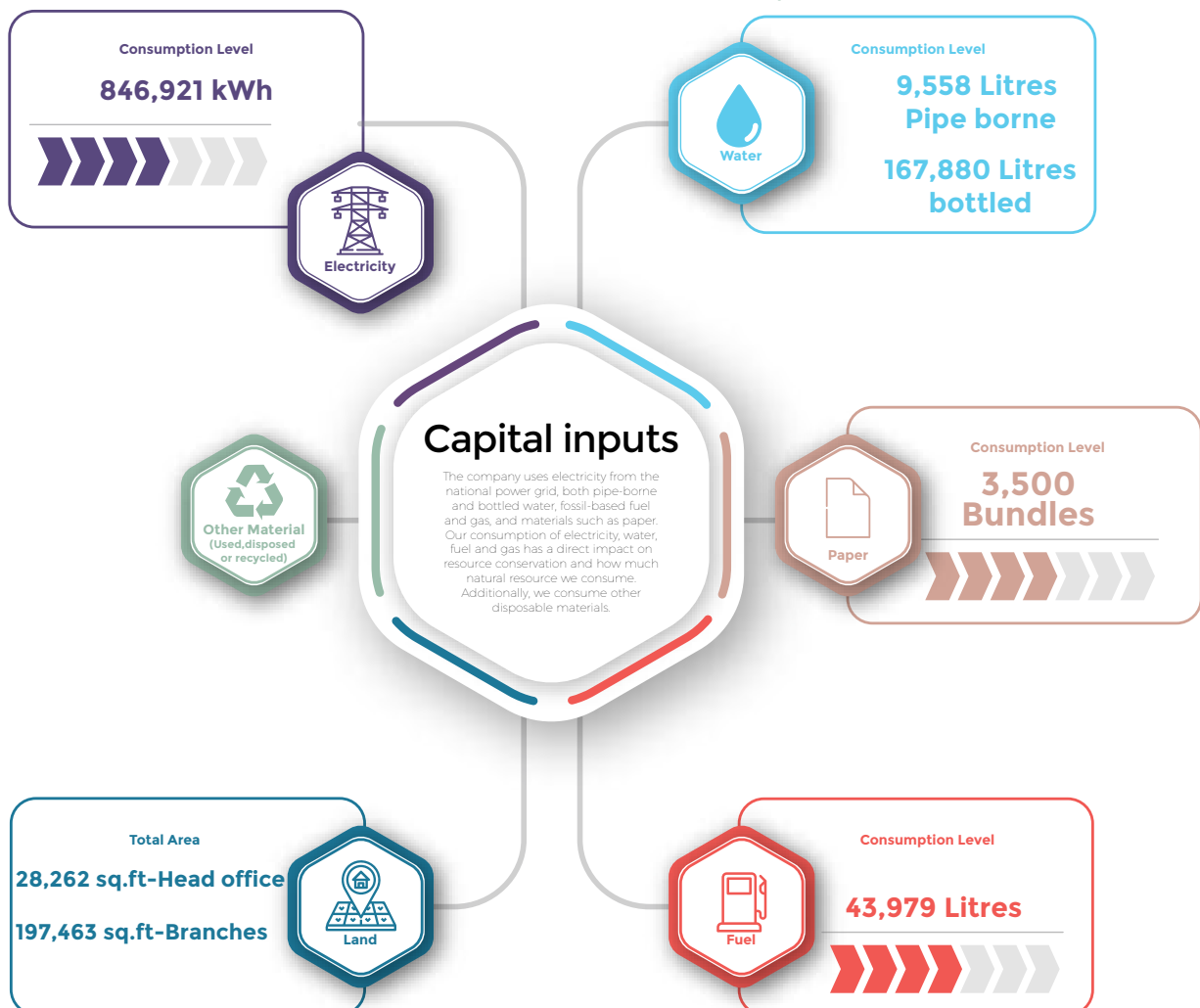
Customers	Partners and suppliers	Regulators and the Government	Community
Short-term	Short-long term	Short-long term	Short-long term
<ul style="list-style-type: none"> • Implementing centralised solution for renewal notices • One-day process for claims below Rs. 50,000/- • New products and value additions to the motor and non-motor insurance • Increasing work with customers in non-motor sectors i.e. marine and property • Identify gaps and create better value additions and new products • Product bundling • Proactive solutions and not generic, reactive solutions • Drive customer-focused innovations • Less 	<ul style="list-style-type: none"> • Providing financial remuneration for partner work • Training on products and services • Enhance economic value propositions for partners and suppliers for their services 	<ul style="list-style-type: none"> • Maintain compliance to regulations • Monitor regulatory landscape for changes to regulations • Maintain adequate capital buffers • Adhere to regulations that affirm customer protection and insurance policy development • Participate in industry development dialogue • Continue to honour tax commitments 	<ul style="list-style-type: none"> • Support for community projects • Recruitments based on workforce gaps and company requirements • Cost-effective insurance policies for SMEs, state and cooperative sector individuals and institutions

NATURAL CAPITAL



For the purpose of effectively carrying out business activities, we use non-renewable natural resources, directly and indirectly. How we consume natural resources and how much we consume them requires us to consciously manage consumptions without detrimental impacts on the natural environment. Moreover, our consumption of tangible, non-ecological resources and how we dispose them also have a distinct relationship with how we protect the environment around us.

The company uses electricity from the national power grid, both pipe-borne and bottled water and materials such as paper and disposable materials.



The following consumption levels show the combined units consumed by the head office, branches and salvage yards.

NATURAL CAPITAL

The following consumption levels show the combined units consumed by the head office, branches and salvage yards.

Value Drivers

Efficient energy usage

Reduced water consumption

Use of tech solutions to minimise paper dependence

Promoting eco-friendliness

Savings



Electricity

100,323.4 Units



Pipe Borne

1,360.4 Units

Relevance to strategy

Reduced energy consumption reflects effectiveness of measures taken to minimise negative impacts on the environment. Moreover, it shows an easing strain on financials and contributes towards profitability.

SDGs embraced by

Sustainable impacts

Goal





Contribution



Reduced energy and water consumption lessens environmental impact. Using paper-replacing tech solutions also indirectly reduces negative impacts



Tree distribution to nurture life on land and sustainable business practices such as e-cards and digital solutions to minimise plastic and paper pollution.

Aspect			Impact
<ul style="list-style-type: none"> Minimised energy and water consumptions 		<ul style="list-style-type: none"> Cost savings. 	
<ul style="list-style-type: none"> Tech solutions that minimise resource use 		<ul style="list-style-type: none"> Unique solutions that removes resource waste, developed with company processes in-mind 	Tech solutions require cost of investments and a budget for continued development and upgrades
<ul style="list-style-type: none"> Promoting environment sustainability (e.g. e-cards and tree sapling distribution) 		<ul style="list-style-type: none"> Enhances community acceptance by making positive environmental contributions 	

Efforts to manage consumption and improve efficiencies

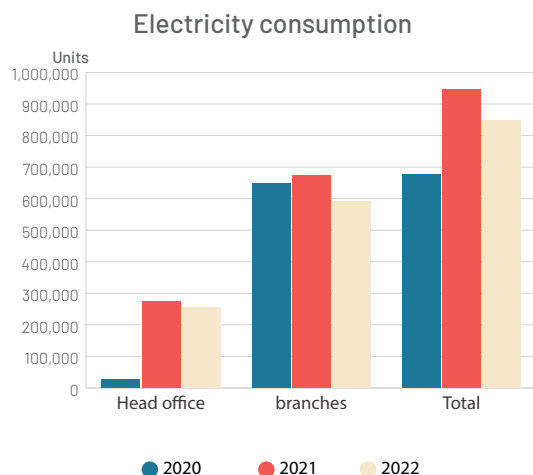
We adopt several measures to manage consumption levels in all of the natural capital inputs, of which approaches to minimise and optimise the use of power and water remains core priorities.

Electricity consumption management

In 2022, we consumed a total of 846,921 units of electricity. This is comparatively lesser than the consumption level of 2021. Despite the return to operational normalcy in 2022, consumption reduced from that of 2021.

During the year under review, consumption of electricity units reduced in comparison to the previous year by 10.6%, company-wide. The reduction was pursued through methods to conserve energy and efficient usage. The unit reduction caused cost to reduce, making it prudent amidst rising cost of energy.

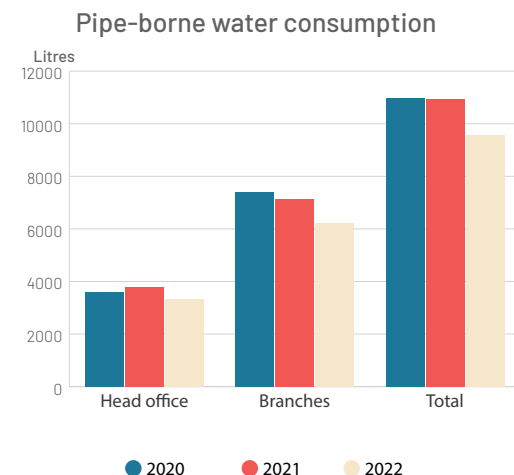
We anticipate further reductions in energy in 2023, reducing energy-related negative impact on the environment.



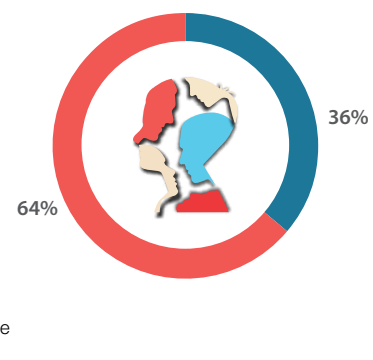
There is an overall 12.5% reduction in pipe-borne water consumption, in the year under review, with visible reductions at Head Office and in the consolidated branch usage.

36% of bottled water is consumed within the Head Office, whereas the remainder is used between 114 branches, of which five branches were added during the year.

There is a need to reduce the amount of bottle water consumed, thereby reducing the impact of plastic bottles being disposed as waste. Presently, water bottles are collected by the municipal council.



Bottled water consumption



Approaches to reducing consumption:

- Limited use of air conditioners
- Energy efficient lighting at head office
- Switching to natural lighting when it's sufficiently available
- Consciously reducing the number of bulbs in use, across office hours
- Emphasising to employees the importance of energy conservation

Water usage

Consumption of pipe-borne water has reduced in 2022, due to conscious efforts taken to conserve water. At head-office and across branches employees were encouraged to reduce consumption in an effort to curb both units and expenditure. Consequently, in 2021, we consumed 9,558 units of pipe-borne water and 167,880 litres of bottled water.

NATURAL CAPITAL

Technological solutions that minimise resource consumption

Our technological adoptions have enabled us to adopt paperless work processes, while simultaneously enabling us to reduce paper wastage and reduce resource usage during document transfers i.e. paper and energy sources.

We have adopted the following technologies in recent years:

- E-card for motor policyholders (2022)
- Digital tender process (2022)
- An in-house developed assessor app that eliminates documentation and image printing
- Our document management system helps employees upload documents, which minimises document transfers between the head office and branches and minimises undue paper consumption. The DMS substitutes paper viewing with digitised versions, saving paper waste.
- Our in-house developed Claims Settlement System eliminates transfer of physical documents and helps minimise paper wastage.

Paper

Our consumption of paper decreased during the year, compared to 2021.



3,500 Bundles

Fuel

In minimising frequency of travel and employees' travelling costs we use 2 buses along two main routes, daily; this is in addition to the use of fuel for other work-related transport purposes.



43,979 Liters

Waste management

Waste across our branches and the head office is disposed in a safe manner and is collected by municipal waste collectors. Waste accumulated within our premises is non-hazardous waste, with the exception of electronic waste, which is disposed responsibly.

Land

The company owns below lands and buildings.

Land	Land Extend	Building Area	No. of building	Fair Value
Property at Grandpass	33.15 perches	28,262 square feet	1	684,242,000
Property at Ja-ela	991.29 perches	4000 square feet	1	73,000,000

Caring for the environment

As mentioned under social and relationship capital, the newly introduced e-card aims to minimise plastic cards disposed to the environment. Along with customer convenience it promotes environment sustainability.

In an effort to contribute towards environmental sustainability, we crafted a series of graphical messages (posters and creative images) encouraging people to ensure proper disposal of plastic waste. Through the series of creative communications we urged people to be responsible consumers without causing harm to the environment or polluting the beauty of Mother Nature.

In another endeavour to increase our contribution to the environment, CICLPLC distributed mango saplings to selected individuals of a religious community.

Way forward

The following indicates our focus for the future in creating a positive impact on the environment.

Short-long term

- Reduce consumptions of electricity and fuel through careful usage patterns
- Continuous adoption of technologies that helps reduce paper dependence
- Contributions to off-setting emissions (i.e. tree planting)



FINANCIAL STATEMENTS

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STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of Directors in relation to the preparation of Financial Statements of the Company is set out in the following statement.

The Companies Act No. 07 of 2007 places responsibility on the Directors to prepare Financial Statements as at the Balance Sheet date of the Company which gives a true and fair view of the state of affairs of the Company, Profit and Loss and cash flows of the Company as at end of the financial year.

The Financial Statements of the Company for the year ended 31st December, 2022 have been prepared in compliance with applicable Accounting Standards. It also provides information required by and otherwise complies with the Companies Act No. 7 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 and subsequent amendments thereto, and the Listing Rules of the Colombo Stock Exchange.

In preparing the Financial Statements, the Directors have selected the appropriate accounting policies and have applied them consistently and reasonable and prudent estimates and judgements have been made.

The Directors are of the view that adequate funds and other resource are available within the Company for the Company to continue in operation for the foreseeable future and continue to adopt the Going Concern basis in preparing the Financial Statements.

All reasonable steps have been taken by the Directors to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors confirm that they have provided the Auditors all the information and explanations which were considered necessary for the conduct of their audit.

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company as at the Balance Sheet date have been settled or accrued in the Financial Statements.

By Order of the Board,



Secretary
Kalupahana & Thilakaratne Law Associates
Secretaries to Co-operative insurance Company PLC
09 June 2023

AUDIT COMMITTEE REPORT

ROLE AND OBJECTIVES

Audit Committee oversees the financial reporting system with an aim of safeguarding the interest of all the Stakeholders of the Co-operative Insurance Company PLC. As defined in the Terms of Reference of Audit Committee, the Committee assist the Board of Directors in carrying out its responsibilities in the areas of financial reporting system, business risk management, internal controls and internal audit, related party transactions, compliance in specially with Sri Lanka Financial Reporting Standards, Companies Act No. 07 of 2007 and Regulation of Insurance Industry Act No. 43 of 2000, Listing Rules of the CSE and External Audit and Auditor's independence.

COMPOSITION AND PROCEEDINGS

During The Year

Mr. A.D.T.S. Palitha (Chairman) (Ceased to hold office due to expiry of term on 29th June 2022)

Mr. A.B. Senadira

Mr. P.B. Jayarathne

As at the date of authorized to issue financial statement 09th June 2023

Mr. Lalith Waragoda (Chairman)

Mr. P.B. Jayarathne

Mr. T.B.H. Kumara

Chairman of the Audit Committee was an Associate Member of the Institute of Chartered Accountants of Sri Lanka.(CA Sri Lanka) Managing Director, Chief Executive Officer, and Heads of Finance, Marketing, Human Resources, Information Technology attend the meetings on invitation. Manager Internal Audit functions as the Secretary to the Audit Committee. During the Financial Year, 05 meetings were conducted prior to expiry of the term of audit committee chairman and subsequently one meeting was held.

Mr. Lalith Waragoda was appointed as chairman of audit committee with the effect from 09th June 2023. Mr. Waragoda is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) with 35+ years exposure in external and internal auditing, financial management, human resource management and general business administration in shipping & logistics, manufacturing and trading enterprises, including in few multinational corporations (MNCs).

Mr. Waragoda hold an MBA from Postgraduate Institute of Management, (PIM) - affiliated to the University of Sri Jayewardenepura and has completed Diploma in Taxation (CA Sri Lanka) and Advanced Certificate in Executive Management (PIM).

FINANCIAL REPORTING

Audit Committee reviews annual and quarterly financial statements along with their disclosure requirements. Extent of disclosures is discussed and reported to the Board of Directors.

INTERNAL CONTROLS AND INTERNAL AUDIT

Internal control framework is regularly reviewed and Manager Internal Audit is requested to report on areas of importance matters to Audit committee. Internal Audit reports were discussed in detail with the presence of Heads of Departments and branch management. Further, a mechanism is in place to follow up actions and feedback. Related Parties and transactions with related parties were also identified and discussed at the meetings.

EXTERNAL AUDIT

During the period the external audit was performed, the audit committees were not held due to non-appointment of professional director to the board. Therefore, we were unable to review the independence and objectivity of the External Auditor and the effectiveness of the audit process at the audit committee level. However, with the formation of new Audit committee we have planned to review the independent auditor's report, Management Letter and the other related communications of external auditors. Management Responses and implementation will be followed up.

CONCLUSION AND RECOMMENDATION

The Committee, together with the management reviewed the system of internal controls, risk management procedures and appropriateness and application of accounting policies of the Company and is satisfied with them. Further improvements are also encouraged to meet emerging challenges to the business processes.



Dr.A.B. Senadira

On behalf of Audit Committee - (Member of committee during the year)

Colombo

INDEPENDENT AUDITORS' REPORT



Jayasinghe & Co.
CHARTERED ACCOUNTANTS

94/12, Kirulapone Avenue, Colombo 05, Sri Lanka.
Tel/fax: +94 11 2512514, 2512400, 2512069
Website: www.aajco.lk Email: info@aajco.lk

TO THE SHAREHOLDERS OF CO-OPERATIVE INSURANCE COMPANY PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Co-operative Insurance Company PLC ("the Company") and the consolidated financial statements of the Company and its Subsidiaries ("Group"), which comprise of the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at December 31, 2022, and of their financial performance and its cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards (SLFRS /LKAS).

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka ("Code of Ethics") that

are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 40 to the financial statements which details the reissue of the audited financial statements due to the change in the disclosure on the composition of Board of Directors. Accordingly, the unmodified audit report issued on 10th May 2023 will be reissued on 30th June 2023 with the below mentioned changes.

1. Reported material uncertainty related to the going concern paragraph has been removed in the audit report dated 30th June 2023 since the Insurance Regulatory Commission of Sri Lanka (IRCSL) and the Colombo Stock Exchange have removed the suspension imposed on the Co-operative Insurance Company PLC and Coop Life Insurance Limited with regard to carrying on the insurance business and for the trading of the securities of the Co-operative Insurance Company PLC with effect from 26th May 2023, 16th May and 22nd June 2023 respectively.
2. The reported emphasis of matter paragraph has been removed in the audit report dated 30th June 2023 since the financial statements of Coopinsu Training Academy (Pvt) Ltd (CITA) were approved by its board of directors on 24th May 2023.

Further, we direct your attention note 36.01(C) to the financial statements, which details the legal cases relating to the Company.

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L.D.A.Jayasinghe FCA, FCMA
G.V.M.Nanayakkara FCA, FCMA(UK)
P.I.S.Jayathilaka B.Sc.(B.Adm.)Sp., FCA, FCMA
A.K.Weerasinghe B.Sc.(Accounting)Sp., ACA, ATII(SL)

I.S.Jayasinghe FCA, FCMA, MPA(Harvard)USA, PG Dip.(ISS)Netherlands
G.D.N.Mendis B.Sc.(B.Adm.)Sp., FCA, FTII(SL), FCMA
T.D.Peiris B.Sc.(Accounting)Sp., ACA

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters

How our Audit addressed the Key Audit Matters

1. Life Insurance Contract Liabilities

Life Insurance Contract Liabilities amounting to Rs 2.79 Bn (note 15) represent 33% of the total liabilities of the Group as at 31st December 2022.

These were key audit matters due to:

- materiality of the reported Life Insurance Contract Liabilities;
- the degree of assumptions, judgements and estimations of uncertainty associated with the actuarial valuation of Life Insurance Contract Liabilities; and
- liability adequacy test carried out to ensure the adequacy of the carrying value of Life Insurance Contract Liabilities.

Key areas of significant judgments, estimates and assumptions used in the valuation of the Life Insurance Contract Liabilities included the following:

- determination of assumptions such as mortality, morbidity, lapses and surrenders, loss ratios, bonus, interest rates, discount rates and related claim handling expenses.

To assess the reasonableness of the Life Insurance Contract Liabilities, our audit procedures included, amongst others the following, based on the best available information up to the date of our report;

- checked the completeness and accuracy of the data used in the valuation of Life Insurance Contract Liabilities by agreeing significant details to source documents and accounting records.
- performed procedures to understand and evaluate the work of management's specialists.
- engaged specialized resources to assess the reasonableness of the assumptions used in the actuarial valuations of Life Insurance Contracts with reference to the market data and policyholders experience.
- assessed the adequacy of the disclosures in note 15 to the financial statements.

Key Audit Matters

How our Audit addressed the Key Audit Matters

2. Non-Life Insurance Contract Liabilities

Non-Life Insurance Contract Liabilities amounting to Rs 3.25 Bn (note 15) represent 39% of the total liabilities of the Group as at 31 December 2022.

Non-Life Insurance Contract Liabilities include provision for reported claims, provision for claims IBNR & IBNER and provision for unearned premiums.

Non-Life Insurance Contract Liabilities are determined as described in note 15

These were key audit matters due to:

- materiality of the reported Non-Life Insurance Contract Liabilities;
- the degree of assumptions, judgements and estimations of uncertainty associated with valuation of Non-Life Insurance Contract Liabilities; and
- liability adequacy test carried out to ensure the adequacy of the carrying value of Non-Life Insurance Contract Liabilities.

To assess the reasonableness of the Non-Life Insurance Contract Liabilities, our audit procedures included, amongst others the following:

- checked the completeness and accuracy of the data used in the valuation of Non-Life Insurance Contract Liabilities by agreeing significant details to source documents and accounting records.
- test-checked the unearned premium calculations.
- engaged specialized resources to assess the reasonableness of the assumptions used in the valuations of Non-life Insurance Contracts with reference to the industry data and considered both historical experience, business expectations and impact of Covid 19 on the assumptions.
- assessed the adequacy of the disclosures in note 15 to the financial statements.

INDEPENDENT AUDITORS' REPORT

Key Audit Matters

How our Audit addressed the Key Audit Matters

Key areas of significant judgments, estimates and assumptions used in the valuation of the Non-Life Insurance Contract Liabilities included the following:

- determining historical experience and business expectations such as previous claim experience, existing knowledge of risk events, industry ultimate loss ratios, claims handling expenses and management expenses.
- determining methods used for unearned premium calculations; and
- determining expected effects of the ongoing Covid 19 pandemic based on assumptions.

Key Audit Matters

How our Audit addressed the Key Audit Matters

3. Investments in Financial Instruments

Financial instruments amounting to Rs 10.24 Bn (note 6) representing 72% of the total assets of the Group. Financial instruments include financial instruments measured at amortized cost amounting to Rs 10.23 Bn and financial instruments measured at fair value amounting to Rs 10.2 Mn.

These were key audit matters due to:

- the materiality of the reported financial instrument balances;
- high volume of transactions transacted during the year;
- significant exercise of management judgements for classification and reclassification of financial instruments and related impacts on subsequent measurements and presentations of those instruments; and
- significant time required to verify existence of financial instruments.

Key areas of significant judgments, estimates and assumptions used by the management in the assessment of the financial instruments includes the following,

- determining expected effects of the ongoing Covid 19 pandemic on the valuations, classifications and reclassifications of the financial instruments.

Our audit procedures included amongst others the following:

- assessed the adequacy of the disclosures in note 6 to the financial statements.
- tested the key controls over the process of recognition and classification of financial instruments.
- engaged specialized resources to assess the design, implementation and operating effectiveness of relevant automated controls including IT general controls within the system.
- assessed the valuation of financial instruments by agreeing details to source documents on sample basis and agreed balances with independent confirmations.
- assessed Covid 19 impact on valuations, classifications and reclassifications of financial instruments.

Other Information

Management is responsible for the other information. The other information comprises of the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be furnished to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereof.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information are materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we conclude that there is a material misstatement based on the work, we have performed on the other information that we obtained prior to the date of this auditor's report, we are required to report. However, we have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and if we have identified an uncorrected material misstatement of the other information obtained after the date of the auditor's report, we have a legal obligation to take specific action in response.

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 controls as the management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs 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 audit in accordance with SLAuSs, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and performing of audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the overriding of internal controls.
- Obtained an understanding of internal controls 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 and the Group's internal controls.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concluded 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 existed related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represented the underlying transactions and events in a manner that achieved the fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we identified during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

As required by Section 47(2) of the Regulation of Insurance Industry Act, No.43 of 2000, as far as appears from our examination, the accounting records of the Company have been maintained in the manner required by the rules issued by the Insurance Board of Sri Lanka, so as to clearly indicate the true and fair view of the financial position of the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 557.



JAYASINGHE & CO.
CHARTERED ACCOUNTANTS

Colombo.
30th June 2023
AJ/IJ/HM/1094/1199/1204

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER (All amounts are in Sri Lanka Rupees)	Note	Group		Company	
		2022	2021	2022	2021
Assets					
Property, plant & equipment	04	1430,782,550	1,282,597,630	1,071,181,539	978,949,984
Right of use assets	04.01	399,318,710	401,834,485	329,708,172	328,836,557
Intangible assets	05	28,271,021	23,840,594	27,378,598	22,145,48
Deferred tax asset	21	8,678,227	87,275,607	-	
Financial investments	06	10,242,080,539	9,031,938,383	6,433,921,984	5,850,388,827
Investments in subsidiaries	07	-	-	544,260,050	544,260,050
Loans to life policy holders	08	34,789,350	31,373,709	-	-
Reinsurance receivables	09	527,479,181	666,997,544	514,122,730	655,095,061
Premium receivable	10	1,339,449,705	1,023,716,447	1,321,254,103	1,010,997,067
Related party receivables	35	-	-	6,479,613	10,635,220
Other assets	11	128,314,641	178,230,306	89,625,353	133,674,987
Cash & cash equivalents	12	106,750,441	279,825,513	71,918,536	267,833,246
Total Assets		14,245,914,365	13,007,630,218	10,409,850,678	9,802,816,480
Equity & Liabilities					
Equity attributable to equity holders of the parent					
Stated capital	13	2,198,315,515	2,198,315,515	2,198,315,515	2,198,315,515
Revaluation reserve		1,057,497,653	849,446,220	856,105,427	681,732,543
Available for sales reserve		(80,281,013)	(73,891,343)	(24,198,263)	(28,355,243)
Retained earnings		2,645,383,748	2,255,311,385	1,992,173,103	1,767,966,316
		5,820,915,903	5,229,181,777	5,022,395,782	4,619,659,131
Non-controlling interest	16	-	-	-	-
Total equity		5,820,915,903	5,229,181,777	5,022,395,782	4,619,659,131
Liabilities					
Preference shares	17	11,000,000	50,500,000	11,000,000	50,500,000
Retirement benefit obligations	18	111,337,156	79,236,291	92,256,948	65,597,849
Lease liability under SLFRS 16	14	462,460,819	446,959,015	377,192,259	361,850,546
Insurance liabilities	15	6,048,498,362	5,511,581,431	3,249,134,938	3,126,799,940
Reinsurance creditors	19	531,740,057	640,430,787	513,045,287	622,122,585
Related party payables	35	-	-	-	-
Deferred tax liability	21	78,137,283	54,108,229	78,137,283	54,108,229
Other liabilities	20	1,162,841,981	973,759,188	1,047,705,377	880,304,699
Bank overdrafts	12	18,982,804	21,873,500	18,982,804	21,873,500
Total liabilities		8,424,998,462	7,778,448,441	5,387,454,896	5,183,157,348
Total Equity & Liabilities		14,245,914,365	13,007,630,218	10,409,850,678	9,802,816,480
Net Assets per Share		3.52	3.17	3.04	2.80

Notes on pages 182 to 272 form an integral part of these Financial Statements.


I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



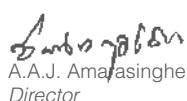
M. Sulochana Rasanjali
Chief Financial Officer

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

Signed for and on behalf of the Board;



A.B. Senadira
Acting Chairman



A.A.J. Amarasinghe
Director

Colombo.
9th June 2023

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER (All amounts are in Sri Lanka Rupees)	Note	Group		Company	
		2022	2021	2022	2021
Gross written premium	22	6,198,211,634	5,355,662,407	5,086,944,501	4,519,359,369
Less premium ceded to reinsurers	23	(752,327,221)	(758,614,735)	(705,591,000)	(712,521,091)
Net written premium		5,445,884,413	4,597,047,672	4,381,353,501	3,806,838,278
Net change in reserves for unearned premium	24	(220,115,574)	(46,704,475)	(220,115,574)	(46,704,475)
Net earned premium		5,225,768,839	4,550,343,197	4,161,237,927	3,760,133,803
Other revenue					
Investment income	25	1,186,498,862	764,114,565	770,932,512	489,756,955
Unrealized changes in losses of financial instruments		(815,619)	606,752	-	-
Policy administration fees	26	232,371,976	255,973,638	232,371,975	255,973,638
Other income	27	17,163,935	10,071,358	14,744,100	7,523,279
		1,435,219,154	1,030,766,313	1,018,048,587	753,253,872
Total net revenue		6,660,987,993	5,581,109,510	5,179,286,514	4,513,387,675
Net benefits & claims					
Gross benefits & claims incurred	28	3,253,546,199	2,702,289,345	2,867,224,251	2,442,224,692
Claims ceded to reinsurers		(295,063,571)	(325,750,562)	(268,491,750)	(317,010,395)
Change in life contract liabilities		433,141,538	191,271,608	-	-
		3,391,624,166	2,567,810,391	2,598,732,501	2,125,214,297
Other expenses					
Underwriting & policy acquisition cost	29	476,468,581	430,671,756	324,022,548	293,817,293
Other operating & administrative expenses	30	1,977,162,919	1,585,375,597	1,651,657,763	1,302,256,900
Finance cost	31	52,665,319	64,216,265	41,525,841	52,756,959
		2,506,296,819	2,080,263,618	2,017,206,152	1,648,831,152
Profit before income tax	32	763,067,008	933,035,501	563,347,861	739,342,226
Income tax expenses	33	(136,446,165)	(123,168,861)	(105,578,295)	(108,548,055)
Profit for the year		626,620,843	809,866,640	457,769,566	630,794,171
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss;					
Revaluation of property, plant & equipment		324,225,644	235,921,672	242,844,351	171,780,097
Actuarial gains/(losses) on defined benefit plan		(16,594,844)	(3,801,227)	(13,609,141)	(4,263,463)
Items that may be reclassified subsequently to profit or loss;					
Net change in fair value of available-for-sale financial assets		4,854,624	(167,701,985)	4,854,624	9,233,074
Tax on other comprehensive income		(113,812,344)	19,047,784	(66,109,599)	6,020,605
		198,673,080	83,466,244	167,980,233	182,770,311
Total comprehensive income for the year, net of tax		825,293,923	893,332,884	625,749,799	813,564,482
Profit attributable to:					
Equity holders of the Company		626,620,843	809,866,640	457,769,566	630,794,171
Non controlling interest		-	-	-	-
		626,620,843	809,866,640	457,769,566	630,794,171
Total comprehensive attributable to:					
Equity holders of the Company		825,293,923	893,332,884	625,749,799	813,564,482
Non controlling interest		-	-	-	-
		825,293,923	893,332,884	625,749,799	813,564,482
Earnings per share					
Basic earnings per share	34	0.38	0.54	0.28	0.42

Notes on pages 182 to 272 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER
2022
(All amounts are in Sri Lanka Rupees)

Stated
Capital
(Note 13)

Revaluation
Reserve

Available
for Sales
Reserve

Retained
Earnings

Non-
Controlling
Interests

Total

Group

Balance as at 01st January 2021	1,515,756,670	605,814,935	97,860,015	1,714,233,161	-	3,933,664,781
Total comprehensive income						
Profit for the year	-	-	-	809,866,642	-	809,866,642
Other comprehensive income for the year						
Net change in revaluation of property, plant & equipment	-	224,421,672	-	11,500,000	-	235,921,672
Net change in fair value of available for sale financial assets	-	-	(167,701,985)	-	-	(167,701,985)
Actuarial gains / (losses) on defined benefit plan	-	-	-	(3,801,227)	-	(3,801,227)
Tax on other comprehensive income	-	19,209,613	(4,049,373)	3,887,544	-	19,047,784
	-	243,631,285	(171,751,358)	11,586,317	-	83,466,244
Total comprehensive income for the year	-	243,631,285	(171,751,358)	821,452,959	-	893,332,886
Issue of shares	682,558,845	-	-	-	-	682,558,845
Ordinary Dividends	-	-	-	(280,374,735)	-	(280,374,734)
Balance as at 31st December 2021	2,198,315,515	849,446,220	(73,891,343)	2,255,311,385	-	5,229,181,777
Balance as at 01st January 2022	2,198,315,515	849,446,220	(73,891,343)	2,255,311,384	-	5,229,181,776
Prior Year Adjustment	-	-	-	30,828	-	30,828
	2,198,315,515	849,446,220	(73,891,343)	2,255,342,212	-	5,229,212,604
Total comprehensive income						
Profit for the year	-	-	-	626,620,845	-	626,620,845
Other comprehensive income for the year						
Net change in revaluation of property, plant & equipment	-	324,225,644	-	-	-	324,225,644
Net change in fair value of available for sale financial assets	-	-	4,854,624	-	-	4,854,624
Amortization of available for sales reserve to profit or loss due to re-classification of financial instrument of cooplife Insurance Ltd	-	-	(10,546,650)	-	-	(10,546,650)
Actuarial gains / (losses) on defined benefit plan	-	-	-	(16,594,844)	-	(16,594,844)
Tax on other comprehensive income	-	(116,174,211)	(697,644)	3,059,511	-	(113,812,344)
	-	208,051,433	(6,389,670)	(13,535,333)	-	188,126,430
Total comprehensive income for the year	-	208,051,433	(6,389,670)	613,085,512	-	814,747,275
Issue of shares	-	-	-	-	-	-
Ordinary dividends	-	-	-	(223,043,976)	-	(223,043,976)
Balance as at 31st December 2022	2,198,315,515	1,057,497,653	(80,281,013)	2,645,383,748	-	5,820,915,903

Notes on pages 182 to 272 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2022
(All amounts are in Sri Lanka Rupees)

Company	Stated Capital (Note 13)	Revaluation Reserve	Available for sale Reserve	Retained Earnings	Total
Balance as at 01st January 2021	1,515,756,670	515,270,012	(33,538,944)	1,401,972,797	3,399,460,535
Total comprehensive income					
Profit for the year	-	-	-	630,794,171	630,794,171
Other comprehensive income for the year					
Net change in revaluation of property, plant & equipment	-	160,280,097	-	11,500,000	171,780,097
Net change in fair value of available for sale financial assets	-	-	9,233,074	-	9,233,074
Actuarial gains/ (losses) on defined benefit plan	-	-	-	(4,263,463)	(4,263,463)
Tax on other comprehensive income	-	6,182,434	(4,049,373)	3,887,544	6,020,605
	-	166,462,530	5,183,701	11,124,081	182,770,313
Total comprehensive income for the year	-	166,462,531	5,183,701	641,918,252	813,564,484
Issue of shares	682,558,845	-	-	-	682,558,845
Ordinary dividends	-	-	-	(275,924,733)	(275,924,733)
Balance as at 31st December 2021	2,198,315,515	681,732,543	(28,355,243)	1,767,966,316	4,619,659,131
Balance as at 01st January 2022	2,198,315,515	681,732,543	(28,355,243)	1,767,966,316	4,619,659,131
Prior Year Adjustment	-	-	-	30,828	30,828
	2,198,315,515	681,732,542	(28,355,243)	1,767,997,143	4,619,689,958
Total comprehensive income					
Profit for the year	-	-	-	457,769,566	457,769,566
Other comprehensive income for the year					
Net change in revaluation of property, plant & equipment	-	242,844,351	-	-	242,844,351
Net change in fair value of available for sale financial assets	-	-	4,854,624	-	4,854,624
Actuarial gains/ (losses) on defined benefit plan	-	-	-	(13,609,141)	(13,609,141)
Tax on other comprehensive income	-	(68,471,467)	(697,644)	3,059,511	(66,109,599)
	-	174,372,884	4,156,980	(10,549,630)	167,980,235
Total comprehensive income for the year	-	174,372,884	4,156,980	447,219,936	625,749,801
Issue of shares	-	-	-	-	-
Ordinary dividends	-	-	-	(223,043,976)	(223,043,976)
Balance as at 31st Decemberr 2022	2,198,315,515	856,105,427	(24,198,263)	1,992,173,103	5,022,395,784

Notes on pages 182 to 272 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER (All amounts are in Sri Lanka Rupees)	Note	Group		Company	
		2022	2021	2022	2021
Cash flows from operating activities					
Net profit before taxation		763,067,008	933,035,501	563,347,861	739,342,226
Adjustments for:					
Interest income		(1,186,498,862)	(764,114,565)	(770,932,512)	(489,756,955)
Interest expense		52,665,319	64,216,265	41,525,841	52,756,959
Depreciation on property, plant & equipment		210,336,988	198,682,002	177,521,299	159,655,823
Depreciation on right of use asset		95,790,612	80,600,677	71,268,080	62,700,687
Reversal of impairment loss on property, plant & equipment		-	(12,196)	-	-
Impairment loss on premium receivables		57,080,057	(63,538,916)	67,045,671	(65,099,173)
Amortization of intangible assets		1,989,057	1,989,057	292,936	114,100
Amortization of available for sales reserve to profit or loss due to re-classification off is cooplife		(10,546,650)	-	-	-
(Profit) / loss on sale of tangible assets		124,183	1,077,046	124,183	1,277,764
Provision for employee benefits		22,802,374	13,154,491	19,130,896	10,600,946
Operating profit before working capital changes		6,810,086	465,089,363	169,324,255	471,592,377
Changes in operating assets		(193,173,904)	(215,248,008)	(188,294,303)	(197,096,999)
Changes in operating liabilities		(7,647,338)	431,933,017	(192,735,943)	421,353,469
Changes in general insurance reserves		122,334,999	170,020,766	285,328,151	170,020,767
Increase in long term insurance provision		414,581,932	200,311,381	-	-
Cash flows from operating activities		342,905,775	1,052,106,519	73,622,160	865,869,614
Gratuity paid		(7,296,353)	(4,054,189)	(6,080,939)	(2,488,615)
Taxation paid		(59,392,670)	(91,314,492)	(59,392,670)	(91,314,492)
Rent & advances paid		(124,167,485)	(115,530,107)	(97,369,331)	(90,504,450)
Cash flows from / (used in) operating activities		152,049,267	841,207,732	(89,220,781)	681,562,055
Cash flows from investing activities					
Purchase of investments net of sale proceeds		(1,205,287,531)	(1,834,009,388)	(578,678,534)	(1,429,507,443)
Preference share redemption		(39,500,000)	-	(39,500,000)	30,000,000
Interest received		1,186,429,177	764,058,958	770,932,512	464,752,288
Dividend received		69,685	55,607	-	25,004,667
Interest paid for preference shares		(954,493)	-	(954,493)	-
Proceeds on sale of tangible assets		140,000	11,755,829	139,999	11,417,936
Purchase of intangible assets		(5,526,053)	(8,006,973)	(5,526,053)	(6,030,372)
Purchase of tangible assets		(34,560,452)	(66,012,259)	(27,172,688)	(55,235,646)
Net cash flows from / (used in) investing activities		(99,189,667)	(1,132,158,226)	119,240,744	(959,598,570)
Cash flows from financing activities					
Proceeds from share issue		-	682,558,845	-	682,558,845
Dividend paid		(223,043,976)	(280,374,735)	(223,043,976)	(275,924,733)
Net cash flows from / (used in) financing activities		(223,043,976)	402,184,110	(223,043,976)	406,634,112
Decrease in cash & cash equivalents		(170,184,376)	111,233,623	(193,024,013)	128,597,600
Cash & cash equivalents at the beginning of the year		257,952,013	146,718,390	245,959,745	117,362,145
Cash & cash equivalents at the end of the year	12	87,967,637	257,952,013	52,935,732	245,959,745
Note A					
Cash & cash equivalents at the end of the year					
Cash at banks		98,155,901	267,848,826	67,953,593	261,509,071
Cash in hand		7,660,112	9,054,510	3,964,943	6,324,175
Cash in transit		934,428	2,922,177	-	-
Bank overdrafts		(18,982,804)	(21,873,500)	(18,982,804)	(21,873,500)
		87,767,637	257,952,013	52,935,732	245,959,745

Notes on pages 182 to 272 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

Co-operative Insurance Company PLC is a Company incorporated on 11th August 1997 with limited liability and domiciled in Sri Lanka. The registered office and the principal place of business of the Company is situated at 74/5, Grandpass Road, Colombo 14, while the registered offices of its Subsidiaries (Cooplife Insurance Limited and Coopinsu Training Academy) are situated at "Coop House", No. 455, Galle Road, Colombo 03 and No. 70/3, Grandpass Road, Colombo 14 respectively.

The ordinary shares of the Company are listed on the Colombo Stock Exchange (CSE) and the Company is a licensed insurance company registered under the Regulation of Insurance Industry Act No. 43 of 2000.

1.2 Consolidated Financial Statements

The consolidated financial statements for the period ended and as at 31st December 2022 comprise "the Company" referring to Co-operative Insurance Company PLC as the Holding Company and "the Group" referring to Co-operative Insurance Company PLC and its Subsidiaries listed in note 3.1.1.

The financial statements of all Companies within the Group were prepared based on uniform accounting policies for a common financial period, which ends on 31st December.

1.3 Principal Activities & Nature of Operations

The Group is primarily involved in the non-life and life insurance business. In compliance with the requirements of the Regulations of Insurance Industry (Amendment) Act No. 3 of 2011, the Company completed the segregation of life and non-life insurance businesses on 1st January 2015.

The Company provides general insurance solutions for both individual and corporate customers. Insurance other than 'life insurance' falls under the category of general insurance. Fire, motor, marine and miscellaneous insurance are the main categories under general insurance.

Cooplife Insurance Limited provides life insurance solutions for both individual and corporate customers. Coopinsu Training Academy provides insurance education training, mostly to employees as well as for external parties.

There were no significant changes in the principal activities during the financial period under review.

1.4 Number of Employees

The staff strength as at 31st December 2022, of the Company was 1295 (2021 – 1304) and for the Group was 1572 (2021 – 1567).

1.5 Date of Authorization for Issue

The consolidated financial statements for the period ended 31st December 2022 were authorized for reissue by the Board of Directors on 09th June 2023.

1.6 Responsibility of Financial Statements

The directors are responsible for these financial statements as per the provisions of the Companies Act, No. 07 of 2007, the Sri Lanka Accounting Standards and the Regulations of Insurance Industry Act, No. 43 of 2000 and the Listing Rules of Colombo Stock Exchange.

The responsibility of the directors in relation to these financial statements is set out in detail in the annual report of the directors and in the statement of financial position.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated financial statements have been prepared in compliance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka, as per the requirements of the Companies Act No. 7 of 2007 and the Regulations of Insurance Industry Act, No. 43 of 2000, taken together with subsequent amendments thereto, rules and regulations of the Insurance Regulatory Commission of Sri Lanka and listing rules of the Colombo Stock Exchange (CSE).

The Company has not adopted any inappropriate accounting treatments, which are not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of these financial statements.

The Group has opted to defer full application of SLFRS 9 – Financial Instruments and adopting SLFRS -17 Insurance Contracts until 2025, exercising the temporary exemption provided to an insurer.

These financial statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The financial statements have the following components:

Components	Page
Consolidated statement of financial position	177
Consolidated statement of profit or loss and other comprehensive income	178
Consolidated statement of changes in equity	179/180
Statement of cash flows	181
Notes to the financial statements	182-272

2.2 Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except for the following material items which are measured on alternative basis, at the reporting date:

Item	Measurement Basis	Note No.
Land and buildings	Fair value	4
Motor vehicles	Fair value	4
Held to maturity instruments	Amortized cost	6.1
Loans and receivables	Amortized cost	6.2
Available for sale financial assets	Fair value	6.3
Non derivative financial instruments at fair value through profit or loss	Fair value	6.4
Policy holder liabilities	Actuarial valuation	15
Defined benefit liabilities	Actuarially valued and recognized at present value	18

The Group and the Company presents statement of financial position broadly in order of liquidity. An analysis pertaining to recovery of settlements within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) are presented hereto. No adjustments have been made for inflationary factors affecting these financial statements.

Supplementary Statements – Statement of Financial Position of the Life Insurance Funds

Supplementary statement of financial position of the Life Insurance Fund together with the notes are disclosed as required by Statement of Recommended Practice (SORP) for Insurance, specified by the Institute of Chartered Accountants of Sri Lanka.

2.3 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and as specified in the subsequent amendments.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.4 Going Concern

The management has made an assessment of the parent company's ability to continue as a going concern and is satisfied that the parent company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the parent company's ability to continue as a going concern. Therefore, consolidated financial statements continue to be prepared on a going concern basis.

2.5 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees (LKR), which is the Company's functional currency and the Group's presentation currency. Except where indicated, financial information presented in Sri Lankan Rupees have been rounded to the nearest Rupee.

Offsetting

Financial assets and financial 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 recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Assets and liabilities or income and expenses are not offset unless required or permitted by Sri Lanka Accounting Standards or Interpretations (issued by the IFRS Interpretations Committee and Standard Interpretations Committee).

NOTES TO THE FINANCIAL STATEMENTS

2.6 Comparative Information

The comparative information has been reclassified, where relevant for better presentation and to be comparable with those of the current period.

These financial statements provide comparative information in respect of the previous financial year.

2.7 Use of Estimates and Judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these estimates.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Critical Accounting Estimates/Judgments	Disclosure Note
Useful lives of property and equipment	3.5.7
Impairment of non-financial assets	3.7
Classification of financial instruments	3.3
Unearned premium	3.11.3a
Insurance provision- Life	3.11.1
Liability adequacy	3.11.2
Provision for IBNR/IBNER	3.11.3b
Employee benefits	3.14
Deferred taxation	3.21.2

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods indicated in these financial statements, unless otherwise stated. The accounting policies of the Company have been consistently applied by the Group where necessary and deviations, if any have been disclosed accordingly.

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the parent and its investees that are considered as Subsidiaries as at 31st December 2022, in terms of SLFRS 10 - Consolidated Financial Statements.

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investees. The financial statements of the Subsidiaries are included in the consolidated financial statements from the date on which control commences, until the date on which the control ceases.

Critical Judgments in Applying the Entity's Control

The directors have concluded that the Group controls all Subsidiaries, as it has the majority control and voting rights over its Subsidiaries as depicted below:

Interest in Subsidiaries

The interest in Group's principal Subsidiaries as at 31st December 2022 are set out below.

Name of Entity	Place of Business/ Country of Incorporation	Percentage of Ownership		Principal Activities
		2022	2021	
Cooplife Insurance Limited	Colombo / Sri Lanka	100%	100%	Life Insurance
Coopinsu Training Academy (Pvt) Ltd	Colombo / Sri Lanka	100%	100%	Insurance Training Education

Acquisition

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

Transactions Eliminated on Consolidation

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Loss of Control

Upon the loss of control of a Subsidiary, the Group de-recognises the assets (including goodwill) & liabilities, any related non-controlling interests and the other components of equity. Any surplus or deficit arising on the loss of control is recognized in their of it or loss. Any interest retained in a former Subsidiary, is measured at fair value at the date, the control is lost. Subsequently it is accounted for as equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rate at the date of the transaction. Group's practice is to use the buying rate of exchange ruling at the date of the transaction.

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

Foreign currency differences arising on retranslation are recognized in the profit or loss; except for the difference arising on the retranslation of available for sale equity instruments, which are recognized in other comprehensive income.

3.3 Financial Instruments

The Group classifies non-derivative financial assets into the following categories:

- Financial assets at fair value through profit or loss.
- Held-to-maturity financial assets.
- Loans and receivables.
- Available-for-sale financial assets.

Judgments are made in the classification of financial instruments based on the intentions of the management with regard to acquisition.

The Company classifies non-derivative financial liabilities into the other financial liability category.

3.3.1 Non-Derivative Financial Assets and Financial Liabilities – Recognition and De-Recognition

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

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

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognised financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and financial liabilities are offset and the net amount 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 them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

3.3.2 Non-Derivative Financial Assets – Subsequent Measurement

(a) Available-For-Sale Financial Assets (AFS)

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

After initial measurement at fair value, available-for-sale financial investments are subsequently measured at fair value and changes therein are recognized in other comprehensive income and accumulated in the available-for-sale reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

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

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

Interest earned whilst holding available for sale investments is reported as 'interest income' using the EIR. Dividends earned whilst holding available for sale investments are recognized in profit or loss as 'Dividend Income' when the right of the payment has been established. When the asset is de-recognized, the cumulative gain or loss is recycled to profit or loss as 'realized gain or loss'.

(b) Financial Assets at Fair Value through Profit or Loss (FVTPL)

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

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

Subsequent to initial recognition, these investments are re-measured at fair value. Changes in fair value are recorded in 'fair value gains and losses' in profit or loss. Gains and losses are recognized in profit or loss when assets are disposed.

(c) Held to Maturity Financial Assets (HTM)

These are non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has both the intention and ability to hold until maturity. These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, held to maturity financial assets are measured at amortized cost, using the Effective Interest Rate (EIR), less impairment. The EIR amortization is included in 'interest income' in profit or loss.

Held to maturity financial assets comprise of treasury bills and treasury bonds invested by the Group. Gains and losses are recognized in profit or loss when the investments are de-recognized or impaired, as well as through the amortization process.

(d) Loans & Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial measurement, loans and receivables are measured at amortized cost, using the EIR, less allowance for impairment

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

Gains and losses are recognized in profit or loss when the investments are de-recognized or impaired, as well as through the amortization process.

• Reinsurance Receivables

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

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

Reinsurance is recorded gross in the statement of financial position unless a right to offset exists.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arise during the reporting period.

Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss, if any is recorded in the profit and loss.

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

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

• Premiums Receivable

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration receivable. Collectability of premium are reviewed on an ongoing basis.

According to the Premium Payment Warranty (PPW) directive issued by the Insurance Regulatory Commission of Sri Lanka (IRC SL), non-life insurance policies are issued subject to PPW and are cancelled upon the expiry of 60 days, if not settled.

The Company decided to account for life insurance premium on accrual basis in accordance with Sri Lanka Accounting Standards. Accordingly, life insurance premium for policies within one-month grace period are considered as due premium, subject to a provision for premium default as at each reporting date.

Impairment losses on premiums receivable are the difference between the carrying amount and the present value of the estimated discounted cash flows. The impairment losses are recognized in profit or loss.

• Other Receivables and Dues from Related Parties

Other receivables and dues from related parties are recognized at cost less accumulated impairment losses.

• Cash & Cash Equivalents

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

3.3.3 Non-Derivative Financial Liabilities - Measurement

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

3.3.4 Fair Value Measurement

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability, in orderly transactions between market participants, at the measurement date.

A fair value measurement requires an entity to determine all the following:

- 1) the particular asset or liability that is the subject of the measurement.
- 2) For a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use).
- 3) The principal (or most advantageous) market for the asset or the liability.
- 4) The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs, are categorized.

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5) Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset or to transfer the liability taking place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

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 recognized in the 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.

3.3.5 Determination of Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

3.3.6 Amortized Cost Measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

3.3.7 Reclassification

Reclassifications of financial assets, other than as set out below, or of financial liabilities between measurements categories, are not permitted following initial recognition.

Held for trading non-derivative financial assets are transferred out of the held at fair value through the profit or loss category in the following circumstances: to the available-for-sale category, where, in rare circumstances, they are no longer held for the purpose of selling or repurchasing in the near term; or to the loans and receivables category, when they are no longer held for the purpose of selling or repurchasing in the near term and they would have met the definition of a loan or receivable at the date of reclassification and the Company has the intent and ability to hold the asset for the foreseeable future or until maturity.

Financial assets are transferred out of the available-for-sale category to the loans and receivables category where they would have met the definition of a loan or receivable at the date of reclassification and the Company has the intent and ability to hold the assets for the foreseeable future or until maturity.

Held-to-maturity assets are reclassified to the available-for sale category, if the portfolio becomes tainted following the sale of other than an insignificant amount of held-to-maturity assets prior to their maturity.

Financial assets are reclassified at their fair value on the date of reclassification. For financial assets reclassified out of the available-for-sale category into loans and receivables, any gain or loss on those assets recognized in shareholder's equity prior to the date of reclassification are amortized to the profit or loss over the remaining lives of those financial assets, using the effective interest method.

3.3.8 Impairment

a) Non-Derivative Financial Assets

Financial assets not classified at fair value through the profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, the disappearance of an active market for a security; or observable data, indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial Assets Measured at Amortized Cost	The Company considers evidence of impairment for these assets at both an individual asset and at collective level. All individually significant assets are individually assessed for impairment.
Available-for-Sale Financial Assets	Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through the statement of profit or loss; otherwise, it is reversed through other comprehensive income.

b) Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax asset) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the profit or loss.

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

3.4 Insurance Contracts

As permitted by SLFRS 4 Insurance Contracts, the Company continues to apply the existing accounting policies for insurance contracts that were applied prior to the adoption of SLFRS.

Contracts which transfer significant insurance risk are classified as insurance contracts whereas others are classified as investment contracts.

3.4.1 Product Classification

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

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

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Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

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

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

3.5 Property, Plant & Equipment

3.5.1 Recognition & 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. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal, with the carrying amount of the item of property and equipment, and is recognized in other income/other expenses in the profit or loss.

3.5.2 Cost Model

The Group applies cost model to property, plant and equipment except for freehold land, buildings and motor vehicles and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

3.5.3 Revaluation Model

The Group applies the revaluation model to the entire class of freehold land, buildings and motor vehicles. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and buildings are revalued annually on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

When an asset is revalued, any increase in the carrying amount is credited directly to equity under the caption revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit or loss and other comprehensive income, in which case the increase is recognized in that statement.

Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense to profit or loss. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings.

3.5.4 Subsequent Costs

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul costs, are capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the statement of profit or loss and other comprehensive income as expenses as incurred.

3.5.5 Depreciation

Provision for depreciation is calculated by using the straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets.

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

	2022	2021
Buildings	40 years- 60 years	40 years- 60 years
Building improvements	10 years	10 years
Office equipment	8 years	8 years
Computers	6 years	6 years
Motor vehicles	5 years	5 years

	2022	2021
Furniture and fittings	8 years	8 years
Motor vehicles – leasehold	4 years	4 years

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial period end.

3.5.6 De-Recognition

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

3.5.7 Useful Lives of Property and Equipment

As described in accounting policies the Group reviews the estimated useful lives over which its property and equipment's are depreciated. Judgment of the management is exercised in the estimation of these values, rates, methods and hence is subject to uncertainty. The Group's management is satisfied that the estimates of useful lives are appropriate.

3.5.8 Gains and Losses on Disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and are recognized net within "other income/other expenses" in the statement of profit or loss and other comprehensive income.

3.5.9 Capital Work-in-Progress

Capital work in progress is carried at cost, in respect of incomplete projects. Once the project is over and ready for use, the amount will be transferred to property, plant and equipment and depreciated over the useful life time of the asset.

3.5.10 Right of Use Assets

SLFRS 16 "Leases" supersedes LKAS 17 "Leases", IFRIC 4 in determining whether an arrangement contains a lease, SIC-15 Operating Leases- Incentives and SIC-27 in evaluating the substance of transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. The Company has adopted SLFRS 16 using modified retrospective method from 01st January 2019, without restating comparatives for 2018 reporting period, as permitted under the specific transitional provisions in the standard.

3.5.11 Estimating the Incremental Borrowing Rate

The Company uses its incremental borrowing rate ("IBR") to measure the lease liabilities, as it cannot readily determine the interest rate implicit in the lease. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of-use asset in a similar economic environment. Therefore, IBR reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific adjustments.

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3.5.12 Recognition

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

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

The Group recognizes a right of using an asset and a lease liability at the lease commencement date. The right of use assets of the Group consists of branch premises taken on rent, which were previously recognized as operating leases under LKAS 17.

3.5.13 Measurement

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Company's incremental borrowing rate) adjusted for any lease payment made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred.

Where the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of using the asset is subsequently depreciated adopting the straight-line method from the commencement date to the earlier of the end of the useful life of the right of using asset or at the end of the lease term. Right of using assets are subject to impairment. The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

3.6 Intangible Assets – Software

3.6.1 Basis of Recognition

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

All computer software cost incurred, licensed to be used by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and is probable that they will lead to future economic benefits, are included in the balance sheet under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment loss.

3.6.2 Subsequent Expenditure

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

3.6.3 Amortization

Amortization is recognized in the profit or loss on straight-line basis over the estimated useful life of the software, from the date that it is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three years.

Amortization method of each software, useful life and residual value are reviewed at each financial period-end and adjusted if appropriate.

3.6.4 De-recognition

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising from the de-recognition of each intangible asset is included in the profit or loss, when the item is de-recognized.

3.7 Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

3.8 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost principle. Value of inventories includes expenditure incurred in acquiring, conversion costs and other costs incurred in bringing them to their existing location and condition.

Salvage inventory is recognized based on the salvage value on the claim reporting date supported by realizable values from independent sources or at a value realized if subsequently sold.

3.9 Foreign Currency Translation

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting currency, at the rate of exchange prevailing at the time the transaction was effected. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupee equivalent using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resultant gains and losses are accounted for in the statement of profit & loss.

3.10 Stated Capital

3.10.1 Ordinary Share Capital

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

3.10.2 Dividends on Ordinary Shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's Board of Directors in accordance with the Articles of Association. Dividends for the year that are approved after the reporting date are dealt with, as an event after the reporting date.

The shares of the Company are quoted in the Colombo Stock Exchange-Dirisavi Board. All issued shares are fully paid. The ordinary shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at a general meeting of the members of the Company.

3.11 Insurance Contract and Liabilities

3.11.1 Insurance Provision – Life Insurance

Life insurance liabilities are recognized when contracts are entered into and when premiums are charged. These liabilities are measured by using the gross premium method as specified by the Insurance Regulatory Commission of Sri Lanka (IRCSL) based on the recommendation of the independent actuary. The liability is determined as the sum of the discounted value of the expected future benefits, less the discounted value of the expected future premium that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is computed based on IRCSL specified guidelines and current assumptions, which vary based on the contract type.

Furthermore, adjustments are performed to capture the likely liabilities that may arise due to currently lapsed contracts reviving in the future.

3.11.2 Liability Adequacy Test (LAT) – Long Term Insurance

As required by SLFRS 4 –Insurance Contracts, the Company performed a Liability Adequacy Test (LAT) in respect of life insurance contract liabilities with the assistance of an external actuary. In performing the LAT, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used.

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3.11.3 Insurance Contacts Liabilities – Non-Life Insurance

Non-life insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities, known as the policy liability provisions include the premium and claim liabilities. The premium liabilities relate to policies for which the premiums have been received but the exposure not fully expired, while the claim liabilities relate to those that have been incurred but not yet reported (IBNR) / incurred but not enough reported (IBNER).

a) Unearned Premium

The provision for unearned premium represents premiums received or receivable for risks that have not yet expired at the reporting date. Generally, the reserve is released over the term of the contract and is recognized as premium income.

The provision is recognized when contracts are entered and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance services provided under the contract. Provision for unearned premium is calculated on a 1/24 basis except for marine / cargo class which is subject to 60 / 40 basis.

At each reporting date, the Group reviews its unexpired risk and LAT is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premium. If these calculations show that the carrying amount of the unearned premium (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the statement of profit or loss and other comprehensive income, by setting up a provision for premium deficiency.

b) Claims Payable including IBNR

The claim liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, with a reduction for the expected value of salvage and other recoveries.

Delays can be experienced in the notification and settlement 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 deviations. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the contract expires, is discharged or cancelled.

IBNR reserve is decided by an independent external actuary.

3.11.4 Liability Adequacy Test (LAT) – Non-Life Insurance

At each reporting date the Group reviews its unexpired risk and LAT is performed as laid out under SLFRS 4 to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premium. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premium (less related deferred acquisition costs) is inadequate, the deficiency is recognized in the statement of profit or loss and other comprehensive income, by setting up a provision for liability adequacy.

3.11.5 Insurance Contract Liabilities – Non-Life Insurance

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. The main assumption underlying estimating the amounts of outstanding claims, is the past claims development experience.

3.12 Reinsurance Assets

The Company cedes insurance risk in the normal course of business to recognized reinsurers through formal reinsurance arrangements. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

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

Reinsurance is recorded gross in the statement of financial position unless a right to offset exists.

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

3.13 Reinsurance Liabilities

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Reinsurance assets or liabilities are de-recognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Gross and net of reinsurance liabilities have been calculated as required in the RBC submission template. In determining the policy liabilities provisions for reinsurance have been allowed for according to the applicable reinsurance terms as per the current agreements.

3.14 Employee Benefits

3.14.1 Short-Term Benefits

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

3.14.2 Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an expense in the profit and loss, when incurred.

a) Employees' Provident Fund

All employees of the Company are members of the Employees' Provident Fund (EPF). The Company and employees contribute 12% and 8% respectively, of the salary amount to EPF.

b) Employees' Trust Fund

All employees of the Company are members of the Employees' Trust Fund (ETF). The Company contributes 3% of the salary of each employee to ETF.

3.14.3 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by an independent actuary using Projected Unit Credit method as recommended by LKAS 19 "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield on government bonds at the reporting date and have maturity dates approximating to the terms of the Company's obligations.

The Group recognizes actuarial gains and losses that arise in calculating the Company's obligation in respect of a plan in other comprehensive income.

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 18. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

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.

3.14.4 Defined Benefit Plan

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 "Employee Benefits". However, under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The obligation is not externally funded.

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3.15 Provisions (other than Insurance Provision)

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.16 Capital Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Company's share of any contingencies and capital commitments and of its Subsidiaries for which the Company is also liable severally or otherwise, are also included with appropriate disclosures.

3.17 Revenue Recognition – Non-Life Insurance

3.17.1 Gross Premium

Gross written premium (GWP) comprises the total premium received/ receivable for the whole period of cover provided by contracts entered into during the accounting period. GWP is generally written upon inception of the policy as written and is earned primarily on a pro-rata basis over the term of the related policy coverage. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross written premium.

3.17.2 Unearned Premium Reserve (UPR)

Unearned premium are those proportions of premium written in a period that relate to periods of risk after the reporting date. UPR represents the portion of the premiums written in the period but relating to the unexpired term of the coverage. Unearned premiums are calculated on the 1/24 basis except for the marine and title policies which are computed on a 60-40 basis. The proportion attributable to subsequent period is deferred as a provision for unearned premium.

3.17.3 Reinsurance Premium

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

3.17.4 Unearned Reinsurance Premium

Unearned reinsurance premiums are the proportions of premium written in a period that relate to periods of risk after the reporting date. Unearned reinsurance premiums are calculated on 1/24 basis except for marine policies which are computed on a 60-40 basis.

3.17.5 Unexpired Risk

Provision is made where appropriate for the estimated amount required over and above unearned premium to meet future claims and related expenses on the business in force as at the reporting date.

3.17.6 Acquisition Costs

Acquisition costs comprise commissions and other variable costs directly connected with acquisition or renewal of insurance contracts, are deferred to the extent that these costs are recoverable out of future premium. All other acquisition costs are recognized as an expense when incurred.

3.17.7 Reinsurance Commission Income

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

3.17.8 Gross Benefits & Claims

Gross benefits and claims for non-life insurance include all claims occurring during the period, whether reported or not, related internal and 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 periods.

Claims expenses and liabilities for outstanding claims are recognized in respect of direct and inward reinsurance business. The liability covers claims reported but not yet paid, incurred but not reported (IBNR) claims, incurred but not enough reserved (IBNER) claims and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing of individual claim files and estimating changes in the ultimate costs of settling claims. The provision in respect of IBNR and IBNER claims are actuarially valued on an annual 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.

Recoveries from salvage sales and the movement in salvage inventory are netted off against claims expense.

3.17.9 Reinsurance Claims Recoveries

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract. This includes reinsurance exposure of IBNR.

3.18 Revenue Recognition -Life Insurance

3.18.1 Gross Premium

Gross written premium on life insurance contracts are recognized as revenue when payable by the policyholders (policies within one-month grace period are considered as due premium, subject to a provision for premium default).

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

3.18.2 Reinsurance Premium

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

3.18.3 Acquisition Costs

All acquisition costs are recognized as an expense when incurred.

3.18.4 Reinsurance Commission Income

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

3.18.5 Gross Benefits and Claims Expenses

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

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

3.18.6 Reinsurance Claims Recoveries

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

3.19 Other Revenue

3.19.1 Interest Income

Finance income comprise of interest income on funds invested (including available-for-sale financial assets) and dividend income. Interest income is recognized in the income statement, as it accrues and is calculated by using the Effective Interest Rate (EIR) method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument.

3.19.2 Dividends

Dividend income is recognized when the right to receive income is established. Usually this is the ex-dividend date for equity securities.

3.19.3 Finance Expenses

Finance expenses consisting of costs relating to investment include custodial fees, bank guarantee fees and brokerage fees. These expenses are recognized on accrual basis.

3.19.4 Realized Gains and Losses

Realized gains and losses recorded in the income statement on investments, include gains and losses on financial assets.

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

NOTES TO THE FINANCIAL STATEMENTS

3.19.5 Fair Value Gains and Losses

Fair value gains and losses recorded in the income statement on investments include fair value gains on financial assets at fair value through the profit or loss.

3.19.6 Other Income

Other income comprises of fees charged for policy administration services, disposal gains on property, plant and equipment, gains on foreign currency translations and miscellaneous income.

Gains on foreign currency translations are recognized on a net basis.

3.20 Expenses Recognition

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

- a) Expenses are recognized in the profit or loss on the basis of a direct association between the costs incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to statement of profit or loss and other comprehensive income, in arriving at the profit for the period.
- b) For the purpose of presentation of the statement of profit or loss and other comprehensive income, the Board of Directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

3.21 Income Tax Expenses

Tax expenses comprise of current and deferred tax. Current tax and deferred tax are recognized in items recognized directly in equity or in the income statement and in the statement of profit or loss and other comprehensive income.

3.21.1 Current Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or other comprehensive income.

Provisions for taxation is based on the profit for the period adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and the amendments thereto and the Inland Revenue Act No. 24 of 2017 at the rates specified in note 33.

In terms of Inland Revenue (Amended) Act, No 10 of 2021, following concessions are available for any company which were listed its shares on or after 01st January 2021, but prior to 31st December 2021, in the Colombo Stock Exchange;

- i) The aggregate income tax payable shall be reduced by 50% for the year of assessment 2021/2022 and;
- ii) Taxable income shall be taxed at the rate of 14% for 03 year of assessment commencing from 01st April 2022. (2022/2023)

Co-operative Insurance Company PLC was successfully listed on Colombo stock Exchange on 30th December 2021. Therefore the 50% tax concession could be enjoyed in the last year of assessment (2021/2022). As per the Inland Revenue (Amendment) Act, No. 45 of 2022, standard rate of income tax is increased from 24% to 30% with effect from 01st October 2022 taxation on reduced rate was removed.

Life insurance taxation

The gains and profits from the Life Insurance Business are ascertained in terms of Section 67 of the Inland Revenue Act No. 24 of 2017 and as amended subsequently by Inland Revenue (The Amendment) Act, No. 45 of 2022. Accordingly, gains and profits on which tax payable is the aggregate of;

- Surplus distributed to shareholders from the life insurance policyholders fund as certified by the actuary at the rate of 24% (w.e.f 1st October 2022 - 30%)
- Investment income of the shareholder fund less any expenses incurred in the production of such income at the rate of 24% ((w.e.f 1st October 2022 - 30%)
- Surplus distributed to a life insurance policyholders who shares the profits of a person engaged in the business of life insurance at the rate of 24% (w.e.f 1st October 2022 -30%)

3.21.2 Deferred Taxation

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

Deferred tax is not recognized for the following temporary differences:

- Temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.
- Temporary difference related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets/liabilities will be realized/ settled simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax is not recognized for the undistributed profits of subsidiaries as the parent company has control over the dividend policy of its subsidiaries and distribution of those profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.21.3 Tax Exposure

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that cause the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expenses in the period that such a determination is made.

3.22 Crop Insurance Levy (CIL)

The Crop Insurance Levy was introduced under the provisions of the Section 14 of the Finance Act No. 12 of 2013, and came into effect from 1st April 2013. The levy is payable to the National Insurance Trust Fund and is liable at 1% of the profit after tax.

3.23 Cash Flow Statement

The cash flow statement has been prepared using the "indirect method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise of 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 indicated as cash at banks and in hand net of bank overdrafts.

3.24 Events Occurring after the Reporting Date

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

3.25 Earnings per Share (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

3.26 New Accounting Standards and Amendments to Existing Standard Issued but not Effective as at the Reporting Date

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued the following new Sri Lanka Accounting Standards. However, these standards have not been applied in preparing these financial statements as those were not effective as of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

SLFRS 9 – Financial Instruments: Classification & Measurement

SLFRS 9, as issued, reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets & liabilities, depending on the entity's business model for managing contractual cash flows characteristics of the financial asset.

This is generally effective for annual periods beginning on or after 1st January 2018, subject to exemption of application, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Temporary Exemption from SLFRS 9

An insurer that meets the criteria in paragraph 20B of SLFRS 4 (amended) provides a temporary exemption that permits, but does not require, the insurer to apply LKAS 39 – Financial Instruments: Recognition and Measurement rather than SLFRS 9 for annual periods beginning before 1st January 2025.

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

- it has not previously applied any version of SLFRS 9, other than only the requirements for the presentation of gains and losses of financial liabilities designated at fair value through profit or loss and;
- its activities are predominantly connected with insurance, at its annual reporting date that immediately proceeds 1st April 2016, or at a subsequent annual reporting date.

Taking into account the above criteria, Co-operative Insurance Company PLC and Coop Life Insurance Limited being predominantly connected with insurance activities; both Companies may continue to apply LKAS 39 – Financial Instruments: Recognition and Measurement rather than SLFRS 9 for annual periods beginning before 1st January 2025.

Summary of the Requirements: Classification and Measurement

Financial Assets

SLFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics and contains three principal classification categories for financial assets measured at:

- Amortized Cost
- Fair Value through Other Comprehensive Income (FVTOCI)
- Fair Value through Profit or Loss

The standard eliminates the existing LKAS 39 categories of held to maturity, loans and receivables and available for sale financial assets.

Financial Liabilities

SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification of financial liabilities. However, under LKAS 39 all fair value changes of liabilities designated as FVTPL are recognized in profit or loss, whereas under SLFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- the remaining amount of change in the fair value is presented in the profit or loss.

Impairment

SLFRS 9 replaces the 'Incurred Loss' model in LKAS 39 with a forward-looking 'Expected Credit Loss' (ECL) model. This will require considerable judgment about how changes in economic factors affect ECL, which will be determined on a probability-weighted basis.

- To financial assets measured at amortized cost or FVTOCI, the new impairment model will apply, except for investments in equity instruments, and to contract assets.
- Loss allowances will be measured on either of the following bases: 12-month ECLs (these are ECLs that result from possible default events within the 12 months after the reporting date), and Lifetime ECLs (these are ECLs that result from all possible default events over the expected life of a financial instrument).

Disclosure to Provide Comparability

The Group will make an assessment of the objective of the business model when a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management.

SLFRS 17 – Insurance Contracts

SLFRS 17 adopted by the Institute of Chartered Accountants of Sri Lanka is in line with IFRS 17 issued by the International Accounting Standard Board will come in to effect from 01st January 2025. SLFRS 17 will supersede SLFRS 4 - “Insurance Contracts”. The Company is intended to adopt the new standard on its mandatory effective date.

Objective & Scope

The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of SLFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives basis for users of financial statements to access the effect that insurance contracts have on entity's financial position, financial performance and cash flows.

An entity shall apply SLFRS 17 Insurance Contracts to:

- insurance contracts, including reinsurance contracts, it issues;
- reinsurance contracts it holds; and
- investment contracts with discretionary participation features issues, provided the entity also issues insurance contracts.

Recognition

An entity shall recognize a group of insurance contracts it issues from the earliest of the following:

- a) the beginning of the coverage period
- b) the date when the first payment from a policyholder becomes due, and
- c) when the group becomes onerous if facts and circumstances indicate that there is such a group.

SLFRS – 17 specify three measurement approaches;

- I. Building Block Approach (BBA) / General Measurement Model
- II. Premium Allocation Approach (PAA)
- II. Variable Fee Approach (VFA)

Other New Accounting Pronouncements

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)
- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1) - effective for annual periods beginning on or after 1st January 2023.
- Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) effective for annual periods beginning on or after 1st January 2023.
- Definition of Accounting Estimates (Amendments to LKAS 8) effective for annual periods beginning on or after 1st January 2023.

NOTES TO THE FINANCIAL STATEMENTS

Note 04 - Property, plant and equipment - Group

Cost / valuation	Land	Buildings	Building improvements	Partitions
	Rs.	Rs.	Rs.	Rs.
Balance as at 01st January 2021	290,879,000	417,171,000	70,950,000	31,468,595
Additions during the year	2,162,735	3,960,953	-	10,545,529
Disposals during the year	-	-	-	(827,441)
(Impairment)/ reversal of impairment	-	-	-	-
Revaluation	6,333,415	37,237,194	17,442,500	-
Depreciation reversal on revaluation	-	(8,285,146)	(17,737,500)	-
Balance as at 31st December 2021	299,375,150	450,084,001	70,655,000	41,186,683
Balance as at 01st January 2022	299,375,150	450,084,001	70,655,000	41,186,683
Additions during the year	45,000	-	-	8,062,180
Disposals during the year	-	-	-	(220,480)
(Impairment)/ reversal of impairment	-	-	-	-
Revaluation	30,198,950	149,934,144	65,944,667	-
Depreciation reversal on revaluation	-	(9,191,645)	(23,551,667)	-
Balance as at 31st December 2022	329,619,100	590,826,500	113,048,000	49,028,383
Depreciation				
Balance as at 01st January 2021	-	-	-	8,652,173
Depreciation for the year	-	8,285,146	17,737,500	4,515,651
Depreciation on disposals	-	-	-	(275,815)
Depreciation on revaluation	-	(8,285,146)	(17,737,500)	-
Balance as at 31st December 2021	-	-	-	12,892,009
Balance as at 01st January 2022	-	-	-	12,892,009
Depreciation for the year	-	9,191,645	23,551,667	5,863,346
Depreciation on disposals	-	-	-	(84,977)
Depreciation on revaluation	-	(9,191,645)	(23,551,667)	-
Balance as at 31st December 2022	-	-	-	18,670,378
Carrying amounts				
As at 31st December 2021	299,375,150	450,084,001	70,655,000	28,294,674
As at 31st December 2022	329,619,100	590,826,500	113,048,000	30,358,005

Computers	Office equipment	Furniture & fittings	Motor vehicles	Total
Rs.	Rs.	Rs.	Rs.	Rs.
283,737,842	191,295,291	286,986,624	153,180,772	1,725,669,123
20,718,272	12,941,936	15,292,833	390,001	66,012,259
(2,263,962)	(289,529)	-	(12,875,772)	(16,256,704)
-	-	-	12,196	12,196
-	-	-	174,908,563	235,921,672
-	-	-	(92,085,760)	(118,108,406)
302,192,152	203,947,698	302,279,457	223,530,000	1,893,250,140
302,192,152	203,947,698	302,279,457	223,530,000	1,893,250,140
5,354,530	6,557,261	13,069,380	1,472,101	34,560,452
(164,720)	-	-	-	(385,200)
-	-	-	-	-
-	-	-	78,147,881	324,225,642
-	-	-	(106,304,979)	(139,048,291)
307,381,962	210,504,959	315,348,837	196,845,003	2,112,602,743
216,471,599	110,834,368	197,517,899	26,698	533,502,737
28,692,978	19,443,506	27,004,801	93,002,420	198,682,002
(2,019,701)	(184,956)	-	(943,357)	(3,423,829)
-	-	-	(92,085,761)	(118,108,407)
243,144,876	130,092,918	224,522,700	-	610,652,503
243,144,876	130,092,918	224,522,700	-	610,652,503
20,210,502	18,431,710	26,783,139	106,304,979	210,336,988
(36,040)	-	-	-	(121,017)
-	-	-	(106,304,979)	(139,048,291)
263,319,338	148,524,628	251,305,839	-	681,820,183
59,047,276	73,854,780	77,756,757	223,530,000	1,282,597,630
44,062,624	61,980,331	64,042,998	196,845,003	1,430,782,550

NOTES TO THE FINANCIAL STATEMENTS

Note 04 - Property, plant and equipment - Company

Cost/valuation	Land	Building	Building improvements	Partitions
	Rs.	Rs.	Rs.	Rs.
Balance as at 01st January 2021	265,561,000	268,489,000	70,950,000	31,468,595
Additions during the year	2,162,735	3,960,953	-	10,545,529
Disposals during the year	-	-	-	(827,441)
Revaluation	5,246,415	4,952,795	17,442,500	-
Depreciation reversal on revaluation	-	(4,913,748)	(17,737,500)	-
Balance as at 31st December 2021	272,970,150	272,489,000	70,655,000	41,186,683
Balance as at 01st January 2022	272,970,150	272,489,000	70,655,000	41,186,683
Additions during the year	45,000	-	-	8,062,178
Disposals during the year	-	-	-	(220,480)
Revaluation	25,086,450	78,893,685	65,944,667	-
Depreciation reversal on revaluation	-	(5,038,685)	(23,551,667)	-
Balance as at 31st December 2022	298,101,600	346,344,000	113,048,000	49,028,381
Depreciation				
Balance as at 01st January 2021	-	-	-	8,652,173
Depreciation for the year	-	4,913,748	17,737,500	4,515,651
Depreciation on disposals	-	-	-	(275,815)
Depreciation on revaluation	-	(4,913,748)	(17,737,500)	-
Balance as at 31st December 2021	-	-	-	12,892,009
Balance as at 01st January 2022	-	-	-	12,892,009
Depreciation for the year	-	5,038,685	23,551,667	5,863,346
Depreciation on disposals	-	-	-	(84,977)
Depreciation on revaluation	-	(5,038,685)	(23,551,667)	-
Balance as at 31st December 2022	-	-	-	18,670,378
Carrying amounts				
Balance as at 31st December 2021	272,970,150	272,489,000	70,655,000	28,294,673
Balance as at 31st December 2022	298,101,600	346,344,000	113,048,000	30,358,003

Computers	Office equipment	Furniture & fittings	Motor vehicles	Total
Rs.	Rs.	Rs.	Rs.	Rs.
256,746,354	154,928,718	194,481,411	125,601,000	1,368,226,078
15,610,150	10,860,774	12,095,505	-	55,235,646
(2,069,212)	(78,615)	-	(12,800,000)	(15,775,268)
-	-	-	144,138,387	171,780,097
-	-	-	(75,664,388)	(98,315,635)
270,287,292	165,710,877	206,576,916	181,274,999	1,481,150,918
270,287,292	165,710,877	206,576,916	181,274,999	1,481,150,918
4,493,350	3,558,299	9,541,762	1,472,100	27,172,688
(164,720)	-	-	-	(385,200)
-	-	-	72,919,548	242,844,350
-	-	-	(97,086,647)	(125,676,999)
274,615,922	169,269,176	216,118,678	158,580,000	1,625,105,756
200,641,856	92,705,233	141,941,061	-	443,940,312
24,478,726	15,109,064	16,320,079	76,581,054	159,655,823
(1,831,536)	(55,558)	-	(916,665)	(3,079,575)
-	-	-	(75,664,389)	(98,315,637)
223,289,046	107,758,739	158,261,140	-	502,200,923
223,289,046	107,758,739	158,261,140	-	502,200,934
16,128,265	13,718,135	16,134,553	97,086,648	177,521,299
(36,040)	-	-	-	(121,017)
-	-	-	(97,086,647)	(125,676,999)
239,381,271	121,476,874	174,395,693	-	553,924,217
46,998,247	57,952,138	48,315,776	181,274,999	978,949,984
35,234,652	47,792,302	41,722,985	158,580,000	1,071,181,539

NOTES TO THE FINANCIAL STATEMENTS

Note 04 - Property, plant and equipment

Revaluation of land and buildings and motor vehicles

The land and buildings of the Group were valued by Mr. P.G.L.P Ranaweera (AIV) a professional valuer and the freehold motor vehicles of the Group were valued based on open market by Mr. J. Abayaratne, approved valuer for motor vehicles on 31st December 2022. The excess of Rs. 324.2 million over the net book value as at 31st December 2022 arisen thereby, has been credited to the revaluation reserve.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value measurement for all the lands has been categorized as a level 3 fair value based on the inputs to the valuation technique used. A significant increase in the market value per perch used in arriving at fair value would result in a significant increase, and vice versa in case of significant decrease.

As at 31st December	Land extent	Building area	No. of buildings	Date of valuation	Fair value (Rs.)
Property at Grandpass	33.15 Perches	28,262 square feet	1	31.12.2022	684,242,000
Property at Ambalanthota	4.27 Perches	2,534 square feet	1	31.12.2022	33,000,000
Property at Nikaweratiya	39.7 Perches	17,775 square feet	1	31.12.2022	243,000,000
Property at Ja -Ela	991.29 Perches	4,000 square feet	1	31.12.2022	73,000,000
					<u>1,033,242,000</u>

Fair value hierarchy

The table below analyses, non financial instruments measured at fair value at the end of the reporting period.

Land and buildings	Level 1 (Rs.)	Level 2 (Rs.)	Level 3 (Rs.)	Total (Rs.)
Year 2022	-	-	1,033,242,000	1,033,242,000
Year 2021	-	-	820,000,000	820,000,000

The fair value measurement has been categorised as level 3 fair value, based on the inputs to the valuation techniques used.

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of land and buildings, as well as the significant unobservable inputs used.

Location	Valuation technique	Significant unobservable inputs	Significant unobservable inputs - valued at
Property at Grandpass	Open market	Price per perch and square foot	7,000,000/- per perch and 12,000/- per square foot
Property at Ambalanthota	Contractors method	Price per perch and square foot	Rs. 2,500,000/- per perch and Rs.9,000/- per square foot
Property at Nikaweratiya	Contractors method	Price per perch and square foot	Rs. 525,000/- per perch and Rs. 12,500/- per square foot
Property at Ja-Ela	Open market	Price per perch and square foot	190,000/- per perch and 1,800/- per square foot

If the revalued land and buildings under property, plant and equipment were stated on the historical cost basis, the carrying amount would be as follows:

Class of asset	Property at Grandpass (Rs.)	Property at Ambalanthota (Rs.)	Property at Nikaweratiya (Rs.)	Property at Ja-Ela (Rs.)
Land				
Cost	205,000,000	1,120,415	8,217,747	59,729,070
Accumulated depreciation	-	-	-	-
Net book value as at 31st December 2022	205,000,000	1,120,415	8,217,747	59,684,070
Net book value as at 31st December 2021	205,000,000	1,120,415	8,217,747	59,684,070
Buildings				
Cost	340,000,000	10,423,590	88,712,132	3,960,953
Accumulated depreciation	24,552,831	4,220,922	15,813,593	64,260
Net book value as at 31st December 2022	315,447,169	6,202,668	72,898,539	3,896,693
Net book value as at 31st December 2021	318,175,262	5,954,757	74,593,961	3,928,823

Fully depreciated assets

The Company property, plant and equipment include fully depreciated assets having a gross carrying amount of Rs. 368,246,701 (2021 - Rs. 250,382,013.48) and Cooplife Insurance Ltd property plant and equipment include fully depreciated assets having a gross carrying amount of Rs. 29,023,840 (2021 - Rs. 16,358,087)

Security

During the year there were no property, plant and equipment in the Group and in the Company, pledged as security for liabilities. (2021 - nil)

Useful life of property, plant & equipment are as follows:

	2022	2021
Buildings		
Grandpass	60 years	60 years
Ambalanthota	40 years	40 years
Nikaweratiya	50 years	50 years
Ja-ela	60 Years	60 Years
Office equipment	8 years	8 years
Computers	6 years	6 years
Motor vehicles	5 years	5 years
Furniture & fittings	8 years	8 years
Partitions	8 years	8 years
Improvements to buildings	10 years	10 years

NOTES TO THE FINANCIAL STATEMENTS

Assessment of impairment of property, plant & equipment (PPE)

The Board of Directors have assessed the potential impairment indicators of PPE as at 31st December 2022. Based on the assessment impairment indicators were identified.

Capitalisation of borrowing costs

There were no capitalised borrowing costs relating to the acquisition of PPE during the year. (2021 – Nil)

Temporarily idle property, plant & equipment

There were no temporarily idle property as at the year ended 31st December 2022. (2021 – Nil)

Note 04.01 - Right of use assets

	Group Rs.	Company Rs.
Cost		
Balance as at 01st January 2021	498,541,819	385,944,377
Additions during the year	144,495,729	130,379,870
Disposals during the year	(20,905,806)	(19,955,612)
Balance as at 31st December 2021	622,131,742	496,368,635
Balance as at 01st January 2022	622,131,742	496,368,635
Additions during the year	99,909,566	84,090,797
Disposals during the year	(11,951,101)	(11,951,101)
Balance as at 31st December 2022	710,090,207	568,508,331
Depreciation		
Balance as at 01st January 2021	144,058,330	109,193,141
Depreciation for the year	80,600,677	62,700,687
Depreciation on disposals	(4,361,750)	(4,361,750)
Balance as at 31st December 2021	220,297,257	167,532,078
Balance as at 01st January 2022	220,297,257	167,532,079
Depreciation for the year	95,790,612	76,584,452
Depreciation on disposals	(5,316,372)	(5,316,372)
Balance as at 31st December 2022	310,771,497	238,800,159
Carring Amounts		
Balance as at 31st December 2021	401,834,485	328,836,557
Balance as at 31st December 2022	399,318,710	329,708,172

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Amount recognized in profit or loss year 2022				
Depreciation on right-of-use assets	95,790,612	80,600,677	71,268,080	62,700,687
Finance cost on lease liability	51,710,826	59,671,265	40,571,348	48,211,959
Amount recognized in statement of cash flows				
Total cash outflow for leases including for rent advances	(124,167,485)	(115,530,107)	(97,369,331)	(90,504,450)

Note 05 - Intangible assets

Cost/ valuation	Computer software		Development costs		Total	
	Group	Company	Group	Company	Group	Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st January 2021	25,600,058	10,433,668	16,041,180	16,041,180	41,641,238	26,474,848
Acquisitions - internally developed	1,976,601	-	6,030,372	6,030,372	8,006,973	6,030,372
Balance as at 31st December 2021	27,576,659	10,433,668	22,071,552	22,071,552	49,648,211	32,505,220
Balance as at 01st January 2022	27,576,659	10,433,668	22,071,552	22,071,552	49,648,211	32,505,220
Acquisitions - internally developed	-	-	5,526,053	5,526,053	5,526,053	5,526,053
Transfers	7,884,261	7,884,261	(7,884,261)	(7,884,261)	-	-
Balance as at 31st December 2022	35,460,920	18,317,929	19,713,344	19,713,344	55,174,264	38,031,273
Amortization						
Balance as at 01st January 2021	23,818,560	10,245,639	-	-	23,818,560	10,245,639
Amortization for the year	1,989,057	114,100	-	-	1,989,057	114,100
Balance as at 31st December 2021	25,807,617	10,359,739	-	-	25,807,617	10,359,739
Balance as at 01st January 2022	25,807,617	10,359,739	-	-	25,807,617	10,359,739
Amortization for the year	1,095,625	292,936	-	-	1,095,625	292,936
Balance as at 31st December 2022	26,903,242	10,652,675	-	-	26,903,242	10,652,675
Carrying amounts						
Balance as at 31st December 2021					23,840,594	22,145,481
Balance as at 31st December 2022					28,271,021	27,378,598

Intangible assets

Computer software represents the costs incurred to improve performance of core (Oracle) system. Development cost represents the investment on new system development undertaken by the Company software development unit.

Amortization

The amortization of software and development costs is included in the operating expenses.

Note 06 - Financial investments

	Note	Group		Company	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
Held to maturity financial assets (HTM)	06.01	5,870,415,814	3,407,047,687	3,179,774,650	2,878,041,833
Loans & receivables (L&R)	06.02	4,361,374,878	3,906,592,258	3,244,903,248	2,959,673,947
Available for sale financial assets (AFS)	06.03	9,244,086	1,716,457,507	9,244,086	12,673,047
Financial assets at fair value through profit or loss (FVTPL)	06.04	1,045,761	1,840,932	-	-
Total		10,242,080,539	9,031,938,383	6,433,921,984	5,850,388,827

NOTES TO THE FINANCIAL STATEMENTS

Note 06.01 - Held to maturity financial assets (HTM)

	Note	Group		Company	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
Amortized cost					
Treasury bonds	06.01(a)	2,317,656,700	1,079,398,360	1,016,197,007	601,513,750
Quoted debentures	06.01(b)	3,501,642,301	2,276,528,083	2,163,577,643	2,276,528,083
Assets backed securities	06.01(c)	51,116,813	51,121,245	-	-
Total		5,870,415,814	3,407,047,687	3,179,774,650	2,878,041,833

Note 06.01 (a) - Treasury bonds

2022

Maturity date	Group		Company	
	Face value	Amortized cost	Face value	Amortized cost
	Rs.	Rs.	Rs.	Rs.
2023	558,525,552	498,088,250	508,525,552	447,670,773
2024	200,000,000	211,563,425	130,000,000	136,069,450
2025	337,000,000	321,624,526	100,000,000	112,415,807
2026	200,000,000	229,302,891	150,000,000	170,555,805
2027	160,476,730	152,745,245	-	-
2028	184,000,000	152,860,726	-	-
2029	228,247,782	240,273,583	144,511,428	149,485,172
2030	400,000,000	410,009,254	-	-
2032	143,000,000	101,188,801	-	-
	2,411,250,064	2,317,656,700	1,033,036,980	1,016,197,007

2021

Maturity date	Group		Company	
	Face value	Amortized cost	Face value	Amortized cost
	Rs.	Rs.	Rs.	Rs.
2022	26,279,623	27,588,168	26,279,623	27,588,168
2023	50,000,000	50,444,472	-	-
2024	8,525,552	8,611,781	8,525,552	8,611,781
2025	130,000,000	134,922,313	130,000,000	134,922,313
2026	150,000,000	172,172,098	100,000,000	111,922,836
2028	50,000,000	223,288,399	150,000,000	168,784,456
2029	144,511,428	149,684,196	144,511,428	149,684,196
2030	300,000,000	312,686,932	-	-
	859,316,603	1,079,398,360	559,316,603	601,513,750

Note 06.01 (b) - Quoted debentures - Group

Issuer	2022			
	Maturity date	No. of debentures	Carrying value amortized cost Rs.	Interest rate
Citizen Development Business Finance PLC	27-Mar-23	500,000	50,237,551	14.75%
Lanka Orix Finance PLC	31-Jul-23	87,500	9,739,957	13.50%
Lanka Orix Finance PLC	31-Jul-23	600,000	63,578,827	14.75%
Hatton National Bank PLC	29-Aug-23	1,000,000	103,250,903	14.50%
Hatton National Bank PLC	29-Aug-23	500,000	54,660,470	14.50%
Bank of Ceylon	24-Oct-23	1,642,000	185,204,789	15.00%
National Development Bank PLC	19-Dec-23	2,200,000	228,540,801	15.00%
Softlogic Capital PLC	19-Dec-23	700,000	77,648,459	15.00%
National Development Bank PLC	19-Dec-23	683,900	68,605,446	12.80%
Softlogic Capital PLC	19-Dec-23	683,900	72,691,333	12.80%
Seylan Bank PLC	18-Apr-24	1,384,000	151,541,276	12.75%
Seylan Bank PLC	18-Apr-24	495,000	54,902,477	12.75%
LOLC Holdings PLC	20-Sep-24	1,500,000	154,399,505	10.50%
LOLC Holdings PLC	27-Sep-24	950,000	99,406,019	10.50%
LOLC Holdings PLC	27-Sep-24	307,000	31,512,970	9.50%
Nations Trust Bank PLC	23-Dec-24	1,400,000	145,296,809	10.50%
Nations Trust Bank PLC	23-Dec-24	72,900	7,370,592	9.50%
First Capital Treasuries LTD	30-Jan-25	830,000	84,366,358	9.00%
First Capital Treasuries LTD	30-Jan-25	250,000	27,298,603	14.00%
Commercial Leasing & Finance PLC	23-Sep-25	1,500,000	163,339,395	10.00%
Commercial Leasing & Finance PLC	23-Sep-25	1,061,200	114,089,069	10.00%
National Development Bank PLC	24-Sep-25	500,000	53,685,933	9.00%
Commercial Leasing & Finance PLC	24-Sep-25	1,500,000	159,620,282	9.75%
National Development Bank PLC	25-Sep-25	1,500,000	157,237,828	9.75%
DFCC Bank PLC	23-Oct-25	1,200,000	106,791,400	9.25%
National Development Bank PLC	19-Dec-25	500,000	49,940,946	9.46%
First Capital Holdings PLC	8-Feb-26	500,000	48,920,066	9.00%
First Capital Holdings PLC	8-Feb-26	746,800	75,574,195	11.90%
Commercial Credit PLC	4-Mar-26	536,500	56,574,295	11.90%
Seylan Bank PLC	12-Apr-26	1,000,000	95,269,355	9.25%
Seylan Bank PLC	12-Apr-26	1,500,000	160,412,475	9.00%
Singer Finance (Lanka) PLC	25-Jun-26	1,500,000	147,825,920	9.00%
Siyapatha Finance PLC	1-Sep-26	1,046,700	96,435,969	9.50%
Commercial Bank PLC	21-Sep-26	33,599,032	3,501,642,301	9.75%
National Development Bank PLC	23-Nov-26	500,000	49,940,946	9.46%
National Development Bank PLC	24-Nov-26	500,000	48,920,066	9.00%
DFCC Bank PLC	23-Oct-27	536,500	56,574,295	11.90%
Sampath Bank PLC	12-Apr-28	1,000,000	95,269,355	9.25%
Sampath Bank PLC	12-Apr-28	1,500,000	147,825,920	9.00%
Hatton National Bank PLC	28-Jul-31	1,046,700	96,435,969	9.50%
		33,599,032	3,501,642,301	

NOTES TO THE FINANCIAL STATEMENTS

Reclassification of Treasury Bonds and Debentures from AFS to HTM category in Cooplife Insurance Ltd

The Company has reclassified all of its Treasury Bond and Debenture portfolio from Available-For-Sale (AFS) financial asset category to Held to Maturity (HTM) category on 01st January 2022 due to change in intention from “holding or selling” to “hold until maturity” after assessing the projected business plans and the need for liquidity. As per LKAS 39, reclassification to Held to Maturity is permitted when the entity has the ability and intention to hold financial assets until maturity. At the reclassification date, the market value of the Treasury Bonds and Debentures become its new cost or amortized cost and subsequently, HTM assets are measured at amortized cost. Further, for a financial asset with a fixed maturity reclassified out of the ‘AFS’ category, any previous gain or loss on that asset that has been recognised in equity is amortized to profit or loss over the remaining life of the asset using the EIR (Effective Interest Rate). Such amortization has been recognized under interest income line in the profit or loss.

The financial effect on reclassification is summarized in the table below as at the reclassification date;

	Treasury Bonds		Debentures	
	Available for sale	Held to maturity	Available for sale	Held to maturity
	Rs.	Rs.	Rs.	Rs.
Carrying value of instruments as at 01st January 2022	291,454,427	477,884,609	1,412,330,033	-
Fair value of instruments reclassified	(291,454,427)	291,454,427	(1,412,330,033)	1,412,330,033
New carrying value of instruments as at 01st January 2022	-	769,339,037	-	1,412,330,033
AFS reserve to be amortized to P&L over the remaining life of assets		(13,708,779)		(689,834)
Amortization recognized during the year		1,406,395		(11,953,044)

Note 06.01 (b) - Company

Issuer	2022			
	Maturity date	No. of debentures	Carrying value amortized cost Rs.	Interest rate
Citizen Development Business Finance PLC	27-Mar-23	1,100,000	121,708,851	14.20%
Lanka Orix Finance PLC	31-Jul-23	1,000,000	106,148,742	14.75%
Lanka Orix Finance PLC	31-Jul-23	550,000	58,541,440	14.75%
Hatton National Bank PLC	29-Aug-23	120,000	12,143,992	8.00%
Bank of Ceylon	24-Oct-23	26,800	2,700,091	13.75%
National Development Bank PLC	19-Dec-23	100,000	11,200,479	13.90%
Softlogic Capital PLC	19-Dec-23	500,000	50,237,551	14.75%
Seylan Bank PLC	18-Apr-24	1,000,000	103,250,903	14.50%
LOLC Holdings PLC	27-Sep-24	2,200,000	228,540,801	15.00%
LOLC Holdings PLC	27-Sep-24	700,000	77,648,459	15.00%
Nations Trust Bank PLC	23-Dec-24	683,900	68,605,446	12.80%
First Capital Treasuries LTD	30-Jan-25	1,384,000	151,541,276	12.75%
First Capital Treasuries LTD	30-Jan-25	495,000	54,902,477	12.75%
Commercial Leasing & Finance PLC	23-Sep-25	1,500,000	154,399,505	10.50%

Issuer

2022

	Maturity date	No. of debentures	Carrying value amortized cost Rs.	Interest rate
Commercial Leasing & Finance PLC	23-Sep-25	950,000	99,406,019	10.50%
National Development Bank PLC	24-Sep-25	307,000	31,512,970	9.50%
DFCC Bank PLC	23-Oct-25	830,000	84,366,358	9.00%
National Development Bank PLC	19-Dec-25	250,000	27,298,603	14.00%
First Capital Holdings PLC	8-Feb-26	1,500,000	163,339,395	10.00%
Commercial Credit PLC	4-Mar-26	500,000	53,685,933	9.00%
Seylan Bank PLC	12-Apr-26	1,500,000	159,620,282	9.75%
Singer Finance (Lanka) PLC	25-Jun-26	1,200,000	106,791,400	9.25%
National Development Bank PLC	23-Nov-26	746,800	75,574,195	11.90%
Sampath Bank PLC	12-Apr-28	1,500,000	160,412,475	9.00%
			2,163,577,643	

Note 06.01 (b) - Quoted debentures - Group & Company

Issuer

2021

	Maturity date	No. of debentures	Carrying value amortized cost Rs.	Interest rate
Softlogic Holdings PLC	28-Feb-22	250,000	26,415,905	16.75%
Sampath Bank PLC	21-Dec-22	800,000	80,281,667	12.50%
Citizen Development Business Finance PLC	27-Mar-23	1,100,000	121,717,547	14.20%
Lanka Orix Finance PLC	31-Jul-23	1,000,000	106,157,032	14.75%
Lanka Orix Finance PLC	31-Jul-23	550,000	58,789,018	14.75%
Hatton National Bank PLC	29-Aug-23	120,000	11,911,104	8.00%
Bank of Ceylon	24-Oct-23	26,800	2,653,269	13.75%
National Development Bank PLC	19-Dec-23	100,000	11,028,389	13.90%
Softlogic Capital PLC	19-Dec-23	500,000	50,245,028	14.75%
Seylan Bank PLC	18-Apr-24	1,000,000	103,275,888	14.50%
LOLC Holdings PLC	27-Sep-24	2,200,000	228,567,815	15.00%
LOLC Holdings PLC	27-Sep-24	700,000	80,131,825	15.00%
Nations Trust Bank PLC	23-Dec-24	683,900	68,609,334	12.80%
First Capital Treasuries Ltd	30-Jan-25	1,384,000	153,936,648	12.75%
First Capital Treasuries Ltd	30-Jan-25	495,000	56,059,191	12.75%
Commercial Leasing & Finance PLC	23-Sep-25	1,500,000	154,417,557	10.50%
Commercial Leasing & Finance PLC	23-Sep-25	950,000	99,945,985	10.50%
National Development Bank PLC	24-Sep-25	307,000	31,516,088	9.50%
DFCC Bank PLC	23-Oct-25	830,000	84,374,288	9.00%
National Development Bank PLC	19-Dec-25	250,000	27,001,146	14.00%
First Capital Holdings PLC	8-Feb-26	1,500,000	163,354,818	10.00%
Commercial Credit PLC	4-Mar-26	500,000	53,690,788	9.00%
Seylan Bank PLC	12-Apr-26	1,500,000	159,635,128	9.75%
Singer Finance (Lanka) PLC	25-Jun-26	1,200,000	106,801,303	9.25%
National Development Bank PLC	23-Nov-26	746,800	75,583,237	11.90%
Sampath Bank PLC	12-Apr-28	1,500,000	160,428,086	9.00%
			2,276,528,083	

NOTES TO THE FINANCIAL STATEMENTS

Note 06.01 (c) - Assets backed securities - Group & Company

	2022		2021	
	Face value Rs.	Amortized cost Rs.	Face value Rs.	Amortized cost Rs.
Asset backed securities	50,000,000	51,116,813	50,000,000	51,121,245

Note 06.02 - Loans & receivables (L&R)

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Amortized cost				
Fixed deposits	2,868,095,952	2,426,089,884	2,439,241,145	1,672,494,853
Investment in repos	909,713,170	1,355,082,262	474,401,306	1,185,052,715
Commercial paper	374,719,540	-	229,075,013	-
Money market	13,703,885	23,293,733	-	-
Savings accounts	414,415	338,179	414,415	338,179
Assets back securities	101,771,369	101,788,200	101,771,369	101,788,200
Treasury bills	92,956,547	-	-	-
	4,361,374,878	3,906,592,258	3,244,903,248	2,959,673,947

Note 06.03 - Available for sale (AFS)

	Group					
	2022			2021		
	Cost/face value Rs.	Amortized cost Rs.	Fair value Rs.	Cost/face value Rs.	Amortized cost Rs.	Fair value Rs.
Unquoted equity instruments -						
Co-operative Leasing Company Ltd.	4,115,420	-	5,218,034	4,115,420	-	5,214,655
Unquoted debentures (06.03(b))	-	-	-	60,000,000	63,357,074	64,235,220
Quoted equity instruments -						
People's Leasing & Finance Company PLC	11,590,979	-	4,026,052	10,944,400	-	7,458,392
Treasury bonds (06.03 (a))	-	-	-	277,456,731	306,150,751	291,454,427
Quoted debentures (06.03(b))	-	-	-	1,294,109,863	1,349,662,795	1,348,094,813
	15,706,399	-	9,244,086	1,646,626,414	1,719,170,620	1,716,457,507

	Company					
	2022			2021		
	Cost/face value Rs.	Amortized cost Rs.	Fair value Rs.	Cost/face value Rs.	Amortized cost Rs.	Fair value Rs.
Unquoted equity instruments -						
Co-operative Leasing Company Ltd	4,115,420	-	5,218,034	4,115,420	-	5,214,655
Quoted equity instruments -						
People's Leasing & Finance Company PLC	11,590,979	-	4,026,052	10,944,400	-	7,458,392
	15,706,399	-	9,244,086	15,059,820	-	12,673,047

Note 06.03 (a) - Treasury bonds

2021					
Face value Rs.	Year of maturity	Group		Company	
		Amortized cost Rs.	Fair value Rs.	Amortized cost Rs.	Fair value Rs.
23,720,377	2022	25,416,553	25,407,086	-	-
70,000,000	2024	77,188,947	76,904,380	-	-
83,736,354	2029	99,986,238	91,363,061	-	-
100,000,000	2030	103,559,014	97,779,900	-	-
277,456,731		306,150,751	291,454,427	-	-

During the year, Cooplife Insurance Ltd (Subsidiary) has re-classified financial instruments from available for sale (treasury bonds fair value of Rs. 291,454,427 and debentures fair value of Rs. 1,412,330,033) to held to maturity financial assets (HTM) category. Please refer the note 6.01 (b)

Note 06.04 - Investments at fair value through profit or loss

Description	No. of shares	Group		Company	
		2022	2021	2022	2021
		Fair value Rs.	Fair value Rs.	Fair value Rs.	Fair value Rs.
Colombo Dockyard PLC	2,000	118,000	158,800	-	-
Commercial Bank PLC(N)	3,801	190,844	290,397	-	-
Commercial Bank PLC(X)	1,860	76,818	128,808	-	-
Galadari Hotels (Lanka) PLC	20,000	250,000	444,000	-	-
Hemas Holdings PLC	1,265	71,310	84,627	-	-
Lanka Tiles PLC	5,000	230,500	550,000	-	-
Nations Trust Bank PLC	1,253	57,889	64,900	-	-
Singer Sri Lanka PLC	2,000	50,400	119,400	-	-
Total		1,045,761	1,840,932	-	-

NOTES TO THE FINANCIAL STATEMENTS

Note 07 - Investments in subsidiaries

	Company	
	2022	2021
	Rs.	Rs.
Coop Life Insurance Limited - ordinary shares	544,260,040	544,260,040
Coopinsu Training Academy (Pvt) Ltd.	10	10
Total	544,260,050	544,260,050

Note 08 - Loans to life policyholders

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Loans	24,118,210	21,949,591	-	-
Interest receivable	10,671,140	9,424,118	-	-
Total	34,789,350	31,373,709	-	-

Note 09 - Reinsurance receivables

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
On claims	495,695,931	627,230,279	482,339,478	615,327,797
On IBNR	31,783,250	39,767,265	31,783,250	39,767,265
Balance at the end of the year	527,479,181	666,997,544	514,122,730	655,095,061

Fair value of reinsurance receivables

The carrying values disclosed above approximate the fair value at the reporting date.

Impairment of reinsurance receivables

No impairment was observed in the case of reinsurance receivables.

Collateral details

The Company does not hold any collateral as security against potential default by reinsurance counter parties.

Note 10 - Premium receivables

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Premiums receivable - Non-Life Insurance	1,419,718,405	1,045,529,475	1,419,718,405	1,045,529,475
Premiums receivable - Life Insurance	18,906,297	20,281,912	-	-
Impairment allowance on premium receivables	(99,174,997)	(42,094,940)	(98,464,302)	(34,532,409)
	1,339,449,705	1,023,716,447	1,321,254,103	1,010,997,067
Movement in the allowance for doubtful debts ;				
Balance at beginning of the year	42,094,940	105,633,856	34,532,409	99,631,582
Impairment allowance recognized during the year	67,045,671	36,092,666	67,045,671	34,532,409
Amounts written off during the year as uncollectible	-	-	-	-
Amounts recovered during the year	(9,965,613)	(99,631,582)	(3,113,777)	(99,631,582)
Foreign exchange gain/ (loss)	-	-	-	-
Balance at end of the year	99,174,998	42,094,940	98,464,302	34,532,409

Fair value of premium receivable

The carrying amount disclosed above approximates the fair value at the reporting date.

Impairment of premium receivable

Impairment charges for the year are recognized in other operating and administrative expenses

Collateral details

The Company does not hold any collateral as security against potential default by policyholders or intermediaries.

Note 11 - Other assets

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Deposits, advances & prepayments	33,609,630	94,076,085	33,609,630	94,076,085
Withholding tax receivable - 11.1	21,873,845	21,860,715	735,309	722,179
Staff loans	20,053,101	23,705,058	10,403,665	9,922,248
Salvage inventory	30,041,000	14,845,000	30,041,000	14,845,000
Inventory - compliment items	6,101,019	2,106,658	20,740	276,865
Inventory - stationery items	9,521,503	15,187,710	9,521,503	11,311,263
Other receivables	7,114,543	6,449,080	5,293,506	2,521,347
(-) Impairment - other assets	-	-	-	-
Total	128,314,641	178,230,306	89,625,353	133,674,987

NOTES TO THE FINANCIAL STATEMENTS

Fair value

The fair value of staff loans are based on cash flow discounting rate. Discount rate is equal to AWPLR plus appropriate risk margin.

Note -11.1 Withholding tax receivable - Subsidiary

Taxes recoverable from the Commissioner General of Inland Revenue

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Withholding tax receivable	21,138,536	21,138,536	-	-
	21,138,536	21,138,536	-	-

Note 12 - Cash & cash equivalents

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash at banks	98,155,901	267,848,826	67,953,593	261,509,071
Cash in hand	7,660,112	9,054,510	3,964,943	6,324,175
Cash in transit	934,428	2,922,177	-	-
Cash & cash equivalents	106,750,441	279,825,513	71,918,536	267,833,246
Bank overdrafts	(18,982,804)	(21,873,500)	(18,982,804)	(21,873,500)
Cash & cash equivalents (net) in the statement of cashflows	87,767,637	257,952,013	52,935,732	245,959,745

Note 13 - Stated capital

		Group		Company	
	Note	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Ordinary shares	13.01	2,198,315,515	2,198,315,515	2,198,315,515	2,198,315,515
Number of shares	13.02	1,652,177,600	1,652,177,600	1,652,177,600	1,652,177,600

Note 13.01 - Voting ordinary shares

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance at the beginning of the year	2,198,315,515	1,515,756,670	2,198,315,515	1,515,756,670
Share issue	-	682,558,845	-	682,558,845
Balance at the end of the year	2,198,315,515	2,198,315,515	2,198,315,515	2,198,315,515

Note 13.02 - Reconciliation of number of shares - voting ordinary shares

	Group		Company	
	2022	2021	2022	2021
No. of shares at the beginning of the year	1,652,177,600	143,058,837	1,652,177,600	143,058,837
Shares issued during the year	-	5,483,923	-	5,483,923
Ordinary shares on share split	-	1,336,884,840	-	1,336,884,840
Shares issued in IPO	-	166,750,000	-	166,750,000
No. of shares at the end of the year	1,652,177,600	1,652,177,600	1,652,177,600	1,652,177,600

Note 13.03 - Ordinary shares & rights of shareholders

All issued shares are fully paid. There is only one class of ordinary shares. All shares issued carry equal voting rights. 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 the general meetings of the Company.

Note 13.04 - Share split

On 30th June 2021, the ordinary shares of the Company were subdivided by splitting each issued ordinary share into 10 ordinary shares. Consequently, the total number of existing issued ordinary shares were increased from 148,542,760 to 1,485,427,600 without change to the stated capital of the Company, which remains at Rs. 1,598,015,515/- as at 30th June 2021. The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Note 14 - Lease liability under SLFRS 16

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Lease creditors	462,460,819	446,959,015	377,192,259	361,850,546
Total	462,460,819	446,959,015	377,192,259	361,850,546

Note 14.01 - Maturity analysis for lease liability under SLFRS 16

The Group has entered into commercial lease agreements for certain properties. These leases have an average life time of between three and five years. Future minimum lease rentals payable under non cancellable operating leases as at 31st December 2022 are as follows.

Balance as at 31st December 2022	Within 1 year	1-3 years	Above 3 years	Total operating lease rentals payable
	Rs.	Rs.	Rs.	Rs.
Co-operative Insurance Company PLC	47,046,133	169,953,007	160,193,119	377,192,259
Coolife Insurance Ltd	341,781	23,301,408	61,625,371	85,268,560
	47,387,914	193,254,415	221,818,490	462,460,819

NOTES TO THE FINANCIAL STATEMENTS

Balance as at 31st December 2021	Within 1 year	1-3 years	Above 3 years	Total operating lease rentals payable
	Rs.	Rs.	Rs.	Rs.
Co-operative Insurance Company PLC	40,594,010	112,135,271	209,121,266	361,850,546
Cooplife Insurance Ltd	265,579	16,234,904	68,607,987	85,108,470
	40,859,589	128,370,175	277,729,253	446,959,016

Note 15 - Insurance liabilities

	Note	Group		Company	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
Life Insurance					
Long Term Insurance Fund	15.01	2,760,534,922	2,327,393,385	-	-
Unclaimed benefits		38,828,501	57,388,106	-	-
		2,799,363,423	2,384,781,491	-	-
Non Life Insurance					
Premium					
• Unearned premium	15.02	2,212,045,752	1,991,930,177	2,212,045,752	1,991,930,177
• Net deferred acquisition cost	15.03	(182,496,763)	(146,022,516)	(182,496,763)	(146,022,516)
Gross claims reserve	15.04				
• Claims outstanding		792,260,683	886,934,092	792,260,683	886,934,092
• Claims incurred but not reported (IBNR) - net		427,325,267	393,958,187	427,325,266	393,958,186
		3,249,134,939	3,126,799,940	3,249,134,938	3,126,799,940
Total		6,048,498,362	5,511,581,431	3,249,134,938	3,126,799,940

Note 15.01 - Long Term Insurance Fund

The movement in the Life Insurance Fund is as follows:

	2022			2021		
	Gross insurance contract liabilities	Reinsurance	Net insurance contract liabilities	Gross insurance contract liabilities	Reinsurance	Net insurance contract liabilities
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st January	2,415,729,723	(88,336,339)	2,327,393,385	2,196,704,654	(60,582,877)	2,136,121,777
Premium received/ reinsurance expenses	1,114,975,610	(46,736,221)	1,068,239,389	840,558,515	(46,093,644)	794,464,871
Liabilities released for payments on death, surrender and other terminations during the year	(386,321,946)	26,571,821	(359,750,124)	(260,064,652)	8,740,167	(251,324,485)
Net finance and other income	314,169,271	850,772	315,020,043	234,321,527	9,600,015	243,921,542
Expenses	(490,367,771)	-	(490,367,771)	(445,790,320)	-	(445,790,320)
Increase in Life Insurance Fund before surplus distribution	552,455,164	(19,313,627)	533,141,537	369,025,070	(27,753,462)	341,271,608
Surplus distributed to shareholders	(100,000,000)	-	(100,000,000)	(150,000,000)	-	(150,000,000)
Increase in Life Insurance Fund	452,455,164	(19,313,627)	433,141,537	219,025,070	(27,753,462)	191,271,608
Effect of tax on surplus / bonus transferred to policy holders						
		-	-			
Balances as at 31st December	2,868,184,887	(107,649,966)	2,760,534,922	2,415,729,724	(88,336,339)	2,327,393,385

As at 31st December 2022 the fund pertaining to long term insurance business has been valued by Mr.Saket Singhal Appointed Actuary of Actsure Lab (Pvt) Limited who estimated the value at Rs. 2,760 million (2021 - 2,327 million). In the opinion of the Actuary, this amount is adequate to cover the liabilities of the life insurance business.

In the opinion of the Appointed Actuary, the Company as at 31st December 2022 maintains a capital adequacy ratio (CAR) and the total available capital (TAC) as per the solvency margin (risk based capital) rules 2015 requirement, prescribed in section 26 (1) of the Regulation of Insurance Industry Act No. 43 of 2000.

NOTES TO THE FINANCIAL STATEMENTS

One-off surplus due to change in valuation method

With effect from 1st January 2016 the Insurance Regulatory Commission of Sri Lanka (IRCSL) implemented the risk based capital (RBC) framework for solvency purposes. As per the guidelines issued by IRCSL the surplus created due to change in the valuation method from net premium valuation (NPV) to gross premium valuation (GPV) requires to be maintained within the Long Term Insurance Fund. The details with regard to the surplus created on 1st January 2016, due to change in valuation method from NPV to GPV are as follows,

	Participating Rs.	Non participating Rs.	Total Rs.
Value of insurance contract liability as per NPV as at 31st December 2015	700,495,000	347,370,000	1,047,865,000
Value of insurance contract liability as per GPV as at 31st December 2015	664,836,000	333,258,000	998,094,000
Surplus created due to change in valuation method from NPV to GPV	35,659,000	14,112,000	49,771,000

The surplus created as at 1st January 2016, due to change in valuation method from NPV to GPV, was valued by Mr.M.Poopalanathan a professional value from Actuarial and Management Consultants (Private) Limited. Subsequently the IRCSL, through the Direction No.16 issued on 20th March 2018 on "Directions for identification and treatment of One-off Surplus" Life insurance Companies were allowed to transfer one-off surplus attributable to Non-participating Fund to Shareholders' Fund in the relevant period. However according to consultation and opinion of actuary, Mr. M Poopalanathan the surplus has to be maintained within the Long Term Insurance Fund without being transferred to shareholders.

Life insurance provision

Long duration contract liabilities included in the Life Insurance Fund, result primarily from traditional participating and non-participating life insurance products as short duration contract liabilities are primarily accident and health insurance products. The insurance provision has been established based on the following;

- Interest rates which vary by product and year of assurance.
- Mortality rates based on published mortality tables adjusted for actual experience by geographic area and modified to allow the variations in policy form.
- Surrender rates based on actual experience by geographic area and modified to allow for variations in policy form.

The amount of policyholder dividend to be paid is determined annually by the Company. The dividend includes life policyholders' share of net income that is required to be allocated by the insurance contract or by insurance regulations.

Liability Adequacy Test (LAT) - Life

LAT for life insurance contract liability has been done by Mr.Saket Singhal a professional actuary as at 31st December 2022 as required by SLFRS 4 - Insurance Contracts. When performing LAT, the actuary discounted all contractual cash flows and compared this amount with the carrying value of the liability. In his opinion, as at 31st December 2022 the assets are adequate when compared to the discounted cash flow reserves and in contrast to the reserves. Therefore as at 31st December 2022, no additional provision was required against LAT.

Note 15.02 - Unearned premium

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st January	1,991,930,177	1,945,225,701	1,991,930,177	1,945,225,701
Transferred to income statement during the year	220,115,575	46,704,476	220,115,575	46,704,476
Balance as at 31st December	2,212,045,752	1,991,930,177	2,212,045,752	1,991,930,177

Note 15.03 - Net deferred acquisition cost

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred acquisition cost				
Balance as at 1st January	215,974,728	217,590,620	215,974,728	217,590,620
Transfers during the year	24,422,088	(1,615,892)	24,422,088	(1,615,892)
Balance as at 31st December	240,396,816	215,974,728	240,396,818	215,974,728
Deferred reinsurance commission				
Balance as at 1st January	(69,952,211)	(72,891,402)	(69,952,211)	(72,891,402)
Transfers during the year	12,052,158	2,939,190	12,052,158	2,939,190
Balance as at 31st December	(57,900,053)	(69,952,212)	(57,900,055)	(69,952,211)
Net deferred acquisition cost	182,496,763	146,022,516	182,496,763	146,022,517

Note 15.04 - Gross claim reserve

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st January	886,934,092	835,959,027	886,934,092	835,959,027
Increase/ (decrease) in outstanding claims	(94,673,409)	50,975,065	(94,673,409)	50,975,065
Balance as at 31st December	792,260,683	886,934,092	792,260,683	886,934,092
IBNR/IBNER balance as at 1st January	393,958,186	320,293,662	393,958,186	320,293,662
Increase/ (decrease) in IBNR/IBNER	33,367,079	73,664,524	33,367,079	73,664,524
IBNR/IBNER balance as at 31st December	427,325,266	393,958,186	427,325,266	393,958,186
Total reserve for gross outstanding claims	1,219,585,949	1,280,892,278	1,219,585,949	1,280,892,279

Note 15.05 - Reconciliation between insurance provision and technical reserve

	2022 Rs.	2021 Rs.
Insurance provision - non life	3,249,134,938	3,126,799,940
Reinsurance on claims reserves	(482,339,478)	(615,327,797)
	3,731,474,416	3,742,127,737

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

The incurred but not reported (IBNR) and incurred but not enough reported (IBNER) claims reserve have been actuarially computed by Mr. Saket Singhal appointed actuary of Actsure Lab (Pvt) Limited. The valuation is based on internationally accepted actuarial methods and is performed on an annual basis.

The non life insurance technical reserve of Rs. 3,249,134,938 as at 31st December 2022 includes the provision of IBNR claims of Rs. 482,339,478 that has been certified by the independent appointed actuaries, Actsure Lab (Pvt) Limited.

NOTES TO THE FINANCIAL STATEMENTS

Liability Adequacy Test (LAT) - Non life

As per LAT test performed by Mr.Saket Singhal appointed actuary of Actsure Lab (Pvt) Limited, it was concluded that the liability value is sufficient to meet future benefits and expenses. Hence no provision has been made for premium deficiency.

Note 16 - Non-controlling interest

The table below shows details of non-wholly owned subsidiaries of the parent company that have material non-controlling interests:

Name of subsidiary	Country of incorporation & principal place of business	Proportion of ownership interests held by non-controlling interests as at 31st December		(Loss)/ profit allocated to non-controlling interests for the year ended 31st December		Accumulated non-controlling interests as at 31st December	
		2022	2021	2022	2021	2022	2021
Cooplife Insurance Ltd.	Sri Lanka	0.00%	0.00%	-	-	-	-
		0.00%	0.00%	-	-	-	-

Note 17 - Preference shares

The Company has issued preference shares to the following, during the year 2020 and the preference shares of 3,950,000, issued to Public Service Co-operative Thrift and Credit Society has been redeemed during the year 2022.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Public Service Co-operative Thrift and Credit Society	-	39,500,000	-	39,500,000
Health Department Co-operative Thrift and Credit Society	11,000,000	11,000,000	11,000,000	11,000,000
	11,000,000	50,500,000	11,000,000	50,500,000

Note 18 - Retirement benefit obligation

Amounts recognized in the statement of financial position are made up of as follows;

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st January	79,236,291	66,334,762	65,597,849	53,222,055
Past service cost	-	(3,373,133)	-	(3,243,181)
Interest cost	8,715,992	5,306,781	7,215,764	4,257,764
Current service cost	14,086,382	11,220,843	11,915,132	9,586,363
Actuarial (gain) / loss on obligation	16,594,844	3,801,227	13,609,141	4,263,463
Payments made during the year	(7,296,353)	(4,054,189)	(6,080,939)	(2,488,615)
Balance as at 31st December	111,337,156	79,236,291	92,256,948	65,597,849

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Expenses on retirement benefit obligation				
Recognized in profit or loss				
Interest cost	8,715,992	5,306,781	7,215,764	4,257,764
Current service cost	14,086,382	11,220,843	11,915,132	9,586,363
Past service cost	-	(3,373,133)	-	(3,243,181)
	22,802,374	13,154,491	19,130,896	10,600,946
Recognized in other comprehensive income				
Net actuarial (gain)/ loss on obligation	16,594,844	3,801,227	13,609,141	4,263,463
	16,594,844	3,801,227	13,609,141	4,263,463

As at 31st December 2022, the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by Mr. M.Poopalanathan of Actuarial and Management Consultants (Private) Limited (Consultant and Actuaries), as required by LKAS 19 - Employee Benefits.

The liability is not externally funded. The valuation is performed on an annual basis.

During 2022, the gratuity arrangement for employees were adjusted to reflect the new legal requirement namely minimum retirement age specified in Workers Act No.28 of 2021 regarding the retirement age.

Principal assumptions as at reporting date

As at 31st December	2022	2021
Discount rate	18%	11%
Future salary increase	15% annual	15% once in two years
Retirement age (years)	60	60

Assumptions regarding future mortality are based on published statistics and mortality tables.

Sensitivity of assumptions used in actuarial valuation

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 benefit liability measurement.

The sensitivity of the statement of profit or loss and other comprehensive income statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity, based on the assumptions indicated.

NOTES TO THE FINANCIAL STATEMENTS

Group

2022	Effect on charge to the statement of profit or loss & other comprehensive income		Effect on employee benefit obligation	
	Increase Rs.	Decrease Rs.	Increase Rs.	Decrease Rs.
Discount rate (change by 1%)	2,878,971	(3,142,816)	2,878,971	(3,142,816)
Salary increment rate (change by 1%)	(3,341,910)	3,106,126	(3,341,910)	3,106,126

2021	Effect on charge to the statement of profit or loss & other comprehensive income		Effect on employee benefit obligation	
	Increase Rs.	Decrease Rs.	Increase Rs.	Decrease Rs.
Discount rate (change by 1%)	3,006,928	(3,914,368)	3,006,928	(3,914,368)
Salary increment rate (change by 1%)	(1,754,411)	1,966,514	(1,754,411)	1,966,514

Company

2022	Effect on charge to the statement of profit or loss & other comprehensive income		Effect on employee benefit obligation	
	Increase Rs.	Decrease Rs.	Increase Rs.	Decrease Rs.
Discount rate (change by 1%)	3,546,853	(3,862,008)	(3,546,853)	3,862,008
Salary increment rate (change by 1%)	(4,126,513)	3,845,527	4,126,513	(3,845,527)

2021	Effect on charge to the statement of profit or loss & other comprehensive income		Effect on employee benefit obligation	
	Increase Rs.	Decrease Rs.	Increase Rs.	Decrease Rs.
Discount rate (change by 1%)	3,494,798	(3,914,368)	(3,494,798)	3,914,368
Salary increment rate (change by 1%)	(2,052,615)	1,966,514	2,052,615	(1,966,514)

Note 19 - Reinsurance creditors

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Foreign	531,740,057	640,430,787	513,045,287	622,122,585
Total	531,740,057	640,430,787	513,045,287	622,122,585

Note 20 - Other liabilities

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Commission payable	113,253,610	65,710,434	96,906,988	63,749,085
Government levies & taxes	226,000,169	107,117,712	226,000,208	107,090,985
Dividend - ordinary	456,082	255,683	456,082	255,683
Accrued expenses	59,657,674	93,299,069	22,296,309	71,210,220
Deposits & other funds	763,474,447	707,376,290	702,045,790	637,998,726
Total	1,162,841,981	973,759,188	1,047,705,377	880,304,699

Note 20.01 - Government levies and taxes

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Income tax payable	114,763,251	67,121,015	114,763,290	67,094,288
Value Added Tax payable	91,839,213	39,232,038	91,839,213	39,232,038
PAYE tax payable	120,791	42,159	120,791	42,159
Diesel tax payable	296,500	722,500	296,500	722,500
SSCL Payable	18,980,413	-	18,980,413	-
	226,000,168	107,117,713	226,000,208	107,090,985

Note 21 - Deferred tax liability

The amount shown in the statement of financial position represents the following:

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred tax comprises of				
Deferred tax assets - Subsidiary	8,678,227	87,275,607	-	-
Deferred tax liabilities - Parent	(78,137,283)	(54,108,229)	(78,137,283)	(54,108,229)
	(69,459,055)	33,167,378	(78,137,283)	(54,108,229)
Deferred tax liabilities	(316,409,620)	(185,876,804)	(256,278,449)	(173,448,376)
Deferred tax assets	328,787,143	219,044,181	178,141,167	119,340,148
	12,377,524	33,167,378	(78,137,283)	(54,108,229)

NOTES TO THE FINANCIAL STATEMENTS

Unrecognized deferred tax assets - Subsidiary

A deferred tax asset is recognized only to the extent that it is probable that the taxable profit will be available in the foreseeable future.

The breakdown of un-accounted deferred tax assets is given below;

	2022 Rs.	2021 Rs.
On tax losses	16,728,035	29,989,758
	16,728,035	29,989,758

The Company recognised a deferred tax asset consequent to the changes in the Inland Revenue No. 24 of 2017 described in Note 3.19.2. As per the Inland Revenue act No. 24 of 2017 which is effective from 1 April 2018, 100% of taxable income is allowed to be deducted against the tax losses incurred. According to the transitional provisions of the new Act, the brought forward tax loss can be claimed against taxable income for a period of 6 years commencing from the year of assessment 2018/19. The Company assessed future taxable profit recognizing the deferred tax assets based on the brought forward tax loss, to the extent it is probable that future taxable profits will be available.

The movement in the deferred tax account is as follows:

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Balance as at 1st January	46,194,562	40,218,456	(54,108,230)	(48,624,015)
Recognized in profit or loss	11,185,910	(26,098,860)	42,080,545	(11,504,819)
Recognized in other comprehensive income	(113,812,343)	32,074,965	(66,109,599)	6,020,605
Balance as at 31st December	(56,431,871)	46,194,562	(78,137,284)	(54,108,230)

Deferred tax assets and liabilities -Group

	Assets		Liabilities		Net	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Property, plant & equipment	181,967,077	86,844,131	(310,586,845)	(182,761,750)	(128,619,768)	(95,917,619)
Intangible assets	-	-	(5,822,775)	(3,115,054)	(5,822,775)	(3,115,054)
Available for sale financial assets	7,767,113	8,464,756	-	-	7,767,113	8,464,756
Employee benefits	40,704,263	15,743,482	-	-	40,704,263	15,743,482
Carry forward tax losses	68,809,399	99,704,034	-	-	68,809,399	99,704,034
Provisions	29,539,291	8,287,778	-	-	29,539,291	8,287,778
Net tax assets / (liabilities)	328,787,143	219,044,181	(316,409,620)	(185,876,804)	12,377,523	33,167,377

Movement in deferred tax balances during the year - Group

	Balance as at 1st January 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31st December 2021	Balance as at 1st January 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31st December 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property plant & equipment	(127,829,071)	12,701,839	19,209,614	(95,917,618)	(95,917,618)	14,662,664	(116,174,211)	(197,429,164)
Intangible assets	(1,563,696)	(1,551,358)	-	(3,115,054)	(3,115,054)	(2,707,721)	-	(5,822,775)
Available for sale financial assets	12,514,130	-	(4,049,373)	8,464,757	8,464,757	-	(697,644)	7,767,113
Employee benefits	14,902,175	(3,046,236)	16,914,724	28,770,663	28,770,663	8,874,089	3,059,511	40,704,263
Carry forward tax loss	114,298,075	(14,594,041)	-	99,704,034	99,704,034	(30,894,635)	-	68,809,399
Provisions	27,896,843	(19,609,065)	-	8,287,778	8,287,778	21,251,513	-	29,539,291
	40,218,456	(26,098,860)	32,074,965	46,194,560	46,194,560	11,185,910	(113,812,343)	(56,431,873)

Deferred tax asset and liability - Company

	Assets		Liabilities		Net	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Property plant & equipment	113,157,678	86,844,131	(250,455,674)	(170,333,323)	(137,297,996)	(102,373,465)
Intangible assets	-	-	(5,822,776)	(3,115,054)	(5,822,776)	(1,563,696)
Available for sale financial assets	7,767,114	8,464,756	-	-	7,767,114	12,514,132
Employee benefits	27,677,084	15,743,482	-	-	27,677,084	14,902,174
Provisions	29,539,291	8,287,778	-	-	29,539,291	27,896,843
Net tax assets / (liabilities)	178,141,167	119,340,148	(256,278,449)	(173,448,376)	(78,137,284)	(48,624,013)

Movement in deferred tax balances during the year - Company

	Balance as at 1st January 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31st December 2021	Balance as at 1st January 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at 31st December 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant & equipment with right of use assets	(102,373,465)	12,701,839	6,182,434	(83,489,192)	(83,489,192)	14,662,664	(68,471,467)	(137,297,995)
Intangible assets	(1,563,696)	(1,551,358)	-	(3,115,054)	(3,115,054)	(2,707,721)	-	(5,822,775)
Available for sale financial assets	12,514,130	-	(4,049,373)	8,464,756	8,464,756	-	(697,644)	7,767,113
Employee benefits	14,902,174	(3,046,236)	3,887,544	15,743,482	15,743,482	8,874,089	3,059,511	27,677,082
Provisions	27,896,843	(19,609,065)	-	8,287,778	8,287,778	21,251,513	-	29,539,291
	(48,624,015)	(11,504,819)	6,020,605	(54,108,230)	(54,108,230)	42,080,545	(66,109,599)	(78,137,284)

The Company has applied 30% tax rate for deferred tax computation for year 2022. (2021-24%)

NOTES TO THE FINANCIAL STATEMENTS

Note 22 - Gross written premium

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Life insurance	1,111,315,010	836,876,589	-	-
Non-life insurance				
Motor	4,250,030,819	3,739,015,337	4,250,078,696	3,739,026,807
Fire and Engineering	265,194,289	177,112,766	265,194,289	177,674,847
Marine	54,925,861	49,864,395	54,925,861	49,864,395
Miscellaneous	516,745,655	552,793,320	516,745,655	552,793,320
Total	6,198,211,634	5,355,662,407	5,086,944,501	4,519,359,369

Note 23 - Premium ceded to reinsurers

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Life	46,736,221	46,093,644	-	-
Non-life insurance				
Motor	211,040,276	310,795,075	211,040,276	310,795,075
Fire and Engineering	120,393,129	86,621,052	120,393,129	86,621,052
Marine	34,151,962	32,324,471	34,151,962	32,324,471
Miscellaneous	129,568,889	138,012,565	129,568,889	138,012,565
Riots & strikes				
Motor	100,508,541	80,443,757	100,508,541	80,443,757
Fire and Engineering	92,678,078	48,405,841	92,678,078	48,405,841
Marine	4,137,662	2,998,822	4,137,662	2,998,822
Miscellaneous	13,112,463	12,919,508	13,112,463	12,919,508
Total	752,327,221	758,614,735	705,591,000	712,521,091

Note 24 - Net change in reserves for unearned premium

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Unearned premium				
Motor	249,554,233	(32,957,242)	249,554,233	(32,957,242)
Fire and Engineering	2,144,135	7,257,303	2,144,135	7,257,303
Marine	2,176,896	2,578,992	2,176,896	2,578,992
Miscellaneous	(33,759,690)	69,825,423	(33,759,690)	69,825,423
Total	220,115,574	46,704,475	220,115,574	46,704,475

Note 25 - Investment income

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Available-for-sale				
Treasury bonds	-	28,947,662	-	-
Debentures	-	129,858,499	-	-
Held to maturity				
Treasury bonds	233,449,273	93,881,085	116,194,401	51,919,678
Debentures	393,023,070	267,274,662	248,018,088	267,274,662
Asset backed securities	4,995,568	1,121,245	-	-
Loans & receivables				
Fixed deposits	380,723,813	192,277,323	292,824,974	114,658,540
Repo	38,943,900	8,040,801	35,749,201	6,837,217
Overnight deposits	14,139,883	2,822,099	14,139,883	2,822,099
Commercial paper	71,857,202	25,145,435	48,576,045	18,660,229
Money market	14,143,004	7,791,899	-	-
Treasury bills	15,960,541	195,616	-	-
Asset backed securities	9,983,169	1,788,200	9,983,169	1,788,200
Fair value through profit or loss				
Quoted shares - dividend	69,685	55,607	-	-
Interest income on				
Savings deposits	5,209,747	547,598	5,209,747	547,598
Policy loans	3,445,093	3,768,049	-	-
Staff loans	554,914	598,785	237,005	244,065
Total finance income	1,186,498,862	764,114,565	770,932,512	464,752,288
Dividend from subsidiary - ordinary shares	-	-	-	22,763,000
Dividend from subsidiary - preference shares	-	-	-	2,241,667
Net finance income	1,186,498,862	764,114,565	770,932,512	489,756,955

Note 26 - Policy administration fees

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Motor	222,612,311	245,548,585	222,612,311	245,548,585
Fire	953,783	632,752	953,783	632,752
Marine	1,354,008	957,226	1,354,008	957,226
Miscellaneous	7,451,874	8,835,075	7,451,874	8,835,075
Total	232,371,976	255,973,638	232,371,975	255,973,639

NOTES TO THE FINANCIAL STATEMENTS

Note 27 - Other income

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Gain / (loss) on foreign currency transactions		5,045,929	110,104	5,045,929	110,104
Gain / (loss) on sale of property, plant & equipment		(124,183)	(1,077,046)	(124,183)	(1,277,764)
Miscellaneous income	27.01	12,242,189	11,038,300	9,822,354	8,690,939
Total		17,163,935	10,071,358	14,744,100	7,523,279

Note 27.01 - Miscellaneous income

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Fees And Commission Income	3,371,331	2,404,669	2,150,931	1,655,663
Policy Renewal Charges	2,591,454	1,145,254	2,591,454	1,145,254
Service Charges	-	508,494	-	508,494
Gain on lease modification	-	182,235	-	-
Sundry income	5,147,116	3,762,725	3,947,681	2,346,605
Policy fee charges	676,504	671,688	676,503	671,687
Non refundable tender fees	455,785	2,363,237	455,785	2,363,237
	12,242,190	11,038,302	9,822,354	8,690,939

Note 28 - Gross benefits and claims incurred

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Life insurance contracts				
Death, disability and hospitalization	65,242,621	56,897,950	-	-
Survival benefits	9,087,365	13,498,749	-	-
Policy surrenders	20,968,854	34,697,628	-	-
Pension benefits	2,622,547	3,762,682	-	-
Policy maturity	288,400,560	151,207,643	-	-
	386,321,948	260,064,652	-	-
Non-life insurance contracts				
Motor	2,600,489,259	2,150,534,055	2,600,489,259	2,150,534,055
Fire	21,496,236	108,515,084	21,496,236	108,515,084
Marine	13,242,268	25,954,946	13,242,268	25,954,946
Miscellaneous	291,766,326	275,919,794	291,766,326	275,919,794
	2,926,994,089	2,560,923,879	2,926,994,089	2,560,923,879
Less: salvage income	(44,573,838)	(126,975,960)	(44,573,838)	(126,975,960)
Movement in salvage stock	(15,196,000)	8,276,773	(15,196,000)	8,276,773
	2,867,224,251	2,442,224,692	2,867,224,251	2,442,224,692
Total	3,253,546,199	2,702,289,345	2,867,224,251	2,442,224,692

Note 29 - Underwriting & policy acquisition cost

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Net underwriting & policy acquisition cost	624,837,175	560,335,663	471,540,370	413,881,185
Increase / (decrease) in deferred acquisition cost	(36,474,247)	(1,323,298)	(36,474,247)	(1,323,298)
Reinsurance commission	(111,894,347)	(128,340,609)	(111,043,575)	(118,740,594)
Total	476,468,581	430,671,756	324,022,548	293,817,293

Note 30 - other operating & administrative expenses

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Staff expenses	30.01	823,361,005	714,860,582	672,378,471	586,998,368
Administrative & establishment expenses		428,947,416	261,887,083	358,131,178	206,477,763
Selling expenses		422,947,644	331,811,849	372,065,800	290,671,906
Depreciation		300,811,230	274,839,222	248,789,379	217,994,763
Amortization of intangible assets		1,095,624	1,989,057	292,936	114,100
Reversal of impairment on motor vehicle		-	(12,196)	-	-
Total		1,977,162,919	1,585,375,597	1,651,657,763	1,302,256,900

Note 30.01 - Staff expenses

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Salaries & wages	617,116,405	533,677,848	495,003,015	432,821,733
Contributions to defined contribution plan	83,807,893	73,834,439	69,038,265	60,638,905
Contributions to defined benefit plan	22,802,375	13,154,491	19,130,896	10,600,946
Contribution for staff group term assurance	405,750	388,800	3,660,600	3,681,926
Staff welfare	15,724,840	12,331,643	14,188,286	10,547,911
Staff bonus	73,286,077	66,596,817	63,774,302	57,271,193
Staff training & development	3,440,583	1,626,724	2,654,483	869,444
Other staff expenses	6,777,082	13,249,820	4,728,624	10,566,310
	823,361,005	714,860,582	672,378,471	586,998,368

Note 31 - Finance cost

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Preference Dividends	954,493	4,545,000	954,493	4,545,000
Finance cost - right to use assets	51,710,826	59,671,265	40,571,348	48,211,959
Total finance cost	52,665,319	64,216,265	41,525,841	52,756,959

NOTES TO THE FINANCIAL STATEMENTS

Note 32 - Profit before income tax

The profit from operations for the year is stated after charging the following expenses.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Directors remuneration	34,084,883	27,281,851	18,706,079	18,853,472
Auditor's remuneration	2,277,712	2,310,000	1,778,587	1,791,250
Impairment loss on premium receivable	65,148,676	36,092,666	63,931,894	34,532,409
Depreciation	210,336,988	358,337,825	177,521,299	159,655,823
Amortization of intangible assets	1,095,625	2,103,157	292,936	114,100

Note 33 - Income tax expenses

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current tax expense				
Current year	148,483,494	97,070,001	148,483,494	97,043,236
(Over) / under provision for the last year	(851,419)	-	(824,654)	-
Withholding tax on inter company dividend	-	-	-	-
Capital gains tax	-	-	-	-
	147,632,075	97,070,001	147,658,840	97,043,236
Deferred tax expense				
(Origination) / reversal of deferred tax asset	(11,185,910)	26,098,860	(42,080,545)	11,504,820
Origination / (reversal) of deferred tax liability	-	-	-	-
	(11,185,910)	26,098,860	(42,080,545)	11,504,820
Income tax expense	136,446,165	123,168,861	105,578,295	108,548,055

Note 33.01 - Reconciliation of accounting profit & taxable income

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit for the year	626,420,845	832,629,642	457,769,566	630,794,171
Current tax expense	147,632,075	97,070,001	147,658,840	97,043,236
(Origination) / reversal of deferred tax asset	(11,185,910)	26,098,860	(42,080,545)	11,504,819
Origination / (reversal) of deferred tax liability	-	-	-	-
Profit before tax- before consolidation adjustments	763,067,010	955,798,503	563,347,861	739,342,226
Consolidation adjustments	-	(22,763,004)	-	-
Profit before tax	763,067,010	933,035,499	563,347,861	739,342,226
Less: Income excluded/exempt				
Tax deductible expenses	(157,230,419)	(242,760,792)	(157,230,419)	(242,760,792)
Other sources & exempt amounts	(770,935,230)	(488,700,817)	(770,808,330)	(488,589,296)

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Add: Disallowable expenses	386,080,304	326,005,732	383,789,903	321,876,380
Assessable charge on disposal of depreciable assets	(27,984)	(783,228)	(27,984)	(513,228)
Bonus declared to policy holders	53,649,419	14,790,215	-	-
Taxable profit from business	274,537,768	564,349,614	19,071,030	329,355,291
Deductions under section 19 of the IR Act No. 24 of 2017	(255,466,737)	(235,484,640)	-	-
Add: Income from other sources	771,059,413	489,868,476	770,932,513	489,756,955
Less: Tax loss claimed during the year	(126,900)	-	-	-
Qualifying payments	-	-	-	-
Total taxable income	790,003,544	818,733,449	790,003,543	819,112,246
Tax on taxable income @14%	77,452,873	3,500,653	77,452,873	3,500,653
@ 24%	-	190,612,584	-	190,585,819
@30%	71,030,621	-	71,030,621	-
Gross income tax liability	148,483,494	194,113,237	148,483,494	194,086,472
Tax credits	-	-	-	-
50% rebate given	-	(97,043,236)	-	(97,043,236)
Income Tax paid on self assessment basis	(59,392,670)	(46,399,635)	(59,392,670)	(46,399,635)
Total current tax	89,090,824	50,670,366	89,090,824	50,643,601

As per schedule 1 of Inland Revenue Act (Amendment) of No.10 of 2021, 50% rebate has been granted due to listing the Company in Colombo Stock Exchange after 1st January 2021 but prior to 31st December 2021.

With effect from 1st October 2022, Consessory rates applied on gains and profits of company which listed its shares in the Colombo Stock Exchange during from 1st January 2021, to 31st December 2021, has removed. Therefore profit earned after 1st October 2022 taxed at 30%.

Note 34 - Basic earnings per share

The basic earnings per share is based on net profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding for the year, calculated as follows;

		Group		Company	
		2022	2021	2022	2021
	Note	Rs.	Rs.	Rs.	Rs.
Profit attributable to ordinary shareholders		626,420,843	809,866,640	457,769,566	630,794,171
Weighted average number of ordinary shares in issue applicable to basic earnings per share	34.01	1,652,177,600	1,486,354,452	1,652,177,600	1,486,354,452
Earnings per share		0.38	0.54	0.28	0.42
Net assets per share		3.52	3.17	3.04	2.80

NOTES TO THE FINANCIAL STATEMENTS

Note 34.01 - Weighted average number of ordinary shares

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
No of shares at the beginning of the period	1,652,177,600	143,058,837	1,652,177,600	143,058,837
Add: weighted average number of shares issued due to share split and issued during the year	-	1,342,368,763	-	1,342,368,763
Add: weighted average number of shares issued in IPO	-	926,852	-	926,852
No. of shares held as at 31st December	1,652,177,600	1,486,354,452	1,652,177,600	1,486,354,452

Note 35 - Related party transactions

Note 35.01 - Transactions with key management personnel (KMP)

The Board of Directors of the Company have the authority and responsibility of planning, directing and controlling the activities of the Company. Accordingly, they have been identified as the KMP of the Company.

The emoluments paid to KMP of the Company are disclosed as follows;

	2022 Rs.	2021 Rs.
Board Expenses	5,487,307	7,609,340
Board Remuneration	13,218,772	11,244,132
Board Remuneration of Cooplife Insurance Limited	15,378,804	8,428,379
	34,084,883	27,281,851

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

Loans given to directors

The Company has not given any loans for the directors of the Company during the year ended 31st December 2022.

Loans obtained from directors

The Company has not obtained any loans from the directors of the Company during the year ended 31st December 2022.

Note 35.02 - Directors & their directorships in other entities are listed below as the societies represented by the directors on the board are considered as related parties.

Director	Company	Relationship
Mr. K.S.S. Weerasekara	Weligama MPCS Ltd	Chairman
	Matara District Tea Producers Co-operative Society Ltd	Chairman
	Sri Lanka Tea producers Co-operative Society Ltd	Chairman
	Matara Dist. Co-operative Rural Bank Union	Vice Chairman
	National Cooperative Council of Sri Lanka	Vice Chairman
	Matara District Co-operative Council	Director

Director	Company	Relationship
Mr. D.L. Samarawikrama	Colombo South Co-operative Society Ltd	Chairman
	Co-op Life Insurance Company Ltd	Director
	Colombo District rural bank Federation	Director
Mr. M.G.U.P. Kumara	N/A	
Mr. A.B. Senadira	New Thalawakale MPCs Ltd	Chairman
	Sri Lanka Consumer Cooperative Federation	Director
	Cooperative District Council Nuwaraeliya	Director
	Central Province Rural Bank Union Ltd	Director
	Sawadi Sawindi Transport Agent Pvt Ltd	Director
Mr. D. Thilakawardana	Post & Telecom Employees Co-operative Bank Society Limited	Director
Mr. P.B. Jayarathna	New Nochiyagama MPCs	Chairman
	Anuradhapura District Cooperative council	Vice chairman
	North Central Province Consumer Cooperative Association Limited	Director
Mr. M. Widanagamage	Beliatta Multi Purpose Co-operative Society Ltd	Chairman
	Hambanthota District Co-operative Rural Bank Union Ltd	Vice chairman
	Hambanthota District Co-operative Council	Vice chairman
Mr. A.A.J. Amarasinghe	Wennappuwa Multi Purpose Co-operative Society Ltd	Vice chairman
	Kammal Pattu Coconut Producers Co-operative Society Ltd	Director
Mr.T.B.H. Kumara	Kolonnawa Multi Purpose Co-operative Society Ltd.	Chairman
	Colombo District cooperative rural bank union ltd	Director
	Sri Lanka Co-operative Marketing Federation Ltd	Director

NOTES TO THE FINANCIAL STATEMENTS

Note 35.03 - Transactions & balances with related parties

The Multi-Purpose Co-operative Societies represented on the board are considered as related parties due to the joint shareholdings and representation on the board. Related party balances and transactions are listed below;

Entity	Nature of transaction	Transactions with Parent Company		Transactions with Group Companies	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cooplife Insurance Ltd	Receiver for shared service expenses	(23,300,087)	(22,395,691)	-	-
	Insurance premium	47,877	(13,295)	-	-
	Life GTA	(8,781,754)	3,681,926	-	-
	Vehicle rent	2,100,000	975,000	-	-
	Building rent	6,074,950	3,402,384	-	-
	Dividends	-	22,763,002	-	-
	Dividend on redeemable preference shares	-	2,241,667	-	-
Coopinsu Training Academy (Pvt) Ltd	Expenses incurred	1,370,999	1,799,660	-	-
Multi Purpose Co-operative Society Wennappuwa	Office Rent	424,000	1,141,998	371,250	42,110
	Commission	464,206	615,947	34,155	-
	Claims and benefits paid- Non Life	-	435,835	-	-
	Other	-	91,553	-	-
	Dividend	27,449,215	26,509,280	-	-
	Vehicle Rent	-	457,020	-	270,000
	Purchase of Ordinary Shares	-	13,568,400	-	-
	Claims and benefits paid- Life	-	-	36,600,000	3,300,000
	Vehicle Fuel	-	-	1,608,194	-
Sri Lanka Co-operative Marketing Federation	Fuel	941,084	-	-	50,535
	Commission	52,009	-	-	-
Sri Lanka Co-operative Rural Bank Federation	Refunds & Other	-	-	-	-
	Claims	-	763,225	-	-
	Vehicle Rental/ Card Machine Rent	-	-	-	1,159,950
	Commission	-	265,230	-	-
	Dividend	-	3,412,296	-	-

Entity	Nature of transaction	Transactions with Parent Company		Transactions with Group Companies	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Health Department Co-operative Thrift & Credit Society Ltd	Claims and benefits paid	-	-	-	3,210,000
	Printing	-	-	-	869,593
	Dividend paid	-	-	-	550,000
	Purchase of preference shares	-	9,124,500	-	-
Multi Purpose Co-operative Society Beralapanatara	Commission Incentive	-	196,550	-	-
	Sponsorship	-	50,000	-	-
	Rent	-	261,841	-	-
	Dividend	-	4,124,774	-	-
	Claim	-	30,750	-	-
Multi Purpose Co-operative Society Weligama	Sponsorship	-	215,000	-	-
	Dividend	185,451	48,718	-	-
	Name Board Charges	440,000	-	-	-
	Claim	991,030	-	-	-
	Other	5,653	-	-	-
	Fuel	47,680	-	-	-
Multi Purpose Co-operative Society Beliatta	Dividend	8,833,216	-	-	-
	Commissions	173,968	-	-	896,727
Colombo South Coop Society Ltd	Claim	191,931	-	-	-
	Fuel	1,011,197	-	-	-
	Name board charges	500,000	-	-	-
	Purchase of goods for staff welfare	1,989,820	1,384,892	461,184	-
	Dividends	5,149	4,970	-	-
Public Service Cooperative Society	Commission	201,713	233,370	-	-
	Dividend	12,297,249	11,876,155	-	-
	Claim	986,035	1,184,204	-	-
	Redemption of preference shares	44,009,493	-	-	-
New Thalawakale MPCs Ltd	Claim	34,500	15,000	-	-
	Tea Items	1,867	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Entity	Nature of transaction	Transactions with Parent Company		Transactions with Group Companies	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Pela Holidays (Pvt) Ltd	Claim	-	261,000	-	-
	Office rent	588,000	2,896,500	-	-
Matara Dist. Co-operative Rural Bank Union	Dividend	6,845,842	6,611,415	-	-
Matara Dist.Co-operative Council	Dividend	45,459	43,905	-	-
Matara Dist. Tea Producers Co-operative Society Union	Dividend	10,320,504	9,967,108	-	-
	Claim	50,275	-	-	-
	Other	22,000	-	-	-
Colombo District Coop Rural Bank Union Ltd	Claim	74,250	-	-	-
	Dividend	3,754,157	1,539,962	-	-
	Commission	20,107	-	-	-
Sri Lanka Consumer Cooperative Federation	Dividend	377,391	656,039	-	-
Post & Telecom Employees Co-operative Bank Society Limited	Commission	13,909	6,561	-	-
	Dividend	21,148,673	-	-	-
	Other	60,000	-	-	-
	Claim	-	102,130	-	-
National Co-operative Council of Sri Lanka	Office rent	-	-	-	7,523,942
	Water	-	-	-	110,615
	Electricity	287,160	-	-	-
	Sales Promotion	25,000	-	-	-
	Dividend	43,382	-	-	-
	Maintenance charges for elevator	-	-	-	170,000
	Claim	133,253	-	-	-
	Other	-	-	-	25,000
Homagama MPCs Ltd	Commissions	-	-	-	1,355
Anuradhapura District Cooperative council	Sales Promotion	97,000	-	-	-
	Dividend	-	578,381	-	-
Kolonnawa Multi Purpose Co-operative Society Ltd.	Commission	91,219	-	-	-
	Dividend	2,561,359	-	-	-
Central Province Rural Bank	Dividend	-	3,159,570	-	-
Wayamba Co-operative Rural Bank Union Ltd	Claim	-	62,720	-	-
	Dividend	-	13,738,854	-	-
	Commission	-	350,156	-	-
	Refundable Tender Fees	-	50,000	-	-

Entity	Nature of transaction	Transactions with Parent Company		Transactions with Group Companies	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Nochchiyagama MPCs Ltd	Dividend	102,473	98,970	-	-
Airport And Aviation Sri Lanka Limited	Claim	-	1,552,329	-	-

Entity	Nature of transaction	Balance with CICPLC		Balances with Group Companies	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cooplife Insurance Ltd	Equity investment	544,260,040	544,260,040	-	-
	Receiver for shared service expenses	1,047,461	6,574,067	-	-
Coopinsu Training Academy (Pvt) Ltd	Equity investment	10	10	-	-
	Payment of reimbursements	5,432,152	4,061,152	-	-

Note 35.04 - Recurrent and Non Recurrent Related Party Transactions

There were no recurrent related party transactions which exceeds 10% of the gross revenue or non-recurrent related party transactions which exceeds 10% of the equity or 5% of the total assets which requires additional disclosures under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under the Securities and Exchange Commission Act.

Note 36 – Contingencies

There were no significant contingent liabilities for which no provision has been made in the accounts or approved by the Board, but not contracted as at the reporting date that would require adjustments to or disclosure in the financial statements, other than what has been described below.

NOTES TO THE FINANCIAL STATEMENTS

Note 36.01 - Company

(A) Value Added Tax assessments issued by the Commissioner General of Inland Revenue

The Co-operative Insurance Company PLC (Company) received notices of assessment on Value Added Tax (VAT) on Financial Services (FS) and NBT on Financial Services informing that the Company is liable for VAT and NBT on financial services for the taxable periods from 01.01.2017 to 31.12.2017. The Company has appealed against the assessments, as the Company based on that, the Company is in the business of insurance and is not liable for VAT and NBT on financial services. Other insurers have also received similar assessments and they have also appealed against the assessments. Consequently, no provision has been made in the financial statements for the taxes in dispute and the penalties, which cumulates to Rs. 12.26 million. Further to the above assessments company received a notice of assessment on Value Added Tax (VAT) on Financial Services (FS) for the period 01.01.2018 to 31.12.2018 on 11th January 2022. which was amounting of Rs.13.5 million including penalty.

(B) Income Tax assessments issued by the Commissioner General of Inland Revenue

The Company has received assessments for income tax for life insurance, taxation and claim of expenses on account of accrued insurance claims payable, for the year of assessment 2014/2015. In the view of the Company and its tax consultant, these assessments have been issued by the Inland Revenue Department contrary to the Section 92 of Inland Revenue Act, No. 10 of 2006. It is the view of the tax consultant that these assessments will not materialise and as such no additional provision thereof has been made in the financial statements.

The Company has duly appealed against these assessments in consultation with tax consultants and the status of each assessment is provided in the table below.

Year of assessment	Tax type	Status of assessment	Nature of contingent impact to the Company	Measurement of contingent impact to the Company
2014/2015	Income tax	Appealed to the Tax Appeals Commission	Additional tax liability	89 Million
2017/2018	Income tax	Appealed to Department of Inland Revenue	No impact due to availability of Withholding tax credits	10.3 Million

(C) Litigations related to Co-operative Insurance Company PLC

- (i) Legal case has been filed by the Mr. K S S Weerasekara, (Chairman, during the financial year) under section 224 and 225 of the Companies Act No.7 of 2007 (read together with the section 521 of the same), for the purpose of obtaining interim order against the decisions taken by the majority directors of the Company at the board meeting held on 31st August 2022.
- (ii) Some shareholders of Co-operative Insurance Company PLC have filed a case against Co-operative Insurance Company PLC and some of its directors making them respondents of the case, in order to get an interim order to stop the EGM held on 10.11.2022 for Cooplife Insurance Ltd.
- (iii) Legal case has been filed by Co-operative Insurance Company PLC in Commercial High Court against Cooplife Insurance Limited and obtained interim order to suspend four Directors of the Cooplife Insurance Ltd as per the decision taken at purported EGM held on 10th November 2022 by the former Chairman Mr.Weerasekara as the major shareholder of Cooplife Insurance Ltd.
- (iv) Some shareholders of Co-operative Insurance Company PLC have filed a case for the purpose of obtaining an interim order suspending the directorships of majority directors who have not supported to former Chairman Mr. Weerasekara and to take authority to few other directors to take actions to remove suspensions imposed by IRCSL and CSE.
- (v) Few applications in relation to seeking writs from the Court of Appeal to validate certain purported appointments to be board of directors of Co-operative Insurance Company PLC and Cooplife Insurance Company Limited were filled. At the first instance, the Court decided to take up the matters together
- (vi) An application was preferred by some shareholders of Co-operative Insurance Company PLC seeking, inter alia, a writ on the Regulator IRCSL to lift the suspension of the license to carry out insurance business. This application was never supported.

(vii) An application was also preferred by certain other shareholders of Co-operative Insurance Company PLC, inter alia to obtain writs from the Court to compel the Regulator IRCSL to take control and run the affairs of Co operative Insurance Company PLC to prevent the Company from falling into further disarray.

Note 36.02 - Subsidiary (Cooplife Insurance Limited)

(A) Income tax assessments issued by the Commissioner General of Inland Revenue

1. The Commissioner General of Inland Revenue has issued determination on the appeal filed by the Company for the years of assessment 2015/16 and 2016/17 amounting to Rs.17.4 million together with Rs. 8.7 million penalty and Rs.15.4 million together with Rs. 7.6 million penalty respectively, The Company lodged appeals against the said assessments with the Tax Appeals Commission (TAC). The bank guarantees valued to Rs. 6.5 million and Rs. 5.7 million in favor of TAC has been provided with the appeal, taken from Peoples' Bank and NDB Bank against Rs. 7 million and 6.5 million fixed deposits. The Company now is going ahead with the appeal hearing with the Tax Appeals Commission.

The Board of Directors and the Tax Consultant of the Company are of the view that the Company has followed the due process and has acted in accordance with the prevailing laws in its tax submissions. Therefore, the probability of the Company having to settle any of these tax assessments is remote.

(B) Litigations related to Cooplife Insurance Limited

- (a) Co-operative Insurance Company PLC (the holding company of Cooplife) has filed a case in Commercial High Court against Cooplife Insurance Limited and four Directors of the Company. The matter has been fixed for Order pertaining to the validity of the proxy filed for Co-operative Insurance Company PLC, the maintainability of the action and Interim Orders.
- (b) Co-operative Insurance Company PLC has filed a Writ Application seeking for a Writ against the Insurance Regulatory Commission of Sri Lanka (IRC SL) to approve certain appointments to the Board of Directors of Cooplife Insurance Limited of which the Company is a respondent. The Court has fixed the matter to be inquired into pursuant to the decision to be made in the connected case.

Other than these amounts, there were no material contingent liabilities outstanding as at the date of reporting for Cooplife insurance limited

Note 37 - Events occurring after the reporting date

Note 37.01 Company

(a) General insurance business

Insurance Regulatory Commission of Sri Lanka (IRC SL) has decided to suspend the registration of General Insurance business of the Company with effect from 11th April 2023 for two weeks and suspension extended till 30th June 2023 due to failure to satisfy the requirements given by IRC SL. This decision had been made by IRC SL, since the company has failed to maintain the composition of board of Directors in accordance with Articles of Association of CICPLC. The Company had to fulfill the requirements of IRC SL on the board composition on or before 30th May 2023. Accordingly, the Company have taken all necessary actions to comply with Section 18 (3) of Regulation of Insurance Industry Act No.43 of 2000 for the removal of suspension. As a result the suspension was lifted by Insurance Regulatory Commission of Sri Lanka (IRC SL) on 26th May 2023.

Colombo Stock Exchange has suspend the trading of the securities of the Co-operative Insurance Company PLC with effect from 18th April 2023 due to the non compliance with the Listing Rule 7.10 of the CSE. The Board of Directors of the Company at the meeting held on 31st May 2023 approved to appoint Mr. Lalith Waragoda as a professional director to the Board as per the Article 74 of Article of Association who was approved by the IRC SL on 09th June 2023. He was appointed as the chairman of audit committee with the effect from 09th June 2023 and Company was able to comply with the listing rules and suspension of trading of shares was lifted on 22nd June 2023.

Furthermore the IRC SL issued a Direction on 09th June 2023 as per the section 57 of Regulation of Insurance Industry Act No.43 of 2000 to remove Mr. Udaya Kumara from the position of Director, Managing Director, Principal Officer and Specified Officer which was to be effective with immediate effect. Accordingly, the composition of the Board from 09th June 2023 is as follows.

NOTES TO THE FINANCIAL STATEMENTS

- A.B. Senadira
- D.L. Samarawickrama
- K.S.S. weerasekara
- D. Thilakawardhane
- M. Widanagamage
- A.A.J. Amarasinghe
- Lalith Waragoda
- T.B.H. Kumara
- P.B. Jayarathne

Ms. Lanka Perera has been appointed as the Chief Executive Officer and Principal officer (Acting) of the Company with effect from 1st June 2023. And IRCSL have approved the same on 09th June 2023.

(b) Litigations related to Co-operative Insurance Company PLC

As at the date of financial statements issue, status of litigations related to Co-operative Insurance Company PLC and Cooplife Insurance Ltd stated in note 36.01 (C) and note 36.02 (B) is as follows,

- As per the order dated 30th May 2023 the Court dismissed the application of the Petitioner. However, Contempt of Court proceedings against the former Chairman, former Chief Executive Officer and the former Secretary of Cooperative Insurance Company PLC are still under way and is fixed for Inquiry on the 2nd of August 2023.
- When the matter was called on 31st May 2023, Counsel for the Petitioners made an application to withdraw the matter and the Court allowed the matter to be withdrawn.
- As per the order dated 12th June 2023, Court permitted the Petitioner to withdraw the matter. Application dismissed. (Status also applicable for Cooplife Insurance Ltd for case disclosed under Note 36.02 (B) (a))
- As per the Order dated 05th June 2023, the Court permitted the Petitioners to withdraw the matter. Application dismissed.
- Counsel for the Petitioners made an application to withdraw the matter and the Court allowed the matter to be withdrawn. (Status also applicable for Cooplife Insurance Ltd for case disclosed under Note 36.02 (B) (b))
- The Petitioners finally withdrew the application when the case was mentioned on the 2nd of June 2023.
- The case was withdrawn by the Petitioners on or around the 26th of May 2023.

Note 37.02 - Subsidiary (Cooplife Insurance Limited)

The registration granted to the Company by IRCSL was suspended for a period not exceeding three weeks with effect from 11th April 2023 in terms of Section 18 (1) (d) of the Regulation of Insurance Industry (RII) Act No.43 of 2000. The Commission of IRCSL has taken this decision as the Company has failed to maintain the composition of the Board of Directors in accordance with Articles of Association. The Company having comply with Section 18 (3) of RII Act No.43 of 2000 the suspension was lifted by Insurance Regulatory Commission of Sri Lanka (IRCSL) on 16th May 2023.

Note 38 - Comparative Information

Comparative information of Engineering class in note no.22 to 24 which was under Miscellaneous class, were presented under fire and engineering class for better understanding and presentation.

	Before reclassification	After reclassification	Net Effect for Profit
Note 22 - GWP			
• Non life insurance			
Fire and engineering	106,097,128	177,674,847	(71,577,719)
Miscellaneous	624,371,039	552,793,320	71,577,719

	Before reclassification	After reclassification	Net Effect for Profit
Note 23 Premium ceded to reinsurers			
• Non life insurance			
Fire and engineering	37,815,482	86,621,052	(48,805,570)
Miscellaneous	186,818,135	138,012,565	48,805,570
Riots & strikes			
Fire and engineering	40,112,975	48,405,841	(8,292,866)
Miscellaneous	21,212,374	12,919,508	8,292,866
Note 24 - Net change in reserves for unearned premium			
Fire and engineering	4,099,363	7,257,303	(3,157,940)
Miscellaneous	72,983,362	69,825,423	3,157,940
Total Impact to the profit of 2021			-

Note 39 - Financial Statements of Coopinsu Training Academy (Pvt) Ltd

Financial statements for the year ended 31st December 2022 of Coopinsu Training Academy (Pvt) Ltd (CITA), a fully owned subsidiary of Cooperative Insurance Company PLC principally providing education and research pertaining to the insurance industry included in the group financial statements were not authorized for issue by its board of directors when the financial statements were first issued on 21st April 2023. Subsequently, the financial statements of CITA were authorized for issue and signed by its board of directors on 24th May 2023.

Note 40 - Reissue of audited financial statements

The directors of the Company resolved to withdraw the audited financial statements for the year ended 31st December 2022, which were issued on 21st April 2023 and were authorized to reissue on 9th June 2023, due to the reasons mentioned below,

Nine (9) directors of the Company, who were approved by IRCSL, convened a board meeting on 20th May 2023 at the board room of the Company and decided that on all the decisions that were taken to alter the composition of the board, which earlier on did not have the consent of all nine directors were deemed invalid (having no force in law). Accordingly the nine directors ratified the board composition of the company from 6th August 2022 as set out in Note 35 to the Financial statements. This ratification was required to validate the amendment in the disclosures of the financial statements with regard to the composition of the board of directors.

Accordingly, the reissued financial statements were authorized for issue by the board of directors as at 09th June 2023 to validate the following changes.

(1) Finalise the Composition of Board of Directors - Note 35.02

The following purported appointments to the board by Mr. K.S.S. Weerasekara, (Chairman who held the office during the year) and few others directors was invalidated at the meeting held on 20th May 2023 by the Directors who had been appointed properly as per the Article of Association of the Company and approved by IRCSL.

K.W. Gunasekera
W.T.K. Rajapaksha
Y.M.J. Indika
N.P. Manage

Accordingly, note 35.02 was updated with the board of directors, who had been appointed properly as per the Articles of Association of the Company and approved by IRCSL.

NOTES TO THE FINANCIAL STATEMENTS

(2) Events occurring after the reporting date - Note 37

Following Disclosures were added to note 37

- (i) Removal of suspension of carrying on the business by the Insurance Regulatory Commission of Sri Lanka (IRCSL)
- (ii) Removal of suspension carrying on the trading by the Securities & Exchange Commission of Sri Lanka (SEC)
- (iii) Removal of Mr. Udaya Kumara from the position of director, managing director, principal officer and the specified officer of the Company.
- (iv) Appointment of Mr. Lalith Waragoda as a professional director to the board of the Company
- (v) Appointment of Ms. Lanka Perera as the chief executive officer and the principal officer (acting) of the Company.
- (vi) Updation of the status of the litigations related to Co-operative Insurance Company PLC and Cooplife Insurance Limited

(3) Financial Statements of Coopinsu Training Academy (Pvt) Ltd - Note 39

Disclosure was added to note 39 with regard to subsequent approval of the financial statements of the subsidiary of the Company.

Previously issued financial statements were submitted only to the IRCSL which have since been withdrawn and will be revoked upon the submission of the annual report 2022.

Note 41 - Financial risk management

Primary objective of the Group's business and financial risk management frame work is to protect the Group's shareholders from events that could hinder the delivery of financial objectives. The risk management process comprises the identification and evaluation of existing and potential risks associated with the Group's operations and strategy, followed by appropriate management responses such as tolerance, mitigation, transfer, avoidance, termination or a combination of such responses. It is of paramount important that the management identify the uncertainties that hinder the achievement of financial objectives of the Group and implement effective mitigating strategies to safeguard the financial expectations of the stakeholders.

Risk reporting entails not only accounting but also the activities of risk management. The disclosures in the risk report largely adopt an economic view. The Company has exposure to the following risks;

- Insurance risk (business risk)
- Financial risk
 - Credit risk
 - Liquidity risk
 - Market risk
 - Operational risk

This section deals in detail with the various risks from insurance contracts and describe uncertainties in measuring them. In accordance with the requirements of SLFRS 4, the effects of a change in the assumptions underlying the measurement of insurance contracts and / or in the market environment are also quantified. In relation to financial instruments, SLFRS 7 stipulates that the disclosures must comprise information on the maximum credit risk exposure, the remaining terms, the rating, and a sensitivity analysis regarding the market risk. This information is also relevant for assessing the risk stemming from financial instruments.

Financial instruments – fair values & risk management

A. Accounting classification & fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

Group	Note	FVTPL	Held to maturity	Loans & receivables & other financial assets	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 31st December 2022		Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Financial assets measured at fair value/ amortized cost											
Treasury bonds	6.01 (a) & 6.03 (a)	-	2,317,657	-	-	-	2,317,657	-	-	-	-
Unquoted equity instruments	6.3	-	-	-	5,218	-	5,218	-	-	5,218	5,218
Quoted equity instruments	6.4	1,046	-	-	4,026	-	5,072	5,072	-	-	5,072
Quoted debentures	6.01 (b) & 6.03 (b)	-	3,501,642	-	-	-	3,501,642	-	-	-	-
Unit trusts	6.3	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value											
Fixed deposits	6.2	-	-	2,868,096	-	-	2,868,096	-	-	-	-
Unquoted debentures	6.2	-	-	-	-	-	-	-	-	-	-
Investments in repo	6.2	-	-	909,713	-	-	909,713	-	-	-	-
Commercial paper	6.2	-	-	374,720	-	-	374,720	-	-	-	-
Money market	6.2	-	-	13,704	-	-	13,704	-	-	-	-
Treasury bills		-	-	92,957	-	-	92,957	-	-	-	-
Reinsurance receivables 9		-	-	527,479	-	-	527,479	-	-	-	-
Premium receivables 10		-	-	1,339,450	-	-	1,339,450	-	-	-	-
Asset back securities 6.01(d)		-	51,117	101,771	-	-	152,888	-	-	-	-
Cash & cash equivalents 12		-	-	106,750	-	-	106,750	-	-	-	-
Total assets		1,046	5,870,416	6,334,640	9,244	-	12,215,346	5,072	-	5,218	10,290
Financial liabilities not measured at fair value											
Financial leases 14		-	-	-	-	-	-	-	-	-	-
Lease creditors 14		-	-	-	-	462,461	462,461	-	-	-	462,461
Re-insurance creditors 19		-	-	-	-	531,740	531,740	-	-	-	531,740
Bank overdrafts 12		-	-	-	-	18,983	18,983	-	-	-	18,983
Total liabilities		-	-	-	-	1,013,184	1,013,184	-	-	-	1,013,184

NOTES TO THE FINANCIAL STATEMENTS

Group	Note	FVTPL	Held to maturity	Loans & receivables & other financial assets	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 31st December 2021		Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Financial assets measured at fair value/ amortized cost											
Treasury bonds	6.1 (a) & 6.3 (a)	-	1,079,398	-	291,454	-	1,370,853	291,454	-	-	291,454
Unquoted equity instruments	6.3	-	-	-	5,215	-	5,215	-	-	5,215	5,215
Quoted equity instruments	6.4	1,841	-	-	7,458	-	9,299	9,299	-	-	9,299
Quoted debentures	6.1 (b) & 6.3 (b)	-	2,276,528	-	1,348,095	-	3,624,623	1,348,095	-	-	1,348,095
Unit trusts	6.3	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value											
Fixed deposits	6.2	-	-	2,426,090	-	-	2,426,090	-	-	-	-
Unquoted debentures	6.2	-	-	-	64,235	-	64,234	-	-	-	-
Investments in repo	6.2	-	-	1,355,082	-	-	1,355,082	-	-	-	-
Commercial paper	6.2	-	-	-	-	-	-	-	-	-	-
Money market	6.2	-	-	23,294	-	-	23,294	-	-	-	-
Reinsurance receivables ⁹		-	-	666,998	-	-	666,998	-	-	-	-
Premium receivables ¹⁰		-	-	1,023,716	-	-	1,023,716	-	-	-	-
Asset back securities		-	51,121	101,788	-	-	152,909	-	-	-	-
Cash & cash equivalents ¹²		-	-	280,164	-	-	280,164	-	-	-	-
Total assets		1,841	3,407,048	5,877,132	1,716,458	-	11,002,477	1,648,849	-	5,215	1,654,063
Financial liabilities not measured at fair value											
Financial leases	14	-	-	-	-	446,959	446,959	-	-	-	446,959
Lease creditors	15	-	-	-	-	640,431	640,431	-	-	-	640,431
Re-insurance creditors	19	-	-	-	-	21,874	21,874	-	-	-	21,874
Bank overdrafts	12	-	-	-	-	-	-	-	-	-	-
Total liabilities		-	-	-	-	1,109,263	1,109,263	-	-	-	1,109,263

Company	Note	FVTPL	Held to maturity	Loans & receivables & other financial assets	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 31st December 2022		Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Financial assets measured at fair value											
Treasury bonds	6.1 (a)	-	1,016,197	-	-	-	1,016,197	1,016,197	-	-	1,016,197
Unquoted equity instruments	6.3	-	-	-	5,218	-	5,218	-	-	5,218	5,218
Quoted equity instruments	6.3	-	-	-	4,026	-	4,026	4,026	-	-	4,026
Quoted debentures	6.1(b)	-	2,163,578	-	-	-	2,163,578	-	-	-	-
Financial assets not measured at fair value											
Fixed deposits	6.2	-	-	2,439,241	-	-	2,439,241	-	-	-	-
Unquoted debentures	6.3	-	-	-	-	-	-	-	-	-	-
Investments in repo	6.2	-	-	474,401	-	-	474,401	-	-	-	-
Commercial paper	6.2	-	-	229,075	-	-	229,075	-	-	-	-
Reinsurance receivables	9	-	-	514,123	-	-	514,123	-	-	-	-
Premium receivables	10	-	-	1,321,254	-	-	1,321,254	-	-	-	-
Asset back securities		-	-	101,771	-	-	101,771	-	-	-	-
Cash & cash equivalents	12	-	-	71,919	-	-	71,919	-	-	-	-
Total assets		-	3,179,775	5,151,784	9,244	-	8,340,803	1,020,223	-	5,218	1,025,441
Financial liabilities not measured at fair value											
Financial leases	14	-	-	-	-	-	-	-	-	-	-
Lease creditors	14	-	-	-	-	377,192	377,192	-	-	-	-
Reinsurance creditors	19	-	-	-	-	513,045	513,045	-	-	-	-
Bank overdrafts	12	-	-	-	-	18,983	18,983	-	-	-	-
Total liabilities		-	-	-	-	909,220	909,220	-	-	-	-

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Company	Note	FVTPL	Held to maturity	Loans & receivables & other financial assets	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 31st December 2021		Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Financial assets measured at fair value											
Treasury bonds	6.1 (a)	-	601,514	-	-	-	601,514	601,514	-	-	601,514
Unquoted equity instruments	6.3	-	-	-	5,215	-	5,215	-	-	5,215	5,215
Quoted equity instruments	6.3	-	-	-	7,458	-	7,458	7,458	-	-	7,458
Quoted debentures	6.1(b)	-	2,276,528	-	-	-	2,276,528	-	-	-	-
Financial assets not measured at fair value											
Fixed deposits	6.2	-	-	1,672,495	-	-	1,672,495	-	-	-	-
Unquoted debentures	6.3	-	-	-	-	-	-	-	-	-	-
Investments in repo	6.2	-	-	1,185,053	-	-	1,185,053	-	-	-	-
Commercial paper	6.2	-	-	-	-	-	-	-	-	-	-
Reinsurance receivables	9	-	-	655,095	-	-	655,095	-	-	-	-
Premium receivables	10	-	-	1,010,997	-	-	1,010,997	-	-	-	-
Asset back securities				101,788			101,788				
Cash & cash equivalents	12	-	-	268,171	-	-	268,171	-	-	-	-
Total assets			2,878,042	4,893,599	12,673	-	7,784,314	608,972	-	5,215	614,187
Financial liabilities not measured at fair value											
Financial leases	14	-	-	-	-	-	-	-	-	-	-
Lease creditors	15	-	-	-	-	361,851	361,851	-	-	-	-
Reinsurance creditors	19	-	-	-	-	622,123	622,123	-	-	-	-
Bank overdrafts	12	-	-	-	-	21,874	21,874	-	-	-	-
Total liabilities		-	-	-	-	1,005,847	1,005,847	-	-	-	-

B. Measurement of fair value

I. Valuation techniques and significant unobservable inputs

The following table show the valuation techniques used in measuring level 2 and level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs & fair value measurement
Equity instruments - unquoted	Net assets based valuation	Net assets value and number of shares outstanding	Positive
Debentures	Future cash flow based valuation	Discounting factor	Negative

ii. Level 3 fair values

Reconciliation of level 3 fair value

The following table shows a reconciliation of the opening balances with the closing balances, for level 3 fair values.

Group/Company	Available for sale financial assets
Balance as at 1st January 2021	4,953,105
Total gains or losses recognized in other comprehensive income	261,550
Closing balance as at 31st December 2021	5,214,655
Balance as at 1st January 2022	5,214,655
Total gains or losses recognized in other comprehensive income	3,379
Closing balance as at 31st December 2022	5,218,034

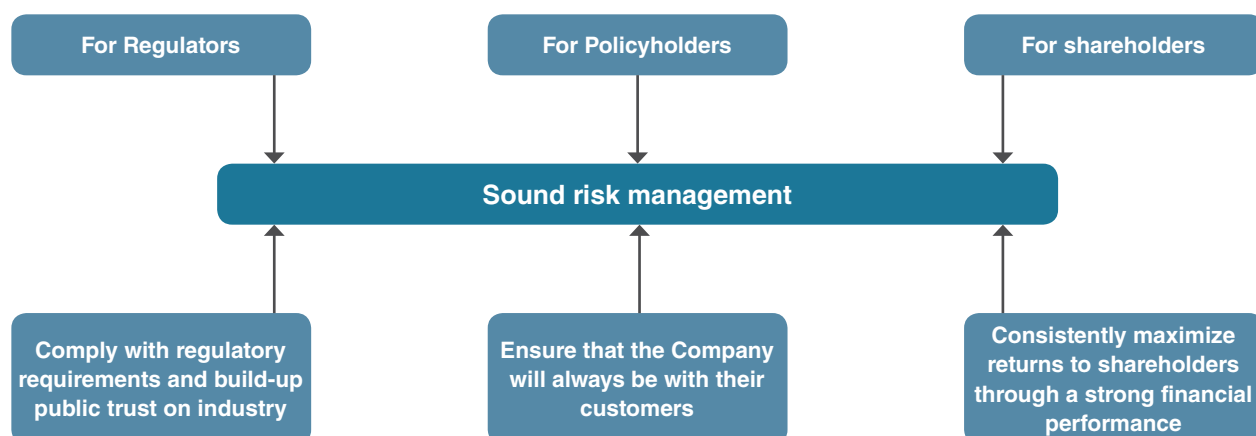
Note 41.01 - Financial risk management

Introduction & overview

Effective risk management is very important for an organization to identify, measure, mitigate and manage the various types of risks falling within the Group and the industry. CICL Group recognizes the importance of sound risk management in every aspect of the Company business and the responsibility to the stakeholders.

The Company is exposed to a range of financial risks through its;

- Financial assets
- Financial liabilities
- Reinsurance receivables and
- Insurance liabilities



Note 41.01.01 – Risk & capital management

(A) Governance framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. They have established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and a constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place. The risks are identified with clear understanding of market environment, regulatory environment and macroeconomic changes.

(B) Regulatory framework

Insurance Regulatory Commission of Sri Lanka, (IRCSL) safeguards the policyholders through the supervisory control of insurance companies in Sri Lanka. The Group operates according to the regulatory requirements set out by the IRCSL. The Group has successfully implemented the risk based capital (RBC) framework on solvency margin, as required by IRCSL. The capital positions of the Group's operating companies as of 31st December 2022 and 2021 are as follows.

The insurance business is regulated by Insurance Regulatory Commission of Sri Lanka (IRCSL) with the objective of protecting shareholders and policyholders. There are various regulations and directive the insurance business is expected to adhere in order to achieve the expected norms, which leads the insurance business to maintain required solvency and maintain sufficient capital.

	31st December 2022				31st December 2021			
	Total available capital (TAC) Rs.'000'	Minimum capital requirement Rs.'000'	Risk-based capital adequacy ratio (CAR)	Regulatory minimum CAR	Total available capital (TAC) Rs.'000'	Minimum capital requirement Rs.'000'	Risk-based capital adequacy ratio (CAR)	Regulatory minimum CAR
Co-operative Insurance Company PLC	3,470,044	500,000	204%	120%	3,389,680	500,000	294%	120%
Cooplife Insurance Limited	1,728,046	500,000	317%	120%	1,494,307	500,000	295%	120%

Total available capital and CAR of the Company have been maintained throughout the year, in excess of the minimum requirement as prescribed by the IRCSL. Thus, the operations of the Group are in compliance with the regulatory requirements of the IRCSL. Further the Group comply with other regulators such as the Central Bank of Sri Lanka (CBSL) and Department of Inland Revenue (IRD). The Group is also regulated by the Companies Act, No. 07 of 2007 and listing rules of the Colombo Stock Exchange (CSE).

Approach to capital management

The Company allocates sufficient capital to corroborate ample returns to main stakeholders who are shareholders and policyholders. Capital management oversees the assets and liabilities by establishing required liquidity level. This is managing the risks in coordinated way by assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics.

(C) Capital management framework

The Group's approach to managing capital involves managing assets, liabilities and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate action to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics. The capital requirements are forecasted on a periodic basis by the management and the Board of Directors.

There were no significant changes from the previous year, to its policies and processes. There were no significant changes in the capital structure in the Company during the year.

The Company and its Subsidiaries are subject to regulatory guidelines and framework which includes minimum capital requirement, solvency margin, approved assets requirements to minimize the risk of default and insolvency on the part of the Company to meet unforeseeable liabilities as they arise. During the year the Group has complied with all regulatory requirements.

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.
- To maintain the required level of solvency of the Company in order to provide a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that return on capital employed meets the requirements of its shareholders.
- To align the profile of assets and liabilities taking account of risks inherent to the business.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

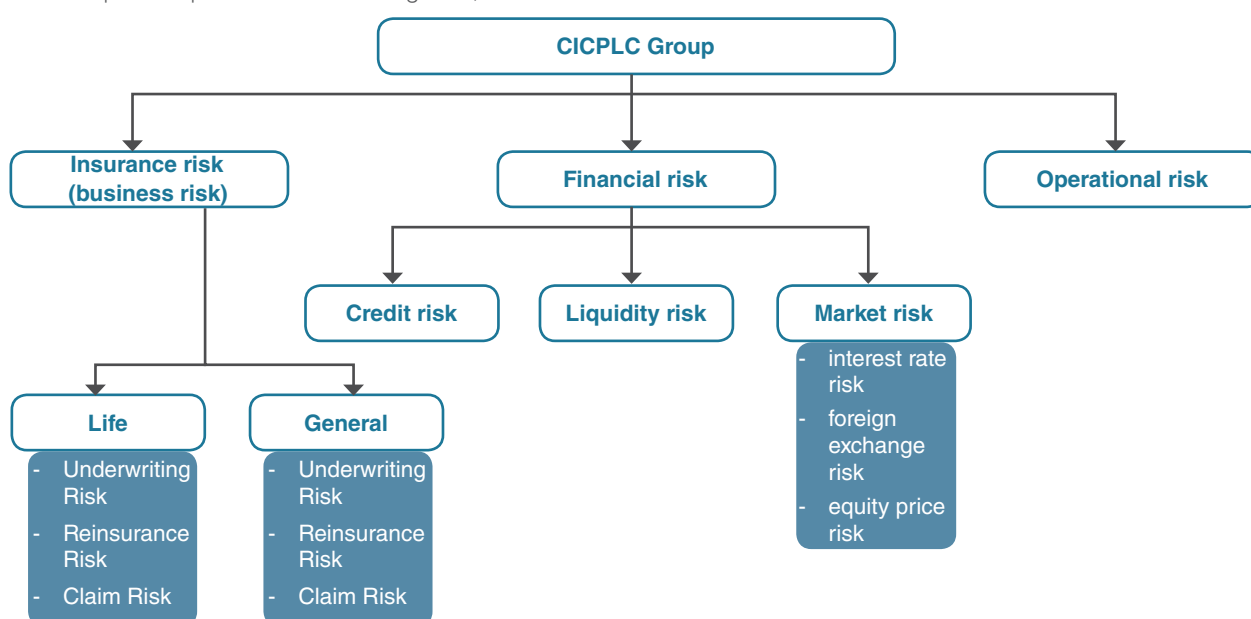
(D) Asset & liability management (ALM) framework

The Group manages assets & liabilities to achieve long-term investment returns in excess of its obligations under insurance contracts. ALM framework is a process of formulating, implementing, monitoring and revising strategies related to our assets and liabilities. Also, it is used to manage the risks arising from mismatch of investment and liability cash flow. Financial risks arising from interest rates, currency and equity products, all of which are exposed to general and specific market movements will have an impact on asset & liability management (ALM). The main risk that the Group faces, due to the nature of its investments and liabilities, is the interest rate risk. The Group manages these positions within a clearly defined ALM framework.

Note 41.02 – Insurance & financial risks

This section deals in detail with the various risks from insurance contracts and describe uncertainties in measuring them. In accordance with the requirements of SLFRS 4, the effects of changes in the assumptions underlying the measurement of insurance contracts and / or in the market environment are also quantified.

The Group has exposure to the following risks;



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Note 41.02.01 - Insurance risk (business risk)

Due to the very nature of insurance contracts, risk is based on fortuity and is therefore unpredictable. The risks under any insurance contract is the possibility that the insured event occurs and the uncertainty regarding the amount of the resulting claims.

For a portfolio of insurance contracts, where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces is that the actual claims and the benefit payments could exceed the carrying amount of the insurance liability. This could occur because the frequency or severity of claims and benefits could be greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established, using statistical techniques.

Our material risks are identified through the risk management framework and the following risks are considered to have the most significant impact

Risk	Description
Underwriting Risk	<p>The risk of the premium received from policyholders being insufficient to cover claims if the event or contingency insured against takes place. It can include underestimated liabilities arising from unpaid business written in previous years and underpriced policies in current use.</p> <p>Limits are set on underwriting capacity, and authority granted to individuals based on their specific expertise.</p> <p>Appropriate pricing guidelines have been set, with a focus on consistent technical pricing across the organization.</p>
Reinsurance Risk	<p>Reinsurance risk refers to retention of risks beyond the company's net retention capacity without having adequate reinsurance and the inability of reinsurers to meet their commitments due to insufficient financial strength.</p> <p>The Company obtains reinsurance to limit its exposure to individual risks and aggregation of risks arising from individual large claims and catastrophe events. The types of reinsurance obtained are as follows;</p> <ul style="list-style-type: none"> • Excess of loss reinsurance obtained to protect a range of individual inwards contracts which could give rise to individually large claims. • Facultative reinsurance obtained to reduce risk relating to an individual specific inwards contract. • Review adequacy of reinsurance support for catastrophe / extreme events on a regular basis • Re-insurance is done with Hannover Reinsurance for life insurance.
Claim Risk	<p>Claim risk refers to the risk of over or under payment of claims, risk of not meeting the service standards set for claims payment process and claims cost exceeding the budgeted levels.</p>

Note 41.02.01.01 - Life insurance contracts

(A) Risk management identification

Life insurance products include protection and annuity covers.

Protection products carry mortality, longevity and morbidity risks as well as market and credit risks. The most significant factors that could increase the frequency of mortality claims are epidemics, such as Covid-19, strains of influenza, or lifestyle changes such as eating, drinking and exercise habits, resulting in earlier or more claims than expected. Morbidity claims experience would not only be affected by the factors mentioned above, but because disability is defined in terms of the ability to perform an occupation, it could also be affected by economic conditions. In order to reduce cross-subsidies in the pricing basis, premium are differentiated, where permitted, for example by product, age, gender and smoker status.

The policy terms and conditions and the disclosure requirements contained in insurance applications are designed to mitigate the risks arising from non-standard and unpredictable risks that may result in severe financial loss.

In the life annuity business, the most significant insurance risk is continued medical advances and improvement in social conditions that lead to increase in longevity. Annuitant mortality assumptions include allowance for future mortality improvements.

In addition to the specific risks listed above, the Company is exposed to policyholder behavior and expense risks. Policyholder behavior risk is mitigated by product design that match revenue and expenses associated with the contract as closely as possible. Expense risk is mitigated by careful control of expenses and by regular expense analyses and allocation exercises.

The Group is exposed to two main types of concentration risks in its life business:

Market risk: interest rate guarantees expose the Group to financial losses that may arise as a result of adverse movements in financial markets.

Insurance risk: main factors include mortality risk, morbidity risk, longevity risk, policyholder behavior risk (lapse, anti-selection) and expense risk.

Accordingly having a well-diversified portfolio of products reduces risks associated with the life insurance business.

The Group's exposure to life insurance risks varies significantly by product lines and may change over time. The insurance risk described above is also affected by the contract holder's right to pay reduced premium or no future premium, to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holder behavior.

Following table illustrate the strategies followed by the Group to mitigates risk associated with life insurance.

Strategies associated with life insurance undertaking	<ul style="list-style-type: none"> • Focused training is provided to insurance advisors on proper selling in Sinhala, Tamil and English. • Maximum input is obtained from the consultant actuary and reinsurer in deciding on the terms and conditions of products in order to ensure that products are adequately priced.
Strategies associated with life insurance claims to manage within expected level	<ul style="list-style-type: none"> • Claims are reserved immediately at the intimation or on the availability of information of the death or injury of an insured. • The support of the reinsurers is obtained on reserving such claim liability and the share of reinsurers.
Reinsurance strategies associated with life insurance undertaking	<ul style="list-style-type: none"> • A very close and professional relationship is maintained with all reinsurers and reinsurance brokers • Frequent review of the outstanding reinsurance receivables.

(B) Concentration risk

The Group defines concentration risk in the life business as the risk of exposure to increased losses associated with inadequately diversified portfolios of assets and /or obligations.

A more diversified portfolio of risks is less likely to be affected across the Board by a change in any subset of risks.

The Company defines concentration risk in the life business as the risk of exposure to increased losses associated with inadequately diversified portfolios of assets and /or obligations.

NOTES TO THE FINANCIAL STATEMENTS

Concentration risk within the life business

The following table shows the concentration of the participating and non-participating funds position of the Group.

	Insurance contract liabilities as at 31st December 2022	Insurance contract liabilities as at 31st December 2021
	Rs.'000'	Rs.'000'
Participating	1,902,506	1,744,822
Non-participating	804,380	567,781
Liability in respect of bonuses declared in the current year- for participating policyholders	53,649	14,790
Total	2,760,535	2,327,393

(C) Assumptions in determining life insurance contract liabilities

Life insurance contracts, estimates are made in two stages. At the inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. Improvements in estimates have no impact on the value of the liabilities and related assets, while significant enough deteriorations in estimates have an impact.

Details of key assumptions used and basis of arriving for the same are summarised in following table;

Assumption	Basis of estimation
Risk free rate	The risk free rates have been set based on Sri Lankan Government Bond yields issued by IRCSL for the industry as at 31st December 2022.
Participating Fund yield	Based on the weighted average of projected asset mix and based on the expected yields for various asset types.
Mortality	Experience calibrated for the best estimate assumptions of mortality.
Morbidity	Morbidity rates based on mortality rates and reinsurance morbidity rates.
Expenses	Best estimate expense assumption is based on the Company specific expenses. For the purpose of the expense study, a functional split of expenses between acquisition or maintenance costs have been identified. These have been further identified as either fixed or variable based on the nature of expenses to determine a unit cost loading for use in the valuation.
Expense inflation	This is derived based on the weighted salary increment experience and the CPI inflation for non-salary expense items.
Lapse ratio	Lapse assumption of the Company is based on the experience analysis and historical trends during intervals of the policy tenure.
Bonus rates	Bonus rate scale assumption has been arrived based on bonus declared for the latest year, based on the Company management's views on policyholder reasonable expectations. This assumes that Company is at least expecting to maintain the current bonus levels into the future.

(D) Sensitivity analysis

Following table presents the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities. For liabilities under life insurance contracts with fixed and guaranteed terms, changes in assumptions will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment.

No adjustments were required in 2022 or 2021, based on the results of the liability adequacy test. The table D indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

Sensitivity of the value of insurance liabilities

The table below presents the sensitivity of the value of insurance liabilities to movements in the key assumptions used in the estimation of insurance liabilities. For liabilities under life insurance contracts with fixed and guaranteed terms, changes in assumptions will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment.

No adjustments were required in 2022 and 2021, based on the results of the liability adequacy test. The table D indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

	Change in assumptions	Impact on liabilities	
		2022	2021
Mortality	10%	2,068,220	1,893,650
	-10%	2,047,780	1,872,740
Discount rate	5%	2,052,020	1,863,820
	-5%	2,064,560	1,911,100
Expenses	10%	2,132,650	1,940,590
	-10%	1,983,640	1,826,360

Note 41.02.01.02 – General insurance contracts

(A) Risk management identification

General insurance risks include the reasonable possibility of significant loss due to uncertainty in the frequency of the occurrence of the insured event as well as in the severity of the resulting claim. An overview of the Group's main lines of business is as follows;

Line of business	Description
Motor	Includes automobile physical damage, loss of the insured vehicle and automobile third party liability insurance.
Fire & engineering	Includes fire risks (for example fire, explosion and business interruption), natural perils (for example earthquake and flood), engineering lines (for example boiler explosion, machinery breakdown and construction).
Accident & liability	Includes general/public and product liability, excess and professional liability including medical malpractice, errors and omissions of liability.
Marine/ cargo	Coverage for special risk insurance and trip cargo insurance and contracts with open policy cargo insurance that covers all of a shipper's goods in transit.

The Group's underwriting strategy is to take advantage of the diversification of general insurance risks across industries. The Group seeks to optimize shareholder value by achieving its equity goals. Doing so necessitates a prudent, stable underwriting philosophy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility. At the core of the Group's underwriting is a robust governance process.

Following table illustrate the strategies followed by the Company to mitigates risk associates with general insurance.

Strategies associated with general insurance undertaking	<ul style="list-style-type: none"> Limits are set on underwriting capacity, and authority granted to individuals based on their specific expertise. Appropriate pricing guidelines have been set, with a focus on consistent technical pricing across the organization. Diversified large portfolio of insurance contracts and geographical areas. Careful selection and implementation of underwriting strategies.
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NOTES TO THE FINANCIAL STATEMENTS

Strategies associated with general insurance claims to manage within expected level	<ul style="list-style-type: none"> Claims are assessed immediately upon intimation and reserved accordingly.. As we reserved the previous claim estimation upon intimation, after finalizing the actual claim liability company adjust the actual claim amount accordingly. The service of a qualified independent actuary is obtained to assess the adequacy of reserves made in relation to incurred but not reported (IBNR) and incurred but not enough reported (IBNER) claims.
Reinsurance strategies associated with general insurance undertaking	<ul style="list-style-type: none"> There are strict controls to ensure that no insurance cover is issued without a proper reinsurance arrangement backing the cover. Review adequacy of reinsurance support for catastrophe / extreme events on a regular basis. Periodic review of the credit rating and ensuring all reinsurers maintain the rating throughout the year.

(B) Assumptions in determining general insurance contract liabilities

The principal assumption underlying the liability estimates is that general insurance's future claims development may follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are also used to assess the extent to which liabilities may arise in the future, but exclude one-off occurrences, changes in market factors such as public attitude to claiming, economic conditions, and internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

(C) Sensitivity analysis

The following analysis is performed for possible movements in claims outstanding with all other assumptions held constant, showing the impact on gross and net liabilities. It should be noted that movements in these assumptions are non- linear.

	Change in assumptions	Impact on liabilities	
		2022	2021
		Rs.'000'	Rs.'000'
Reported claims outstandings	10%	3,328,361	3,215,493
	-10%	3,169,909	3,038,107

(D) Reinsurance risk

The Group obtains reinsurance to limit its exposure to individual risks and aggregation of risks arising from individual large claims and catastrophic events. The types of reinsurance obtained are as follows;

- Excess of loss reinsurance obtained to protect a range of individual inwards contracts which could give rise to individually large claims.
- Facultative reinsurance obtained to reduce risk relating to an individual specific inwards contracts.

Notwithstanding to the advantages reinsurance provides insurers, it can expose them, at varying degrees, to various risks inherent in its use. A new or continuing reinsurance contract could give rise to one or more of the following risks;

- residual insurance risk
- legal risk
- counterparty risk
- liquidity risk

Considering the above factors the overall risk management strategy cedes insurance risk through proportional, non-proportional and specific reinsurance treaties.

As at 31st December 2022, 99% of our reinsurance receivable were due from reinsurers with a rating of 'B+' or better and from the National Insurance Trust Fund (NITF). There were no collateral against reinsurance receivables as at the reporting date.

The ratings of reinsurer's and their related rating agencies are as follows;

Reinsurer	Country of origin	Rating	Rating agency
General Insurance Corporation of India	India	B++ (Good)	A M Best
African Reinsurance Corporation	Nigeria	A (Excellent)	A M Best
Malaysian Reinsurance Berhad	Malaysia	A (Strong)	Fitch
Swiss Re International SE	Luxembourg	A + (Superior)	A M Best
First Capital Insurance Limited	Singapore	A (Excellent)	A M Best
Santam Re	South Africa	AAA (zaf); OUTLOOKSTABLE	Fitch
National Insurance Trust Fund	Sri Lanka	Government security	Not applicable
Qatar Insurance Company	Qatar	A- (Excellent)	A M Best
Ocean International Reinsurance Company Ltd	Panama	A- (Excellent)	A M Best
AXA XL Reinsurance	USA	A+ (Superior)	A M Best
Odyssey Reinsurance	USA	A(Excellent)	A M Best
Swiss Life	Switzerland	A+ (Stable outlook)	Standard & Poor
Best meridian insurance company	USA	A- (Excellent)	A M Best
Oman re insurance	Oman	BB +	Fitch
Hannover Re	Germany	AA - Outlook Stable	Fitch
New India Re	India	B++ (Good)	A M Best

(E) Concentration risk

For general insurance contracts, the most significant risks arise from the motor class.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts into different classes as mentioned earlier. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of types of risk and levels of insured benefits.

Concentration risk based on classes within the general insurance business based on the gross written premium is as follows:

Class	2022				2021			
	Gross written premium	Re-insurance	Net written premium	%	Gross written premium	Re-insurance	Net written premium	%
	Rs.'000'	Rs.'000'	Rs.'000'		Rs.'000'	Rs.'000'	Rs.'000'	
Motor	4,250,079	311,549	3,938,530	84%	3,739,027	391,239	3,347,788	83%
Fire & engineering	265,194	213,071	52,123	5%	106,097	77,928	28,169	2%
Marine	54,926	38,290	16,635	1%	49,864	35,323	14,540	1%
Miscellaneous	516,746	142,681	374,064	10%	624,371	208,031	416,341	14%
Total	5,086,945	705,592	4,381,353	100%	4,519,359	712,521	3,806,837	100%

NOTES TO THE FINANCIAL STATEMENTS

(F) Sources of uncertainty in the estimation of future claim payments

The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and large element of the claims provision related to incurred but not reported (IBNR) claims. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management they adopt.

(G) Estimation of IBNR reserve

The IBNR claims reserve has been actuarially computed by Actsure Lab (pvt) Limited. The valuation is determined using internationally accepted actuarial techniques.

The risks associated with these insurance contracts are complex and subject to a number of variables that complicate the quantitative sensitivity analysis. Actsure Lab (pvt) Limited uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate costs of claims. The two methods more commonly used are the Chain-Ladder and the Bornhuetter-Ferguson.

Generally, Actsure Lab (pvt) Limited has given higher credibility to the chain ladder method on cumulative claims reported basis for each class of business. In general, the reported basis would display more stability relative to the paid basis, especially for more recent accident years. To increase consistency, the BF method uses results from the 31st December 2011 analysis as the seed loss ratio for each accident year and a projected loss ratio for the latest accident year. Loss development factors, Actsure Lab (pvt) Limited has used loss development factors based on weighted averages except where;

- The weighted average is contrary to a trend in the recent ratios. For some classes, the trend in loss development factors applies only to certain development years.
- Payments in particular years are clearly out of line relative to those in other years, in which case such outliers are disregarded in selecting the loss development factors.

(H) Estimation of IBNR reserve

Sensitivity of profit before tax and net assets due to increase in net claims ratio:

+1% In claim ratio	2022	2021
	Rs.'000'	Rs.'000'
Net impact to profit before tax	9,021	13,081
Impact to net assets	80,421	81,797

Note 41.02.02 - Credit risk

(A) Introduction to risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposures (such as individual obligor default risk, country and sector risk). The Group is exposed to credit risk on securities issued by third parties. The debt security investments are broadly categorized into investments in government securities and investments in corporate debt securities.

The Group's credit risk could mainly arise from;

- Financial investments in debt securities
- Reinsurance receivables
- Premium receivables

- Loans to life policyholders and others
- Cash and cash equivalents, excluding cash in hand
- Other financial receivables

The Group manages credit risk exposure within parameters that reflect the Group's strategic objectives and risk tolerance. Sources of credit risk are identified, assessed and monitored, and the Group has policies to manage the specific risks within the various subcategories.

(B) Credit risk exposure

Group's exposure to credit risk as at the financial position date is given in the tables below with the comparative figures and has been derived as per the Group risk management policy of using the carrying values in the statements of financial position.

	Note	2022				2021			
		Group	% of allocation	Company	% of allocation	Group	% of allocation	Company	% of allocation
		Rs.'000'		Rs.'000'		Rs.'000'		Rs.'000'	
Debt securities - held to maturity	6.2	5,870,416	66%	3,179,775	56%	3,407,048	41%	2,878,042	47%
Debt securities - loans & receivables	6.2	909,713	10%	474,401	8%	1,355,082	16%	1,185,053	19%
Debt securities - available for sale	6.3	-	0%	-	0%	1,348,095	16%	-	0%
Total debt securities		6,780,129	76%	3,654,176	65%	6,110,225	74%	4,063,095	66%
Life policyholders loans	8	34,789	0%	-	0%	31,374	0%	-	0%
Reinsurance receivables	9	527,479	6%	514,123	9%	666,998	8%	655,095	11%
Premium receivables	10	1,339,450	15%	1,321,254	23%	1,023,716	12%	1,010,997	16%
Other assets	11	128,316	1%	89,625	2%	178,230	2%	133,675	2%
Cash & cash equivalents	12	106,750	1%	71,919	1%	279,826	3%	267,833	4%
Total credit risk exposure		8,916,913	100%	5,651,097	100%	8,290,368	100%	6,130,695	100%

The Group is exposed to credit risk on securities issued by third parties. The Group limits its exposure by analyzing the creditworthiness of each debt security investment. The credit worthiness of a potential debt security investment is assessed mainly through ratings assigned to the issuing institution or the ratings assigned to an issue. The debt security investments are broadly categorized into investments in government securities and investments in corporate debt securities.

The Company has reclassified all of its Treasury Bond and Debenture portfolio from Available-For-Sale (AFS) financial asset category to Held to Maturity (HTM) category on 01st January 2022 due to change in intention from "holding or selling" to "hold until maturity" after assessing the projected business plans and the need for liquidity. As per LKAS 39, reclassification to Held to Maturity is permitted when the entity has the ability and intention to hold financial assets until maturity. At the reclassification date, the market value of the Treasury Bonds and Debentures become its new cost or amortized cost and subsequently, HTM assets are measured at amortized cost. Further, for a financial asset with a fixed maturity reclassified out of the 'AFS' category, any previous gain or loss on that asset that has been recognised in equity is amortized to profit or loss over the remaining life of the asset using the EIR (Effective Interest Rate). Such amortization has been recognized under interest income line in the profit or loss.

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The tables below set out information about the credit quality of financial investments (government securities and corporate debt securities) and the allowance for impairment loss held by the Group against the assets.

Carrying amount as at 31st December 2022

Group	Held to maturity financial assets	Loans & receivables	Available for sale financial assets	Financial assets at fair value though profit or loss	Cash & cash equivalents	Total	%
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	
AAA+ to AAA-	-	337,521	-	-	-	337,521	3%
AA+ to AA-	250,027	1,057,586	-	-	-	1,307,613	13%
A+ to A-	2,927,077	1,331,328	-	-	-	4,258,404	41%
BBB+ to BBB-	375,656	630,948	-	-	-	1,006,603	10%
BB+ to BB-	-	-	-	-	-	-	0%
Government guaranteed	2,317,657	1,001,506	-	-	-	3,319,163	32%
Not rated	-	2,487	9,244	1,046	106,750	119,527	1%
Total	5,870,416	4,361,375	9,244	1,046	106,750	10,348,831	100%
Allowance for impairment	-	-	-	-	-	-	0%
As at 31st December 2022	5,870,416	4,361,375	9,244	1,046	106,750	10,348,831	100%

Carrying amount as at 31st December 2021

Group	Held to maturity financial assets	Loans & receivables	Available for sale financial assets	Financial assets at fair value though profit or loss	Cash & cash equivalents	Total	%
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	
AAA+ to AAA-	-	104,992	-	-	-	104,992	1%
AA+ to AA-	217,046	577,780	33,075	-	-	827,901	9%
A+ to A-	1,702,422	1,323,293	985,240	-	-	4,010,955	43%
BBB+ to BBB-	408,181	545,447	394,015	-	-	1,347,643	14%
BB+ to BB-	-	-	-	-	-	-	0%
Government guaranteed	1,079,398	1,355,081	291,454	-	-	2,725,934	29%
Not rated	-	-	12,673	1,841	279,826	294,339	3%
Total	3,407,048	3,906,592	1,716,458	1,841	279,826	9,311,764	100%
Allowance for impairment	-	-	-	-	-	-	0%
As At 31st December 2021	3,407,048	3,906,592	1,716,458	1,841	279,826	9,311,764	100%

Carrying amount as at 31st December 2022

Company	Held to maturity financial assets	Loans & receivables	Available for sale financial assets	Financial assets at fair value through profit or loss	Cash & cash equivalents	Total	%
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	
AAA+ to AAA-	-	337,521	-	-	-	337,521	5%
AA+ to AA-	216,798	914,270	-	-	-	1,131,069	17%
A+ to A-	1,896,542	1,061,183	-	-	-	2,957,725	45%
BBB+ to BBB-	50,238	457,527	-	-	-	507,765	8%
BB+ to BB-	-	-	-	-	-	-	0%
Government guaranteed	1,016,197	473,236	-	-	-	1,489,433	23%
Not rated	-	1,166	9,244	-	71,919	82,329	1%
Total	3,179,775	3,244,904	9,244	-	71,919	6,505,841	100%
Allowance for impairment	-	-	-	-	-	-	0%
As at 31st December 2022	3,179,775	3,244,904	9,244	-	71,919	6,505,841	95%

Carrying amount as at 31st December 2021

Company	Held to maturity financial assets	Loans & receivables	Available for sale financial assets	Financial assets at fair value through profit or loss	Cash & cash equivalents	Total	%
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	
AAA+ to AAA-	-	-	-	-	-	-	0%
AA+ to AA-	217,046	554,491	-	-	-	771,536	13%
A+ to A-	1,651,301	920,710	-	-	-	2,572,011	42%
BBB+ to BBB-	408,181	299,421	-	-	-	707,602	12%
BB+ to BB-	-	-	-	-	-	-	0%
Government guaranteed	601,514	1,185,053	-	-	-	1,786,566	29%
Not rated	-	-	12,673	-	267,833	280,506	5%
Total	2,878,042	2,959,674	12,673	-	267,833	6,118,222	100%
Allowance for impairment	-	-	-	-	-	-	0%
As at 31st December 2021	2,878,042	2,959,674	12,673	-	267,833	6,118,222	100%

Following are some strategies followed by the Group to mitigate credit risk in investments.

- Checking the credit worthiness of potential investees, mainly through ratings assigned to the issuing institution or the ratings assigned to the issue.
- Deciding on single party exposure limits based on the credit ratings and regulatory requirements and monitoring them closely at different levels.
- Adhering to the guidelines on selection of primary dealer with regard to government security investments.
- Conducting a detailed analysis of individual counterparties for each equity and corporate debt investment before taking investment decisions.

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The following table provides information relating to credit risk exposure of other financial assets:

Group	Reinsurance receivables		Premium receivables	
	2022	2021	2022	2021
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Maximum exposure to credit risk				
Neither past dues nor impaired	69,489	66,164	1,199,704	925,300
Past dues but not impaired				
61-90 days	36,381	110,957	140,137	98,414
91-365 days	261,724	229,869	68,614	12,236
365 days +	128,101	220,240	30,169	29,861
Total	495,696	627,231	1,438,624	1,065,811
Impaired			(99,174)	(42,095)
IBNR	31,783	39,767		-
Total	527,479	666,998	1,339,450	1,023,716

Company	Reinsurance receivables		Premium receivables	
	2022	2021	2022	2021
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Maximum exposure to credit risk				
Neither past dues nor impaired	68,647	62,858	1,181,508	912,580
Past dues but not impaired				
61-90 days	34,562	106,388	139,745	98,414
91-365 days	254,434	228,716	68,296	10,726
365 days +	124,696	217,366	30,169	23,810
Total	482,339	615,328	1,419,718	1,045,529
Impaired			(98,464)	(34,532)
IBNR	31,783	39,767		-
Total	514,123	655,095	1,321,254	1,010,997

(C) Credit risk relating to reinsurance receivable

As part of its overall risk management strategy, the Group cedes insurance risk through proportional, non-proportional and specific risk reinsurance treaties. While these mitigate insurance risk, the recoverable from reinsurers and receivables arising from ceded reinsurance, exposes the Group to credit risk.

Reinsurance is placed in line with policy guidelines approved by the Board of Directors on an annual basis in line with the guidelines issued by the Insurance Board of Sri Lanka and concentration of risk is managed by reference to counterparties' limits that are set each year and are subject to regular reviews.

There were no collateral against reinsurance receivables as at the reporting date.

The Group follow policies and procedures to mitigate credit risk in premium receivables by conducting follow-up meetings on debt collections on a monthly basis and processing claims only for the premium settled policies.

Credit risk of reinsurance receivables by rating class have been illustrated below in order to ensure that the Company has significant control over managing them.

Ratings -non life	2022 (Rs.)				2021 (Rs.)			
	On paid claims	On reserve	Total	%	On paid claims	On reserve	Total	%
	Rs.'000'	Rs.'000'	Rs.'000'		Rs.'000'	Rs.'000'	Rs.'000'	
AAA	39,221	18,455	57,676	11%	-	-	-	0%
AA-	-	-	-	0%	-	-	-	0%
A+	-	-	-	0%	-	-	-	0%
A	149	382	531	0%	7,246	1,009	8,255	1%
A-	16,186	32,120	48,307	9%	7,042	15,881	22,924	3%
BB+	-	1,921	1,921	0%	-	-	-	0%
BB	-	-	-	0%	48,641	23,344	71,985	11%
B++	156,239	76,446	232,685	45%	-	-	-	0%
B+	-	-	-	0%	234,783	120,995	355,778	54%
NITF	68,127	73,092	141,219	27%	87,287	69,099	156,385	24%
Unrated	-	-	-	0%	-	1	1	0%
Total	279,923	202,417	482,339	94%	384,999	230,329	615,328	94%
IBNR	-	-	31,783	6%	-	-	39,767	6%
Total reinsurance receivables	279,923	202,417	514,123	100%	384,999	230,329	655,095	100%

Ratings - Life	2022				2021			
	On paid claims	On reserve	Total	%	On paid claims	On reserve	Total	%
	(Rs.)'000'	(Rs.)'000'	(Rs.)'000'		(Rs.)'000'	(Rs.)'000'	(Rs.)'000'	
A-	7,067	6,289	13,356	100%	5,645	6,257	11,902	100%
AA-	-	-	-	0%	-	-	-	0%
Total reinsurance receivables	7,067	6,289	13,356	100%	5,645	6,257	11,902	100%

(D) Credit risk relating to reinsurance receivables

The following table provides information relating to credit risk exposure of reinsurance assets:

Group	Up to 30 days	31-60 days	Above 60 days	Total receivables
As at 31st December 2022 (Rs.'000')	40,874	29,494	425,327	495,695
As at 31st December 2021 (Rs.'000')	63,465	72,051	491,715	627,231

Company	Up to 30 days	31-60 days	Above 60 days	Total receivables
As at 31st December 2022 (Rs.'000')	39,923	28,723	413,693	482,339
As at 31st December 2021 (Rs.'000')	62,858	71,455	481,015	615,328

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(E) Credit risk relating to loans

The following table illustrates how the loans have been segregated amongst different categories.

Loan categories	Group		Company	
	2022	2021	2022	2021
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Staff loans	14,017	23,705	10,404	9,922
Loans to policyholders	34,789	31,374	-	-
Loans to field staff	6,036	9,996	-	-
Total	54,842	65,075	10,404	9,922

The Group grants loan facilities to staff including field staff after a robust process of evaluating the credit worthiness of the individual, value of the facility and the related collateral. The field staff loan and 45% of staff loan portfolios are largely made-up of vehicle loans and the Group has undertaken the absolute ownership of those vehicles as collateral.

(F) Credit risk relating to cash & cash equivalents

The Group held cash and cash equivalents of Rs. 106,750 million at 31 December 2022 (2021 - 279.825 million). The cash and cash equivalents are held with banks and financial institutional counterparties, which are rated BBB+ or better except for cash in hand & cash in transit of Rs. 8.59 million (2021 - 11.97 million)

(G) Collateral of debt securities

Reverse repo investments which fall under government securities is backed up by treasury bills and bonds which are provided as collateral. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. As at the financial position date, the Group held treasury bonds and bills worth Rs. 1,378 million as collateral for reverse repo investments amounting to Rs. 909 million.

(H) Concentration of credit risk - financial investments in debt securities

The Group actively manages its investment mix to ensure that there is no significant concentration of credit risk. The Group monitors concentration of credit risk by sector and instruments. An analysis of concentration of credit risk from financial investments is shown below:

As at 31st December	Group		Company	
	2022	2021	2022	2021
Government securities & related institutions	36%	30%	23%	31%
Corporate debt securities.	37%	42%	37%	39%
Equity instruments	27%	28%	38%	29%
Others	1%	0%	2%	2%
Total	100%	100%	100%	100%

Note 41.02.03 - Liquidity risk

Liquidity risk is the risk that the Group may not have sufficient liquid financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so. In respect of catastrophic / unexpected large claim events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The following policies and procedures are in place to mitigate the exposure to liquidity risk:

- The investment committee manages this risk by diversifying investment durations and reviewing cash flow projections regularly.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure availability of sufficient funding to meet insurance and investment contract obligations.
- Maintaining sufficient cash balances, repurchase agreements and other short tenure investments to accommodate expected obligations and commitments of the Group.
- Reviewing the maturity mix of the investment portfolio by the management and the investment committee on a regular basis.
- Reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments, should claim events exceed a certain size.

(A) Maturity analysis

Following table summarizes the maturity profiles of non-derivative financial assets and financial liabilities based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contract liabilities and reinsurance receivables, maturity profiles are determined based on estimated timing of net cash outflows from recognized insurance liabilities.

(B) Maturity profile- Group

Group	As at 31st December 2022					As at 31st December 2021				
	Total	Less than one year	One to three years	Three to five years	More than five years	Total	Less than one year	One to three years	Three to five years	More than five years
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Assets										
Financial investments	10,242,081	4,845,819	3,353,731	893,936	1,148,594	9,031,938	3,554,819	1,905,586	2,514,580	1,056,952
Loans to policyholders	34,789	4,175	6,610	6,958	17,047	31,374	2,962	6,437	5,703	16,272
Reinsurance receivables	527,479	527,479	-	-	-	666,998	666,998	-	-	-
Premium receivables	1,339,450	1,339,450	-	-	-	1,023,716	1,023,716	-	-	-
Cash and cash equivalents	106,750	106,750	-	-	-	279,826	279,826	-	-	-
Total assets	12,250,549	6,823,673	3,360,341	900,894	1,165,641	11,033,852	5,528,321	1,912,023	2,520,283	1,073,224
Liabilities										
Insurance contract liabilities-non-life	3,249,135	2,649,369	262,674	157,664	179,428	3,126,800	2,549,616	252,784	151,728	172,672
Lease creditors	462,461	47,388	189,281	104,997	120,795	446,959	40,860	128,370	114,857	162,872
Reinsurance payables	531,740	531,740	-	-	-	640,431	640,431	-	-	-
Other financial liabilities	1,162,842	1,162,870	-	-	-	973,759	973,759	-	-	-
Bank overdrafts	18,983	18,983	-	-	-	21,874	21,874	-	-	-
Total liabilities	5,425,161	4,410,350	451,955	262,661	300,222	5,209,822	4,226,539	381,154	266,585	335,543

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Company	As at 31st December 2022					As at 31st December 2021				
	Total	Less than one year	One to three years	Three to five years	More than five years	Total	Less than one year	One to three years	Three to five years	More than five years
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Assets										
Financial investments	6,433,922	3,689,110	2,434,914	160,412	149,485	5,850,389	2,679,395	1,132,477	1,875,821	162,695
Reinsurance receivables	514,123	514,123	-	-	-	655,095	655,095	-	-	-
Premium receivables	1,321,254	1,321,254	-	-	-	1,010,997	1,010,997	-	-	-
Cash and cash equivalents	71,919	71,919	-	-	-	267,833	267,833	-	-	-
Total assets	8,341,217	5,596,405	2,434,914	160,412	149,485	7,784,314	4,613,320	1,132,477	1,875,821	162,695
Liabilities										
Insurance contract liabilities-non-life	3,249,135	2,649,369	262,674	157,664	179,428	3,126,800	2,549,616	252,784	151,728	172,672
Lease creditors	377,192	47,046	169,953	79,209	80,984	361,851	40,594	112,135	95,259	113,863
Reinsurance payables	513,045	513,045	-	-	-	622,123	622,123	-	-	-
Other financial liabilities	1,047,705	1,047,733	-	-	-	880,305	880,305	-	-	-
Bank overdrafts	18,983	18,983	-	-	-	21,874	21,874	-	-	-
Total liabilities	5,206,061	4,276,176	432,627	236,874	260,411	5,012,951	4,114,511	364,919	246,987	286,534

Financial assets pledged as collateral

There were no financial assets pledged as collateral during the year ended 31st December 2022.

Note 41.02.04 - Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks:

Note 41.02.04.01 - Equity price risk

Note 41.02.04.02 - Foreign exchange risk

Note 41.02.04.03 - Interest rate risk

Exposure to market risk on these products is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

The following policies and procedures are in place to mitigate the Group's exposure to market risk.

- Macro-economic indicators and their impact on the Group's investment portfolio are monitored closely by the management.
- Impact from the market movement is monitored and warnings are sent to the managing director and the Board of Directors of high volatilities in the market.
- Total exposure to equity investments is made strictly within the agreed target asset allocation and sectorial equity limits.
- Equity investments are made in fundamentally sound stocks which are identified after an in-depth research and evaluation process.

Note 41.02.04.01 - Equity price risk

Listed equity securities are susceptible to market price risk arising from uncertainties of future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity portfolio investments. The Group's equity risk management policies are;

- Equity investment decisions are based on fundamentals rather than on speculation.
- Decisions are based on in depth macroeconomic and industry analysis as well as research reports on Group performance.

The risk exposure to listed equity securities as at 31st December 2022 with the comparatives are as follows;

Segment	Life		Non-Life	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Listed equity investments	1,046	1,841	4,026	7,458

Following table shows the sector diversity of quoted equity investments of the Group.

Sector	Group				Company			
	2022		2021		2022		2021	
	Rs.'000'	%	Rs.'000'	%	Rs.'000'	%	Rs.'000'	%
Construction & engineering	-	0%	-	0%	-	-	-	-
Manufacturing	-	0%	-	0%	-	-	-	-
Capital goods	420	8%	793	16%	-	-	-	-
Retail	50	1%	119	2%	-	-	-	-
Beverage food & tobacco	-	0%	-	0%	-	-	-	-
Banks finance & insurance	4,352	86%	7,942	157%	4,026	100%	7,458	100%
Hotels & travels	250	5%	444	9%	-	-	-	-
Total	5,072	100%	9,299	183%	4,026	100%	7,458	100%

The table below shows the estimated impact from a 10 percent decline in the stock market, on the net assets of the Company.

10% decline in stock market

	Net impact on net assets			
	Group		Company	
	2022	2021	2022	2021
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Investments	5,072	9,299	4,026	7,458
Net impact on net assets	(507)	(927)	(403)	(743)

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Note 41.02.04.02 - Foreign exchange risk

Foreign exchange risk is the risk of loss resulting from changes in exchange rates. The Group's principal operation is based in Sri Lanka and therefore is not exposed to the financial impact arising from changes in the exchange rates of various currencies.

(A) Foreign currency exposures other than in respect of foreign operations

	Group				Company			
	2022		2021		2022		2021	
	Amount in foreign currency USD	Amount in local currency Rs.	Amount in foreign currency USD	Amount in local currency Rs.	Amount in foreign currency USD	Amount in local currency Rs.	Amount in foreign currency USD	Amount in local currency Rs.
Foreign currency deposits	29,646	10,850,445	12,964	2,601,922	29,646	10,850,445	12,964	2,601,922

(B) Sensitivity analysis

The table below shows the estimated impact to the profitability when the foreign currency rate movements against the domestic currency.

	Impact to PBT			
	Group		Company	
	2022	2021	2022	2021
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
5% Strengthening of Rupee	(542,522)	(130,079)	(542,522)	(130,079)
5% Weakening of Rupee	542,522	130,115	542,522	130,115
+/- Impact on profit	0.071%	0.014%	0.096%	0.018%

Note 41.02.04.03 - Interest rate risk

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to changes in market interest rates.

The Group has adopted the following policies to manage interest rate risk

- The investment committee members keep a regular track of macroeconomic scenarios and their likely impact on interest rates
- Initial recognition of investments is closely monitored

Floating rate instruments expose the Group to cash flow fluctuations, whereas fixed interest rate instruments expose the Group to changes in fair values.

As at 31st December 2022 there were no cash flow interest rate exposures, as the Group did not have any floating rate investments. However, the Group is exposed to fair value fluctuations on fixed rate investments which are measured at fair value. The following table present the financial assets and financial liabilities which are subjective to the interest rate risk by the Group and the Company.

(A) Exposure to interest rate risk

Financial assets- Group	2022				2021			
	Variable interest rate	Fixed interest rate	Non- interest bearing	Total	Variable interest rate	Fixed interest rate	Non- interest bearing	Total
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Financial instruments- held maturity	-	5,870,416	-	5,870,416	-	3,179,775	-	3,179,775
Financial instruments- loans & receivables	-	4,361,375	-	4,361,375	-	3,906,592	-	3,906,592
Financial instruments- available for sale	-		9,244	9,244	-	1,703,784	12,673	1,716,458
Financial instruments- FCTP	-	-	1,046	1,046	-	-	1,841	1,841
Loans to life policyholders	-	34,789	-	34,789	-	31,374	-	31,374
Staff & other loans	10,404	9,649	-	20,053	-	23,705	-	23,705
Cash & cash equivalents	-	98,156	8,594	106,750	-	270,771	9,055	279,826
Total assets- Group	10,404	10,374,385	18,884	10,403,673	-	9,116,001	23,568	9,139,570
Commission payable	-	113,243	-	113,243	-	65,710	-	65,710
Bank overdrafts	-	18,983	-	18,983	-	21,874	-	21,874
Total liabilities- Group	-	132,226	-	132,226	-	87,584	-	87,584

Financial assets - Company	2022				2021			
	Variable interest rate	Fixed interest rate	Non-interest bearing	Total	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Financial instruments - held maturity	-	3,179,775	-	3,179,775	-	2,878,042	-	2,878,042
Financial instruments - loans & receivables	-	3,244,903	-	3,244,903	-	2,959,674	-	2,959,674
Financial instruments - available for sale	-	-	9,244	9,244	-	-	12,673	12,673
Staff & other loans	10,404	-	-	10,404	9,922	-	-	9,922
Cash & cash equivalents	-	67,954	3,965	71,919	-	261,509	6,324	267,833
Total assets - Company	10,404	6,492,632	13,209	6,516,245	9,922	6,099,225	18,997	6,128,144
Commission payable	-	96,897	-	96,897	-	63,749	-	63,749
Bank overdrafts	-	18,983	-	18,983	-	21,874	-	21,874
Total liabilities - Company	-	115,879	-	115,879	-	85,623	-	85,623

NOTES TO THE FINANCIAL STATEMENTS

(B) Sensitivity analysis

The table below shows the estimated impact on profitability and equity due to fluctuations of interest rates on the fixed rate available for sale financial assets.

Sensitivity of profit before tax and equity to changes in interest rates.

Group	2022					2021				
	Impact on profit before tax	Impact on equity change in variables				Impact on profit before tax	Impact on equity change in variables			
		Up to one year	1-5 years	Over 5 years	Total		Up to one year	1-5 years	Over 5 years	Total
(+) 100 basis points	-	-	-	-	-	-	(3,829)	(48,823)	20,010	(32,642)
(-) 100 basis points	-	-	-	-	-	-	(3,844)	(48,855)	19,519	(33,180)

There is no impact of changing interest rates, since the Company has reclassified investments in 2017 and now all the investments are on fixed rates.

Note 41.02.04.04 - Operating risk

This is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

Operational failures could result in dire consequences such as producing misleading financial information, loss of return, financial penalties from regulators or damage to the reputation of the Group. Operational risks arise from all operations of the Group.

While it is acknowledged that the Group cannot eliminate all operational risks, it is in a position to manage such risks by initiating a rigorous control framework and by monitoring and responding to potential risks.

Group's risk management team assesses all foreseeable risk involved in its operations and they develop and implement action plans to control those identified operational risks. These action plans recommended by the team is to manage the operational risks in the following areas:

- requirements for having appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- training and professional development
- risk mitigation where it is cost effective.

SEGMENTAL REVIEW – STATEMENT OF FINANCIAL POSITION – 2022

FOR THE YEAR ENDED 31ST DECEMBER 2022	2022				
	Company (Non Life)	Subsidiary (Coop Life)	Subsidiary (CITA)	Consolidation adjustments	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Assets					
Property, plant & equipment	1,071,181,539	358,663,511	937,500	-	1,430,782,552
Right of use assets	329,708,172	69,610,538	-	-	399,318,710
Intangible assets	27,378,598	892,424	-	-	28,271,022
Deferred tax asset	-	8,678,227	-	-	8,678,227
Financial investments	6,433,921,984	3,806,658,555	1,500,000	-	10,242,080,538
Investments in subsidiaries	544,260,050	-	-	(544,260,050)	-
Loans to policy holders	-	34,789,350	-	-	34,789,350
Reinsurance receivables	514,122,730	13,356,453	-	-	527,479,181
Premium receivables	1,321,254,103	18,195,602	-	-	1,339,449,705
Related party receivables	6,479,613	-	-	(6,479,613)	-
Other assets	89,625,353	40,813,583	765,397	(2,889,713)	128,314,637
Cash & cash equivalents	71,918,536	31,805,186	3,026,720	-	106,750,441
Total Assets	10,409,850,678	4,383,463,429	6,229,617	(553,629,379)	14,245,914,364
Equity & Liabilities					
Equity					
Stated capital	2,198,315,515	544,260,040	10	(544,260,050)	2,198,315,515
Revaluation reserve	856,105,427	219,621,165	-	(18,228,943)	1,057,497,653
Available for sales reserve	(24,198,263)	(24,945,263)	-	(31,137,492)	(80,281,014)
Retained earnings	1,992,173,103	603,224,715	619,494	49,366,435	2,645,383,747
Non controlling interests	-	-	-	-	-
Total equity	5,022,395,782	1,342,160,656	619,504	(544,260,051)	5,820,915,901
Liabilities					
Preference shares	11,000,000	-	-	-	11,000,000
Retirement benefit obligations	92,256,948	19,080,210	-	-	111,337,156
Lease liability under SLFRS 16	377,192,259	85,268,561	-	-	462,460,819
Insurance liabilities	3,249,134,938	2,799,363,423	-	-	6,048,498,361
Reinsurance creditors	513,045,287	18,694,770	-	-	531,740,057
Related party payables	-	3,937,175	5,432,152	(9,369,327)	-
Deferred tax liability	78,137,283	-	-	-	78,137,283
Other liabilities	1,047,705,377	114,958,634	177,961	-	1,162,841,982
Bank overdrafts	18,982,804	-	-	-	18,982,804
Total liabilities	5,387,454,896	3,041,302,773	5,610,113	(9,369,327)	8,424,998,462
Total Equity & Liabilities	10,409,850,678	4,383,463,429	6,229,617	(553,629,378)	14,245,914,364

SEGMENTAL REVIEW – STATEMENT OF FINANCIAL POSITION – 2021

FOR THE YEAR ENDED 31ST DECEMBER 2022	2021				
	Company (Non Life)	Subsidiary (Coop Life)	Subsidiary (CITA)	Consolidation adjustments	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Assets					
Property, plant & equipment	978,949,984	302,485,148	1,162,500	-	1,282,597,630
Right of use assets	328,836,557	72,997,928	-	-	401,834,485
Intangible assets	22,145,481	1,695,113	-	-	23,840,594
Deferred tax asset	-	87,275,607	-	-	87,275,607
Financial investments	5,850,388,827	3,180,049,558	1,500,000	-	9,031,938,383
Investments in subsidiaries	544,260,050	-	-	(544,260,050)	-
Loans to policy holders	-	31,373,709	-	-	31,373,709
Reinsurance receivables	655,095,061	11,902,483	-	-	666,997,544
Premium receivables	1,010,997,067	12,719,381	-	-	1,023,716,447
Related party receivables	10,635,220	-	-	(10,635,220)	-
Other assets	133,674,987	44,692,925	387,913	(525,539)	178,230,306
Cash & cash equivalents	267,833,246	7,493,842	1,576,249	2,922,177	279,825,513
Total Assets	9,802,816,480	3,752,685,694	4,626,662	(552,498,635)	13,007,630,218
Equity & Liabilities					
Equity					
Stated capital	2,198,315,515	544,260,040	10	(544,260,050)	2,198,315,515
Revaluation reserve	681,732,543	185,942,616	-	(18,228,939)	849,446,220
Available for sales reserve	(28,355,243)	(14,398,613)	-	(31,137,497)	(73,891,343)
Retained earnings	1,767,966,316	437,578,136	400,498	49,366,436	2,255,311,385
Non controlling interests	-	-	-	-	-
Total equity	4,619,659,131	1,153,382,179	400,508	(544,260,051)	5,229,181,777
Liabilities					
Preference shares	50,500,000	-	-	-	50,500,000
Retirement benefit obligations	65,597,849	13,638,442	-	-	79,236,291
Lease liability under SLFRS 16	361,850,546	85,108,470	-	-	446,959,015
Insurance liabilities	3,126,799,940	2,384,781,491	-	-	5,511,581,431
Reinsurance creditors	622,122,585	18,308,201	-	-	640,430,787
Related party payables	-	4,187,281	4,051,303	(8,238,584)	-
Deferred tax liability	54,108,229	-	-	-	54,108,229
Other liabilities	880,304,699	93,279,630	174,851	-	973,759,188
Bank overdrafts	21,873,500	-	-	-	21,873,500
Total liabilities	5,183,157,348	2,599,303,515	4,226,154	(8,238,584)	7,778,448,441
Total Equity & Liabilities	9,802,816,480	3,752,685,694	4,626,662	(552,498,635)	13,007,630,218

SEGMENTAL REVIEW – STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – 2022

FOR THE YEAR ENDED 31ST DECEMBER 2022	2022				
	Company (Non Life)	Subsidiary (Coop Life)	Subsidiary (CITA)	Consolidation adjustments	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Gross written premium	5,086,944,501	1,114,975,610	-	(3,708,477)	6,198,211,634
Less: premium ceded to reinsurers	(705,591,000)	(46,736,221)	-	-	(752,327,221)
Net written premium	4,381,353,501	1,068,239,389	-	(3,708,477)	5,445,884,413
Net change in reserves for unearned premium	(220,115,574)	-	-	-	(220,115,574)
Net earned premium	4,161,237,927	1,068,239,389	-	(3,708,477)	5,225,768,839
Other income					
Investment income	770,932,512	415,439,449	126,900	-	1,186,498,862
Unrealized changes in losses of financial instruments	-	(815,619)	-	-	(815,619)
Net realized gain in financial investments	-	-	-	-	-
Policy administration fees	232,371,975	-	-	-	232,371,975
Other income	14,744,100	5,763,435	1,220,400	(4,564,000)	17,163,935
	1,018,048,587	420,387,265	1,347,301	(4,564,000)	1,435,219,153
Total revenue	5,179,286,514	1,488,626,654	1,347,301	(8,272,477)	6,660,987,992
Net benefits & claims					
Gross benefits & claims incurred	2,867,224,251	386,321,946	-	-	3,253,546,198
Claims ceded to reinsurers	(268,491,750)	(26,571,821)	-	-	(295,063,571)
Change in life contract liabilities	-	433,141,538	-	-	433,141,538
	2,598,732,501	792,891,662	-	-	3,391,624,164
Other expenses					
Underwriting & policy acquisition cost	324,022,548	152,446,033	-	-	476,468,581
Other operating & administrative expenses	1,651,657,763	332,622,563	1,155,069	(8,272,477)	1,977,362,919
Finance cost	41,525,841	11,139,478	-	-	52,665,319
	2,017,206,152	496,208,075	1,155,069	(8,272,477)	2,506,296,820
Profit before tax	563,347,861	199,526,918	192,231	-	763,067,008
Income tax expenses	(105,578,295)	(30,894,635)	26,765	-	(136,446,165)
Profit for the year	457,769,566	168,632,283	218,996	-	626,620,845
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss ;					
Revaluation of land & buildings	242,844,351	81,381,293	-	-	324,225,644
Actuarial gains / (losses) on defined benefit plan	(13,609,141)	(2,985,703)	-	-	(16,594,844)
Items that may be reclassified subsequently to profit or loss ;					
Net change in fair value of available for sale of financial assets	4,854,624	-	-	-	4,854,624
Tax on other comprehensive income	(66,109,599)	(47,702,744)	-	-	(113,812,343)
Total comprehensive income for the year	625,749,799	199,325,130	218,996	-	825,293,923

SEGMENTAL REVIEW – STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – 2021

FOR THE YEAR ENDED 31ST DECEMBER 2022	2021				
	Company (Non Life)	Subsidiary (Coop Life)	Subsidiary (CITA)	Consolidation adjustments	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Gross written premium	4,519,359,369	840,558,515	-	(4,255,477)	5,355,662,407
Less: premium ceded to reinsurers	(712,521,091)	(46,093,644)	-	-	(758,614,735)
Net written premium	3,806,838,278	794,464,871	-	(4,255,477)	4,597,047,672
Net change in reserves for unearned premium	(46,704,475)	-	-	-	(46,704,475)
Net earned premium	3,760,133,803	794,464,871	-	(4,255,477)	4,550,343,197
Other income					
Investment income	489,756,955	299,250,755	111,521	(25,004,667)	764,114,565
Unrealized changes in losses of financial instruments	-	606,752	-	-	606,752
Net realized gain in financial investments	-	-	-	-	-
Policy administration fees	255,973,638	-	-	-	255,973,638
Other income	7,523,279	6,176,457	749,006	(4,377,384)	10,071,358
	753,253,872	306,033,964	860,528	(29,382,051)	1,030,766,313
Total revenue	4,513,387,675	1,100,498,835	860,528	(33,637,529)	5,581,109,510
Net benefits & claims					
Gross benefits & claims incurred	2,442,224,692	260,064,652	-	-	2,702,289,345
Claims ceded to reinsurers	(317,010,395)	(8,740,167)	-	-	(325,750,562)
Change in life contract liabilities	-	191,271,608	-	-	191,271,608
	2,125,214,297	442,596,093	-	-	2,567,810,391
	2,388,173,378	657,902,742	860,528	(33,637,529)	3,013,299,118
Other expenses					
Underwriting & policy acquisition cost	293,817,293	136,854,463	-	-	430,671,756
Other operating & administrative expenses	1,302,256,900	290,594,735	1,156,823	(8,632,862)	1,585,375,597
Finance cost	52,756,959	13,700,973	-	(2,241,667)	64,216,265
	1,648,831,152	441,150,171	1,156,823	(10,874,529)	2,080,263,618
Profit before tax	739,342,226	216,752,573	(296,296)	(22,763,000)	933,035,501
Income tax expenses	(108,548,055)	(14,594,041)	(26,765)	-	(123,168,861)
Profit for the year	630,794,171	202,158,532	(323,061)	(22,763,000)	809,866,641
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss ;					
Revaluation of land & buildings	171,780,097	64,141,575	-	-	235,921,672
Actuarial gains / (losses) on defined benefit plan	(4,263,463)	462,236	-	-	(3,801,227)
Items that may be reclassified subsequently to profit or loss ;					
Net change in fair value of available for sale of financial assets	9,233,074	(176,935,058)	-	-	(167,701,985)
Tax on other comprehensive income	6,020,605	13,027,179	-	-	19,047,784
Total comprehensive income for the year	813,564,482	102,854,464	(323,061)	(22,763,000)	893,332,885









SUPPLEMENTARY INFORMATION

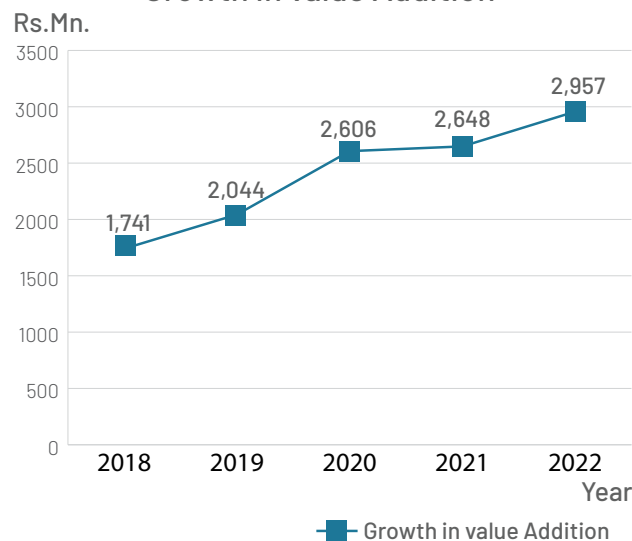
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STATEMENT OF VALUE ADDED

	2022 Rs.	%	2021 Rs.	%
Net earned Premium	5,225,768,839		4,550,343,197	
Investment Income and other Income	1,435,219,154		1,030,766,313	
	6,660,987,993		5,581,109,510	
Net Claims and benefits	(2,958,482,628)		(2,376,538,783)	
Cost of External Services	(745,050,080)		(556,327,011)	
Value Added	2,957,455,285		2,648,243,717	
To employees as salaries and other benefits	823,561,005	27.85%	714,860,582	26.99%
To Intermediaries as Commission	624,837,175	21.13%	560,335,663	21.16%
To the Government as Taxes	148,483,494	5.02%	97,070,001	3.67%
To life policyholders as increase in the life fund	433,141,538	14.65%	191,271,608	7.22%
Retained Within the Business				
- As Depreciation	300,811,230	10.17%	274,839,222	10.38%
- As Profit	626,620,843	21.18%	809,866,641	30.58%
	2,957,455,285	100.00%	2,648,243,717	100%

						
	To employees salaries and other benefits	To Intermediaries as commission	To the government as taxes	To life policyholders as increase in Life fund	Retained as Depreciation	Retained as Profit
2022	27.85%	21.13%	5.02%	14.65%	10.17%	21.18%
2021	26.99%	21.16%	3.67%	7.22%	10.38%	30.58%

Growth in value Addition



INSURANCE REVENUE ACCOUNT

	2022 Rs.	2021 Rs.
Insurance Business - Non-Life		
Gross written Premium	5,086,944,501	4,519,359,369
Less premium ceded to reinsurers	(705,591,000)	(712,521,091)
Net Written Premium	4,381,353,501	3,806,838,278
Net Change In Reserves for Unearned Premium	(220,115,574)	(46,704,475)
Net Earned Premium	4,161,237,927	3,760,133,803
Finance Income	770,932,512	489,756,955
Policy administration fee	232,371,975	255,973,638
Other operating revenue	14,744,100	7,523,279
Total Other Income	1,018,048,587	753,253,872
Total Revenue	5,179,286,514	4,513,387,675
Gross benefits and claims incurred	2,867,224,251	2,442,224,692
Claims ceded to reinsurers	(268,491,750)	(317,010,395)
Underwriting and policy acquisition cost	324,022,548	293,817,293
Other operating and administration expense	1,651,657,763	1,302,256,900
Total Expense	4,574,412,812	3,721,288,490
Operating profit from Non-Life Business (Before Interest)	604,873,702	792,099,185
Insurance Business - Life		
Gross written premium	1,114,975,610	840,558,515
Less Premium ceded to reinsurers	(46,736,221)	(46,093,644)
Net written Premium	1,068,239,389	794,464,871
Finance Income	415,439,449	299,250,755
Unrealized Realized gains/(losses)	(815,619)	606,752
Net fair value gains/(losses)	-	-
Other operating revenue	5,763,435	6,176,457
Total Other Income	420,387,265	306,033,964
Total Revenue	1,488,626,654	1,100,498,835
Gross benefits and claims	386,321,946	260,064,652
Claim ceded to reinsurers	(26,571,821)	(8,740,167)
Change in contract liabilities- Life	433,141,538	191,271,608
Underwriting and policy acquisition cost	152,446,033	136,854,463
Other operating and administration expense	332,622,563	290,594,735
Total other expenses	1,277,960,260	870,045,291
Operating profit from life business (before interest)	210,666,394	230,453,544
Reconciliation of statement of insurance revenue account		
Operating profit from non life Business	604,873,702	792,099,185
Surplus from life insurance Business	210,666,394	230,453,544
Profit from operations	815,540,096	1,022,552,731
interest expenses	(52,665,319)	(66,457,932)
Profit before tax (Life and Non-Life)	762,874,777	956,094,799
Income tax	(136,472,930)	(123,142,096)
Net profit for the year (Life insurance and Non-Life insurance)	626,401,847	832,952,703
Consolidation Entries net effect to profit	-	(22,763,000)
Profit from Coopinsu Trainng Academy	218,996	(323,061)
Net profit for the year	626,620,843	809,866,641

TEN YEAR SUMMARY – STATEMENT OF INCOME

	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.
Non-Life Insurance (Company)				
Gross written premium	5,086,944,501	4,519,359,369	4,400,098,871	4,305,789,306
Net earned premium	4,161,237,927	3,760,133,803	3,633,778,687	3,426,597,330
Insurance claims and benefits (net)	(2,598,732,501)	(2,125,214,297)	(1,982,740,412)	(2,381,993,056)
Underwriting and policy acquisition cost	(324,022,548)	(293,817,293)	(244,837,049)	(214,255,963)
Income from investments and other income	1,018,048,587	753,253,872	728,716,496	617,100,470
Expenses	(1,693,183,604)	(1,355,013,859)	(1,264,839,582)	(1,050,194,569)
Profit/Losses before tax	563,347,861	739,342,226	870,078,140	397,254,212
Life Insurance				
Gross written premium	1,114,975,610	840,558,515	775,410,100	772,782,378
Net earned premium	1,068,239,389	794,464,871	728,425,643	720,805,954
Insurance claims and benefits (net)	(359,750,124)	(251,324,485)	(331,219,193)	(210,010,243)
Underwriting and policy acquisition cost (Including reinsurers)	(152,446,033)	(136,854,463)	(97,645,436)	(80,783,712)
Income from investments and other income	420,387,265	306,033,964	290,303,742	236,393,520
Other operating and administration expenses	(343,762,041)	(304,295,708)	(282,092,874)	(279,167,251)
Change in contract liabilities- Life fund	(433,141,538)	(191,271,608)	(237,966,209)	(328,131,183)
Profit before tax	199,526,917	216,752,573	69,805,673	59,107,085
Group				
Gross written premium	6,198,211,634	5,356,222,663	5,171,822,516	5,075,046,995
Net earned premium	5,225,768,839	4,550,343,197	4,358,517,875	4,143,878,595
Insurance claims and benefits (net)	(2,958,482,628)	(2,376,538,783)	(2,313,959,605)	(2,592,003,299)
Underwriting and policy acquisition cost (Including reinsurers)	(476,468,581)	(430,671,756)	(342,482,485)	(295,039,683)
Income from investments and other income	1,435,219,154	1,030,766,313	1,015,568,399	819,803,788
Other operating and administration expenses	(2,029,828,238)	(1,649,591,862)	(1,539,628,410)	(1,321,577,643)
Change in contract liabilities- Life fund	(433,141,538)	(191,271,608)	(237,966,209)	(328,131,183)
Profit before tax	763,067,008	933,035,501	940,049,565	426,930,575

2018 Rs.	2017 Rs.	2016 Rs.	2015 Rs.	2014 Rs.	2013 Restated Rs.
3,750,838,457	3,055,835,664	2,475,543,314	1,724,542,837	1,386,207,634	1,304,357,157
2,844,440,066	2,351,320,143	1,936,570,424	1,441,556,142	1,258,325,523	1,157,134,366
(1,926,867,312)	(1,528,846,896)	(1,283,478,692)	(870,577,602)	(927,929,186)	(753,425,724)
(140,612,881)	(93,500,473)	(153,697,752)	(121,603,219)	(107,574,794)	(96,359,265)
531,260,412	403,773,308	294,491,336	219,150,061	218,285,742	219,162,764
(902,443,863)	(733,634,684)	(604,743,561)	(493,080,780)	(373,169,602)	(311,863,266)
405,776,422	399,111,399	189,141,754	175,444,602	67,937,682	214,648,875
619,881,069	626,972,292	466,997,348	494,597,627	402,046,246	337,622,877
574,047,900	587,044,481	425,981,838	462,585,041	371,098,731	308,055,849
(426,009,102)	(607,497,095)	(70,642,166)	(91,124,011)	(63,432,117)	(64,465,564)
(98,338,985)	(77,109,647)	(66,576,558)	(68,039,104)	(59,091,627)	(61,310,973)
206,035,541	193,151,817	84,774,207	117,523,804	117,595,252	123,819,329
(322,735,364)	(289,965,945)	(229,270,775)	(186,559,272)	(227,482,891)	(180,519,714)
110,736,893	249,255,888	(151,532,183)	(206,761,950)	(121,882,712)	(113,593,744)
43,736,883	54,879,499	(7,265,638)	27,624,508	16,804,638	11,985,184
4,368,316,886	3,677,800,345	2,940,072,597	2,216,521,622	1,788,253,880	1,641,980,034
3,416,085,326	2,933,357,013	2,360,084,198	1,901,522,341	1,629,424,254	1,465,190,215
(2,131,402,628)	(2,136,343,991)	(1,354,120,858)	(961,701,613)	(991,361,303)	(817,891,288)
(238,951,866)	(170,610,120)	(220,274,311)	(189,642,323)	(166,666,421)	(157,670,238)
697,665,431	591,083,237	356,752,583	334,934,585	335,880,995	342,982,094
(1,217,911,302)	(1,012,751,129)	(829,033,312)	(675,281,930)	(600,652,493)	(492,382,980)
(110,736,893)	249,255,888	(151,532,183)	(206,761,950)	(121,882,712)	(113,593,744)
414,748,068	453,990,898	161,876,118	203,069,110	84,742,320	226,634,059

TEN YEAR SUMMARY - STATEMENT OF FINANCIAL POSITION

	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.
Assets				
Property, plant and equipment	1,071,181,539	978,949,984	924,285,766	915,227,525
Right of Use Assets	329,708,172	328,836,556	276,751,236	284,133,939
Intangible Assets	27,378,598	22,145,481	16,229,209	9,260,615
Financial Investments	6,433,921,984	5,850,388,827	4,411,648,309	3,498,089,564
Investment in subsidiary	544,260,050	544,260,050	574,260,050	455,260,050
Deferred tax asset				
Loans to life policyholders			-	-
Reinsurance receivables	514,122,730	655,095,061	364,005,542	394,409,744
Premium receivables	1,321,254,103	1,010,997,067	1,096,720,671	923,241,077
Related party receivables	6,479,613	10,635,220	15,650,469	16,676,075
Other assets	89,625,353	133,674,987	78,457,475	53,763,400
Cash and cash equivalents	71,918,536	267,833,246	177,828,759	119,168,796
Total Assets	10,409,850,678	9,802,816,480	7,935,837,486	6,669,230,785
Equity And Liabilities				
Equity				
Stated capital	2,198,315,515	2,198,315,515	1,515,756,670	1,515,756,670
Revaluation reserve	856,105,427	681,732,543	515,270,012	421,742,144
Available for sale reserves	(24,198,263)	(28,355,243)	(33,538,944)	(39,439,817)
Revenue reserves - Retained earnings	1,992,173,103	1,767,966,317	1,401,972,797	748,360,117
Total Equity	5,022,395,782	4,619,659,132	3,399,460,535	2,646,419,114
Liabilities				
Interest bearing borrowings		-	-	-
Preference shares	11,000,000	50,500,000	50,500,000	-
Insurance provision - Life	-	-	-	-
Lease liability under SLFRS 16	377,192,259	361,850,546	295,985,027	290,817,618
Insurance provision - Non-Life	3,249,134,938	3,126,799,940	2,956,779,172	2,735,576,692
Retirement benefit obligations	92,256,948	65,597,849	53,222,055	53,695,603
Reinsurance Creditors	513,045,287	622,122,585	212,724,701	309,664,298
Deferred tax liability	78,137,283	54,108,229	48,624,012	61,110,824
Other liabilities	1,047,705,377	880,304,699	858,075,370	539,162,386
Bank Over draft	18,982,804	21,873,500	60,466,614	32,784,250
Total Liabilities	5,387,454,896	5,183,157,348	4,536,376,951	4,022,811,671
Total Equity And Liabilities	10,409,850,678	9,802,816,480	7,935,837,486	6,669,230,785

	2018 Rs.	2017 Rs.	2016 Rs.	2015 Rs.	2014 Rs.	2013 Restated Rs.
	856,627,241	827,891,117	782,372,876	792,220,399	660,185,284	444,322,711
	-	-	-	-	-	-
	2,861,955	2,136,027	3,073,679	4,847,582	5,683,179	5,597,265
	2,887,575,982	2,365,950,814	1,903,630,823	1,337,622,691	2,317,275,108	2,221,102,783
	445,260,050	410,000,040	400,000,040	500,000,040	100,000,040	
		30,250,575	39,207,757	6,915,144		
		-	-	-	11,213,065	7,965,408
	331,971,907	245,140,054	82,931,657	21,272,032	43,879,481	30,974,432
	750,717,081	593,207,932	418,971,726	293,536,246	231,625,872	204,373,070
	11,535,904	7,956,943	11,998,559	5,277,178		
	85,488,497	70,086,779	69,296,033	78,289,728	133,054,792	54,545,009
	120,708,829	114,938,091	75,831,464	36,865,532	327,560,284	18,275,185
	5,492,747,446	4,667,558,372	3,787,314,614	3,076,846,572	3,830,477,105	2,987,155,863
	1,430,194,585	1,260,251,770	1,115,367,950	1,004,909,610	1,004,909,610	632,019,940
	322,407,068	333,597,638	268,847,038	233,220,060	113,274,337	3,355,004
	(48,607,352)	(67,029,162)	(87,476,248)	(39,017,836)	19,510,661	
	656,163,366	553,311,055	398,604,509	349,965,668	326,438,579	341,105,307
	2,360,157,667	2,080,131,301	1,695,343,249	1,549,077,502	1,464,133,188	976,480,251
	1,763,819	8,414,249	17,625,419	28,027,997	132,304,326	164,340,086
		-	-	-	869,227,132	743,890,039
	2,229,943,843	1,900,064,983	1,653,884,388	1,277,037,794	1,105,611,903	828,315,269
	40,738,427	37,993,692	32,130,390	22,679,048	31,403,673	23,825,396
	291,709,148	196,593,172	100,183,584	8,007,050		
	51,698,297					
	422,227,958	374,392,781	247,075,734	134,855,172	220,225,276	218,018,416
	94,508,287	69,968,193	41,071,850	57,162,009	7,571,607	32,286,406
	3,132,589,779	2,587,427,071	2,091,971,365	1,527,769,070	2,366,343,918	2,010,675,612
	5,492,747,446	4,667,558,372	3,787,314,614	3,076,846,572	3,830,477,105	2,987,155,863

INVESTOR INFORMATION

Stated Capital

Stated Capital Rs.	Number of Shares	Class of Shares	Voting Rights
2,198,315,515	1,652,177,600	Ordinary Shares	One Vote per Ordinary Share

Distribution of Shareholding

	No of Holders	Holdings	Total Holdings%
1-1000	1,156	489,450	0.0296
1001-10000	1,833	8,861,715	0.5364
10001-100000	1,489	52,105,141	3.1537
100001-1000000	317	94,480,490	5.7185
Over 1,000,000	92	1,496,240,804	90.5617
Total	4,887	1,652,177,600	100.0000

Share Performance

Market Price per share (Rs.) – Company	2022	2021
Net asset per share – Group	3.52	3.17
Net asset per share – Company	3.04	2.80
Highest Price Per Share	12.00	8.00
Lowest Price Per Share	2.40	3.80
Last Traded Price Per Share as at 31st December	4.00	7.00

Share Performance Related Ratios

Description	2022	2021
Number of Shares	1,652,177,600	1,652,177,600
Dividend per share (Rs.)	1.35	1.90
Dividend Payment (Rs. Mn)	223.04	275.9
Dividend Pay-out (%)	49%	44%
Basic Earnings per share (Rs.) – Group	0.38	0.54
Basic Earnings per share (Rs.) – Company	0.28	0.42
Net Asset Value per share (Rs.) – Group	3.52	3.17
Net asset per share – Company	3.04	2.80
P/E Ratio (Times)	10.53	12.96

Analysis of Shareholders - Resident/Non-Resident

Type	2022		2021	
	No. of Shares	%	No. of Shares	%
Resident	1,652,177,600	100%	1,652,177,600	100%
Non -Resident	-	0%	-	0%
Total	1,652,177,600	100%	1,652,177,600	100%

Public shareholding

Description	2022	2021
Float Adjusted Market Capitalization (Rs. Mn.)	4,256	1,167
Percentage of Shares held by the Public	64%	10%
Number of Public Shareholders	4,867	4,418

The Company complies the minimum public Shareholding requirement under option 02 of section 7.14.1 (b) of the Listing Rules.

Float Adjusted Market Capitalisation = Market Capitalisation x Public Holding Percentage

Top 20 shareholders

No.	Name	As at 31st December 2022	
		Shareholding	%
1	WENNAPPUWA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD	216,895,920	13.13
2	POST & TELECOM EMPLOYEES CO-OPERATIVE BANK SOCIETY LTD	156,656,840	9.48
3	WAYAMBA CO-OPERATIVE RURAL BANKS UNION LTD	105,377,730	6.38
4	GAMPAHA DISTRICT CO-OPERATIVE RURAL BANK UNION LTD.	103,955,830	6.29
5	PUBLIC SERVICE CO-OPERATIVE CREDIT & THRIFT SOCIETY LTD	91,090,730	5.51
6	MATARA DISTRICT TEA PRODUCERS CO-OPERATIVE SOCIETY LTD	76,448,180	4.63
7	BELIATTA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD	65,431,230	3.96
8	MATARA DISTRICT CO-OPERATIVE RURAL BANKS UNION LTD	50,709,940	3.07
9	PUTTALAM SALT LTD	41,371,390	2.50
10	BERALAPANATHARA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD	31,637,250	1.91
11	HOMAGAMA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD	30,018,540	1.82
12	KOTAPOLA MULTI PURPOSE CO-OPERATIVE SOCIETY LTDD.	28,614,020	1.73
13	COLOMBO DISTRICT CO-OPERATIVE RURAL BANK UNION LTD.	27,808,570	1.68
14	SRI LANKA CO-OPERATIVE RURAL BANKS FEDERATION LIMITED	26,172,490	1.58
15	HAMBANTHOTA DISTRICT CO-OPERATIVE RURAL BANK UNION LTD	25,206,250	1.53
16	PANDUWASNUWARA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD	24,547,180	1.49
17	CENTRAL PROVINCE CO-OPERATIVE RURAL BANK UNION LTD	24,234,010	1.47
18	BINGIRIYA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD	22,181,190	1.34
19	MIRIGAMA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD	20,579,230	1.25
20	KOLONNAWA MULTI PURPOSE CO-OPERATIVE SOCIETY LTD.	18,973,030	1.15
Total		1,187,909,550	71.90

Shareholding of Directors and Chief Executive Officer

Name	As at 31st December 2022
	No of Shares
Mr. K.S.S. Weerasekara	Nil
Mr. D.L. Samarawickrama	Nil
Mr. M.G.U.P. Kumara	Nil
Mr. A.B. Senadira	Nil
Mr. D. Thilakawardana	Nil
Mr. P.B. jayarathna	Nil
Mr. M. Widanagamage	Nil
Mr. A.A.J. Amarasinghe	244,030
Mr. T.B.H. Kumara	Nil

INVESTOR INFORMATION

UTILIZATION OF FUNDS RAISED BY THE INITIAL PUBLIC OFFERING

Issue Proceeds Utilization as at 31st December 2022

Objective Number	Objective as per the Prospectus	Amount Allocated as per the Prospectus	Proposed Date of Utilization as per the Prospectus	Amount Allocated from Proceeds in LKR (A)	% of Total Proceeds	Amount Utilized in LKR (B)	% of Utilization against Allocation (B/A)	Clarification if not fully utilized including where the fund are invested
01	Business Expansion	325,000,000	1-2 Years from 2022	325,000,000	54%	32,347,688	10%	Considering the prevailing economic situation In the country company is still progressing to speed up the projects. Unutilized funds are invested in Government Securities (Repo) in accordance with the IRCSL Prescribed Guidelines.
02	Digital Transformation of business	250,000,000	1-3 Years from 2022	250,000,000	42%	5,526,053	2%	
03	Construction of Salvage Yard	25,300,000	1-2 Years from 2022	25,300,000	4%	3,960,953	16%	
Total		600,300,000		600,300,000	100%	41,834,694	7%	

The Company did not encounter any material issues pertaining to employees and industrial relations during the year 2022 therefore Company complied with section 7.6 (vii) of listing rules.

GLOSSARY OF INSURANCE TERMS

Actuary

An expert concerned with the application of probability and statistical theory to problems of insurance, investment, financial management and demography.

Actuarial Valuation

A determination by an actuary at a specific date of the value of a life insurance company's assets and its liabilities.

The purpose of a valuation is to determine if the Company holds adequate assets to fund the Company's liabilities.

Admissible Assets

Value of assets that are included in determining an insurer's statutory solvency margin specified under the rules made by the Insurance Board of Sri Lanka under Regulation of Insurance Industry Act No. 43 of 2000.

Annuity

A contract that provides an income for a specific period.

Approved Assets

Assets that represent the technical reserve and the long-term insurance fund as per the determination made under Regulation of Insurance Industry Act No. 43 of 2000.

Beneficiary

A person or financial institution named by the policyholder as the recipient of the sum insured and other benefits due in the event of the policyholder's death.

Bonus

Bonus is a method of distribution of surplus amongst the participating policyholders of a life insurance company.

A bonus is an enhancement to the basic sum assured under a contract, and is declared as a percentage of the sum assured.

Broker

A sales and service representative who handles insurance for clients, generally selling insurance of various kinds and for several companies.

Claims

The amount payable under a contract of insurance arising from the occurrence of an insured event such as destruction or damage of property and related death or injuries, the insuring of hospital or medical bills, death or disability of the insured and gratuity claims.

Claims Incurred

The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate adjusted by the gross claims reserve at the beginning and end of the accounting period.

Claim Incurred But Not Reported (IBNR)

A reserve to cover the expect cost of losses that have occurred by the Balance Sheet date but have not yet been reported to the insurer.

Claims Incurred But Not Enough Reported (IBNER)

A reserve made in respect of to cover expected cost of losses that have occurred, but no comprehensive information is available to make adequate provision as at the Balance Sheet date.

Claims Outstanding - Life Insurance

The amounts provided to cover estimated ultimate cost of settling claims arising out of events, which have been notified by the Balance Sheet date, being sums due to beneficiaries together with claims handling expenses, less amounts already paid in respect of those claims.

Claims Outstanding - Non-Life Insurance

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 IBNR and IBNER claims and claims handling expenses.

Commission

Remuneration to an intermediary for services such as selling and servicing an insurer's products. This is one component of acquisition expenses.

Deferred Acquisition Expense Reserve

Expenses which vary with and primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they related to a period of risk subsequent to the Balance Sheet date.

Deposit Premium

A premium paid on the inception of a contract of insurance or reinsurance, which is subject to adjustment at a latter date. A deposit premium may represent the minimum amount payable.

GLOSSARY OF INSURANCE TERMS

Earned Premium

Written premium adjusted by the unearned premium reserve at the beginning and end of the accounting period.

Endowment

Life Insurance payable to the policyholder if living on the maturity date in the policy or to a beneficiary if the insured dies before that date.

Events Occurring after the Balance Sheet Date

Those events both favourable and unfavourable, that occurs between the Balance Sheet date and the date when the Financial Statements are authorised for issue.

Ex-gratia Payments

A payment by an insurer to an insured for which there is no liability under the contract. In some cases an insurer may feel there has been a mistake or a misunderstanding and he may pay a claim, even though he does not appear to be liable.

Facultative Reinsurance

Oldest form of reinsurance. This is the reinsurance of an individual risk on terms and conditions agreed with the reinsurer specially for that risk. Particulars of each risk are submitted by the ceding company to the reinsurer who may accept or decline at will. This is useful when dealing with risks outside the ceding company's treaty arrangements.

Gross Claims Reserve - Non-Life

The amount provided, including claims incurred but not reported and claims handling expenses, to cover the estimated cost, arising out of events occurred by the end of the accounting period, less amounts already paid in respect of those claims.

Gross Written Premium - Life

Premium to which the insurer is contractually entitled and received in the accounting period.

Gross Written Premium - Non-Life

Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.

Insurance

Insurance is a contract whereby one party the insurer, in return for a consideration, i.e., the premium, undertakes to pay to the other party the insured, a sum of money or its equivalent in kind, upon the happening of a specified event that is contrary to the interest of the insured.

Insurance Provision - Non-Life

This comprises of the gross claims reserve, unearned premium reserve net of reinsurance and the deferred acquisition expenses.

Insurance Provision - Long-Term

The fund or funds to be maintained by an insurer in respect of its long-term insurance business in accordance with Act No. 43 of 2000.

Interim Payments

Periodic payments to the policyholders on a specific type of policy.

Life Surplus

The excess of the assets cover the liabilities as determined by the actuary (taking into account the solvency requirements) and after distribution of Bonus to policyholders.

Long-Term Insurance

Commonly referred to as life insurance contracts, as opposed to annual non-life Insurance policies.

Maturity

The time at which payment of the sum insured under a life insurance policy falls due at the end of its term.

Net Assets

Total assets less total liabilities. Also equal to the shareholders' equity.

Net Combined Ratio - Non-Life

This ratio indicates the profitability of the insurer's operations by combining the net loss ratio with net expense ratio. The combined ratio does not take account of investment income.

Net Earned Premium

Gross written premium adjusted for the reinsurance incurred and for the increase or decrease in unearned premium.

Formula:

$$\frac{(\text{Net claims incurred} + \text{Expenses})}{\text{Net earned premium}} \times 100$$

Net Expense Ratio - Non-Life

A formula used by insurance companies to relate income to acquisition and administrative expenses (e.g. commissions, taxes, staff, operating expenses).

Formula:

$\frac{\text{Net Expenses}}{\text{Net earned premium}} \times 100$

Net Claims Ratio - Non-Life

A formula used by insurers to relate net claims incurred to net earned premium (i.e., after deducting relevant reinsurances).

Formula:

$\frac{\text{Net claims incurred}}{\text{Net earned premium}} \times 100$

Net Written Premium

Gross written premium less reinsurance premium payable. Net Claims Incurred Claims incurred less reinsurance recoveries.

Policy Loans

A loan given to the policyholder on the security of the surrender value of a Life Insurance policy. The loan is limited to a percentage of the current surrender value of the policy and interest is charged on such loan.

Premium

The consideration payable by the insured for an insurance contract.

Profit Commission

Commission received from the reinsurer based on the net profit of the reinsurer as defined in the accounting period.

Reinsurance

Transfer of all or part of the risk assumed by an insurer under one or more insurance to another insurer, called the reinsurer.

Reinsurance Commission

Commission received or receivable in respect of premium paid or payable to a reinsurer.

Reinsurance Premium

The premium payable to the reinsurer.

Revenue Account

An account which shows a financial summary of the insurance related revenue transactions for the accounting period.

Segment

Constituent business units grouped in terms of nature and similarity of operation.

Surrender

Termination of an insurance policy by the insured before the expiry of its term (more common in life insurance).

Surrender Value

The sum payable by an insurance company upon the surrender of a life insurance policy before it has run its full course.

Technical Reserve

This comprises of the claims reserve net of reinsurance, unearned premium reserve net of reinsurance and the deferred acquisition costs.

Title Insurance

Insurance which indemnifies the owner of real estate in the event that his clear ownership of property is challenged by the discovery of fault in the title that was passed to him.

Underwriting Result

This is the profit generated purely from the non-life insurance business without taking into account the investment income and expenses.

Unearned Premium

It represents the portion of premium already entered in the account as due, but which relates to a period of risk subsequent to the Balance Sheet date.

Unearned Premium Reserve

A fund kept by the general insurer to provide for claims that may arise in the future under insurance that are still in course.

BRANCH NETWORK

GENERAL INSURANCE OFFICE

Co-operative Insurance Company PLC

1. Akuressa
D.C.Wanigasekara Mawatha,
New Bangam Rd, Akuressa
041-2284973, 041-2285574
041-2284974
2. Akkaraipattu
Main Street, Akkaraipattu
(Near the Education Office)
067-2055122
067-2055123
3. Anamaduwa
1/4, Puttalam Road, Anamaduwa
032-2050414
032-2050417
4. Ambalangoda
26B ½, Galle Rd, Ambalangoda
091-2256500
091-2255581
5. Ambalantota
59, Main Street, Ambalantota
047-2225045, 047-2225047
047-2225511
6. Aluthgama
3/160, Galle Road, Aluthgama
034-2296166
034-2296167
7. Ampara
16, D S Senanayake Mawatha, Ampara
063-2223122
063-2223586
8. Anuradhapura
08, Maithreepala Senanayake Mawatha, Anuradhapura
025-2226777-8, 025-2227533
025-2225457
9. Avissawella
No.35, Gem Land, Kudagama Road, Avissawella
036-2233881
036-2233704
10. Badulla
81, 2nd Floor, Bank Road, Badulla
055-2222620
055-2225512
11. Balangoda
133A 1/1, Brans Rathwaththa Mawatha, Balangoda
045-2287494
045-2288438
12. Batticaloa
Dist. Co-op Council Building, Pioneer Road, Batticaloa
065-2227984
065-2228844
13. Bandarawela
Shopping Complex, Thanthiriya, Bandarawela
057-2221657
057-2221701
14. Battaramulla
No. 153, Pannipitiya Road, Battaramulla
011-2872791
011-2872792
15. Baddegama
1st Floor, DFCC Building, Udukumbura, Baddegama
091-2294411
16. Bibila
Wagolla Waththa, Bibila
055-2265036
17. Chilaw
No. 05, Bauddaloka Mawatha, Chilaw
032-2224745
032-2220360

- | | |
|---|--|
| 18. City
No. 455, Co-op House, Galle Road, Colombo 03
011-2556648
011-2556574 | 28. Divulapitiya
No.100, Kurunegala Road, Divulapitiya
031-2248080
031-2248105 |
| 19. Colombo Metro
No.455, Co-op House, Galle Road, Colombo 03
(011-2372763, 011-2372764)
011-2556579 | 29. Eheliyagoda
58/A, Main Street, Eheliyagoda
036-2260426
036-2260428 |
| 20. Chunnakam
Rajah Building, K K S Road, Chunnakam | 30. Elpitiya
No. 05, Main Street, Elpitiya
091-2297019
091-2297095 |
| 21. Dambulla
No.719 (717), Anuradhapura Road, Dambulla
066-2285624
066-2285625 | 31. Embilipitiya
66 1/1, Pallegama Road, Embilipitiya
047-2230177
047-2261394 |
| 22. Ganemulla
191/1, 1st Floor, Kirindiwita Road, Ganemulla
033-2260532 | 32. Galle
36, Sri Dewamiththa Mawatha, China Garden, Galle
091-2227688, 091-2232258
091-2227687 |
| 23. Dankotuwa
Pannala Road, Dankotuwa
031-2265685
031-2265418 | 33. Galewela
No.45, Kalawewa Road, Galewela
066-2287282
066-2287283 |
| 24. Deniyaya
No. 98/02, Near the Bridge, Main Street, Deniyaya
041-2273353
041-2273519 | 34. Gampaha
No.114/1/1, Bauddhaloka Mawatha, Gampaha
033-2248600,033-2231618
033-2231122 |
| 25. Dehiwala
No. 11, Galle Road, Mount Lavinia
011-2725265
011-2725261 | 35. Gampola
No.110, Nuwara Eliya Road, Gampola
081-2077121
081-2077122 |
| 26. Dehiattakandiya
No. 01 Commercial Town, Dehiattakandiya
027-2250028 | 36. Galenbindunuwewa
Infront of Nenasala, Kannimaduwa Road,
Galenbindunuwewa
025-2121022
025-2121023 |
| 27. Digana
No. 04, New Town, Digana, Rajawella
081-2072394 | |

BRANCH NETWORK

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|---|--|
| 37. Giriulla
No.105/B, 1st Floor, Negombo Road, Giriulla
037-2288710
037-2288711 | 46. Kaluthara
219/3, Galle Road, Kaluthara
034-2238131-2
034-2223450 |
| 38. Hatton
Co-op Building, Co-op Square, Hatton
051-2225146
051-2225175 | 47. Kandy
No.117, D S Senanayake Veediya, Kandy
081-2205661/3
081-2202055 |
| 39. Homagama
77, High Level Rd, Homagama
011-2895270-1,011-2748307,011-2098740
011-2855392 | 48. Kanthale
Kanthale MPCs Building, Awanhala, Kanthale
026-2234302 |
| 40. Ja-Ela
No.68, Negombo Road, Kandana
011-2234817
011-2234816 | 49. Katugastota
206, Katugastota Road, Kandy
081-2226687
081-2226688 |
| 41. Horana
No.257, Rathnapura Road, Horana
034-2260310
034-2260444 | 50. Kalmunai
No.170, Batticaloa Road, Kalmunai
067-2059996
067-2059997 |
| 42. Jaffna
No.570, Hospital Road, Jaffna
021-2224561
021-2217495 | 51. Kalpitiya Sub
No.146D, Main Street, Periyakudirippu
032-2260607 |
| 43. Kadawatha
645/G/2, Bandarawaththa, Kandy Road, Kadawatha
011-2927501
011-2927502 | 52. Kamburupitiya Sub
No.17, Aluth Walauwa, Akuressa Road, Kamburupitiya
041-2294495 |
| 44. Kalawana
1st Floor, No.76, Mathugama Road, Kalawana
045-2256033
045-2256088 | 53. Karapitiya
No.185 /2/1, Hirimbura Road, Karapitiya, Galle
091-2228586
091-2228711 |
| 45. Kaduwela
No.51, Avissawella Road, Kaduwela
011-2548544
011-2548666 | 54. Kegalle
No.261/1, Kandy Road, Kegalle
035-2221461
035-2231911 |
| | 55. Kekirawa
12, Dambulla Rd, Kekirawa
025-2265333
025-2265332 |

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|---|---|
| 56. Kelaniya
369, Kandy Road, Peliyagoda
011-2918312
011-2918311 | 65. Mahiyanganaya
No.102/4, Padiyathalawa Road, Mahiyanganaya
055-2257451
055-2257497 |
| 57. Kolonnawa
No.166, Kolonnawa Road, Kolonnawa
011-2533372
011-2533373 | 66. Malabe
411, Athurugiriya Road, Malabe
011-2156045,011-2742501,011-2080159
011-2742058 |
| 58. Kiribathgoda
67 D/3, Kandy Rd, Kiribathgoda
011-2907858
011-2907859 | 67. Mathugama
No.203, Agalawaththa Rd, Mathugama
034-2240972
034-2240973 |
| 59. Kilinochchi
C/O Pillaiyar Arul Vanachcholai, A9 Road, Kilinochchi
021-2285790
021-2285791 | 68. Mannar
No.45, Hospital Road, Mannar
023-2250833
023-2251682 |
| 60. Kuliyaipitiya
No.286, Madampe Road, Kuliyaipitiya
037-2282249
037-2282248 | 69. Mawanella Sub
Hemmathagama MPCs Building, Mawanella
035-2246231 |
| 61. Kirindiwela
27/16/1, Nugahena Waththa, Kirindiwela
033-2253100
033-2253101 | 70. Matale
No. 577, Trincomalee Street, Matale
066-2224498
066-2232222 |
| 62. Kurunegala
13 1/1, Rajapihilla Road, Kurunegala
037-2233601-2
037-2221749 | 71. Melsiripura
Near the Fuel Station, Dambulla Road, Melsiripura
037-2250183
037-2250648 |
| 63. Kurunegala North
250/252, Negombo Road, Kurunegala
037-2050000
037-2050064 | 72. Medawachchiya
Opposite the Hospital, A9 Road, Medawachchiya
025-2121013
025-2121014 |
| 64. Maharagama
218A 1/1, High Level Rd, Maharagama
011-2845144,011-2089007,011-2089010
011-2843422 | 73. Matara
320/15, Anagarika Dharmapala Mawatha, Nupe,
Matara
041-2234701-2,041-2234707
041-2230649 |

BRANCH NETWORK

74. Minuwangoda No. 39 1/1, Airport Road, Minuwangoda 011-2299151 011-2288044	83. Nikaweratiya No.79, Maho Road, Nikaweratiya 037-2260946,037-2260995 037-2260994
75. Metro No.63, Bauddaloka Mawatha, Colombo 03 011-2574358 011-2556578	84. Nittambuwa No.48/4, Kandy Road, Nittambuwa 033-2246294 033-2287748
76. Monaragala 210, Wellawaya Rd, Monaragala 055-2277534,055-2277401 055-2276113	85. Nochchiyagama 19/B, Puttalam Road, Nohchiyagama 025-2257108 025-2257113
77. Moratuwa 490A, Galle Road, Rawathawatta, Moratuwa 011-2644891,011-2649054 011-2644893	86. Nugegoda 1st floor, No.36, Nawala Road, Nugegoda 011-2890851 011-2890850
78. Mullaitive Manalkudiriyyupu, Mullaitivu 021-2061056 021-2061057	87. Nugegoda South 2nd floor, No.36, Nawala Road, Nugegoda 011-2814234 011-2814254
79. Negombo No.160/A, Thaladuwa Road, Negombo 031-2222426,031-2121018 031-2228270	88. Nuwara Eliya 72, Park Rd, Nuwara Eliya 052-2235570 052-2222811
80. Narammala No.60, Kuliyaipitiya Road, Narammala 037-2249851 037-2249956	89. Padiyathalawa Main Street, Padiyathalawa 063-2246057
81. Nelliady No. 82, Point Pedro Road, Nelliady, Karaveddy 021-2265737	90. Pilimathalawa No.206, Colombo Road, Pilimathalawa 081-2560007
82. Neluwa Manuka Building, Dellawa Road, Neluwa 091-2285410 091-2285411	91. Pelmadulla No.40/01/04, Chandara Building, Rakwana Road, Pelmadulla 045-2276216 045-2274732

- | | |
|---|--|
| <p>92. Panadura
No.36A, Cyril Janz Mawatha, Panadura
038-2234133
038-2234933</p> | <p>101. Thalawathugoda
No.1136, Pannipitiya Road, Thalawathugoda
011-2774261
011-2774262</p> |
| <p>93. Piliyandala
No.165, Moratuwa Road, Piliyandala
011-2615702
011-2615701</p> | <p>102. Thambuttegama
No.141, Kurunegala Road, Business Town,
Thambuttegama
025-2275689
025-2275688</p> |
| <p>94. Polonnaruwa
No.292/1, Batticaloa Road, Polonnaruwa
027-2226880
027-2227310</p> | <p>103. Thissamaharama
Mathagasinghe Building, Palliyawaththa Road,
Thissamaharama
047-2239820
047-2238596</p> |
| <p>95. Pottuvil
Main Street, Pottuvil
063-2248858
063-2248859</p> | <p>104. Urubokka Sub
Upper Floor, IOC Filling Station, Uruobokka
041-2272159</p> |
| <p>96. Puttalam
97/B, Cargills Food city Building ,
Kurunegala Road, Puttalam
032-2267211
032-2267336</p> | <p>105. Vavuniya
No.99, Station Road, Vavuniya
024-2225536-7
024-2224122</p> |
| <p>97. Rikillagaskada
72/2, Kandy Road, Rikillagaskada
081-2071622
081-2071330</p> | <p>106. Wariyapola
92/A, Puttalam Road, Wariyapola
037-2268206
037-2268205</p> |
| <p>98. Rathnapura
Coop House, Bandaranayake Mw, Rathnapura
045-2222983-4, 045-2221042
045-2225335</p> | <p>107. Walasmulla
No.60, Beliatta Road, Walasmulla
047-2254490
047-2254491</p> |
| <p>99. Trincomalee
No.316, Inner Harbor Road, Trincomalee
026-2226751
026-2221126</p> | <p>108. Wellawaya
No.167, Tissa Road, Wellawaya
055-2274214</p> |
| <p>100. Siyambalanduwa Sub
No.38, Main Road, Siyambalanduwa
055-2279123</p> | <p>109. Welimada
No.232, Nuwara Eliya Road, Welimada
057-2245627
057-2245628</p> |

BRANCH NETWORK

110. Weligama Sub

Weligama MPCs Bldg, Anagarika Dharmapala Mw,
Weligama
041-2254935

111. Wennappuwa

Wenco Super Market, Chilaw Rd, Wennappuwa
031-2253541, 031-2245000
031-2253363

112. Warakapola Sub

Warakapola MPCs Building, Warakapola
035-2269575

REGIONAL OFFICES

REGIONAL OFFICE FOR GENERAL INSURANCE

1. Colombo (North)

114/1, Bauddhaloka Mawatha, Gampaha
033 - 2238574
071 - 0862300

2. 2nd manager Colombo (East)

77, High Level Rd, Homagama
011-2895271

3. Zonal manager

114/1/1, Bauddhaloka Mawatha, Gampaha
033-2238574
071-6840781

4. North Central

08, Maithreepala Senanayake Mw, Anuradhapura
025-2227429
071-4562992

5. North

2nd Floor, Sathya Bld, 1st Cross Street, Vavuniya
024-2228035

6. Southern - 1

320/15, Anagarika Dharmapala Mw, Matara
041-2234703

7. Southern - 2

320/15, Anagarika Dharmapala Mw, Matara
041-2234703

8. ARM North west

13 1/1, Rajapihilla Road, Kurunegala
037-2226370

9. Central

No 117, DS Senanayake Veediya, Kandy
071 - 0233499

COOPLIFE BRANCH NETWORK

1. Akuressa

D.C.Wanigasekara Mawatha, New Bangam Rd,
Akuressa
041-2285564
041-2284878

2. Ambalangoda

26B 1/2, Galle Rd, Ambalangoda
091-2255875

3. Ambalantota

59, Main Street, Ambalantota
047-2225346

4. Ampara

16, D S Senanayake Mw, Ampara
063-2222887
063-2222877

5. Anuradhapura

No.521/116, 2nd part, 7th Avenue, Anuradhapura
025-2227638
025-2227637

6. Avissawella

No.35, Gem Land, Kudagama Road, Avissawella
036-2234862

7. Badulla

81, 2nd Floor, Bank Road, Badulla
055-2231692
055-2231693

8. Balangoda

133 1/1, Brans Rathwaththa Mw, Balangoda
045-2289522

- | | |
|---|---|
| <p>9. Batticaloa
Dist. Co-op Council Bldg, Pioneer Rd, Batticaloa
065-2229896
065-2229875</p> | <p>18. Horana
No.257, Rathnapura Road, Horana
034-2265984
034-2265985</p> |
| <p>10. Chilaw
No.05, Bauddaloka Mawatha, Chilaw
032-2224252
032-2224263</p> | <p>19. Jaffna
No.570, Hospital Road, Jaffna
021-2228071
021-2217496</p> |
| <p>11. Dambulla
No.719 (717), Anuradhapura Road, Dambulla
066-2285377
066-2285477</p> | <p>20. Kaluthara
358/A, Kaluthara North, Kaluthara
034-2238252</p> |
| <p>12. City Office
1st Floor, "Co-op House", No.455, Galle Road, Colombo 03
011-2504801
011-2504802</p> | <p>21. Kalawana
1st Floor, No.76, Mathugama Road, Kalawana
045- 2256033
045-2256088</p> |
| <p>13. Chunnakam
Rajah Building, K K S Road, Chunnakam
021-2240530
021-2240550</p> | <p>22. Kandy
No.45/3/1, Katugastota Road, Kandy
081-2223440
081-2205662</p> |
| <p>14. Embilipitiya
66 1/1, Pallegama Rd, Embilipitiya
047-2262162
047-2262163</p> | <p>23. Kegalle
No.261/1, Kandy Road, Kegalle
035-2231912
035-2222215</p> |
| <p>15. Galle
36, Sri Dewamiththa Mw, China Garden, Galle
091-2223155
091-2223295</p> | <p>24. Kekirawa
12, Dambulla Rd, Kekirawa
025-2264995,025-2265945
025-2264996</p> |
| <p>16. Gampaha
No.114/1/1, Bauddaloka Mawatha, Gampaha
033-2248601
033-2231617</p> | <p>25. Kiribathgoda
67 D/3, Kandy Rd, Kiribathgoda
011-2907920
011-2987332</p> |
| <p>17. Homagama
79/1, High Level Rd, Homagama
011-2893916
011-2895424</p> | <p>26. Kilinochchi
C/O Pillaiyar Arul Vanachcholai, A9 Road, Kilinochchi
021-2285792</p> |

BRANCH NETWORK

- | | |
|--|--|
| 27. Kuliypitiya
No.194, Main Street, Kuliypitiya
037-2281630
037-2281633 | 36. Monaragala
72, Wellawaya Rd, Monaragala
055-2276155
055-2277533 |
| 28. Kurunegala
11 1/1, Rajapihilla Road, Kurunegala
037-2221915,037-2225463
037-2225462 | 37. Moratuwa
177 2/1, New Galle Rd, Moratuwa
011-2644841
011-2644510 |
| 29. Maharagama
218A 2/1, High Level Road, Maharagama
011-2088744
011-2089508 | 38. Morawaka
1st floor,mpcs building ,Deniyaya Road, Warallawa.
041-2282697 |
| 30. Mahiyanganaya
No.102/4, Padiyathalawa Road, Mahiyanganaya
055-2258491 | 39. Negombo
No.160/A, Thaladuwa Road, Negombo
031-2228446
031-2230320 |
| 31. Malabe
903/A, Udawaththa Road, Malabe
011-2077454
011-2185841 | 40. Nelliady
No.82, Point Pedro Road, Karaveddi, Nelliadi
021-2261351
021-2264945 |
| 32. Mannar
No.45, Hospital Road, Mannar
023-2251336
023-2251681 | 41. Nikaweratiya
No.79, Maho Road, Nikaweratiya
037-2260996,037-2260945
037-2260923 |
| 33. Matale
No. 577, Trincomalee Street, Matale
066-2224499
066-2232222 | 42. Nuwara Eliya
72, Park Rd, Nuwara Eliya
052-2235590
052-2235594 |
| 34. Matara
320/15, Anagarika Dharmapala Mawatha, Nupe,
Matara
041-2237765 | 43. Polonnaruwa
No.292/1, Batticaloa Road, Polonnaruwa
027-2226696
027-2227311 |
| 35. Metro
60/1/1, Maligawaththa New Rd, Colombo 10
011-2554358
011-2554357 | 44. Puttalam
97/B, Cargills Food City Building 1 st Floor, Kurunegala
Road, Puttalam
032-2265292
032-2265366 |

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| <p>45. Rathnapura
No.22, Kiriella Building, Panadura Rd, Moragahayata, Rathnapura
045-2233237
045-2233238</p> <p>46. Siyambalanduwa
No.38, Main Road, Siyambalanduwa</p> <p>47. Trincomalee
No.316, Inner Harbor Road, Trincomalee
026-2062121
026-2062122</p> <p>48. Thambuttegama
Rejina Junction, Thambuttegama
025-2275729
025-2275728</p> <p>49. Vauniya
2nd Floor, Sathya Bld, 1st Cross Street, Vavuniya
024-2227961
024-2227962</p> <p>50. Wennappuwa
Wenco Super Market, Chilaw Rd, Wennappuwa
031-2255910</p> <p>51. Medawachchiya
Opposite side the hospital, A9 Road, Medawachchiya</p> <p>52. Jaffna - metro
No.69 1/1, Pulaly Road, Thirunevely. Jaffna</p> | <p>2. RM - Southern Region
Galle - RM office
36, Sri Dewamiththa Mawatha, China Garden, Galle
091-2223155
091-2223295</p> <p>3. RM - Homagama Region
Maharagama - RM office
218 A2/1, High Level Road , Maharagama
011-2088744
011-2089508</p> <p>4. RM - Anuradhapura Region
Kekirawa - RM office
12, Dambulla Road, Kekirawa
025-2265945
025-2264995
025-2264996</p> <p>5. RM - North Region
Vavuniya - RM office
2nd Floor, Saytha Building, 1st Cross street, Vavuniya
024-2227962
024-2227961</p> <p>6. RM - East Region
Badulla - RM office
No.81, 2nd Floor, Bank Road, Badulla
055-2331694</p> <p>7. RM - Nikaweretiya Region
No.81, Maho Road, Nikaweretiya
037-2260321</p> |
|---|--|

REGIONAL OFFICE FOR LIFE INSURANCE

- | | |
|---|--|
| <p>1. RM - Colombo Region
Gampaha - RM office
114/2/1, Bauddhaloka Mawatha, Gampaha
033-2248601
033-2231617</p> | <p>8. RM - Badulla Region
81, 2nd Floor, Bank Street, Badulla.
055-2231694</p> |
|---|--|

NOTICE OF MEETING

Annual General Meeting

The Company will inform the Shareholders of the Annual General Meeting to be held in 2023, in due course.
By Order of the Board of Directors,



Kalupahana and Thilakerathne Law Associates
Secretaries to the Company

30th June 2023

CORPORATE INFORMATION

NAME OF THE COMPANY

Co-operative Insurance Company PLC (CICPLC).

LEGAL FORM

A Public Quoted Limited Liability Company Incorporated in Sri Lanka on August 11, 1997 under Companies Act No. 17 of 1982. The Company was re-registered on December 31, 2008 under Companies Act No. 07 of 2007. Co-operative Insurance Company Limited has become a General Insurance Company licensed by the Insurance Regulatory Commission of Sri Lanka (IRC SL) with effect from 1st January 2015. Company has being Listed on Colombo Stock Exchange in 30th December 2021.

COMPANY REGISTRATION NUMBER

PB 834/ PQ 00255274

TAX PAYER IDENTIFICATION NUMBER

TIN - 134007168

VAT REGISTRATION NUMBER

134007168 - 7000

BALANCE SHEET DATE

December 31st

PRINCIPAL ACTIVITIES

With effect from 1st January 2015, principal activities of the Company are carrying on General Insurance Business and providing services to its subsidiary Cooplife Insurance Limited which is carrying on Life Insurance Business.

REGISTERED OFFICE

"Co-operative Insurance House"
No. 74/5, Grandpass Road, Colombo 14.
Telephone : +94 (0)112 55 73 00 - 8
Facsimile : +94 (0)112 55 73 09
E-mail : info@coopinsu.com
Web : www.ci.lk

RATING

Insurer Financial Strength BB (Ika) (Fitch Ratings)

SUBSIDIARY

Cooplife Insurance Limited

No. 455, Co-op House, Galle Road, Colombo 03.
Telephone : +94 (0)112 57 48 01

Coopinsu Training Academy (Pvt) Ltd.

No. 70/3, Grandpass Road, Colombo 14.
Telephone : +94 (0)112 55 73 00

AUDITORS

Jayasinghe & Company – Chartered Accountants
No. 94/12, Kirulapone Avenue, 2nd Lane, Colombo 05.

DIRECTORATE

Mr. A.B. Senadira	Mr. T.B.H. Kumara
Mr. D.L. Samarawickrama	Mr. P.B. Jayarathne
Mr. K.S.S. Weerasekara	Mr. M. Widanagamage
Mr. D. Thilakawardena	Mr. M.G.U.P. Kumara (till 09.06.2023)
Mr. A.A.J. Amarasinghe	Mr. L. Waragoda (w.e.f. 09.06.2023)

SECRETARIES

Kalupahana and Thilakerathne Law Associates
No. 11/1/1, Belmont Street, Colombo 12

CORPORATE MANAGEMENT

Ms.W.A.L.W.Perera - Chief Executive Officer (w.e.f. 01.06.2023)
Mr. M.G.U.P. Kumara – Managing Director & Chief Executive Officer (MD till 09.06.2023 and CEO till 31.05.2023)
Ms. M.S.Rasanjali - Chief Financial Officer
Mr. L.A.N.C. Weerasinghe - General Manager Sales & Marketing
Mr. M. Nanayakkara - Asst. General Manager - Technical
Ms. N.D. Baduraliya - Asst. General Manager (GI)
Mr. K.M. Jayasundara - Asst. General Manager - Regional
Mr. Sumith Amarasinghe - Manager - Human Resources
Ms. Preethimalee Wijerama - Manager - Legal
Mr. Danushka De Silva - Manager - Administration
Mr. Shaminda Silva - Manager - Internal Audit
Mr. Danushka Liyanage - Manager - Information Technology
Ms. D.D.S. Gamage - Manager - Finance and Operations
Ms. J.M.H. Jayasinghe - Senior Manager - Motor
Ms. A.H.T. Priyadarshani - Manager - Reinsurance
Mr. I.P. Pushpakumara - Motor Engineer
Mr. Jayantha De Silva - Consultant – Marine
Mr.C.D.Nugegoda – Manager – Risk & Compliance

BANKERS

People's Bank	DFCC Bank
Commercial Bank	Bank of Ceylon
Sampath Bank	Nations Trust Bank
RDB Bank	Pan Asia Bank
Seylan Bank	

CONSULTANT ACTUARIES

General Insurance

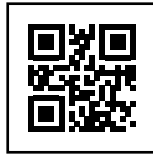
Actsure Lab (Pvt) Limited
No. 11/2, 1st Lane, Pagoda Road, Nugegoda

Life Insurance Fund

Actsure Lab (Pvt) Limited
No. 11/2, 1st Lane, Pagoda Road, Nugegoda

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Annual Reports



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