REACHING
NEW HEIGHTS

ANNUAL REPORT | 2022

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General
சணச ஜெனரல் இன்ஷூரன்ஸ்
SANASA GENERAL INSURANCE

22 Million,
Thats the number of Sri Lankans we hope to protect and serve.

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04 Years,
That's how long it has taken us to reach where we stand today.

426,
That is our family who always strive to provide an excellent service to our customers

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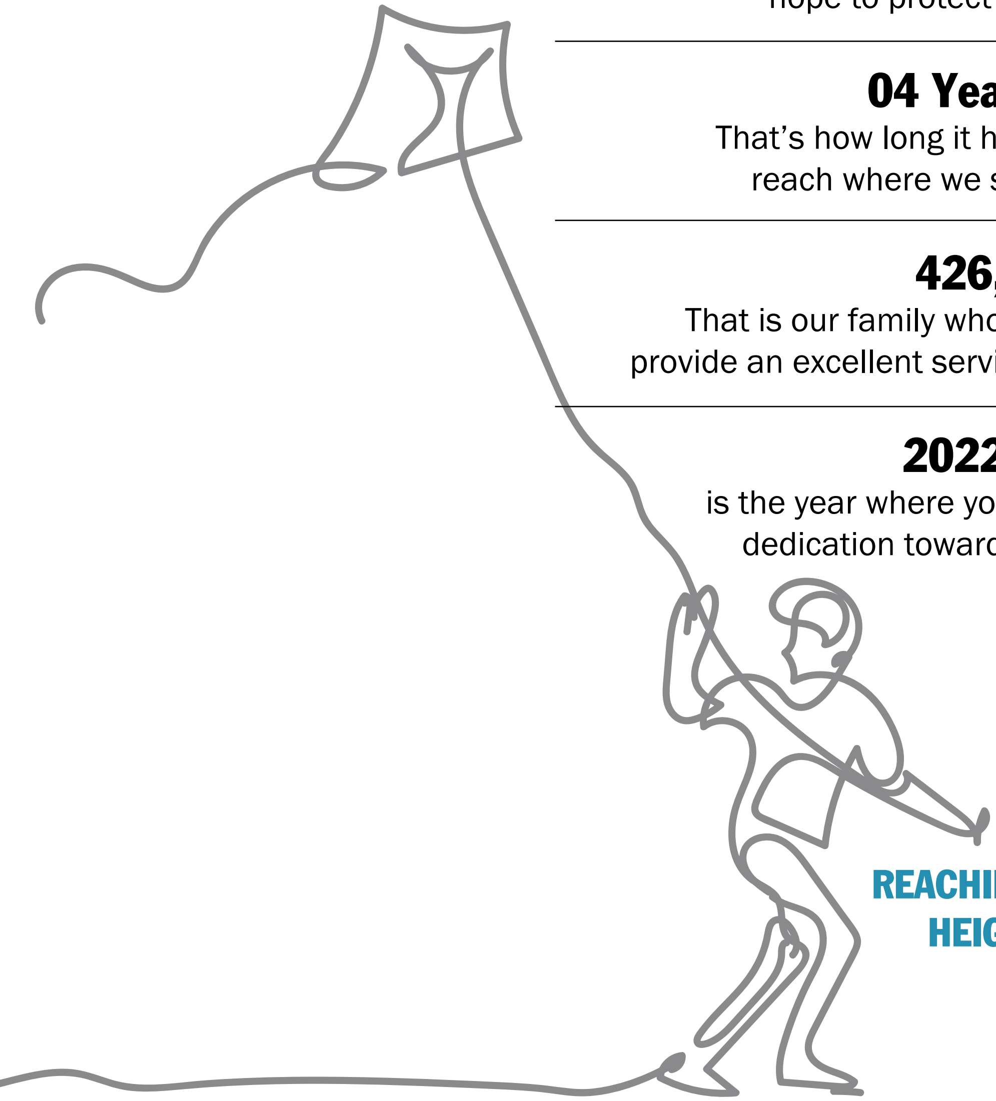
2022,
is the year where you'll witness our dedication towards our vision.



REACHING NEW HEIGHTS

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ABOUT US

Sanasa General Insurance Company Limited is one of the rapidly growing Short Term Insurers in Sri Lanka, with a history of over 15 years in the Insurance Industry as a Composite Insurer. Sanasa General Insurance commenced its operations as an independent Short Term Insurer on the 01st of July 2019 as a subsidized company of Sanasa Life Insurance Company PLC.

Sanasa General Insurance offers a diverse product portfolio which supports individuals & businesses to hedge their risks in today's volatile environment, throughout our widespread branch network, societies & brokers to ensure that we reach out to our customers far & wide, whilst being the pioneer in providing micro insurance to those, in the underserved market in Sri Lanka. "Integrity" has been a Key Component of our business, and SGIC has built a stable business with a strong risk management profile to achieve our vision of being the strongest General Insurance Company with the Largest Customer base in Sri Lanka.

CUSTOMER BASE
(No. of policies)
330,135

No. of EMPLOYEES
426

CLAIMS SETTLEMENTS
Rs. 229 Mn

OUR VISION

"To become the strongest General Insurance Company with the largest Customer base in Sri Lanka"

OUR MISSION

"To offer an excellent service to our clients to improve their livelihood and to develop the society as a whole by introducing a platform of Risk Management".

OUR VALUES

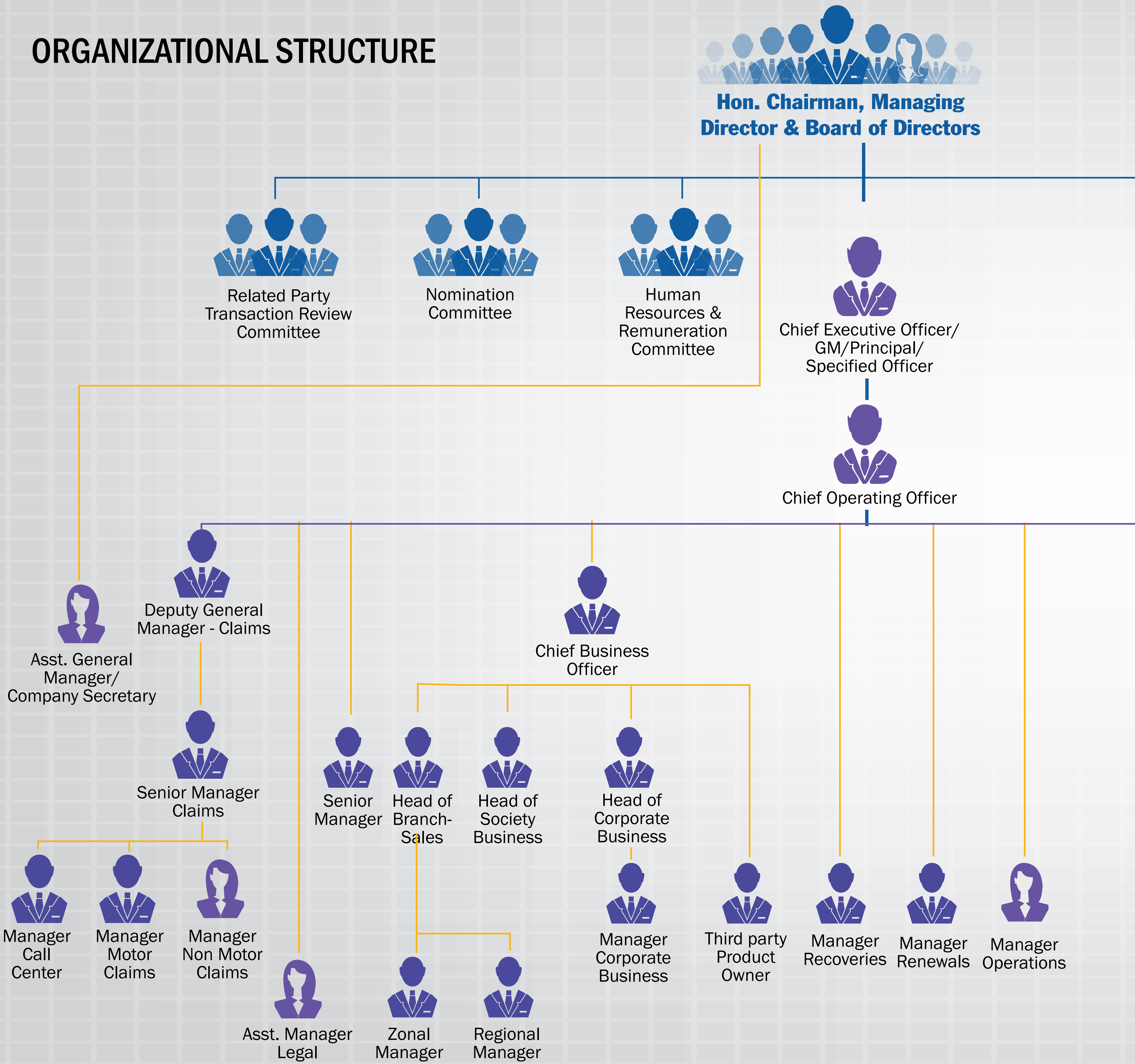
SPEED — We make thoughtful decisions quickly, execute them with intensity and simplify where we can.

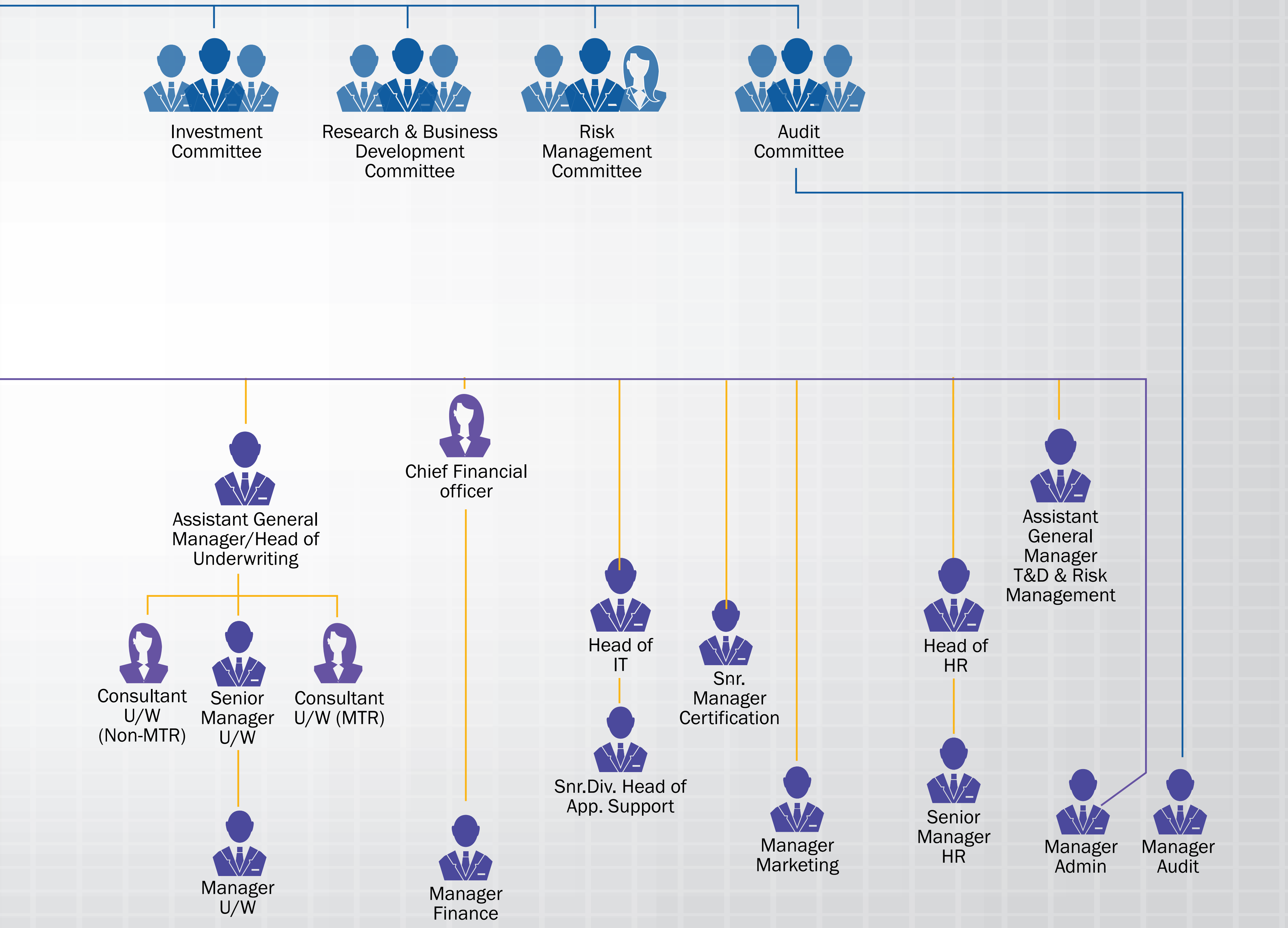
GOODWILL — Establish reputation of the business as a qualifiable asset.

INTEGRITY — Our word is our bond; we will always deliver on a promise

CARE — We value our customers as the partners of our success

ORGANIZATIONAL STRUCTURE





Investment Committee
Research & Business Development Committee
Risk Management Committee
Audit Committee
Assistant General Manager/Head of Underwriting
Chief Financial officer
Assistant General Manager T&D & Risk Management
Head of IT
Snr. Manager Certification
Head of HR
Consultant U/W (Non-MTR)
Senior Manager U/W
Consultant U/W (MTR)
Snr.Div. Head of App. Support
Senior Manager HR
Manager Marketing
Manager Admin
Manager Audit
Manager U/W
Manager Finance

SGIC MILESTONES

2022 — In preparation for the next phase of development

2019 — Company has been segregated in to two companies (Life and General)

2002 — Establishment of Sanasa Insurance Comapny Ltd. ALMAO became the major shareholder . In 2005 begins operations in General Insurance

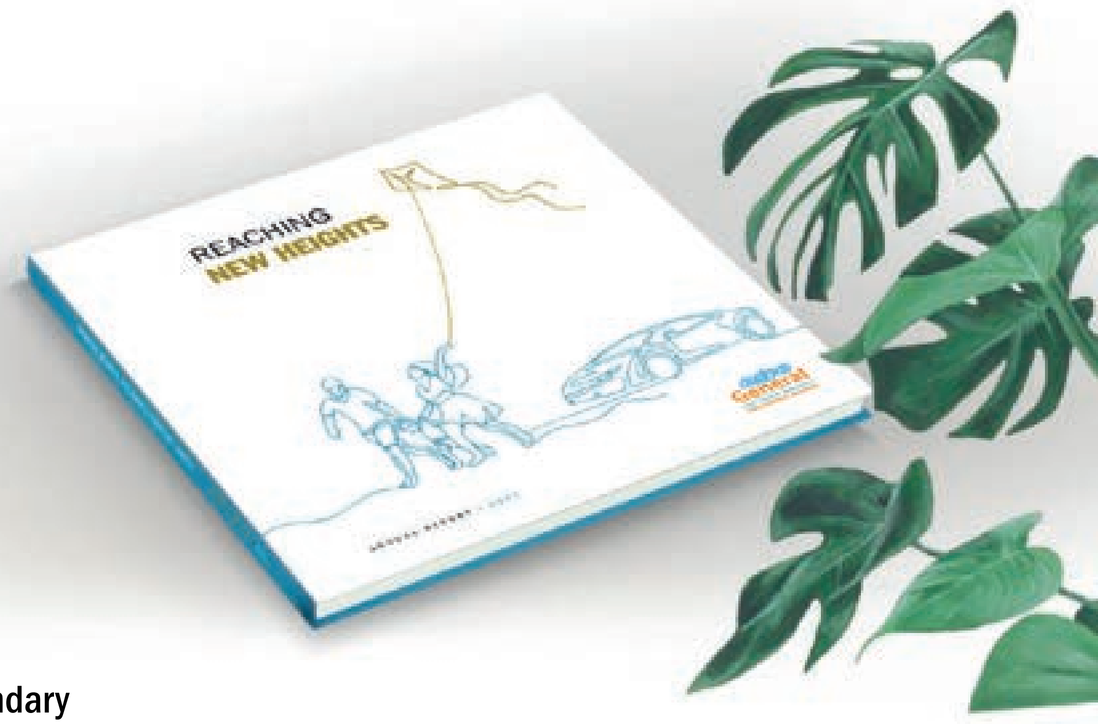
1996 — Amaigamation with Micro - Insurance unit of Sanasa Federation

1993 — Declared as a Specially Authorized society in the government gazette

1991 — Formation of ALMAO with Saciety Leaders of Funeral Aid Societies.

1989 — Community Development survey conducted by “ Forum of development which was established by Dr. P.A. Kiriwandeniya. Initiation of the SICL

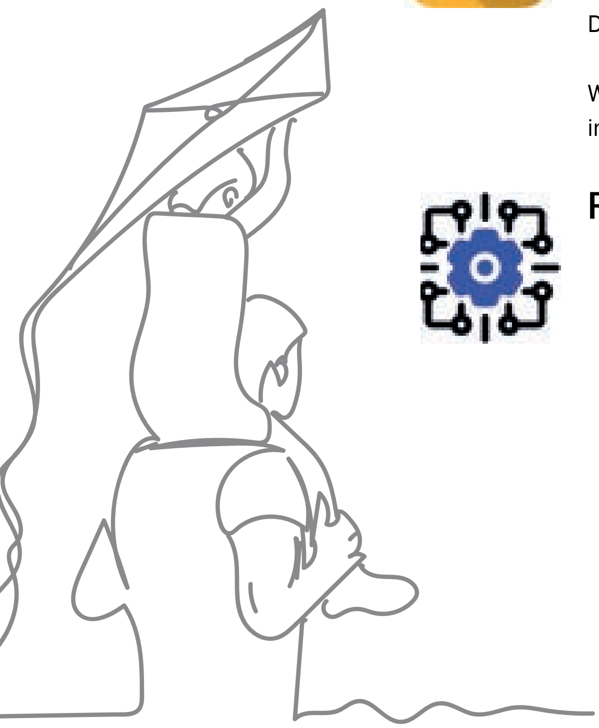
ABOUT THE REPORT



Scope and Boundary

This report comprises both the financial and non-financial performance of Sanasa General Insurance Company Limited for the financial year ended 31st December 2022. The last Annual Report was for the twelve month period ended 31st December 2021.

While this report is primarily prepared for our Shareholders, it contains relevant information for other stakeholders including customers, employees, business partners, regulators and the community.



Reporting Frameworks

Financial reporting

- Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Regulations and Directions issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL)
- Regulations of Insurance Industry Act, No. 43 of 2000 and the subsequent amendments

Corporate Governance

- Code of Best Practices on Corporate Governance 2017 issued by CA Sri Lanka
- Corporate Governance Framework for Insurers issued by the Insurance Regulatory Commission of Sri Lanka
- Companies Act, No. 07 of 2007

Assurance

Assurance of the report content is provided through a combination of internal and external sources. The content included in this Integrated Report has been reviewed by the respective business heads and reviewed by the CEO and the Audit Committee prior to submission to the Board of Directors for approval. An independent review of the Company's Financial Statements has been carried out by external auditors, M/S Ernst & Young Chartered Accountants. Their report is on page 130 &131

Reliability and Completeness

The report presents an unbiased view of all material matters. Independent actuaries have confirmed the technical reserves and liability adequacy. Information provided have been verified by the Board of Directors, Audit Committee, Other Board Sub-Committees and Management Committees as applicable. Forward-looking statements included in the report are based on future prospects and expectations of the industry and environment. However actual results may materially differ from such statements made.

Consistency and Comparability

Unless stated otherwise all reporting concepts remain consistent with the most recent published report. Comparative information is provided where relevant and any change made to be consistent with the current year's presentation have been reported.

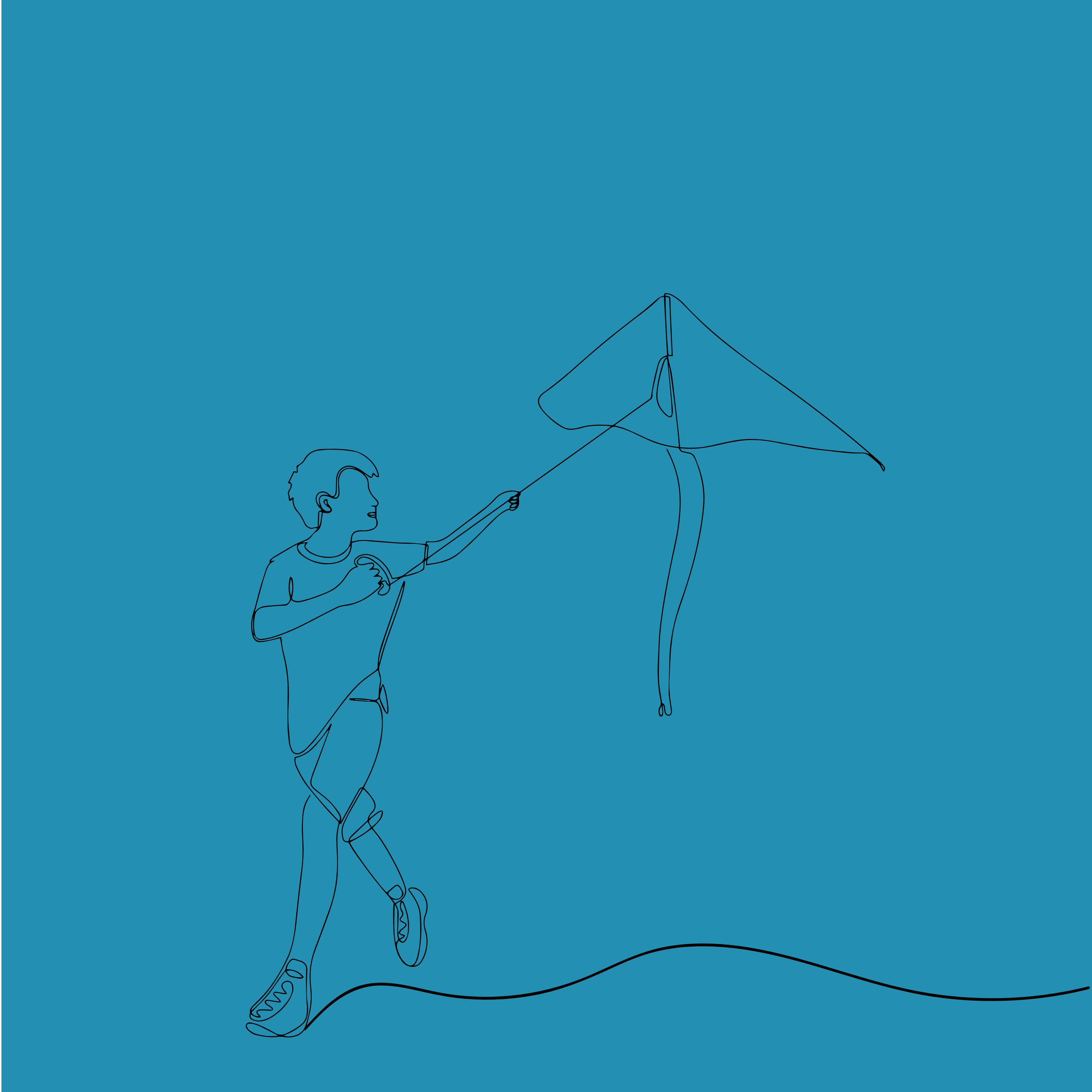
Board responsibility

The Board of Directors of Sanasa General Insurance Company Limited acknowledges its responsibility for ensuring the completeness, accuracy and integrity of this report. The Board confirms that it collectively reviewed the contents of the report in conjunction with the assurance reports obtained from our various internal and external assurance providers, including assessments on risk and internal controls. On this basis, the Board is satisfied that the Integrated Report for FY 2022 addresses all the issues that are material to its ability to create value and thereby provides an accurate assessment of the Company's performance for the financial year ended 31st December 2022.

Feedback

We welcome your questions and your suggestions to help improve the quality of our reporting process and request that all feedback be directed to:

Name	: Duleeka Vidanapathirana
Address	: No. 172, Elvitigala Mawatha, Colombo 08
Telephone/Fax	: 0112003000
E-mail	: duleeka@sgic.lk



OUR PRODUCTS

BUSINESS

FIRE & ALLIED PERILS

BURGLARY

MONEY

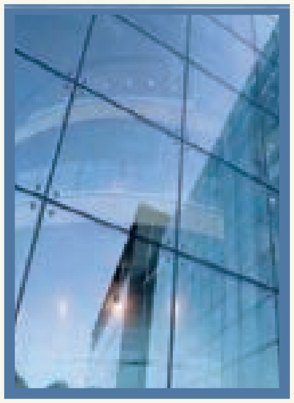
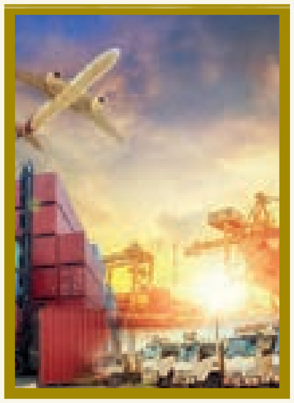
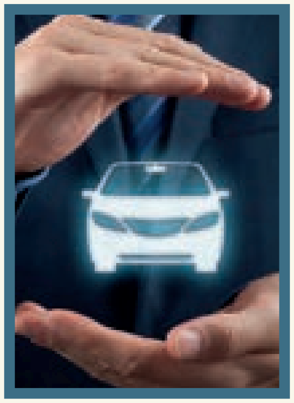


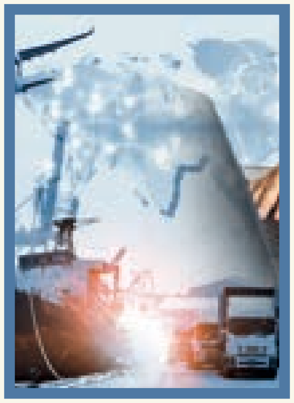
PLATE GLASS



GOODS IN TRANSIT



MOTOR



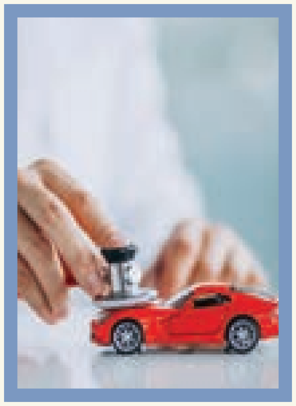
MARINE CARGO

GROUP PERSONAL ACCIDENT

GROUP MEDICAL EXPENSES

PUBLIC LIABILITY

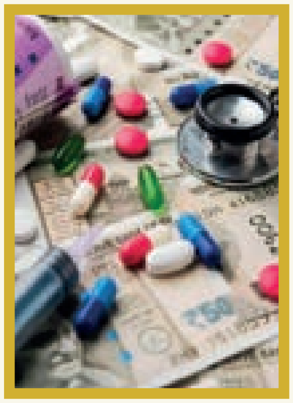
PERSONAL



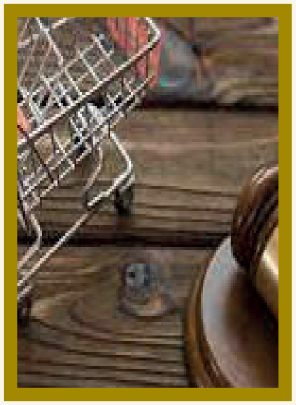
MOTOR

HOME (PACKAGE)

PERSONAL ACCIDENT



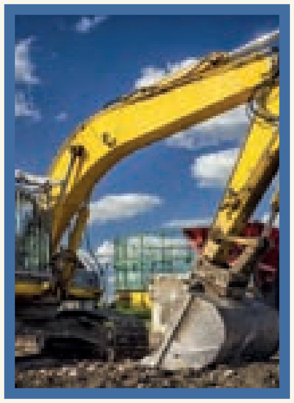
MEDICAL EXPENSES



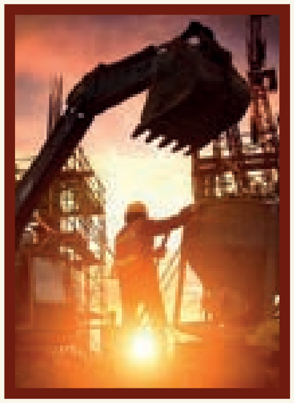
PRODUCT LIABILITY

WORKMEN COMPENSATION

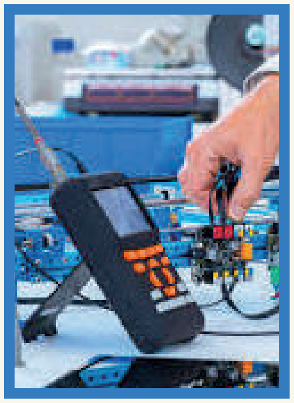
CONTRACTORS ALL RISK



MACHINERY



ERECTION ALL RISK



ELECTRONIC EQUIPMENT

CROP

LIVE STOCK

BANKERS INDEMNITY

SHOP INSURANCE (PACKAGE)

OUR ISLAND WIDE NETWORK

75

KEGALLE
MAWANELLA
WARAKAPOLA
KANDY
DIGANA
NUWARAELIYA
RIKILLAGASKADA
DAMBULLA
MATHALE BRANCH
POLONNARUWA
HINGURAKGODA
DEHIATHTHAKANDIYA
AMPARA
BATTICALOA
KALMUNAI

AKKAREIPATTU
KURUNAGALA
KULIYAPITIYA
NIKAWARATIYA
POLGAHAWELA
POLPITHIGAMA
CHILAW
PUTTLAM
WENNAPPUWA
MATARA
AMBALANTHOTA
SOORIYAWEWA
GALLE
PITIGALA
MAPALAGAMA

ELPITIYA
AKURESSA
RATHNAPURA
EMBILIPITIYA
MONARAGALA
WELLAWAYA
BADULLA
KALUTARA
MATHUGAMA
HORANA
PANADURA
RUWANWELLA
ANURADHAPURA
THAMBUTHTHEGAMA
KADUWELA

GAMPAHA
DELGODA
DIVULAPITIYA
MINUWANGODA
NEGAMBO
MAHARAGAMA
HOMAGAMA
JAFFNA
KILINOCHCHI
VAVUNIYA BRANCH
TRINCOMALEE
MANNAR
AWISSAWELLA
GAMPOLA
PILIMATHALAWA

RAGALA
MAHIYANGANAYA
WARIYAPOLA
MAHAWA
DIKWELLA
WELIGAMA
WALASMULLA
THISSAMAHARAMA
AMBALANGODA
BALANGODA
GODAKAWELA
DERANIYAGALA
KEBITHIGOLLEWA
GALENBIDUNUWEWA
NOCHCHIYAGAMA

OPERATIONAL STRATEGY REPORT

TOP LINE GROWTH

During the year under review we continued to focus on growing our top line in a sustainable manner. Our strategy , on one hand was to secure more business through sources such as financial institutions from whom we were already receiving a share of business and to secure the renewals. On the other hand we sought to secure a greater share of business through the Sanasa Societies.

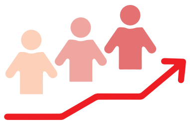
During this period we took steps to reinforce our ties with the financial institutions, packaging our insurance solutions to meet their needs .By the end of the years established two independent sales units, namely Society Channel and Open-market Channel.

Throughout this period there were travel restrictions due the pandemic situation. Also financial institutions had curtailed new facilities. In the circumstances we had a modest top-line growth from Rs 890.11 Mn to Rs. 1,041.89 Mn in 2022.

UNDERWRITING AND CLAIMS HANDLING

Moving together with our top-line growth strategy, we were concerned in our efforts to sustain prudent pricing and efficient pricing and claims management. This is to ensure to uphold a positive underwriting result. To this end we identified the need to have a team with due technical capabilities who can identify and account for the risks involved. On the other hand we had to fight against a fat cost structure in securing the business. We were also diligent in our efforts to be disciplined in managing claims to curtail any leakages. We have employed a team of assessors for motor insurance damage assessments.

During the year we have taken steps to improve efficiency in both underwriting and claims handling. Claims incurred were Rs. 269.96 Mn in 2021 and Rs. 229.82 Mn in 2022.

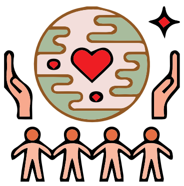


EMPLOYEE DEVELOPMENT

During the year we curtailed new recruitments. We focused on improving the technical skills as well as soft skills of the staff empowering them to face the challenges of our business environment. We also encourage our employees to take up further professional studies under our education cost reimbursement scheme. Number of permanent staff was increased from 366 to 426

GOVERNANCE COMPLIANCE AND RISK MANAGEMENT

Adopting good governance measures – seeking to minimize any gaps in complying with regulations and standards prescribed by the regulators and other relevant statutory bodies well attuned to our company values. We also gave much thought to our risk management and internal controls. In the year under review we strengthen the internal audit function by recruiting a new manager. We also maintained reinsurance with international reinsurers with ratings approved by the IRCSL. We are prudent in our provisioning, particularly when accounting for claims incurred but not reported (IBNR).



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

As a responsible insurer and in keeping with our company values and Cooperative Principles we remain steadfast in our efforts to balance our commercial operations with sustainability facets. We seek to engage communities, particularly in areas where we operate to seek to support communities in need with philanthropic initiatives. We also stand committed to move towards 'greener' operations-seeking to reduce our carbon footprint.

FOUNDER'S MESSAGE

Our nation is now at cross-roads, after a near economic collapse along with intense socio-political repercussions, the worst seen in our 75 years of independent history. For decades, we have been living for the day—living beyond our means. The uncontrolled consumption levels and investments exceeding production over the years, took a toll on the country's fiscal position; prompting international rating agencies to downgrade the sovereign. Today, we are saddled with a bloated deficit, unstainable debt obligations and scant foreign exchange reserves. The impact on the people is intense and extensive. This is more so, for the lower strata of our society, with tens and thousands living at or below the poverty line and bearing significant economic hardship, despair and resentment. We see many young people including professionals leaving the country. It is indeed quite disconcerting and demands our immediate attention.

The IMF is now on board with a bailout—giving a lifeline to raise from this abyss of sheer economic mismanagement. Yet, the recovery can be extremely fragile and largely dependent on how we toe the line with our bilateral creditor nations and the international lending institutions. However, if we look inward and undertake deep structural reforms, albeit painful, we may be able to rebound and survive as a viable economy. It is indeed the time for the citizens to take the necessary lessons from the past, leave partisan politics behind and rally together to find home-grown solutions. As a nation backed by a solid legacy, we possess the perseverance and resilience required to rise up to the occasion and change this pathetic state of affairs. Nurtured over the years with solid fundamentals, the SANASA Movement is now at its pinnacle—playing an integral part in the country's socio-economic progress. This role has become even more intense, crucial and impactful today. With a robust societal network of over 8,500 societies across the island, strong institutions and high net worth, we have the capabilities and the drive to ignite the grass-root masses—be it the farming communities or micro to small and medium entrepreneurs including women—empower them to take charge of their lives and livelihoods and support the nation's revival.

In keeping with our cooperative mission, SANASA Life and its subsidiary, SANASA General, have worked tirelessly, closely engaged and established a strong presence amongst these underserved grass-root communities. Taking a step further, the two companies in collaboration with SANASA Campus and the society network, launched a new village activation campaign " **අය වැඩි කරමු□ වැය අඩු කරමු** " Well-planned across 5,000 villages over five years, this campaign advocates a simple yet a powerful concept—encouraging rural communities to find and tap into new revenue streams whilst cutting down on their unnecessary spending. We hope that this campaign will strengthen these underprivileged communities and lead the path for rural development, with trickle-down benefits permeating across society.

I commend the management and the team of SANASA General for their unwavering dedication to integrate cooperative values in their business model amidst fast-paced changes in the marketplace. I am impressed and inspired by the team's all-consuming commitment to serve the underserved. It is our privilege to have a forward-thinking and visionary Chairman and a distinguished Board to lead the organisation with tenacity during these challenging times.

I wish Sanasa General the best as they work towards their strategic goals combined with their commitment to uphold social responsibility; and be at the forefront of supporting the nation to alleviate poverty and achieve sustainable development.

Dr. P A Kiriwandeniya
Founder Sanasa Movement
2nd June 2023

CHAIRMAN'S MESSAGE

Dear Shareholder,

In a watershed year, Sanasa General Insurance Company Limited (SANASA General) remained steadfast and committed in delivering its mission of serving the underserved communities living across the country. Smart and adaptive, we responded well to the challenges, managed risks and leveraged on the opportunities presented to become the fastest growing insurer within the rapidly changing non-life insurance domain.

On behalf of the Board, I am honored to welcome you to our 9th Annual General Meeting and hereby, present our Annual Report together with the audited financial statements and related notes, for the year ended 31st December 2022. I will take this opportunity to discuss our organisation's performance in the year and outline our growth plans and goals for the future.

Business Setting

In the midst of steep challenges within the geopolitical sphere, intensified with Russia invading Ukraine, the global economy grappled with a slow-down in economic activities across nations. Our country was no exception. Our economy was on a complete free-fall, worst-ever witnessed in the independent history spinning off into civil society unrest and then, ballooning into a political crisis.

The business community across the board had to contend and make do within the dire macroeconomic environment including skyrocketing prices and extremely high interest rates. This was more so for our industry, struggling to survive amidst continuous import restrictions placed on motor vehicles, our dominant sector. It was indeed a red-ocean marketplace. Motor-class stood crowded and saturated, with frantic competition, and insurers even resorting to price compromises at the expense of the long-term sustainability of the industry. All these along with the civil unrest created a difficult business environment.

Market Positioning

Against a volatile business backdrop, we have managed to stand tall carving out our presence; systematically shifting focus from motor to blue-ocean products within the non-motor segment. Our solid engagement with the SANASA society network with access to a vast rural and urban grass-root market base, including farmers and micro entrepreneurs has given us a definite market advantage. This together with our growing links with the small and medium corporate sector and even the retail market segment, has given us a solid footing to rise above the red-hot competition and navigate through adverse business conditions.

Company Performance

Notwithstanding the adversities that prevailed, we achieved a strong topline in the year under review. For the very first time, we were able to surpass the one-billion-rupee mark in premium income, with a notable growth of 17% percent over the preceding year. However, with elevated costs amidst expansionary initiatives, inflationary pressures, along with underperforming stock investments given the bearish trends on the capital market, our bottom line contracted by 189% percent to record net losses of Rs. 42 million. Yet, with disciplined financial management, we were able to maintain a sound financial position, capital and liquidity. Our capital adequacy ratio was maintained at 183% percent whilst the Total

CHAIRMAN'S MESSAGE

available capital (TAC) was 537 Million and, well above the mandated levels. This year, we did not declare dividends.

Good Governance

As guided by SANASA values nurtured over the years, we are strong in our risk management and governance practices. Our Board is multidisciplined and experienced; representing both the corporate domain as well as the SANASA society network. The members bring perceptive guidance to the table for effective decision making, aligned with our regulatory commitments and best practices. This year, we strengthened the function and oversight of the Board sub committees covering Audit, Related Party Transactions, Human Resources & Remuneration, Risk Management, Investment and Nominations.

In the year under review, our colleague, Dr. T. Senthilverl retired from the Board as per the regulatory requirement with effect from 30th June 2022. We wish to express our gratitude for his contribution to the organization and take this opportunity to wish him good health, long life and strength to achieve his life's vision. We also welcome Mr. Senthilverl Senthi Aathavan and Mr. K. M. Karunathunga who joined the Board as Directors with effect from 1st of July 2022 and 1st of September 2022 respectively.

Way Forward

The island nation is currently on a bumpy path to recovery. With the IMF bailout in place, the onus is on the country to address the deep reforms set as conditions covering macroeconomic stability, debt sustainability, anti-corruption legislation and poverty alleviation. As a small economy, we have an advantage to respond positively to such reforms. Much hope is placed on the medium to long-term prospects.

With emerging business opportunities, our organisation has great potential to grow and expand our operations in the ensuing years. We will continue to focus on the captive microinsurance market through the support of the SANASA society network. We will also seek to further our engagement with the more lucrative corporate and the retail sectors, which in effect will be a pivot to support our deep-rooted social aspirations.

We are well aware of the shocks and the downside risks that we may have to weather in our transformation process from scaling up our operations. In this regard, it is important that we prepare our team to best-fit the evolving cultural dynamics in the workplace; and reckon with the ongoing human resource challenges, especially with an upsurge of employees seeking migratory work in greener pastures. We also have to be prepared to adopt and adapt new policies, processes and procedures to keep up with the 4th industrial revolution with artificial intelligence at the fore.

Essentially, we have already set out the platform to meet these challenges. We have been consistent in our efforts, with key investments over the years on: strategic recruitments to strengthen the team; staff training to develop skills; strengthening the workplace performance culture; ensuring staff wellbeing; and modernising our organisation with digitalisation of internal processes and procedures. These initiatives will definitely pay-off dividends and complement our path to become a top-tier general insurer as envisioned in our three-year strategic plan, 2023-2025, with aggressive growth goals.
In this context, pragmatic capital management and optimisation warrant strategic precedence. This is more so, when considering a possible local debt restructuring process. However, our exposure is limited to treasury bonds, bills and money market repos and therefore, we do not anticipate a significant impact on our capital sustainability. Besides, as a part of a vast cooperative movement, with pragmatic and disciplined management skills, we have the potential to access and strengthen our capital base; maintain financial stability; and solvency.

Appreciation

I take this opportunity to express my sincere gratitude to Dr. Kiriwandeniya, our Founder/Group Chairman and all founder directors/shareholders. He is our pillar of strength. His foresight is the foundation of our distinctive corporate culture, blending social values with our business goals. I extend my appreciation my colleagues on the Board for their strategic guidance and direction which were pivotal in leading our organisation through unprecedented challenges we faced in the year. A special, heartfelt thank you goes out to Indika Kiriwandeniya, the Managing Director, Nimal Perera, our Chief Executive Officer and Wasantha Perera, our Chief Operating Officer for their astute management. It is inspiring to see their team's unwavering commitment and hard work to excel in their work ethics and reach out to our mission goals. Kudos with thanks for the SANASA General team.

To our shareholders, SANASA societies, customers and all other stakeholders, thank you.

S.M.Tishan H. Subasinghe
Chairman
Sanasa General Insurance Company Limited
2nd June 2023

MANAGING DIRECTOR'S REVIEW

MANAGING DIRECTOR'S REVIEW

Following through a pragmatic and a clear-cut strategy, Sanasa General remained robust and well- poised as a progressive insurer against intense market challenges. We continued to drive for higher top-line earnings, strengthen operational efficiency and risk management; whilst staying true to SANASA values founded on cooperative principles. I present my review for the financial year 2022, outlining our strategy, performance highlights along with our prospects for sustainable growth and stability.

External Environment

The year 2022 witnessed a broad-based slowdown in the global economy, with higher-than-expected inflation levels, tightening financial conditions and disruptions in the financial markets. Russia's invasion of Ukraine intensified geopolitical strain to another level. This combined with climate change issues underscored an economic and humanitarian crisis, with implications felt across nations.

In the domestic front, our economy was in a state of chaos, leading to intense social and political tension. Several policy measures came into effect to contain the macroeconomic imbalances defaulting on international debt; adopting ultra-tight monetary policy measures; consolidating the fiscal position with higher taxes and expenditure cuts; widening the import restrictions; and curbing the speculative exchange rate market trends. The country sought the assistance of the IMF for a bailout, undertaking a series of long-term and even painful policy and structural adjustments.

Industry Performance

Considering the unprecedented economic challenges faced in the year, the overall industry stood in good stead, maintaining growth and stability. But General insurance sector registered a sub-par performance in business, below potential levels. The motor-sub sector continued to be vulnerable given the double-whammy of import restrictions for nearly three years and the dip in disposable income of existing and potential customers. Compensating this, the health insurance segment gained momentum, with improved business volumes. As per available data in 2022, general insurance premium earnings posted a double-digit growth. Therefore, despite higher claim expenses, the sector recorded higher profits before tax compared to the preceding year. The value of total assets of the industry also recorded an increase.

Strategic Delivery

Reinforcing our positioning as trusted insurer, we were steadfast in our strategic delivery against a competitive industry backdrop. With motor insurance weakened in the current business context, it was important that we pursue diversification, be it products or markets. Hence, our primary strategic focus was to grow our branch presence and tap into the non-captive markets the retail sector and the corporates; whilst promoting our blue ocean insurance solutions within the non-motor segment. Nonetheless, we also prioritised strengthening our market ties with our captive base the SANASA network. Our brand, synergies with the parent company and the group, particularly in terms of distribution channels, remained our forte underscoring our efforts to secure a greater market share.

Alongside, we worked on improving the efficiency of our underwriting function, claims process, and effective cost management. In this regard, we looked at decentralising these functions, giving greater autonomy to the branches, enabling pertinent and speedy decision-making. This warranted focused investments in digitalisation of our work processes and in developing our team through strategic recruitment and training. We also stepped-up risk management practices, internal

MANAGING DIRECTOR'S REVIEW

controls and governance, thereby, aligning our operations to meet the current regulatory and institutional best practices.

Financial Results

Despite the intricacies faced in our business environment, we were able to achieve commendable portfolio results. Surpassing one-billion rupees, for the very first time, our gross premium earnings grew by 17% year-on-year to Rs. 1,041 million. Although claim expenses were well managed, our combined ratio was higher than the top-line gains. This compromised the bottom-line, with net losses. of Rs. 42 million, a 189% dip compared to profits of Rs. 47 million in the previous year. We maintained a stable financial position as at the year-end, with an asset growth of 11%. Our capitalisation levels were well in line with the risk-based capital framework. The capital adequacy ratio was 183% whilst the total available capital (TAC) was 537million both above the stipulated minimum.

Future Prospects

Our nation is now at a critical juncture, calling for decisive action to manage the imbalances in the macroeconomic environment, ease social unrest and contrast the partisan politics. The IMF bailout package is expected to revitalise the ailing nation and step up the development trajectory. In this backdrop, our industry, be it life insurance or general insurance, has budding prospects to expand the penetration levels and secure greater viability, particularly in the medium to long term. Hence, it will be crucial for stakeholders to collaborate, develop markets and bring in progressive standards to ensure a better level-playing field.

Built on a strong foundation of cooperative principles and a distinct business model, we are confident that our organisation can tap into the emerging opportunities in the industry. We have the advantage of having a significant presence amongst the underserved communities in both rural and urban areas. Our long-standing ties with the SANASA society network are equally significant. This in effect is our point of differentiation an edge over the competition. We also have the expertise to offer a versatile range of non-motor products including agri-insurance which warrants strategic focus, especially as an alternative to an over-crowded motor insurance segment. Our critical success factors the brand, parent company support, group synergies, digitalised business processes, and a young and proactive team, inter-alia, will remain pivotal in our drive to achieve our strategic goals in a difficult marketplace.

Appreciation

I would like to express my gratitude to our Group Chairman, Chairman and my fellow Board members for their perceptive guidance and leadership in navigating through a challenging business environment. I extend my appreciation to our Chief Executive Officer, Chief Operating Officer and the team, for their steadfastness and teamwork to deliver our strategic goals. I trust and hope that they will continue to be dedicated to the organisation in the forthcoming year.

I sincerely thank the SANASA societies and their members, village leaders, strategic partners and our regulators for their support and confidence. I am grateful for the trust and the backing of all our stakeholders, in our endeavours to be one of the foremost insurers within the general insurance domain.

Indika Kiriwandeniya
Managing Director
Sanasa General Insurance Company Limited
2nd June 2023

BOARD OF DIRECTORES

Mr. Senthilverl Senthi Aathavan
Non- Executive /
Non Independent Director

Mr. J.A. Lahiru S. Jayasinghe
Non – executive Independent Director

Mr. S.M. Tishan H. Subasinghe
Chairman

Mr. W.Denzil Indrajith Perera
Non – executive Independent Director

Snr. Prof. J.M. Udith K. Jayasinghe
Non- Executive /
Non - Independent Director

Mr. Indika Kariyawasam Kiriwandeniya
Managing Director

Mrs. D. Prasadika Senadheera
Non- Executive /
Non Independent Director

Mr. Keerthi Kumara Weerakkody
Non- Executive /
Non Independent Director

Mr. K.M. Karunathunga
Non-Executive/
Non Independent Director

BOARD OF DIRECTORES PROFILES

Mr. S.M. Tishan H. Subasinghe

(FCA,CPFA (UK),ACMA,CISA(USA) MBA(Fin - Col), LL.B

Chairman

Mr. S.M. Tishan H. Subasinghe has assumed duty as the Chairman of Sanasa General Insurance Company Ltd from 7 th March 2019. Initially he joined Sanasa Life Insurance in 2009 as an Non Executive Independent Director and was appointed as a Director of Sanasa General Insurance in 2014.

Mr. S. M. Tishan H. Subasinghe is a senior fellow and a Council member of the Institute of Chartered Accountants of Sri Lanka. Mr. Subasinghe has been graduated with LL.B from Buckinghamshire New University in England and obtained his MBA Specialised in finance from the University of Colombo and a gold medallist on the same. At present he is working as the Managing Director of Moore Stephens Consulting (Pvt) Ltd. And also he serves as a Council Member of the University of Moratuwa , Non- executive Independent Director of Amana Bank PLC and Kapruka Holdings Ltd.

Furthermore he has gained much experience in his career by working as a senior partner of BDO Partners, a firm of Chartered Accountants for 10 years. In addition to that he has worked for PricewaterhouseCoopers in Sothern African region as well as in the USA.

Mr. Indika Kariyawasam Kiriwandeniya

[MBA (Aus.), PGD (AIB), Dip. Insurance], (CII) , (MABE-UK)" , CIM-UK, (CMA-AUS).

Managing Director

Mr. Indika Kariyawasam Kiriwandeniya, was appointed as the Managing Director of "Sanasa General Insurance Company" from 2014. Mr. Kiriwandeniya an Old Boy of "Nalanda College Colombo" is an Insurance Career Professional with over 21 Years' Experience in the Insurance Industry with experience in both Life & General Insurance sectors. He commenced his Insurance Career in the year 1998 at "Micro Insurance Brokers Company" which was affiliated to "All Lanka Mutual Assurance Organization" also known as "ALMAO". This was subsequently established as "Sanasa Insurance Company Limited", where he was appointed as a Manager. He underwent practical training in Insurance & Settlement of Claims in the United Kingdom & on his return he was appointed as "Assistant General Manager – Marketing" in 2004 & as "Deputy General Manager – Operations & Marketing" in 2010 for his outstanding contribution towards the development of the Organization.

Thereafter Mr. Indika Kariyawasam Kiriwandeniya served as the " Chief Executive Officer/ General Manager" of "Sanasa Insurance Company Limited" from 2011 to October 2022 , where he took upon himself the responsibility of transforming "Sanasa Insurance Company Limited", as the "only Insurance Company in the island serving the under privileged community of Sri Lanka". He is well qualified in Insurance as he holds a Diploma in Insurance from the Institute of Insurance Management and a "Masters in Business Administration [MBA – Aus.]", "Postgraduate Diploma Holder in Business Administration [AIB]", Advanced Diploma in Insurance at Chartered Insurance Institute (CII) , Postgraduate Diploma in Professional Marketing at Chartered Institute of Marketing (CIM-UK) and Graduate Management Accountant at Institute of Management Accountants (CMA-AUS).

He is a Member of the "Association of Business Executives UK (MABE-UK)" , Member of "CMA " and Member of " CII" & Fellow Member of CIM" . Presently Mr. Kiriwandeniya continues on his journey in the Insurance Industry as the "Managing Director" of "Sanasa Life & General Insurance.

Snr. Prof. J.M. Udith K. Jayasinghe

B.Sc(Agric.)(First Class Hons)[Peradeniya], M.Sc(Agric.Econ.)[PGIA Peradeniya],PhD(Guelph,Canada)

Non- Executive / Non - Independent Director

Prof. Udith K. Jayasinghe serves as a Non- Executive / Non Independent Director andappointed to the board on 7th March 2019 by representing the holding company. Prof.Jayasinghe served to Sanasa Life Insurance Company as an Independent Director from 24/08/2013 to 23/08/ 2022.

He is a Senior Professor and the Vice Chancellor of Wayamba University of Sri Lanka. He holds a Bachelor's Degree in Agriculture and Master's Degree from the University of Peradeniya. He earned Doctor of Philosophy Degree from the Senate of the University of Guelph, Canada.Guelph, Canada.

BOARD OF DIRECTORES PROFILES

Mr. Keerthi Kumara Weerakkody

Non- Executive / Non Independent Director

Mr. Keerthi Kumara Weerakkody serves as a Non- Executive / Non Independent Director and appointed to the board on 7th March 2019 by representing the holding company.

Mr. Weerakkody served to Sanasa Life Insurance Company as a Non-Executive / Non Independent Director from 25/06/2016 to 08/04/2023.

He serves as the Chairman of Kesbewa Sanasa Shareholders Trust Company and Undurugoda Sanasa Society. And also he served as a Director of Colombo District Sanasa Society Union Limited and as an executive committee member of Sri Lanka Foot Wear & Leather Products Manufactures Association. And he is the Proprietor of Kasun Enterprise.

Mr. J.A. Lahiru S. Jayasinghe

MBA(PIM), BSc, Bus Admin (Sp), FCA, ACIM, ACMA, ACPM, CLSSBB

Non – executive Independent Director

Lahiru Jayasinghe, is a graduate from the University of Sri Jayewardenepura and holds a Master's degree in the field of Business Administration from Postgraduate Institute of Management. He is also an Associate member of The Institute of Chartered Accountants of Sri Lanka (CASL), Associate Member of Chartered Institute of Marketing (CIM UK) and Associate Member of The Institute of Certified Management Accountants of Sri Lanka (CMA) & Holds Lean six sigma black belts (CLSSBB) as well. Mr. Jayasinghe joined the Board of Directors of the Sanasa General Insurance as a Non-Executive Independent Director in 2 nd May 2019. He is currently serving as the Chairman of its Audit and Related Party Transaction Review Committee and Investment Committee.

Furthermore, he is a council member of the Sri Lanka Economic Association and AAT Sri Lanka and a member of the Sri Lanka Institute of Directors.

He has over 13 years of experience in the Manufacturing, Agriculture, Trading, Service, and Apparel industries, in the streams of Accounting & Finance, Taxation, and External & Internal Auditing. He carries extensive experience in Strategic Management, Financial management. Marketing management, operational management, Lean and six sigma practices & digital transformation.

Presently Mr Jayasinghe holds the position of Chief Operating Officer at St. Anthony's Industries Group.

Mrs. D. Prasadika Senadheera

LLM (UK), MBA (UK), PGD (Acc. & Fin.), Attorney-at-Law & Notary Public,

Non- Executive /Non Independent Director

Mrs. Prasadika Senadheera was appointed to the board in May 2020, as a Non-Executive /Non Independent Director representing the holding company. She serves as the Deputy General Manager/Company Secretary of the Sanasa Life Insurance Company PLC. She also serves as the company secretary of Sanasa Media Networks (pvt) Ltd, Sanasa Security services (pvt) Ltd and Small Medium Wealth Management Ltd. She has served as the Legal officer of Bartleet Finance plc. She holds a MBA (University of Bedfordshire, U.K.), LLM in Commercial Laws (University of West of England, U.K.) and a Post Graduate Diploma in Accounting & Finance. She is an Attorney – at Law & Notary public having over 18 years' experience.

BOARD OF DIRECTORES PROFILES

Mr. W.Denzil Indrajith Perera

MBA-PIM(Merit), B.Sc(Marketing Special) Hons, CIM-UK, MSLIM

Non – Executive Independent Director

Mr Denzil Perera serves as a Non – executive Independent Director and appointed to the board on 1st December 2020.

Denzil Perera obtained his MBA (Merit) from PIM, B.Sc. -Marketing (Hons) from the University of Sri Jayewardenepura and Postgraduate Diploma in Marketing from CIM (UK). He is a Brand and Business Strategist/Consultant. He is a senior lecturer (part-time) at the Sri Lanka Institute of Marketing for Strategic Brand Management and a visiting lecturer for Universities of Colombo, Kelaniya and Sri Jayewardenepura for Strategic Marketing. Denzil has served in the fields of Marketing, Branding and Sales at Sri Lanka Insurance, Union Assurance, Hemas Consumer Brands, Marina Foods, ACL Cables and Heyleys group during his career of 17 years which he started as a Brand Executive and reached the level of General Manager. Currently he serves as a Director of the National Design Center and as an external board member of the Management Faculty of the University of Uwa Wellassa. Also he's the Chairman on Lanka Salusala Ltd.

Mr. Senthilverl Senthi Aathavan

MBA(UK)

Non- Executive /Non Independent Director

Mr. Senthilverl Senthi Aathavan serves as a Non- Executive /Non-Independent Director and appointed to the Board on 1st July 2022.

Mr. Senthilverl Senthi Aathavan, counts more than a decade of corporate experience in the field of management, marketing and investment. He is a member of Association of Business Executives (UK). He holds the degree of Master of Business Administration (MBA) from Edinburgh Napier University (UK). He holds Directorships at Senthilverl Holdings (Pvt) Ltd (Investment company specialised in Equity Investments founded by Dr. Thirugnanasambandar Senthilverl) and Samindu Incense (Pvt) Ltd. He is a Partner of Dollar Corporation (Total solution provider for cosmetics, confectionary, beverages, toiletries, detergent, incense stick and allied industries since 1945).

Mr. K.M. Karunathunga

BA (Colombo)

Non-Executive/ Non Independent Director

Mr. K.M. Karunathunga serves as a Non- Executive / Non Independent Director and appointed to the board on 1st September 2022 by representing the holding company.

Mr. K.M. Karunathunga serves to Sanasa Life Insurance Company as a Non- Executive/ Non Independent Director from 2021. He served as the Training officer and Chief Training Coordinator of Sanasa Campus Ltd. He has also served as the Manager – Training, Administration & Operation of Sanasa Insurance Company Ltd. Currently he serves as the General Manager of Sanasa Bank Minhettiya (PTCCS).

He holds a Bachelor of Arts degree from the University of Colombo.

CHIEF EXECUTIVE OFFICER'S REVIEW

CHIEF EXECUTIVE OFFICER'S REVIEW

Notwithstanding the adverse challenges we faced in the year 2022, SANASA General made significant strides as a progressive non-life insurer in a competitive marketplace. With a strong foundation of cooperative work values and clear vision, combined with a well-thought-out strategy, we were able to deliver commendable results. My review herein sets out the strategy we adopted to manage the complex business landscape, salient performance in the year, along with our plans to secure our way forward.

Strategy Outline

We witnessed an unprecedented year in 2022. Our economy was on the brink of collapse, with a grave foreign exchange crisis, leading up to an intense socio-political upheaval. Steering through these complexities, we remained steadfast in our efforts to strengthen our fundamentals, and drive for a larger slice in the market to grow our topline. This was challenging within the crowded and saturated motor-class segment, particularly, given the ongoing restrictions placed on vehicle imports. Therefore, our focus on non-motor products made strategic sense.

During the year, we continued to reinforce our market ties with Sanasa societies; whilst seeking to grow our presence across the open retail market. Our focus was on both, the low-to-mid income tier customer base, and the small and medium corporate sector. In this regard, we worked closely with our parent company leveraging on marketing synergies and collaborating in expanding our branch network.

This year, we consolidated our branch structure and operations. We appointed dedicated team leaders to manage branches on a cluster basis in terms of provinces; whilst recruiting right-profiled professionals to strengthen our sales and marketing team. Additionally, our underwriting function was decentralised, with greater authority to branch-level underwriting, which enabled us to be more effective in our pricing. This was much warranted amidst industry competition more so, within the afflicted motor segment. Our claims management was on point. We also sought to maximise our returns on our fixed income investment portfolio, to take advantage of the exceptionally high market interest rates that prevailed in the year.

Risk Management

We continued in the year to be proactive in building a cohesive risk management culture across the organisation. With an aggressive growth strategy and decentralisation at the branch level, it was imperative that we upheld perceptive risk management practices, strong internal controls and regulatory compliance. We adopted a top-down approach. Our Board, management and the team were hands-on in integrating such practices, be it in strategy making, or in day-to-day operations.

Financial Results

Despite market pressures that prevailed in the year, we closely monitored our performance to ensure the results were closer to budgetary targets and industry standards. Our topline result was exceptional, exceeding industry performance and reaching the billion-rupee mark. Our premium income notably increased by 17% year-on-year to Rs. 1,041 million. Our investment income also improved amidst an extremely tight monetary policy environment. Yet, we made fair value losses on our equity investments due to the setback experienced in the capital market. This, together with a higher combined ratio resulted in our bottom-line decelerating by 133% to make net losses after taxation of Rs. 42 million. Our financial position remained healthy, with steady asset growth and exceeding that of the liability position. Our capital and solvency results were well within the prescribed levels.

Team Development

Talented and dedicated, our team of 426 stands as our strength in a rapidly evolving industry and hence, our top strategic priority. As an inclusive employer, we sought to foster and encourage a collaborative and a performance-oriented workplace.

This year, we stepped up our recruitment process, attracting and employing 116 right profiled candidates including from local communities, to meet our expansionary plans. Our training initiatives on technical expertise, regulatory and compliance knowledge along with a well-structured outbound programme, enabled us to elevate team skills, their work ethics and team spirit. All employees were well-engaged and evaluated on their

CHIEF EXECUTIVE OFFICER'S REVIEW

performance and duly rewarded, recognised and promoted for their hard work and commitment. Our total investment in human resources including compensation, benefits, welfare, rewards and training saw a year-on-year increase of 24.08% to Rs. 371 million. Our staff turnover was comparable to industry standards with the retention rate at 75.92% whilst the turnover ratio stood at 75.08%.

Focused Digitalisation

Staying on par with technology, we continued to focus on enhancing our digital capabilities to strengthen, streamline and to bring in greater efficiency to our operational processes. This reporting year, we initiated the first phase of migrating our operations to a new general insurance core system, with web-based features including payment gateway for premium payments as well as facilities to process claims in one day. We also stepped up our cyber security measures to manage the ever-increasing threats to the integrity of the system. Our investments in the reporting year on digitalisation initiatives reached Rs. 25.4 million, taking the five-year cumulative to Rs. 49.8 million.

Future Path

Gradually moving out of the worst economic crisis, the nation is on track to rebound and step back into its development trajectory. With critical factors in place, we are confident that our organisation can cash-in on the emerging opportunities to deliver our growth aspirations, whilst being mindful and proactive in managing the downside risks.

Our strategic plan for the next three years outlines our expansionary plans including setting up new branches and sub branches in key strategic locations. Our captive business through the SANASA society channel along with our marketing and promotional initiatives to tap into the retail market will remain critical, and complement our efforts to reach out to a wider market. Strengthening our ties with the corporate sector, mainly within the small and medium sector, will also be critical.

On the product side, our strategy will continue to prioritise quality service; value added and tailored features to meet customer risk profiles; and greater diversification to develop our non-motor product portfolio, particularly, health insurance, bancassurance and agri-insurance solutions.

With aggressive growth goals, we have to ensure that our team is intact with necessary skills, confidence and motivation. This is imperative considering the poaching of employees across the industry as well as the ongoing labour migratory trends in the country. In this backdrop, it is timely to re-evaluate our HR policies and practices to retain our talented employees within the organisation. To this end, we will continue to invest and offer competitive remuneration and benefits; improve their work-life balance; develop their skills; and extend career advancement opportunities. Aside, we will also continue to improve governance, compliance, and risk management in line with current best practices. The success of our strategic plans in the coming years entirely hinges on our ability to reinforce and refine these areas.

In Closing

On behalf of my team, I take this opportunity to express our gratitude to our Founder, Chairman, Managing Director and the Board for their visionary leadership in taking the organisation forward amidst heavy external pressures. My sincere appreciation is extended to our dynamic young team, for their hard work and commitment to meet our strategic goals against unprecedented challenges. I also wish to commend the Insurance Regulatory Commission of Sri Lanka for their continued effort in shaping the industry in alignment with international practices.

To our clients, intermediaries, reinsurers, suppliers, regulator and all other stakeholders, thank you for your continuous support and confidence placed in our organisation.

As the nation steps into a new phase with renewed hope, we at SANASA General stand committed to be at your service as a progressive non-life insurer.

Nimal Perera
Chief Executive Officer
Sanasa General Insurance Company Limited
2nd June 2023

CHIEF OPERATING OFFICER'S REVIEW

CHIEF OPERATING OFFICER'S REVIEW

Amidst extreme market pressures, SANASA General successfully reinforced its positioning as an emerging non-life insurer, with unwavering resilience and agility. Navigating through the headwinds that challenged the year, we were proactive and steadfast in executing our strategic plans to grow our top-line whilst upholding our cooperative values. This review for the financial year 2022 will focus on our strategic approach and performance outcomes, along with future plans to secure our aggressive growth goals.

Operational Highlights

Notwithstanding the difficult market conditions, we sought to build a high-quality portfolio and enhance our revenue growth. Our captive business through the SANASA society network continued to play a pivotal role, with a notable year-on-year increase of 17% in business value. This contributed to almost half to our overall top-line earnings. This year, we established 13 dedicated business units to manage the society network. This enabled us to be more focused and effective in reaching out to societies and their members in our efforts grow this business channel.

We also sought on securing a larger share of the open market—targeting the retail and corporate sectors, including small and medium enterprises. Expanding our distribution network in the reporting year, we established 13 new sub-branches and 6 branches on leased out Island wide. This addition took the total customer touch points to 330,135 as at the year-end. Complementing our expansionary plans, we strengthened our cadre with 116 new recruitments as at the year-end. Out of this, 67% were recruited on a permanent basis, taking the total cadre to 426 employees. Most of the recruitments were to strengthen the marketing and sales team. Representing our business interest, our agent and broker network totalled to 279 with 101 new agents. We also recruited 30 team leaders to lead our branch operations on a three cluster basis covering Island wide. This underlined our efforts to decentralise operations with greater authority to branches including the underwriting and claims management functions.

On the product side, the motor-class remained extremely competitive and even saturated amidst continuous import controls. This called for us to exercise a focused strategy in marketing and promoting blue-ocean products under the non-motor segment including agriculture and livestock development, marine and travel insurance. Bancassurance with the SANASA societies for finance and leasing activities was also given due precedence. Much emphasis was placed on fair pricing and maintaining discipline and efficiency in claims management.

We continued to invest in our digitalisation initiatives updating our core insurance system; strengthening system security measures; enhancing customer service features and developing a new web portal to support online premium payment facilities; one-day service for claims processing; and streamlined complaints management. Our investments in developing our team also remained significant. We extended comprehensive training in technical and soft skills and carried out an exciting five-day outbound training programme for Managerial level employees.

We engaged our local communities with job opportunities and charity initiatives. This year's 'Nelum Mal Pujawa', our annual religious festival in collaboration with our parent company, was a resounding success with the patronage of society members, customers and staff alike.

Financial Performance

The year 2022 saw the country's worst economic crisis since gaining independence, leading to widespread challenges in the marketplace. However, with a focused strategy and well-executed action plan, we were able to post a strong top-line growth, surpassing the one-billion-rupee mark for the first time emerging as the fastest growing insurer within the non-life insurance domain.

Our portfolio stood at 306,967 active policies in 2022. Gross written premium income reached Rs. 1,041 million, up by 17% year-on-year. After adjusting for reinsurance and unearned premiums, net earned premium income increased by 4% to Rs. 788 million.

CHIEF OPERATING OFFICER'S REVIEW

Impacted by the slump in the economy, import controls and fierce competition in the market, motor class performance remained modest, well-below potential. The overall demand for new policies was poor. With lower disposable income, existing leasing-oriented motor policy holders opted to switch from full insurance coverage to third-party insurance. Our gross premium earnings within the motor class segment increased by just 43% compared to the preceding year.

Within the non-motor segment, the results for agri-insurance were affected by shortages of fertiliser and fuel. Property insurance business was also subdued. However, higher gains from health insurance complemented the 3% premium income growth of the non-motor sector.

Net claims reduced by 15% compared to the previous year, due to the drop in accidents given the fuel crisis. However, the sharp depreciation of the rupee along with inflationary pressures, led to an increase in the cost of spares and repairs—bearing on our claim expenses. However, our net claims ratio stood at 15%, registering a drop of 1% points compared to the ratio of 14% in the previous year. Consequently, our underwriting result was positive at Rs. 69 million, corresponding to a 6% decrease as against the previous year. With higher operating costs, primarily driven by our expansionary initiatives, our net combined ratio increased by 12% points to 133%, over the previous year. Taking advantage of high market rates that prevailed in the year, our investment income improved, posting a 32% increase year-on-year. However, our equity investments suffered net fair value losses amidst a bearish capital market environment. Our profits after taxation posted a drop of 189% to make net losses of Rs. 49 million compared to Rs. 47 million profits in the previous year.

Financial Stability

We managed to keep our financial position at healthy levels throughout the year. As at 31st December 2022, our asset position grew by 11% compared to the end 2021 position to Rs. 1,336 million. Taking up the largest share of 49% of our asset base, our financial assets stood at Rs. 733 million. Optimising the investment dynamics that prevailed in the year, we invested mainly in fixed income investments including government securities and fixed deposits.

Our liability obligations stood at Rs. 760 million, corresponding to an increase of 28% as compared to the previous year-end. Accounting for the largest share of 23% of the total liabilities, insurance contract liabilities including technical reserves, increased considerably by 66%. However, our asset position exceeded that of our liability obligations by 51%. The capital and solvency requirements were in keeping with the mandated level. Our total capital available was Rs. 722 million whilst the capital adequacy ratio was 183%. Total available capital (TAC) was 537 Million.

Future Plans

We are an emerging nation, striving to turn around the present economic impasse and move forward to reap gains in the medium to long term. The insurance industry, with untapped potential, has significant opportunities for growth. With a well-balanced business model on a solid foundation of cooperative values, we have the strength and capability to tap the market potential and grow our share in breadth and depth. This will strengthen our competitive position as envisaged in our strategic plan 2024-2026, and pave the way for us to be a top-tier player within the general insurance domain. Both, our captive market covering the Society network along with its vast membership as well as the open market operations will continue to be given strategic precedence. We will focus on building a new clientele whilst increasing customer loyalty, engagement, and share of wallet within the existing market. We will aggressively canvass for more viable corporate sector accounts including finance companies and banks, in turn, complementing our mission to serve the underserved grass-root communities.

Our vast distribution network; parent company positioning; group synergies; and a competent marketing team; will continue to be our forte which warrant further investments. Product diversification initiatives, with precedence given to blue ocean products, along with digitalisation of our work processes and team development will remain central to our strategy.

As we expand our business, we propose to bring in greater structure to our organisation—forming separate and dedicated teams to closely manage and develop branches, agent business and products. We intend to develop a comprehensive database to gather key information on our customers/ societies and members, enabling us to offer tailored product solutions to match their unique risk profiles more effectively.

In Appreciation

On behalf of the team, I would like to express our gratitude to our Founder, Chairman, Managing Director, the Board of Directors and our Chief Executive Officer—for their support and guidance in steering through a challenging business landscape. I am deeply appreciative and thankful to my talented team, for their unstinted support, hard work and commitment in delivering our strategy amidst difficult market conditions. As we move forward, I am confident that they will carry on with the same level of dedication in accomplishing our targets in the coming years. I also extend our appreciation to the members of the SANASA societies, reinsurers, regulator, suppliers and all other stakeholders, for their unwavering support and confidence in us.

Wasantha Perera
Chief Operating Officer
Sanasa General Insurance Company Limited
2nd June 2023

CORPORATE MANAGEMENT TEAM

Mr. Dilan Gunarathne
Head of Sales

Mr. Neranja Wanasinghe
Deputy General Manager/
Head of Claims

Mr. Wasantha Perera
Chief Operating Officer

Mr. Nimal Perera
Chief Executive Officer/General Manager/Specified Officer/ Principal Officer

Mrs. Chandralatha Mudalige
Chief Finance Officer / Compilance Officer

Ms. Duleeka Vidanapathirana
Assistant General Manager/ Company Secretary

CORPORATE MANAGEMENT PROFILE

Mr. Nimal Ranjith Perera
FCII (Lon.)

CHIEF EXECUTIVE OFFICER/ GENERAL MANAGER

Mr. Perera, joins Sanasa General Insurance in 2021. He counts over 50 years of experience in the industry having held senior positions at insurance companies in Sri Lanka and abroad. He is a Fellow of the Chartered Insurance institute. Presently he serves the companyas the Chief Executive Officer/ General Manager.

L. Wasantha Premalal Perera
ACA, MBA (UOC)

CHIEF OPERATION OFFICER

Mr. Perera, joined Sanasa Insurance Company Limited in 2010 as Senior Manager Finance and was appointed to Sanasa General Insurance in 2020. Counts over 18 years Expereince in accounting & internal auditing. He has held senior managerial positions during his tenure and is Associate Member of the Institute of Chartered Accountants of Sri Lanka (ICASL). Presently he serves the Company in the capacity of Chief Operating Officer

Mrs. Chandralatha Mudalige
ACA, B,sc
(Accountancy) Special

CHIEF FINANCE OFFICER / COMPILANCE OFFICER

Mrs. Mudalige joined SANASA Insurance in 2011, and is an Associate member of the Institute of CA Sri Lanka (ICASL). She is equipped with ten years of experi-ence, in Internal Audit, of which more than eight years of experience in the Insurance Industry. At present she serves in the capacity of Chief Finance Officer.

Mr. N. G. Wanasingha

DEPUTY GENERAL MANAGER/
HEAD OF CLAIMS

Mr. Wanasinghe joined Sanasa Insurance in 2005 and was subsequently appointed to Sanasa General Insurance Company Limited as Assistant Genral Manager - Motor Claim in 2015.
Counts over 22 Years experience in handling Motor Underwriting/Claims the Insurance Industry. Presently he serves the company as the Deputy General Manager/Head of Claims.

Ms. Duleeka Vidanapathirana

LL.B, Attorney-at-Law, PQHRM

ASSISTANT GENERAL MANAGER -
COMPANY SECRETARY

Ms. Vidanapathirana is an Attorney at Law by proffesion. She joins Sanasa Insurance Company Limited as Legal Officer in 2013 and subsequently appointed to Sanasa General Insurance as the Company Secretary in 2015. Presently she serves the company in the Capacity of Assistant General Manager/Company Secretary.

Mr. Dilan Gunarathne

HEAD OF SALES

Mr. Dilan Gunarathne Joins Sanasa General Insurance Company Limited with over 14 years' experience in sales in the Insurance Industry. He Presently serves the company as the Head of Sales.

SENIOR MANAGEMENT TEAM

Mr. Mahesh Wickramatunga
Senior Manager - Marketing

Mr. Wasantha Aponsu
Senior Manager Underwriting

Mr. Shanaka Waidyawansha
Senior Manager Motor Claims

Mrs. Kumuduni Jayasinghe
Senior Manager
Payment Certification

Mrs. Manel Peiris
Consultant (Motor)

Mrs. Rathika Wijerathne
Senior Manager - Temporary Cover Note

Mr. Dan De Silva
Senior Manager - Human Resources

Mr. Pradeep Basnayaka
Head of Society Business

MANAGEMENT TEAM

Mrs. Kanthi Kempitiya
Motor Copprehensive Product
Ownercation Support

Mr. Srimal Amarasinghe
Manager - Renewals

Mr. Dimuthu Chamara
Manager Motor Claims

Mr. Thilina Madusanka
Manager Audit

Mr. Nuwan Thilakarathna
Manager Finance

Mrs. Anusha Pushpakumari
Manager Non Motor Claims

Mrs. Priyasha Ranwala
Legal Officer

Mr. Upali Nandasiri
Manager Call Center

Mr. Dinesh Wijerathne
Senior Divisional Head of Application Support

Mr. Wasantha Abeyrathna
Manager - Recoveries

Mr. Sadeesha Abeysooriya
Manager Underwriting

Mrs. Kumuduni Nimali
Manager - Operations

SALES MANAGEMENT TEAM

Mr. Suresh Nayanajith
Third Party Product Owner

Mr. Aruna Prasad
Zonal Manager

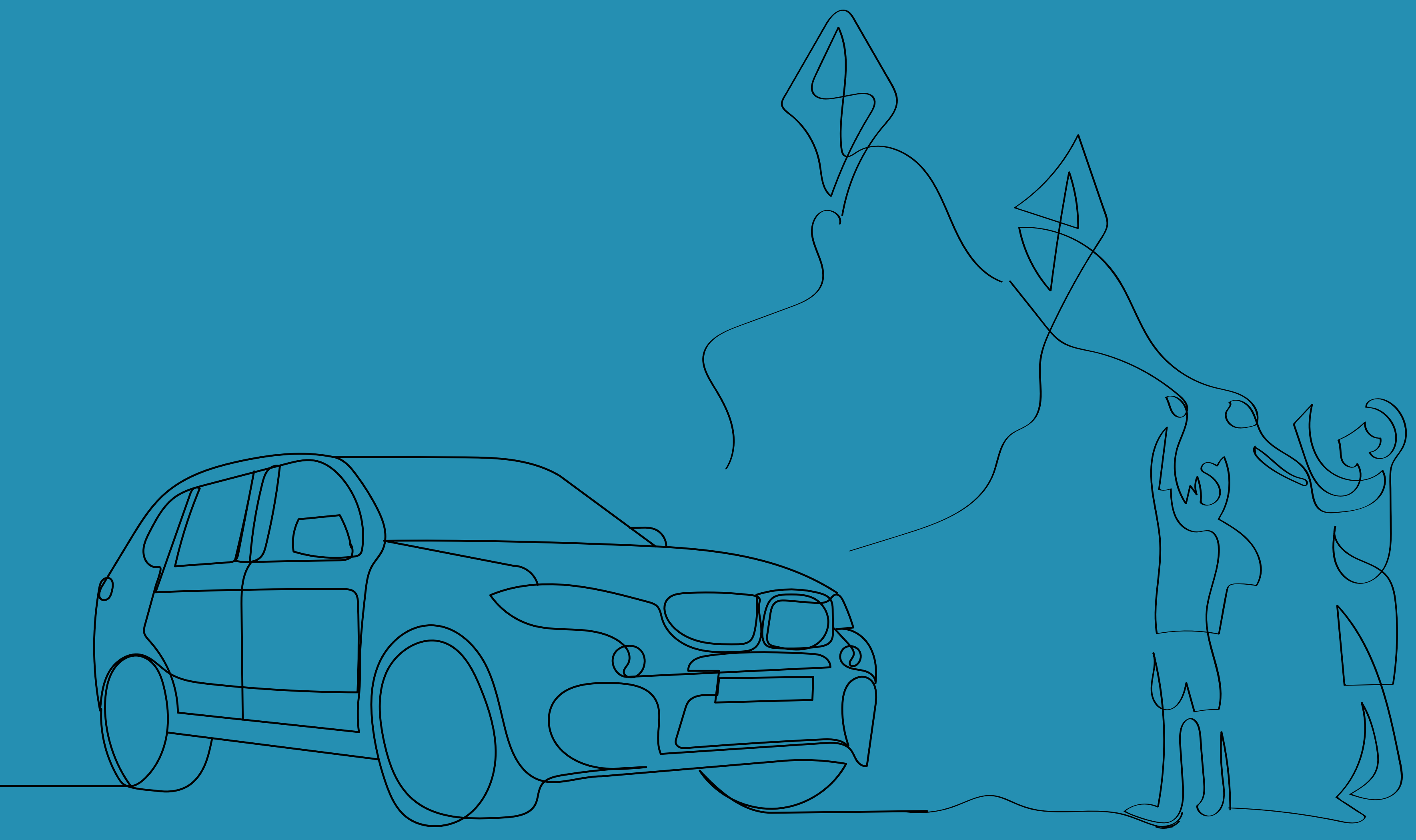
Mr. Kalhara Premathilaka
Manager Corporate Business

Mr. Dilan Gunarathne
Head of Sales

Mr. Roshan Gunathilaka
Zonal Manager

Mr. Jagath Kanchaka
Zonal Manager

MANAGEMENT DISCUSSION & ANALYSIS



GENERAL INSURANCE REVIEW

Despite the volatile macroeconomic environment, the insurance industry was steady with modest gains in assets and gross premium earnings in 2022. Insurance penetration, that is, total premium as a percentage of GDP, dropped to 1% from 1.4% in 2021. Out of the total 28 insurance companies as at the year-end, 12 were in general insurance business while two were engaged in both life and general insurance.

Overall and General Insurance Performance	2021 Rs. Mn	2022 Rs. Mn	Y-o-Y Change (%)	2021 Rs. Mn	2022 Rs. Mn	Y-o-Y Change (%)
	Overall Insurance Industry			General Insurance		
Gross premium income	233,512	257,580	10.31	108,760	122,213	12.37
Claims	94,466	122,262	29.42	48,354	61,624	27.44
Profit before tax	42,172	50,336	19.36	19,042	26,897	41.25
Assets	881,844	947,259	7.42	249,217	278,583	11.78

Source: Press-Release, Industry-Performance Q4-2022, Insurance Regulatory Commission of Sri Lanka; Annual Report 2022, Central Bank of Sri Lanka

Gross Written Premium

Maintaining a double-digit growth of 10.31%, the overall insurance industry recorded gross premium income of Rs. 257,580 million during 2022. Accounting for 47.4% share of the total, general insurance sub-sector registered gross premium income growth of 12.37% to touch Rs. 122,213 million. Motor-class, taking up the largest share of 53.5% of gross premium income of general insurance, recorded a modest growth of 9.5% year-on-year..

Claims

Total claims in the industry in 2022 reached Rs. 122,262 million, up by 29.42% year-on-year. General insurance claims, accounting for just over 50% of the total, reached Rs. 61,624 million in 2022, corresponding to an increase of 27.44% year-on-year. This included motor, fire, marine and other categories. Claims ratio increased to 64.0% in 2022 compared to 55.6% in the previous year whilst the combined ratio including other expenses stood at 105.3% compared to 95.3% in 2021.

Profits

The overall industry achieved Rs. 50,336 million in profit before tax in 2022, corresponding to a 19.36% growth year-on-year. Accounting for 53.43% of the total, general insurance profit before tax posted an increase of 41.25% over the previous year to Rs. 26,897 million in 2022. Return on equity touched 20.8% vis-à-vis 16.3% in 2021.

Assets

The value of total assets of the industry increased by 7.42% year-on-year to touch Rs. 947,259 million as at end 2022. The asset position of the general insurance companies also recorded an increase of 11.78% to Rs. 278,583 million. Nearly 51.33% of total investments within the general insurance sub-sector were taken up by government debt securities. This corresponded to Rs. 88,899 million, an increase of 16.63% over the previous year-end. Return on assets stood at 10.1%, an improvement compared to 8.0% in 2021. Capital adequacy ratio of 210%, however, was lower compared to 307% in the previous year.

Company vs. Industry

As the fastest growing general insurer, SANASA General improved its ranking from 12 to 12 amongst the general insurers in the industry. The company surpassed the industry average in terms of GWP growth whilst other indicators were on par with the industry.

Key Indicators	General Insurance	
2022	Industry	SANASA General
GWP growth (%)	12.37%	17%
Claims ratio (%)	64%	29%
Combined ratio (%)	105.3%	133%
Capital adequacy ratio	210%	183%

Source: Press-Release, Industry-Performance Q4-2022, Insurance Regulatory Commission of Sri Lanka; Annual Report 2022, Central Bank of Sri Lanka

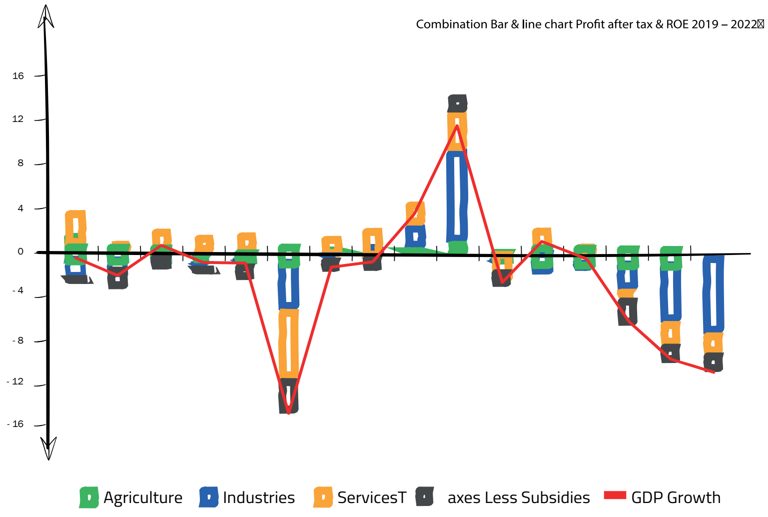
Our Economy

Global Economy

Economic Growth (Real GDP Annual Percent Change)	2021	2022	2023	2024
		(Estimate)	(Projections)	
World Output	6.2	3.4	2.9	3.1
Advanced Economies	5.4	2.7	1.2	1.4
Emerging Market and Developing Economies	6.7	3.9	4.0	4.2

Source: World Economic Outlook, January 2023, IMF

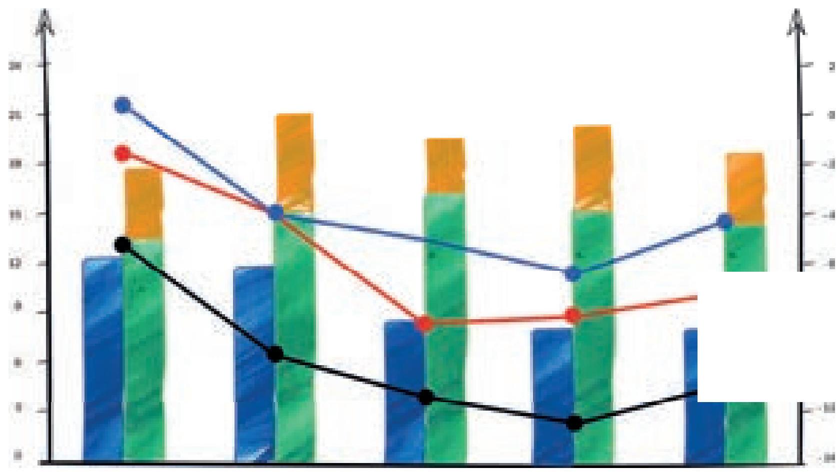
The global economy was in recession in the year 2022, with a significant decline in economic growth across advanced to emerging market and developing economies. Most were grappling with higher inflationary pressures and tightening financial conditions. Geopolitical tension continued with adverse impacts, intensified by Russia's invasion of Ukraine



Key Indicators	2021	2022
GDP Growth (%)	3.5	-7.8
NCPI – Year-on-Year (%)	14.0	59.2
NCPI – Annual Average (%)	7.0	50.4
Balance of Payment (US$ Mn)	-3,967	-2,806
Total External Debt as % of GDP	58.5	64.5
Exchange Rate (Rs/US$)	200.43	363.11
Budget Deficit (% of GDP)	-11.7	-10.2
Government Debt as % of GDP	100.1	113.8
Commercial Banks' Average Weighted Prime Lending Rate (%)	8.61	27.24
Commercial Banks' Average Weighted Fixed Deposit Rate (%)	5.94	18.49

Source: Annual Report 2022, Central Bank of Sri Lanka

The key three sectors, industry, services and agriculture performance plummeted into negative territory.The real GDP contracted substantially, to a negative 7.8 percent, a significant decline from the growth of 3.5 percent in 2021.



Real GDP

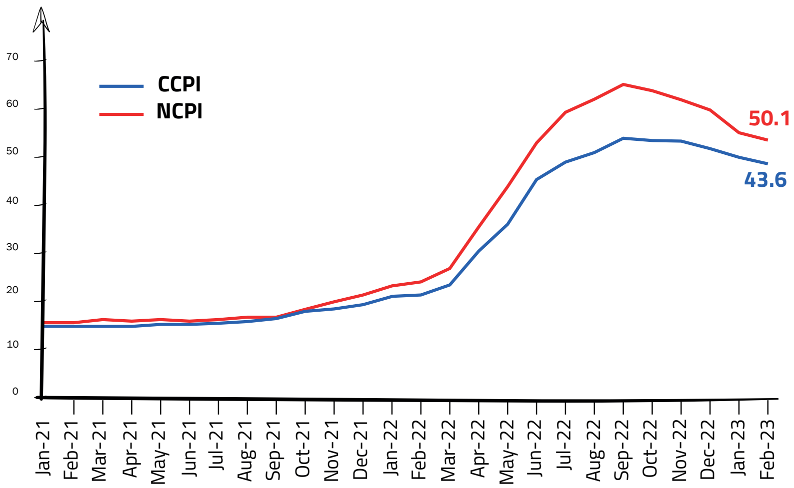
In 2022, Sri Lanka's economy contracted, with economic activity at its lowest in the post-independence period. This was intense in the first half of the year with unbearably high cost of living; fuel and cooking gas shortages; prolonged power cuts; food security issues given the ban on ill-advised chemical fertilizer; and import restrictions, even raw materials, compromising industrial activities. The citizenry faced severe hardship, impacting their everyday lives and their livelihoods. Macroeconomic imbalances were widespread. This resulted in social unrest, with tension giving way to political uprising.

Inflation

"Economic contraction along with mounting inflation, adversely impacted the demand for insurance solutions, and delayed premium payments."

Inflation pressures spiraled in 2022, adversely impacting the public's purchasing ability and widening the poverty line. Affected on multiple fronts, inflation reached record-high in September and gradually, steadied over the latter part of the year, with firm demand management measures.

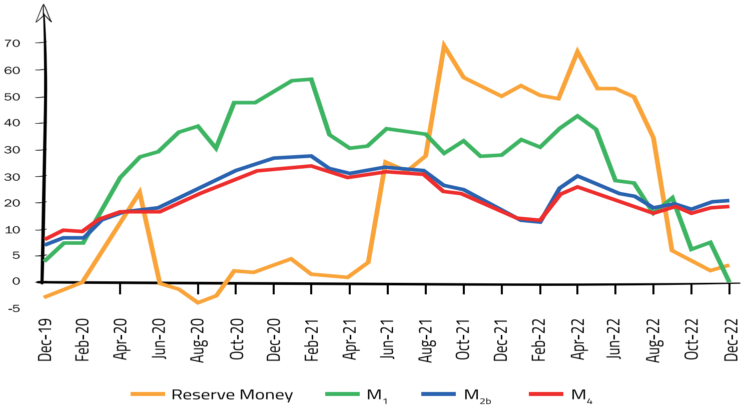
Led by supply side disruptions, food, energy and transport prices saw a significant hike. This along with the lagged-effect of past monetary policy on demand pressures; rapid adjustments to regulated prices; significant depreciation of the rupee; and shortages in foreign exchange, underlined the almost hyper inflationary situation faced during the year.



Monetary Policy and Interest Rates

" In a high interest rate environment, our capital market investments underperformed, whilst fixed income investments recorded higher returns."

Containing higher inflationary pressures and external sector imbalances, extremely tight monetary measures were adopted, with a sharp hike in policy rates. This and tight liquidity issues in the domestic money market set the pace for market interest rates—both deposit and lending rates to increase significantly. In this scenario, private sector credit was adversely affected whilst Government borrowing requirements increased notably. The yields on government securities recorded a sharp increase, uneven compared to increases in policy rates and market interest rates.



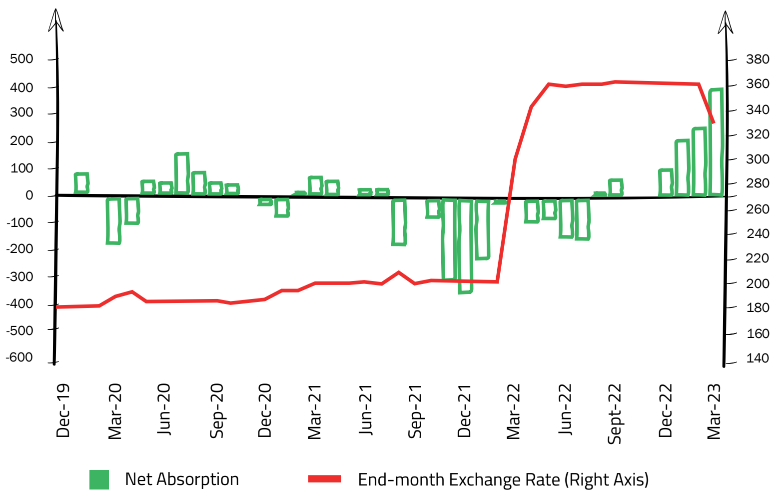
External Sector

"Continuous import restrictions placed on motor vehicles and sharp depreciation of the rupee, constrained the market growth of the motor-class segment and increased the cost of motor claims."

The external sector was in complete disarray in the year, amidst shortage of foreign exchange in the domestic market; depletion of gross official reserves; and the significant weakening of the exchange rate. In this backdrop, the Central Bank initiated a series of policy measures to ease the balance of payment pressures including placing restrictions on imports; further tightening monetary policy; and declaring a standstill on meeting international debt obligations. The Government reached out to the IMF for a bailout and commenced negotiations on debt restructuring with bilateral and commercial creditors.

Exchange Rate

Given the liquidity crisis in the foreign exchange market together with the disparity between the official exchange rate and the gray market rate, the Sri Lanka rupee came under heavy pressure, particularly in the first part of the year. Yet, despite an official measured adjustment, market forces gave into excessive speculation, leading the rupee to depreciate to record-high levels against the US dollar and other currencies including the pound sterling, euro, Japanese yen, and Indian rupee. With subsequent intervention in consultation with market players, the Central Bank initiated a guidance band—which paved the way for the rupee to start stabilizing towards the latter part of the year.



Fiscal Performance

"Continuous import restrictions placed on motor vehicles and sharp depreciation of the rupee, constrained the market growth of the motor-class segment and increased the cost of motor claims."

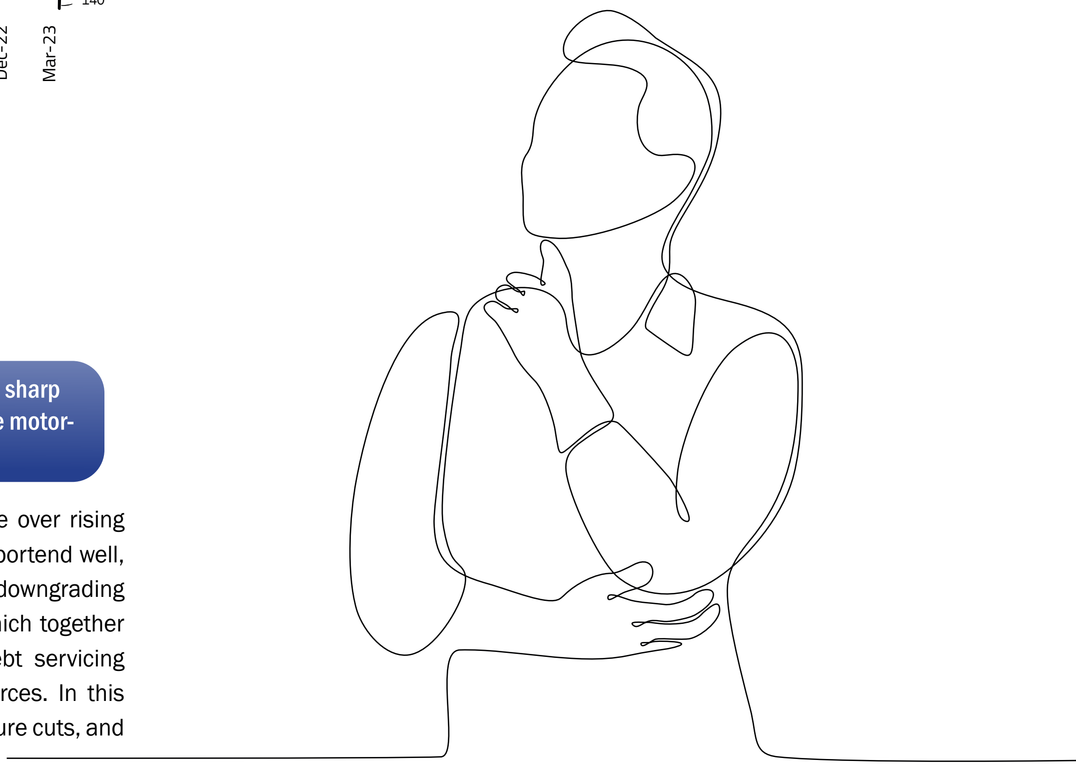
The year saw fiscal imbalances at its peak. The falling revenue over rising expenditure along with unsustainable public debt levels did not portend well, amidst internal and external economic and political shocks. The downgrading of sovereign credit rating blocked foreign financing avenues, which together with declining reserves pressured the government foreign debt servicing ability. The deficit was entirely financed through domestic sources. In this backdrop, fiscal consolidation including higher taxation, expenditure cuts, and debt restructuring were prioritized to contain the budget deficit. This was also mandated in negotiations with the International Monetary Fund on the bailout package.

Economic Outlook

The global economy is yet to fully rebound. Geopolitical stresses along with climate change will continue to pose fresh challenges across nations. The Sri Lankan economy is still not out of the woods, with rampant macroeconomic risks within a tense socio-economic and political landscape. The IMF's Extended Fund Facility is now in place, with parliamentary endorsement, if not policy consensus from a broader perspective.

However, envisaged prospects in the medium to long-term are dependent on enabling the proposed reforms and meeting the key performance indicators as mandated by the conditions set by the IMF; in terms of restoring the macroeconomic stability, debt sustainability, managing the financial system stability, anti-corruption; growth and poverty alleviation.

The economy in the near-term is expected to control inflation and improve the balance of payment position to acceptable levels. The economy is expected to rebound, with the contraction lessening to negative 2.0 percent in 2023 and positive growth of 3.3 in 2024.



FINANCIAL CAPITAL

Navigating a fast-evolving marketplace, it is essential that we are perceptive in financial capital management to maximise our profits and generate healthy returns for our shareholders. Our strategic outlook is to optimise our financial resources in reaching out to our growth goals; whilst being disciplined in cost management and maintaining a robust financial position. In this section, we will look at our corporate management practices and the financial results we achieved in the reporting year, 2022

Strategic Priorities

- Top-line Growth and Profitability
  Deliver top-line growth with sound financial management to boost profits and margins.
- Financial Position and Stability
  Establish a healthy financial position by growing assets, maintaining appropriate leverage ratios, and ensuring sufficient capital and solvency.
- Cash Flow Management
  Manage cash and cash equivalents to maintain liquidity across the business.

0.77
Market Share

Rs.1,041MN
GWP

Rs.24MN
Investment Income

183%
Capital Adequacy Ratio

330,135
Policies

Rs.489MN
Underwriting Result

11%
Asset Growth

Rs.537MN
Total Available Capital (TAC)

MANAGEMENT APPROACH

Financial capital comprises shareholder equity, debt and retained earnings. Our management approach is focused and disciplined from a long-term perspective. Our aim is to strengthen our financial resources to create optimum value for all stakeholders in the short, medium, and long-term.

Aligned with our parent company's strategic direction, we seek to deliver a prudent top-line growth strategy, closely supported by risk management and internal controls. Our cost centres are carefully managed. Budgets are allocated as per our corporate plans. The key performance indicators are closely monitored and reported to the senior management and to the Board, on a quarterly basis, for decision-making. Strategic precedence is given to asset management along with sound cash flows and treasury operations.
We comply with best practices and standards in accounting, auditing, management and reporting:

- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995
- Sri Lanka Accounting Standards, Institute of Chartered Accountants of Sri Lanka
- International Financial Reporting Standards, International Accounting Standards Board
- Rules and regulations, Insurance Regulatory Commission of Sri Lanka
- Companies Act No 07 of 2007

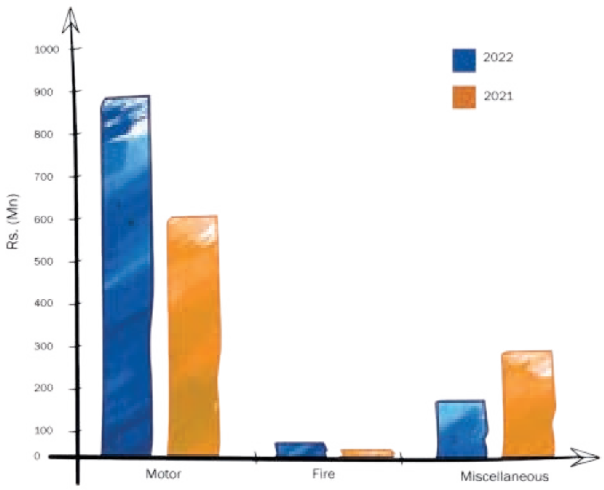
Financial Capital - Key Performance Indicators			
FY	2021	2022	Variance
Revenue and Profitability			
Gross written premium (Rs. Mn)	890	1041	151
Gross written premium growth (%)	2%	17%	15%
Underwriting result (Rs. Mn)	415	490	75
Investment income (Rs Mn)	71	94	23
Net profits (Rs. Mn)	47	-42	-89
Return on equity (%) (Net income / shareholders equity)	131%	139%	8%
Financial Stability			
Total assets (Rs Mn)	1,336	1,483	147
Financial investments (Rs Mn)	344	927	583
Asset growth (%)	3%	11%	8%
Liabilities growth (%)	4%	28%	23%
Return on assets (%)	72%	68%	-5%
Cash and cash equivalents (Rs Mn)	80	67	-13
Capital adequacy ratio (%)	183%	257%	-74%

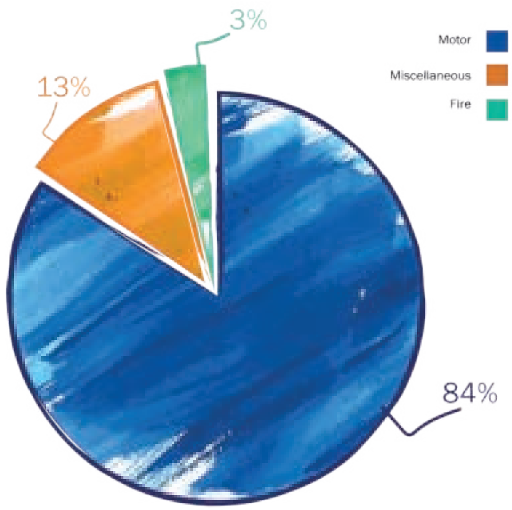
CAPITAL PERFORMANCE

Top-line Growth and Profitability

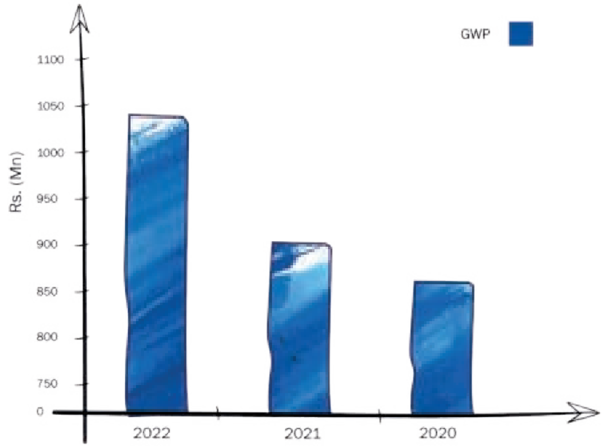
Gross Written Premium

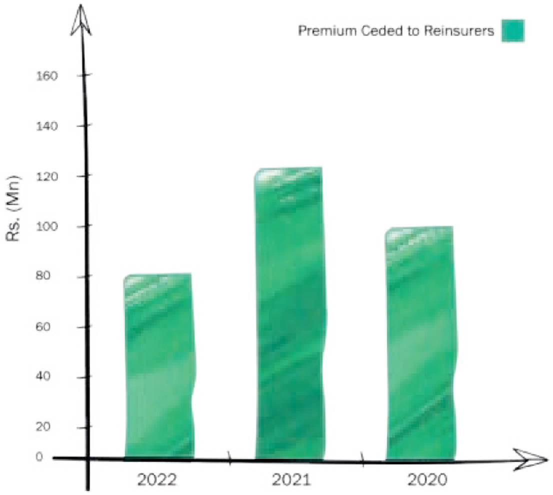
With a strong growth momentum despite the volatile business environment, the gross written premium (GWP) income surpassed the one-billion-rupee mark for the first time, recording Rs. 1,041 million compared to Rs. 890 million in 2021. This corresponds to a noteworthy increase of 17% as against a mere 2% increase in the previous year.





Given the ongoing restrictions on motor vehicle imports, performance in the motor-class remained subdued, although GWP in motor vehicles increased 43% over 2022. In addition, non-motor GWP increased by 108%, with fire and engineering insurance leading the way.



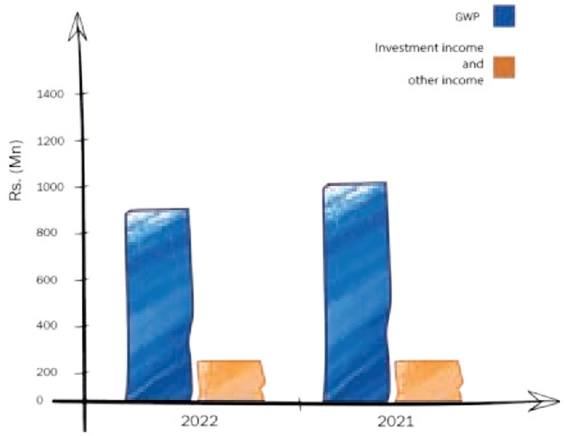


Premium Ceded to Reinsurers

Complemented by competitive reinsurance premiums in the reporting year, we were able to bring down our reinsurance expenses by 17% to Rs. 102 million, vis-à-vis Rs. 124 million in 2021. Reinsurance expenses as a percentage of GWP reduced by 4% to 10% . This propped our net earned premium income.

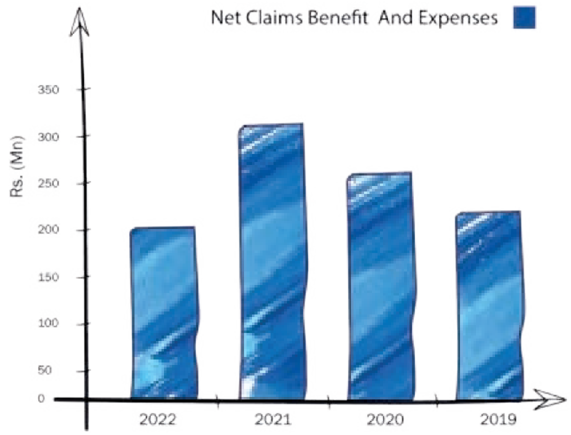
Other Revenue

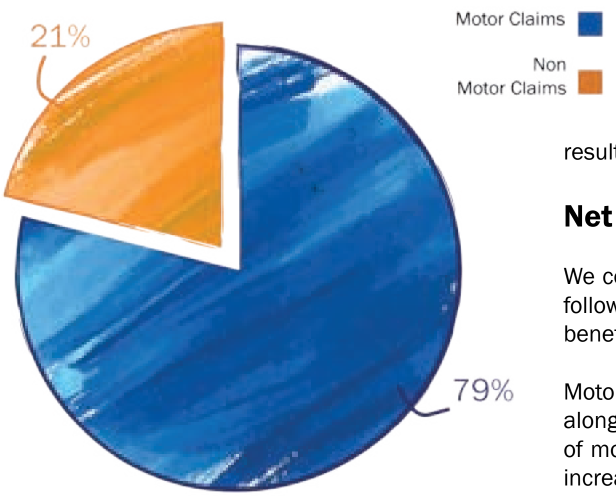
Comprising investment and other income, other revenue posted a 2% to Rs. 215 million over Rs. 210 million in 2021. With regard to investment income, our stock portfolio underperformed amidst bearish sentiments that prevailed in the capital market in the reporting year. However, our fixed income securities and fixed deposit portfolio—taking up almost 75% of the total investment portfolio—gained from the ongoing high interest rate environment. Investment income decreased by 42% primarily due to changes in share market transactions' market values. Other income, led by policy fees and commission-based income, also recorded a 13% increase over 2021.



Net Benefits, Claims and Expenses

In an unstable economic environment, our net benefits, claims and expenses declined notably by 15% to Rs. 229 Million in the reporting year compared to Rs. 270 Million in 2021. With regard to our top-line gains, the underwriting result was Rs. 69 Million, contracting by 6% over a positive result of Rs. 73 Million in 2021.





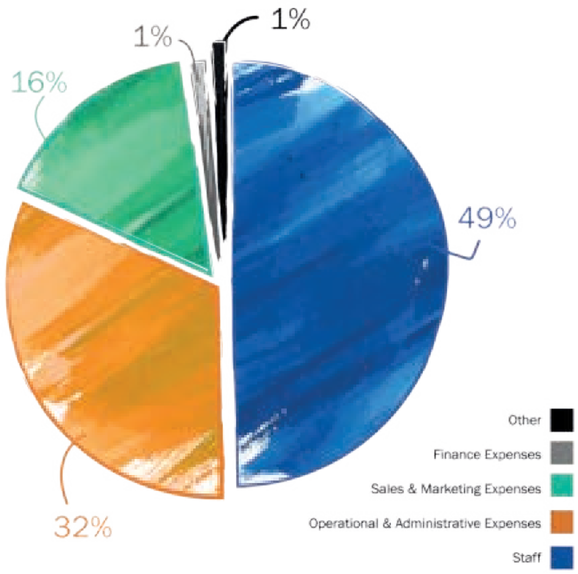
Net Benefits and Claims

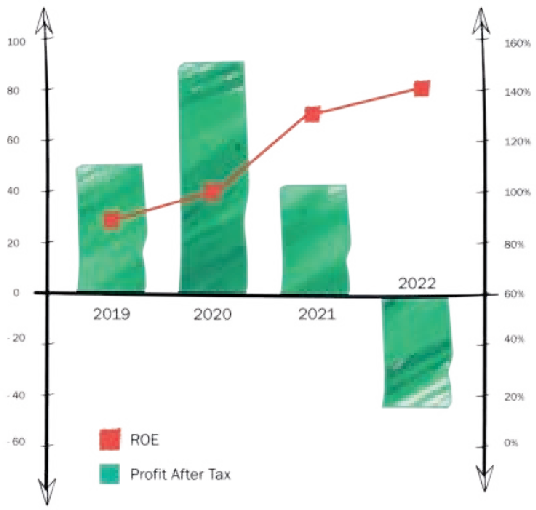
We continued to be disciplined and proactive in the year in our claims management function, closely following sound internal pricing guidelines. Hence, we were able to reduce our net insurance claims and benefits by 15% to Rs. 229 Million over Rs. 270 Million in the previous year.

Motor class continued to account for almost 79% share in total claims. Due to the economic constraints along with the fuel crisis that prevailed in the year, motor claims remained modest. Yet, higher cost of motor spare parts had an impact on motor claim costs. Non-motor claims also recorded a modest increase over the previous year. Our motor claims ratio stood at 15% whilst non-motor claims ratio decreased at 48% percent.

Other expenses

including operating, administration, marketing, finance and other insurance related costs, increased substantially during the year by 34% to Rs. 746 Million, in contrast to Rs. 556 Million in 2021. Our expansionary drive, inflationary trends, high interest rates along with a salary hike across all staff grades had a significant bearing on our fixed administration and staff expenses in the year.

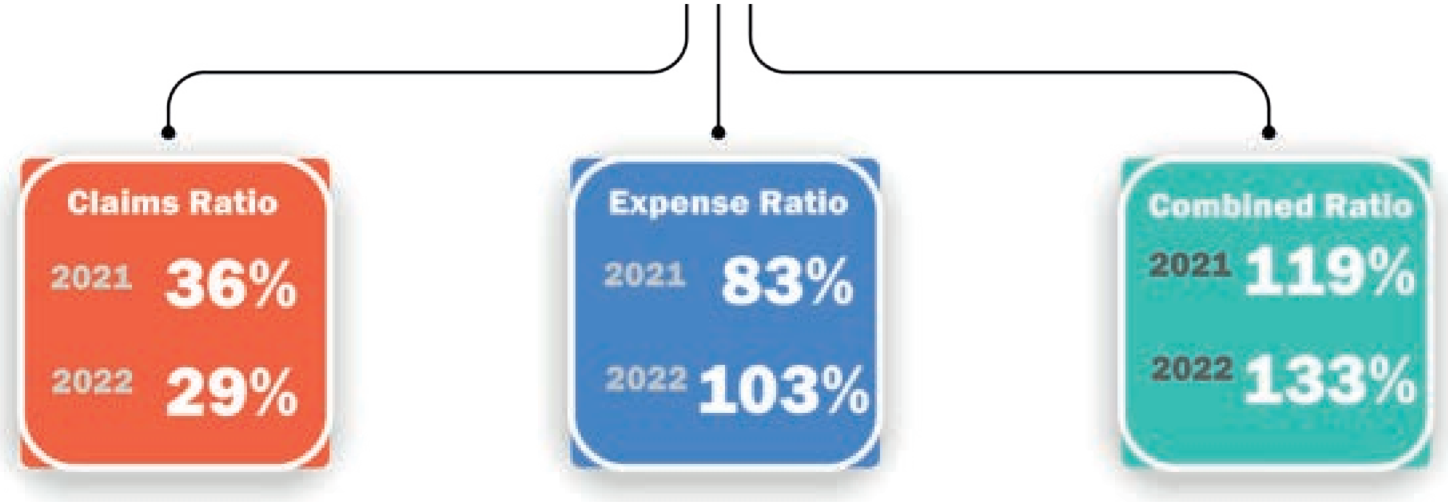




Profits

Given high benefits, claims and expenses, profit before tax (PBT) stood negative at Rs. 42 million, corresponding to a 161% decline compared to Rs. 69 million achieved in 2021. This is despite strong top-line gains. With a tax component which was lower than the previous year, net losses after tax reached Rs. 42 million compared to Rs. 47 million net profits after taxes in 2021.

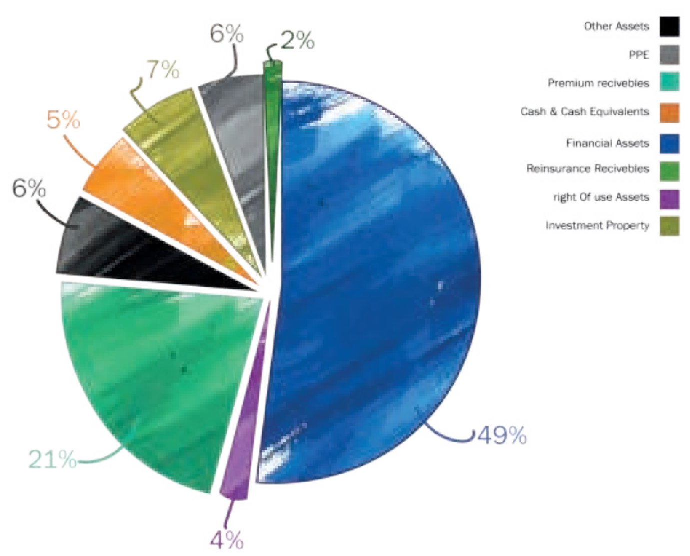
"Amidst a dire business backdrop and given our expansionary drive, our combined ratio reached 133% — adversely impacting our underwriting result..."

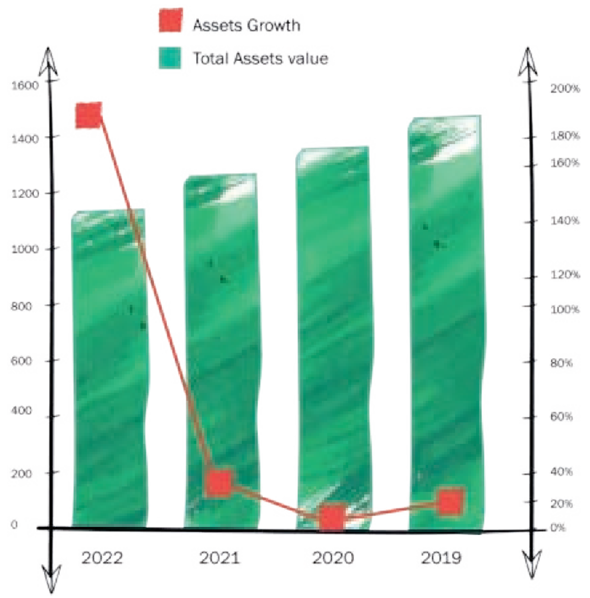


Financial Position and Stability

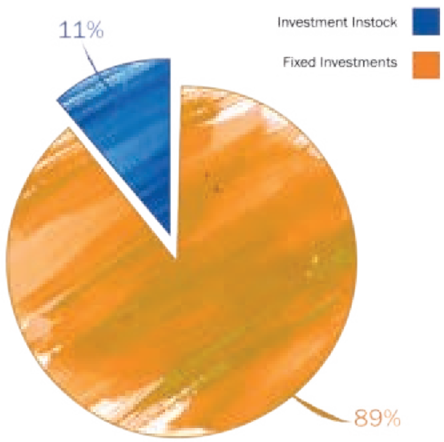
Total Assets

Total assets as at 31st December 2022 grew by 11% to Rs. 1.48 Billion, as against Rs. 1.33 Billion as at the preceding year-end. Out of the total assets, financial assets of Rs. 733 million, took up the largest share of 49%.





Financial Assets



Financial assets contracted marginally by 7% as at the year-end 2022 to Rs, 733 million, compared to Rs. 785 million in 2021. In a tight monetary policy environment, loans and receivables mainly consisting of fixed income investments increased by 31% to Rs. 98 million. This accounted for 13% share of financial assets. In contrast, bear market trends on the Colombo Stock Exchange did not reflect well on our equity portfolio contracting by 2% year-on-year.

Other Assets

The major components to our asset base, other from financial investments, Property, Plant and Equipment (PPE), Investment Property (IP), Right of Use Asset, Premium Receivables, Reinsurance Receivables, and Cash and Cash Equivalents. Other assets grew by 82% to Rs. 89 million compared to the position of Rs. 49 million as at end-2021. Premium receivables increase of 105% to Rs. 311 million compared to the position in the previous year-end. This is mainly due to the concessions offered to customers in premium payments, given the hardships faced in the year amidst an economic crisis. Propped by expansionary initiatives along with upgrades and improvements, our property plant and equipment increased by 12% whilst, right-of-use assets decreased by 25%. Cash and cash equivalents reduced by 16% to Rs. 67 million.

"With sound financial management practices, our capital adequacy ratio and solvency margin in the FY 2022 were well in line with regulatory directives..."

FY	2021	2022
Total available capital (Rs Mn)	598	573
Formula Risk-based capital (Rs Mn)	232	293
Risk-based Capital Adequacy Ratio (%)	257%	183%

Equity and Liabilities

Equity

With retained earnings marginally declining by 9% amidst a challenging business backdrop, the equity position as at the year-end 2022 moderated by 2% to Rs. 722 million, as against Rs. 740 million as at the year-end 2021.

Liabilities

The overall liability position increased by 28% to Rs. 760 million at the year-end 2022 as compared to Rs. 595 million at the year-end 2021. Insurance contract liabilities accounted for the largest share of 35% of the total liabilities which increased by 28% over the previous year's position.

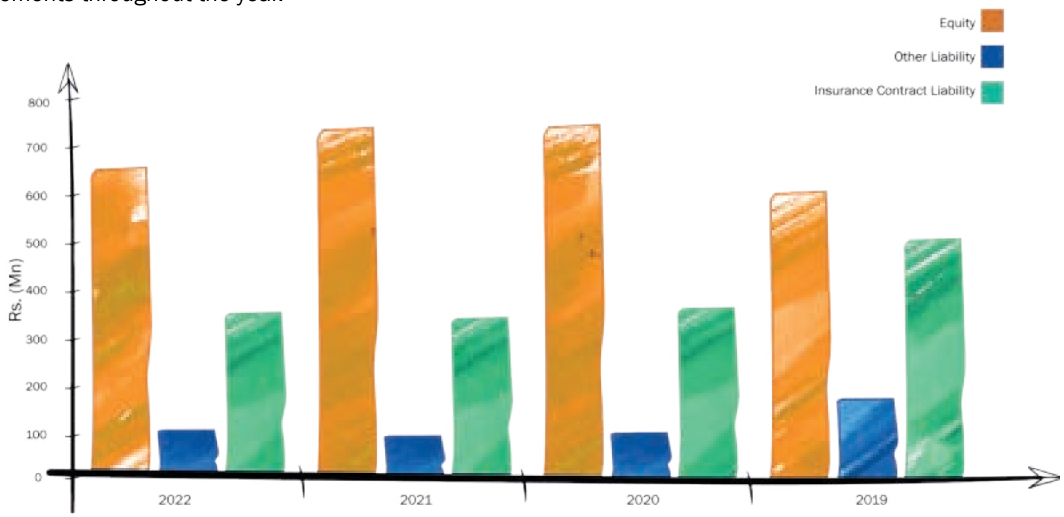
Cash Flow Management

With profitability compromised in a difficult business landscape, liquidity position was pressured in the year under review. In this backdrop, we strengthened our cash flow management strategies and were able to maintain liquidity and to meet all payment obligations on time.

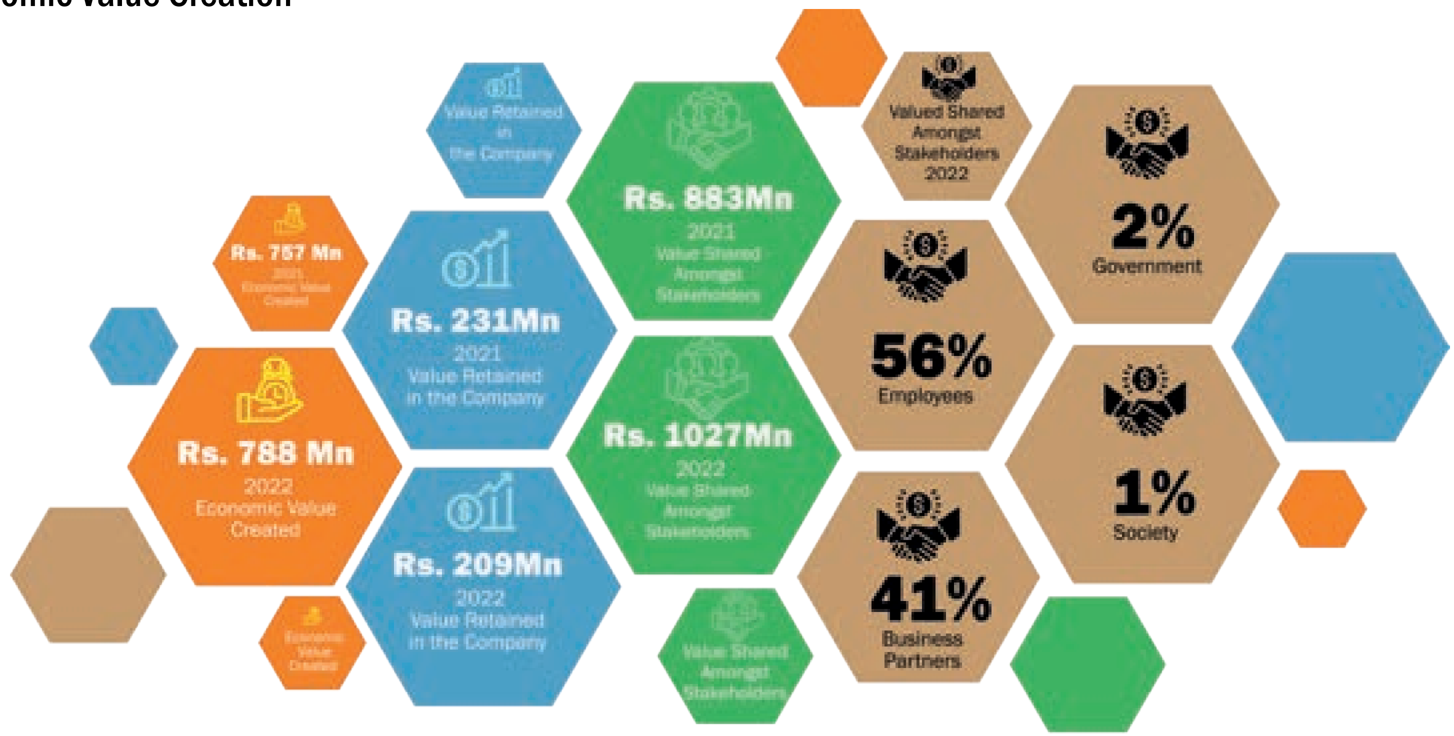
Net cash generated from operating activities contracted marginally by 204% year-on-year to a negative Rs. 50 million compared to Rs. 48 million in 2021. However, the acquisition of financial investments was almost balanced out by the proceeds from maturity and sale of such investments. This together with zero dividends paid out due to regulatory sanctions, cleared the path for net cash used in investment activities to be positive at Rs. 64 million, as against a negative Rs. 59 million in the previous year. Net cash generated from financing activities, however, was negative with lease payment obligations as was the case in the preceding year. Given the strong cash position at the start of the year, our cash and cash equivalent at the year-end stood positive at Rs. 80 million lower compared to Rs. 123 million in 2021. This corresponds to a 35% drop year-on-year.

Solvency Margin & Approved Assets

In keeping with the regulatory directions under the Section 25 of the Insurance Regulatory Act, No. 43 of 20, the approved assets were equivalent to 100% of technical reserve whilst solvency margins were well above the regulatory requirement of 120%. Capital adequacy ratio and the total available capital were above the stipulated requirements throughout the year.



Economic Value Creation



MANUFACTURED CAPITAL

OVERVIEW

We operate on leased out premises with minimum investments in brick and mortar. Our manufactured capital, therefore primarily includes right-of-use assets, furniture and fixtures, office equipment, computers, printers and accessories, electrical assets, motor vehicles and investment properties. This section will deliberate on our approach to capital expenditure (capex) and key investments in expanding, upgrading and maintaining our tangible assets in generating long-term value.

Strategic Priorities

- Expansion Capex
  Plan and allocate funds for expanding operations with new branches and acquiring new assets to realise future growth goals.
- Maintenance Capex
  Plan and allocate funds to upkeep and replace existing assets to be cost efficient and up-to-date.

6 Branches
13 Units
New Branches and Sub-branches Islandwide

Rs 20 Mn
Investment in Digital Assets

MANAGEMENT APPROACH

We give careful thought to all capex investments following an annual plan. The plan is prepared with due diligence—looking into building capacity to capture market share; and adopting new technology to improve quality, bring in cost efficiencies and maintain or upgrade the existing physical assets. All capex procurement from selection to awarding of contracts follows best accepted practices. This includes budgeting, cost-benefit evaluations, risk management, ensuring the availability of spares, warranties and after-sale services. We have in place an identified set of key indicators which we monitor on a quarterly basis.

Manufactured Capital - Key Performance Indicators			
FY	2021	2022	Variance (%)
Total capex (Rs. Mn)	121 Mn	104 Mn	17 Mn
Capex in right-of-use assets (% of total capex)	11%	17%	6%
Capex in expansions and upgrade (% of total capex)	72%	19%	53%
Total capex to revenue ratio (%)	9%	11%	2%

CAPITAL PERFORMANCE

Expansion Capex

Driving for higher market share within the general insurance domain, we continued in the year under review to allocate significant funds for expansionary capex, despite the volatile industry backdrop. As discussed above, our investments in this regard were not on brick and mortar per se. Our expansionary capex includes all capital costs related to setting up new branches, sub-branches and relocations in rented/leased out premises in Island wide.

Maintenance Capex

We continued to duly invest in maintenance capex with regard to our existing asset base. We closely followed up on manufacturer warranties, guarantees and on after-sales services, ensuring efficiency in maintenance operations.

FUTURE FOCUS

- Invest in further expansions with 6 new branches 13 sub-branches Islandwide.
- Continue to invest in IT infrastructure to modernise the exisiting business processes.

HUMAN CAPITAL

OVERVIEW

Our dedicated and talented team is the strength of our organisation, enabling us to operationalise our strategy and realise our corporate goals. Hence, we stand committed in building an inspiring workplace, with the right tools, training and support whereby the team is empowered to deliver their job-roles with steady career progress. This section will discuss our HR management approach, practices, performance and highlights in the year under review.

Strategic Priorities

- **Talent Acquisition and Retention**
  Recruit suitable employees on merit-basis and uphold an inclusive workplace with fair remuneration, recognition and rewards.
- **Learning and Development**
  Develop employee skills with planned training and nurture a performance culture.
- **Health, Safety and Wellbeing**
  Advocate a healthy and safe work environment with work-life balance and key measures to secure employee wellbeing.
- **Employee Relations and Compliance**
  Be fair and just in managing employee relations and duly comply with labour laws, rules and regulations.

116
New Recruitments

Rs. 3.4 Mn
Training Investment

95
No of Training Session
259.40
Hours

26% ▲
Remuneration

07
Employees Promoted

274
Employees Rewarded on Performance

MANAGEMENT APPROACH

Aligned with and guided by SANASA group's HR policies, practices and procedures, our HR department manages the team with focused engagement. The department oversees manpower planning, training, performance assessments, and compensation and benefits. We have a HR committee in place—a sub-committee of the Board to review, deliberate and revise our HR policies, practices, strategies and action periodically.

Upholding the principle of equal opportunity, we follow a four-pronged strategic approach in managing the team. This includes attracting and retaining talent within the organisation; creating a learning and performance-oriented culture, nurturing the wellbeing of all employees; and ensuring that our operations fully adhere with Sri Lanka's labour laws, rules and regulations.

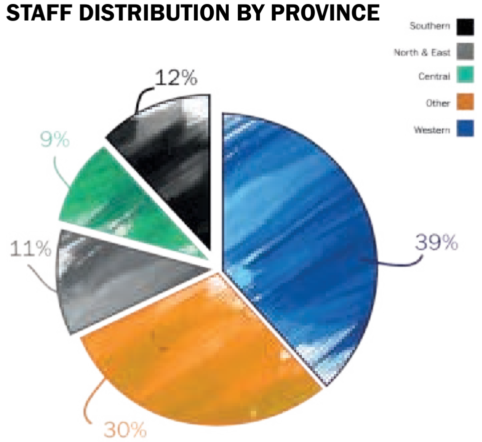
Key Performance Indicators			
FY	2021	2022	Variance (%)
New employees recruited (number)	118	116	-2%
Employee retention rate (%)	75.92%	75.08%	-1%
Employee turnover rate (%)	24.08%	24.92%	3%
Average training hours per employee (hours)	1.04	0.6	-0.44
Training investment per employee (Rs)	10,327	10,539	211
HR investment per employee (Rs ...)	761,090	767,166	6,075
HR investment as a percentage of revenue (%)	28%	31%	3%

CAPITAL PERFORMANCE

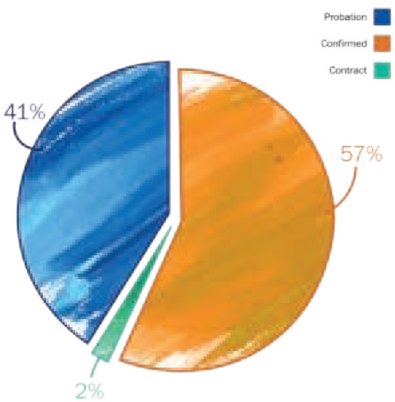
- ### Team Structure and Profile

Our team, covering permanent, contract, temporary and casual employees, stood at 426 as at the reporting year-end. Out of the total team, 24% are employed on a permanent basis whilst all employees are contracted on full-time basis.

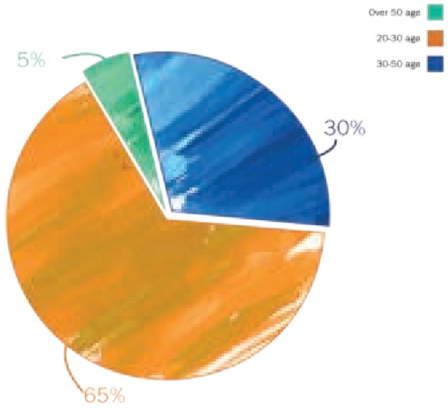
STAFF DISTRIBUTION BY PROVINCE



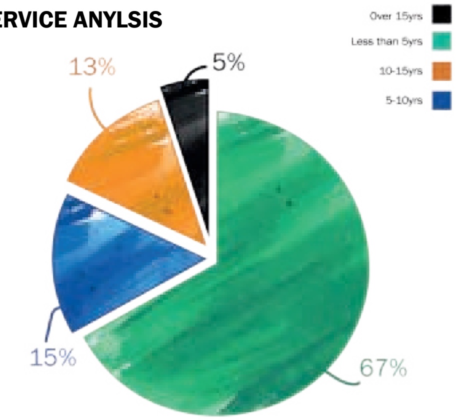
STAFF DISTRIBUTION BY CONTRACT



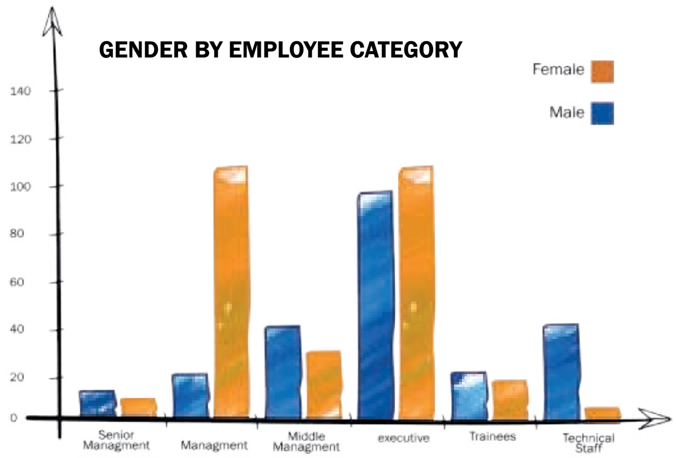
STAFF DISTRIBUTION BY AGE



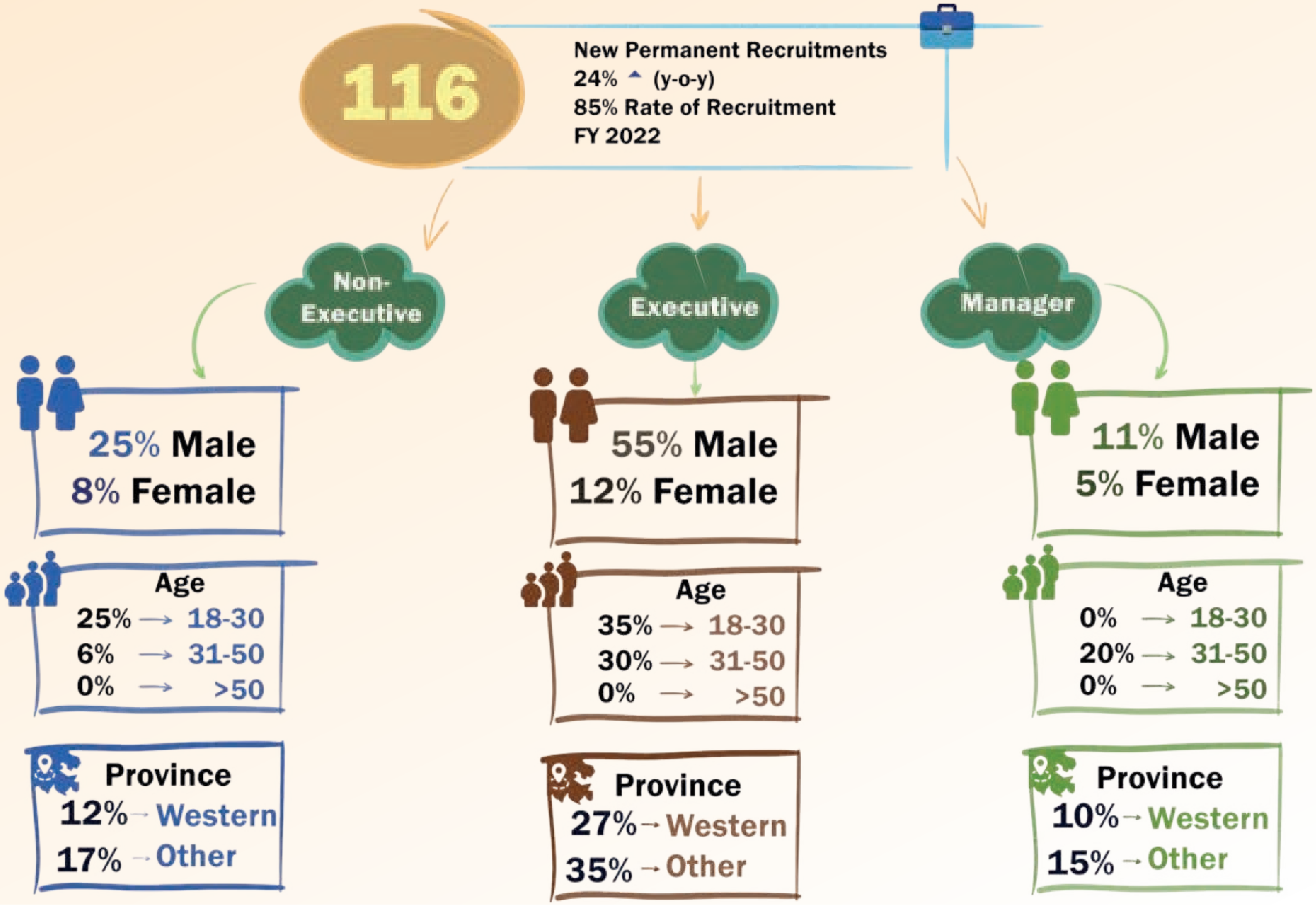
SERVICE ANYLSIS



GENDER BY EMPLOYEE CATEGORY



TALENT ACQUISITION AND RETENTION



Note: Rate of recruitment: new permanent recruitments/ total permanent employees

Our recruitment strategy focuses on recruiting the right profiled individuals with credentials to match the job-role and our core work culture. Guided by 'equal opportunity', our recruitment process is structured on merit-basis, with a competitive screening process. We give precedence to internal candidates, enabling their career growth. We are also timely in extending promotions and opening up opportunities for cross exposure with transfers across the group.

In the reporting year, we stepped up our recruitment to meet our expansionary plans post pandemic. We recruited 116 new employees, corresponding to a 2% decrease year-on-year. Out of the new recruitments, 85 were for sales and marketing job vacancies. We sourced 98% from local communities, mainly referred by the SANASA society network. We also extended 7 promotions within the company.

Resignations FY 2022

75.08% Retention Rate

100% Retention Rate after Maternity Leave

Employee Turnover

65% Male
35% Female

Age

49%	18-30
35%	31-50
16%	> 50

Provinces

35%	Western
65%	Other

Employee Category

35%	Non-executive
55%	Executive
10%	Manager

Managing an intensely competitive industry, it is critical that we retain our best talent within the organisation. It is in this regard that we deliver a focused HR strategy with current and best HR practices, enabling us to be an employer of 'choice'. Therefore, our competitive remuneration package, performance incentives, strategic training, along with key measures to ensure employee health and safety, stands warranted and significant.

COMPENSATION, REWARDS AND BENEFITS

Compensation and Benefits – Permanent and Full-time Employees			
FY	2021 Rs(Mn)	2022 Rs(Mn)	Variance (%)
Compensation	261	327	66
Welfare measures	5.2	6.7	1.5
Total compensation, welfare and benefits	**266.2**	**333.7**	**67.5**
EPF and ETF	27	20	6
Gratuity Provision	1.8	1.7	0.1

We follow industry standards and applicable labour laws in structuring our compensation and benefits scheme. This is determined purely on merit without any bias taking into consideration the job-roles and the employees' credentials. It is structured on a two-pronged mechanism, with a fixed remuneration component including the basic salary, allowances and statutory contributions coupled with a variable component including monetary and non-monetary benefits based on performance. Level of compensation, and benefits of the management grade is determined by the Remuneration Committee, a Board level sub-committee. This reporting year, there was a 25% pay hike for all employee categories. Our total compensation package including all perks for the year stood at Rs. 364 million an increase of 26% over the preceding year.

As stipulated by law, we are also timely in paying our defined benefit and contribution obligations including leave entitlements, provident fund contributions and gratuity payments. We contribute 12% of the basic salary to the Employee Provident Fund and three percent to the Employee Trust Fund.
Learning and Development

We give top priority to developing a well-rounded, professional and an agile team to manage the challenges we face in a dynamic business environment. Hence, investing strategically in training the team, enabling them to broaden their technical and soft skills including management and leadership, is a critical part of our corporate strategy. All training programmes are internal, external, and remote or induction training for new recruits is carefully planned as per an annual training calendar to lessen the skills gap in meeting our corporate goals. In the reporting year, we trained 2123 employees for 8.18 average training hours. Our training investment touched Rs. 4.48 million, corresponding to an increase of 27% year-on-year.

The SANASA Campus also plays a crucial role in our training initiatives. Currently, we have notable executive and management level staff taking up key study programmes, mainly related to insurance. We support them with necessary funding and study leave.

Performance Management 2022			
FY	Non-executive	Executive	Manager
Employees evaluated for performance (number)	44	167	98

Performance management is carried out annually. It is a transparent and interactive process; enabling an open discussion between employees and managers to deliberate on performance-oriented goals and determine rewards and incentives in line with our corporate targets.
We use the performance management process to identify skills gaps and in turn, form the basis for our training initiatives and mentoring and coaching high-achieving employees. It is also an effective platform to discuss employees' career prospects and redress their disputes and grievances. In the reporting year, 98% of the permanent cadre were given performance reviews. Performance incentives were calculated on one percent of our gross premium income. Promotions were given to 7 high-performing employees, along with necessary skills training to meet their new job roles.

HEALTH, SAFETY AND WELLBEING

As part of our corporate responsibility, we have taken necessary steps to ensuring health and safety in our workplace. We stand committed to ensure employee wellbeing, encourage them to strike a balance in work-life with good physical and mental health. It is in this light that we offer our employees flexible working hours and work-from-home options. This was especially useful in supporting our employees to manage during the pandemic period as well as during the fuel crisis.

We also extend a comprehensive medical insurance scheme for both employees and their immediate families, with coverage for OPD and hospitalisation supporting access to private sector healthcare. The workman's compensation insurance covers our sales and marketing officers with regard to accidents and other work-related incidents.

Furthermore, our staff welfare association plays a critical role in our efforts to ensure employee wellbeing. The varied events and the activities organised by the association strengthen camaraderie amongst employees, builds confidence and helps to reduce stress levels.

EMPLOYEE RELATIONS AND COMPLIANCE

Our transparent workplace practices support us to engage, build, and maintain strong relationships with our employees. We prioritise ongoing communication with our employees regarding significant operational changes and decisions. We provide at least two weeks' notice to inform on any substantial changes. Our whistle-blower system supports employees to lodge formal complaints on workplace malpractices or violations of labour laws. This system assures confidentiality.

We follow through an open-door concept, where employees have the opportunity to discuss their grievances and concerns with the management. Our team-level staff meetings and annual performance reviews as discussed above provide an effective platform for engagement and feedback. Our HR department has a formal process for addressing unresolved grievances.

In the reporting year, we did not record any formal grievances nor lawsuits filed related to violations of fundamental rights and labour laws. We did not face any fines or non-monetary sanctions regarding labour management practices.

FUTURE FOCUS

- Attract and recruit best talent into the organisation to facilitate expansionary plans.
- Initiate pension plans for the SANASA General staff.
- Introduce the life insurance scheme for staff.
- Extend strategic training opportunities.

INTELLECTUAL CAPITAL

OVERVIEW

As part of a highly regarded group, SANASA General has a significant intellectual capital base. Encompassing intangible assets including our brand equity, tacit knowledge, commitment to quality and strategic investments in digitalisation; this capital is a catalyst, enabling us to build our identity making us distinct in a fiercely competitive marketplace. In the following section, we will outline our strategies used to build and manage our intangible assets to enhance our value creation process and secure our market positioning.

Strategic Priorities

- **SANASA Brand**
- Build and leverage on SANASA brand to gain market confidence and secure its positioning.

- **Group Synergies**
- Work closely with the parent company and leverage on group synergies.

- **Knowledge Management**
- Strengthen tacit industry knowledge and draw on SANASA expertise to enhance management decision-making.

- **Digitalisation**
- Invest in digitalisation for smart and efficient business processes to generate higher returns.

- **Quality Standards**
- Adhere to best business practices in operations, risk management and governance and maintain quality product and service delivery.

0.77
Market Share

MANAGEMENT APPROACH

Our intangible resources, which are long-term in nature, are crucial to create value overtime. Hence, we prioritise these assets in delivering our strategy. We have identified and formulate our yearly plans, with due fund allocations, to develop, reinforce and manage them under five strategic priorities. A tracking system is in place to monitor performance indicators, which are reviewed and deliberated during quarterly progress management meetings. Our Board and the senior management are fully engaged in this process.

FY	2022
Investment in branding, marketing and promotions (Rs. Mn)	69.43
Investment in digitalisation (Rs. Mn)	17.03
IT asset base (Rs. Mn)	22.6
Total employee training hours	259.40
Total investment in Training and development (Rs. Mn)	4.48

CAPITAL PERFORMANCE

SANASA Brand

Founded on cooperative values, SANASA is now a trusted and a reliable brand in the insurance domain in the country. The brand underscores our strong selling point in a competitive business environment. It is our largest influencer in gaining market share. Our parent company, SANASA LIFE, with a sound corporate image, further instils reliability and stability to our brand.
We are consistent in our efforts to consolidate our brand worth, strengthening stakeholder confidence. We, together with SANASA Life, are well-positioned in rural as well as urban markets, particularly, amongst the grass-root communities. We have a solid footing within the SANASA society network whilst, making steady progress within the retail and corporate market sectors. This year, we allocated Rs. 69.43 million for our brand development and promotional initiatives.

Group Synergies

Our organisation is a part of a well-respected group. With a solid reputation and a strong brand presence as a trusted insurer, our parent company, SANASA Life, complements us our operations, giving us a distinct advantage within a competitive marketplace. Drawing on synergies present; we have been able to tap into our parent's vast outreach with a large branch network islandwide. We also have synergistic opportunities present within the group with our parent and sister companies supporting us as a captive market base. This also holds true in terms of bulk procurement, where we can negotiate best terms as a group rather than a single entity.

Knowledge Management

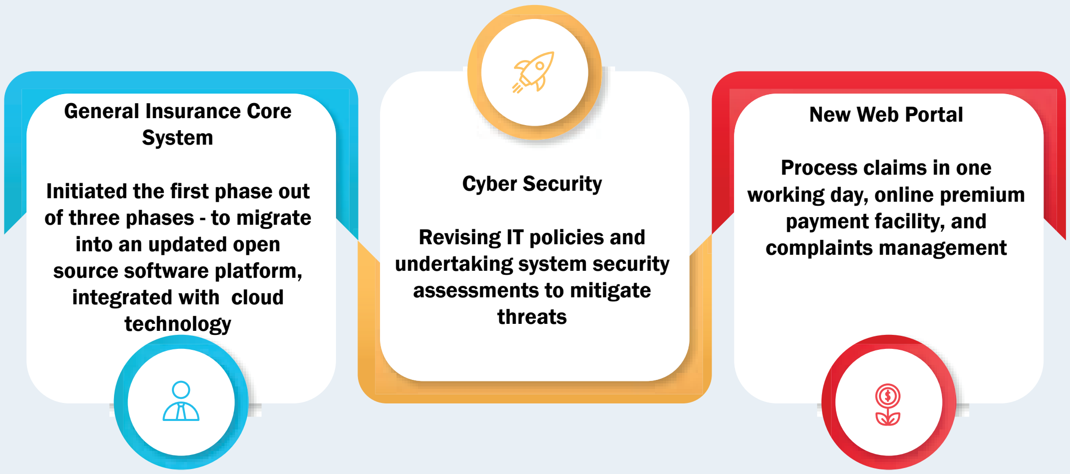
Our tacit knowledge on the market stands in good stead in our efforts to deliver a focused strategy in a hugely competitive, specialised and regulated business environment. Our Board and the senior management team are multi-disciplinary and well-experienced. They have a strong sense of business insight to steer the organisation amidst present day challenges and take forward the company as a progressive insurer. We also have in place a versatile product development team with senior officers in operations, actuarial, finance, IT, marketing, and sales. They have specialised knowledge to develop a current product line, designed to meet diverse and fast-changing customer requirements in the insurance arena.

Knowledge management, therefore, stands significant and warrants our focused attention. We invest well in our managerial level training from entry level, middle to senior management. These training intiaitives are structured to enhance our innate knowledge, which is fundamental to our succession plan—mentoring and coaching our next generation leaders. Apart from this, our strategic planning sessions sets a good platform for the management to come together and share their views and their learning on the job as well as through formal training. We also have comprehensive procedural manuals on key operations. In the reporting year, we invested Rs. 4.48 million on management training initiatives including our management trainee programme.

Digitalisation

As guided by our IT steering committee, we continued to focus on our digitalization plans set out on a three-year roadmap. Our investments in digital technologies have in effect, have transformed our operations and improved efficiency to enhance our value creation process. This year under review, we invested Rs. 17 million on digital Assets.

Digitalisation Key Initiatives FY 2022



Quality Standards

As guided by SANASA principles and our code of conduct, we take due care to ensure that we maintain best practices in all our dealings. We offer affordable and suitable insurance solutions along with best advisory services to support varied customer profiles, primarily within the low-to-mid income tier segments from underserved communities. We have in place necessary systems and procedures to support these efforts. Our operations, risk management, and governance are progressive, aligned with best current practices. We continuously update our policies, practices and procedures to ensure they remain effective with the latest industry trends and regulatory requirements. We invest in training our employees across all levels on customer service whilst obtaining customer feedback consistently to improve our product offer and service quality. These measures underline our accountability, transparency and sustainability, thereby, enabling us to be a quality and a reliable insurance solutions provider.

FUTURE FOCUS

- Invest in digitalisation initiatives as per the roadmap to transform business processes.
- Colloaborate with parent company to initiate branding campaigns, marketing and communications to drive for business outside the SANASA network.
- Extend structured training for managers and focus on succession planning.

SOCIAL AND RELATIONSHIP CAPITAL

OVERVIEW

As a service organisation, more so, as a part of a socially responsible group, building and managing good relationships with all our stakeholders warrant top strategic precedence. We stand committed to uphold ethical business practices in all our transactions, be it with our customers, insurance agents, brokers, suppliers, local communities and regulatory and statutory institutions. This section will discuss on our business relationships and how we engage with our stakeholders to secure their trust and confidence to create long-term value.

Strategic Priorities

- **Customer Service**
- Closely engage customers, uphold product responsibility and excel in customer service.

- **Business Partner Relationships**
- Build long-term relationships and follow best business practices with insurance agents, brokers, reinsurers and suppliers.

- **Empower Local Communities**
- Support SANASA societies to uplift local communities and empower them with job opportunities.

- **Compliance**
- Ensure compliance with applicable laws, rules and regulations.

330,135
Customers

6
Branches

11
Sub-branches

Rs. 69 Mn
Commission to Insurance Agents and Brokers

116
Local Community Recruitments

MANAGEMENT APPROACH

With a substantial market presence across the island, particularly, supporting grass-root masses in both urban and rural regions of the country, it is significant that we actively engage and cultivate enduring relationships with our key stakeholder groups. In this regard, we have prioritised four strategic areas encompassing customers, business partners, local communities and relevant statutory and regulatory agencies.

Customers

- Engagement Focus
- Develop the distribution channel, product offer and ensure product responsibility
- SANASA society network
- Retail customers
- Corporate clients

Business Partners

- Engagement Focus
- Evaluation and selection, monitoring pre-agreed deliverables and fair and timely payments/ commissions
- Insurance agents and brokers
- Reinsurers

Local Communities

- Engagement Focus
- Community recruitment
- Community charity

Statutory and Regulatory Agencies

- Engagement Focus
- Compliance with laws, rules and regulations

CAPITAL PERFORMANCE

Customer Service

Extending best-in-class service, our engagement with our customer is three-pronged as discussed below:

Product Offer

Refer: Our products, page 12 & 13

Our product offer is comprehensive, covering a range of general insurance solutions, both motor and non-motor products. It is flexible and affordable tailored to meet diverse customer requirements in line with their respective risk profiles. We also have cross-selling options whereby, we can offer life policies in collaboration with SANASA Life.

We rely on customer feedback, along with industry trends to develop our product portfolio. The new products covered a wide area of risk sectors like Ayurveda, Solar and Peddle Cycles.

Distribution Network

Refer: Distribution network map, page 14

Our distribution network is extensive, spreading across rural, urban, and suburban areas. This reporting year, we continued to invest in expanding our outreach, opening up several new branches and sub-branches in Island wide taking the total to 13. Additionally, we refurbished 5 of our existing branches. This included upgrading our systems and processes through automation and digitalisation. Our total investment in our distribution network including expansions, refurbishments and upgrades stood at Rs. 93 million.

Children's Day Celebrations at Panadura

Sanasa Nelum Mal Poojawa 2022 at Anuradhapura

වැය අඩු අය වැඩි කරමු

Sanasa Society Development Programme

School Books Donation Programme at Eriyawa

Product Responsibility

As a general insurer, with a significant presence amongst grass-root market segments, it is imperative that we offer a responsible product. In this regard, we offer comprehensive insurance solutions to support our customers with affordable premiums; efficient claims processing; and excellent customer service. We are transparent and accountable in all our dealings guiding our customers in choosing the right policy to meet their risk profiles; creating awareness on the terms and conditions of their policies; and upholding customer privacy. Our dedicated customer care officers together with an efficient underwriting and claims management team, underscore our product responsibility.

In the reporting year, we settled Rs. 229 million worth of claims. There were several claim disputes, which were subsequently resolved through our claims committee including through the formal channel of the Ombudsman.

Business Partner Relationships

Collaborating and cultivating strong relationships with our business partners play a vital role within our value creation process. It warrants our focused engagement to build mutually beneficial relationships with them. We follow a due screening process to commission their services whilst closely monitoring their pre-agreed deliverables and upholding timely and due payments. We give precedence to group-level dealings, particularly in procurement, thereby, capitalising on scale-benefits.

Insurance Agents and Brokers

Our insurance agents, totalling to 279 as at reporting year end including 101 newly commissioned agents represented our business interest islandwide. They are compliant with agent rules and regulations set by the Insurance Regulatory Commission of Sri Lanka. They are also aligned with our business ethics and have been given necessary training on both products as well as on the code of conduct. They together with our brokers generated Rs. 615 million worth of new business in terms of premium income. This corresponded to a 23% increase year-on-year. Commissions and broker fees paid was Rs. 102 million, an increase of 22% year-on-year.

Reinsurers

Our reinsurers, totalling to 6, are internationally reputed organisations. This year, our reinsurance expenses stood at Rs. 102 million, an increase of 22% as against 2021. This represented 10% of the total portfolio value.
Suppliers
We give precedence to work with local general suppliers, selected under best guidelines of procurement. In the reporting year, total payments to suppliers amounted to Rs. 364 million up by 46% over the previous year. Nearly 72% of procurement was from local suppliers.

Local Community Development

Refer: Human capital, page 54

Guided by SANASA work values, our engagement with local communities is two pronged. On one hand, we open up employment opportunities to communities living around our branch network and on the other, we support them with charity initiatives to uplift their standards of living. We closely work with the SANASA society network in this regard. This year, we recruited 116 personnel from local communities.

Regulatory and Statutory Institutions

As part of a socially responsible group, founded on cooperative principles, we are committed to upholding all relevant laws, rules and regulations set by statutory and regulatory agencies. All our business transactions are conducted in a manner that ensures accountability, integrity and transparency. Our compliance function is responsible to ensure that we follow best and mandated business practices with the full involvement of our Board in this process. The code of conduct sets the tone from the top guiding the Board, management and all employees. In the year, we did not record any incidents of corruption, fraud or illegal activities. We did not receive fines nor non-monetary sanctions for non-compliance with laws and regulations.

FUTURE FOCUS

- Continue to employ community members for suitable job opportunities across the branch network.
- Expand the branch network with .... new branches and .... sub branches and invest in product development.
- Extend customer oriented training to all employees across grades

NATURAL CAPITAL

OVERVIEW

As a service organisation, our direct impact on the environment is comparatively minimum. Nevertheless, we are concerned and proactive in our efforts to uphold environmental responsibility; complementing our integrated approach to corporate management. In this segment, we will look at how we have adopted best environmental practices to curtail our carbon footprint and consequently, our operational impacts on climate change and global warming.

Strategic Priorities

- **Energy Management**
- Track and monitor energy consumption and adopt energy efficient practices.

- **Paper and E-waste Management**
- Leverage digital tools to move towards a 'less-paper' office and exercise caution in disposing electronic waste.

- **Carbon Footprint**
- Implement green practices at the workplace and support the group's tree planting initiatives to minimise the organisation's carbon footprint.

MANAGEMENT APPROACH

Committed to responsible environmental stewardship, our operations are well in line with relevant environmental laws, rules and regulations. We have integrated environmental considerations into our business practices under three key strategic priorities focusing on energy management practices; paper saving and e-waste disposal; and reducing carbon emissions. In this regard, we follow through '5R' practices refuse, reduce, reuse, repurpose and recycle wherever possible; creating staff awareness; encouraging staff volunteerism; and using technology to be smart in resource utilization. Our key environmental initiatives are jointly carried out with our parent and sister companies within the SANASA group.

CAPITAL PERFORMANCE

Energy Management

- **Key Measures**
- Staff awareness programmes on energy conservation
- Track and monitor energy consumption levels
- Extend remote working facilities
- Smart work processes with greater digitalisation measures
- Carefully plan the organisation's fleet management
- Encourage employees to use bicycles/ electric vehicles and carpooling to commute to work
- Advocate insurance solutions for renewal energy initiatives

Electricity, our primary energy source used to power our offices, is procured from the National Grid. Our fleet of vehicles uses both, diesel and petrol. We track, monitor and control our energy consumption as a strategic priority in terms of both economic and environmental considerations. This assumes greater significance today, given the energy crisis we face as a nation. Given our efficient energy management measures we have adopted across the organization,

Additionally, we also promoted solar energy. We have in place a new product to support our customers in their solar power initiatives.

Paper and E-waste Management

As an insurance company, we heavily rely on paper for our day-to-day operations. Our ‘5R’ practices along with automation of work processes including email, online processing of policies and claims, print thrifty policy, intranet, website and the document management system, have supported us to reduce paper consumption significantly. The support of our employees plays a critical role in this regard. The collection, storage and sending for recycling are done systematically.

Our electronic waste (e-waste) is disposed cautiously and responsibly. We dispose the waste via a buyer who transfers it to an e-waste exporting organization that certifies the recycling process. We also encourage our employees to bring their own devices which have reduced our e-waste considerably.

Carbon Emissions

As a provider of general insurance, with a focus on motor insurance, we are conscious of our indirect impact on carbon emissions. Minimising our footprint, we have been implementing efficient resource management strategies, whilst supporting our Group's tree planting initiatives. We have also been encouraging our employees and other stakeholders to participate in these efforts. This reporting year, we continued to partner with our parent, SANASA Life, and sister companies—planting 5000 coconut trees island wide.

Amidst the fuel crisis we faced in the year, our employees also volunteered to use bicycles and opted to use public transport and car-pool to commute to work. This complemented our efforts to curtail our emissions footprint.

FUTURE FOCUS

- Continue to adopt and internalise energy saving measures.
- Partner with the parent company to take forward the tree planting initiatives.
- Further invest in digitalisation to bring in smart work processes to minimise resource consumption and lower the carbon footprint.

GOVERNANCE

Corporate Governance

Dear Stakeholders,

On behalf my Board, I am pleased to present our corporate governance report for the financial year ended 31st December 2022. This report highlights the salient features of our governance structure, policies, the framework, practices and procedures that we follow through; integrating best practices with our strategic delivery and day to-day management.

As guided by cooperative values nurtured over the years, we are strong in our risk management and governance practices. Our Board is multidiscipline and experienced; representing both the corporate domain as well as the SANASA society network. The members bring perceptive guidance to the table for effective decision making, aligned with our regulatory commitments and best practices and committed to uphold highest standards of business ethics of integrity, transparency, accountability and impartiality in our business decision making. This year, we strengthened the function and oversight of the Board sub committees covering Audit, Related Party Transactions, Human Resources & Remuneration, Risk Management, Investment and Nominations. All employees are guided by the Company's Code of Conduct, whilst nonpermanent insurance agents are guided by the relevant code as set by our regulator, the Insurance Regulatory Commission of Sri Lanka. Furthermore we are planning to strengthen the employees' discipline for an ethical business environment in the year ahead.

The Board hereby confirms, to the best of its knowledge, that SANASA General Insurance is in compliance with all applicable laws and regulations as set by the statutory and regulatory bodies including but not limited to the Company's Act, No. 07 of 2007 and the Regulation of Insurance Industry Act No. 43 of 2000 and regulations set under the Insurance Regulatory Commission of Sri Lanka. Further, the company is substantially compliant with the Code of Best Practice on Corporate Governance issued by CA Sri Lanka and Corporate Governance requirements of Rule No.7.10 of the Listing Rules of the Colombo Stock Exchange (CSE). The Board also confirms that there have not been any material violations during the year under review, in terms of our corporate conduct and governance. All applicable payment obligations have been met to the Government and to the other statutory and regulatory bodies.

The corporate governance function must steer the direction of an organization across a variety of important dimensions. These dimensions include, but are not limited to enterprise risk management, strategic planning, accounting and disclosure, talent management and succession planning. More broadly, an organization's ability to demonstrate compliance with all legal and regulatory requirements, as well as its ability to operate ethically. As your Chairman, I am committed to shaping the governance agenda to ensure that it is fit for the future and embraces all stakeholder concerns to build sustainable value creation in the years ahead.

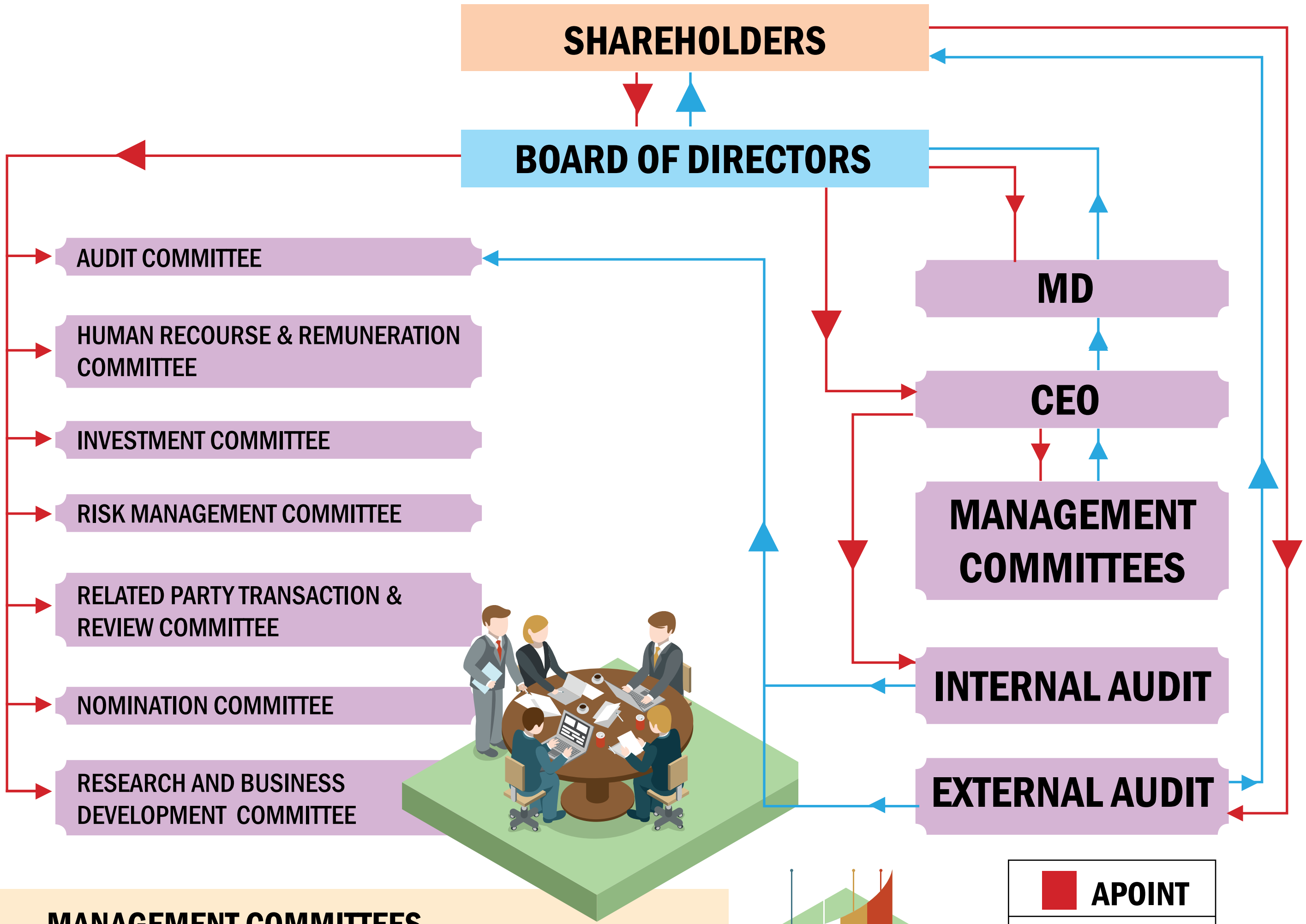
S.M. Tishan H. Subasinghe
Chairman
Sanasa General Insurance Company Limited
2nd June 2023

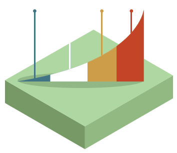
CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community. Since corporate governance provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.
The scope of the micro insurance model adopted by Sanasa General Insurance Company (SGIC) is not limited to commercial viability but focuses on socio-economic development of the grass root communities in Sri Lanka. The responsibility that lies in supporting the rural masses to manage their day to day risks necessitates the Company to uphold the ideals in governance. Hence, the Company is dedicated in meeting these ideals and through the years has built trust and loyal relationships with the stakeholders in ensuring the deliverance of the Company's mission.

In this light, the Company led by the Chairman and the Board of Directors is responsible to build sustainable value for the shareholders and other stakeholders. The annual external audit plays a major role in achieving high standards of accountability and transparency. The audit provides an external and objective check on the way the financial statements are being prepared and presented. The Audit Committee and other sub committees in place under the supervision of the Board enrich the objectivity and effectiveness of the audit and ensure that the Company has effective methods of internal controls and risk management in place.

Our Governance Framework





APOINT
REPORT

MANAGEMENT COMMITTEES

- Salvage Disposable Committee
- Business Development Committee
- ALCO Committee
- Purchasing Committee
- Claim Committee
- Technical Committee
- Credit Committee
- Corporate Steering Committee
- Transfer Committee
- Disciplinary Committee
- IT Steering Committee

The Administration of the Board is the responsibility of the Company Secretary who is an Attorney-at-Law with over 16 years of experience

COMPOSITION & INDEPENDENCE OF THE BOARD

Composition of SGIC Board

CHAIRMAN (NON-EXECUTIVE INDEPENDENT DIRECTOR)	1
MANAGING DIRECTOR (EXECUTIVE DIRECTOR)	1
NON-EXECUTIVE INDEPENDENT DIRECTORS	2
NON-EXECUTIVE / NON INDEPENDENT DIRECTORS	5

Skills and Experience

ACCOUNTING, FINANCE, TAXATION AND AUDITING	2
BUSINESS ADMINISTRATION	5
SOCIETY RELATIONSHIP / COMMUNITY DEVELOPMENT	2
ACADEMIC IN AGRICULTURE / UNIVERSITY ADMINISTRATION	1
INSURANCE	5
INFORMATION TECHNOLOGY	1
LAW	2
INVESTMENTS	2
MARKETING	2

* AN INDIVIDUAL MAY FALL INTO SEVERAL EXPERTISE AREAS

Age -

30-40 YEARS	2
40-50 YEARS	4
50-60 YEARS	2
60 -70 YEARS	0
70-75 YEARS	1

GENDER – MALE

FEMALE

The Company is led by a multi-disciplined and well experienced Board. As at the reporting year, the Board consists of Nine Directors, Five of them are elected (including the Managing Director) as per the nominations of the Holding Company, Sanasa Life Insurance Company PLC (SLIC PLC) in accordance with the provisions of Article 27(3) & 28(1) (a). One Director was elected representing other shareholders of the Company. Three Independent Directors were nominated to the board by the elected Directors by means of powers and rights vested in them in accordance with the provisions of Article 27 (2) (b).Independent Directors are appointed for a period of 01 year and may be re-appointed for further periods of one (1) year subject to the applicable laws and the company articles.

The retirement age of the Board Directors is 75 years. At each Annual General Meeting, one third of the aggregate number of non-executive (non independent) Directors shall retire and shall be eligible for re-election subject to the applicable laws and the company articles.

At the end of each financial reporting period, the Company seeks confirmation from the Directors in respect to any transactions of the Company with parties they are related to. The identified significant related party transactions are disclosed in note number 32 to the financial statements of the Annual Report.

Board Sub Committees

The Board has entrusted specific areas of oversight to seven subcommittees of the Board with clearly defined Terms of References (TORs) for each subcommittee. Minutes of the sub- committee meetings are tabled at the Board meeting immediately following the subcommittee meeting. Chairpersons of the subcommittees ensure that the Board is updated on relevant matters at the Board meetings.

The composition of the Board subcommittees, meetings, and their roles and activities are given in the respective committee reports.

Mandatory

Audit Committee	page 106
Human Resource and Remuneration Committee	page 109
Related party Transaction Review Committee	page 110
Nomination Committee	page 111

Voluntary

Investment Committee	page 112
Risk Management Committee	page 113
Research and Business Development Committee	page 114

Training

Directors are updated on changes to regulations and industry trends by Principal Officer at the Audit Committee and Board Meetings in every month. Opportunities are provided to all directors for gaining knowledge and insights on Corporate Governance and matters relating to directorship through training programs conducted by the company when necessary.

Board Meetings & Information

The Board and Subcommittees on Audit, Human Resource & Remuneration and Research and Business Development meets monthly. The Related party Transaction Review committee, The Risk Management Committee and The Investment meet quarterly. Nomination committee meets as per the requirement basis.

The Company Secretary prepares the agenda in consultation with the Chairman for Board meetings and respective chairpersons of the Sub-Committees. Directors are provided with the agenda and information relating to the agenda at least one week before the meeting to enable familiarisation with items scheduled for discussion. They also have access to heads of the departments for clarification before or during the meeting.

Details of Directors' attendance at the Board meetings and Board Sub Committee meetings held in 2022 are given on page 121 of this Annual Report.

Board Evaluation

Performance of the Board of Directors was reviewed through a self-assessment questionnaire and the responses were shared among all Board members at the Board meeting held on 30th May 2023. Suggestions to further improve the performance of the Board that arose from these self-assessment questionnaires were subject to be discussed in detail and adopted as appropriate. The Secretary to the Board and the Management continuously follow up on the progress of implementing such agreed actions.

OUR COMPLIANCE FRAMEWORK

Mandatory (Legal and Regulatory)

- Companies Act No.7 of 2007
- Regulation of Insurance Industry Act No.43 of 2000 and subsequent amendments thereto
- Sri Lanka Financial Reporting Standards Articles of Association
- Rules, regulations, determinations, directives and circulars issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL)
- Motor Traffic Act No.14 of 1951 and subsequent amendments thereto
- Inland Revenue Act No.24 of 2017 and subsequent amendments thereto.

Voluntary

- Cooperative Principles
- Listing Rules of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka

Role of Chairman, CEO and Board Secretary

Role of Chairman

Roles of Chairman and CEO are segregated in accordance with the best practices, creating a balance of power and authority. Their roles are defined as follows,

The Chairman's role in preserving good Corporate Governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions. The Chairman should conduct Board proceedings in a proper manner and ensure, inter-alia, that:

- the agenda for board meetings is developed in consultation with the CEO, Directors and the Company Secretary taking in to consideration matters relating to strategy, performance, resource allocation, risk management and compliance.
- sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner.
- all directors are made aware of their duties and responsibilities and the board and committee structures through which it will operate in discharging its responsibilities.
- the effective participation of both Executive and Non- Executive Directors is secured; All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company.
- all directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda.
- a balance of power between Executive and Non- Executive Directors is maintained.
- the views of Directors on issues under consideration are ascertained and a record of such deliberations reflected in the minutes.
- the Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.

Role of CEO

- Plan, develop, organize, implement, direct and evaluate the organization's fiscal function and performance of the company.
- Evaluate and report to the Managing Director on the impact of long range planning, introduction of new programs/strategies and regulatory action.
- Provide strategic financial input and leadership on decision making issues affecting the organization; i.e., evaluation of potential alliances acquisitions and/or mergers and funds and investments.
- Leading the development and implementation of the overall organization's strategy
- Keeping up with current trends in the industry and modern business practices
- Develop high quality business strategies and plans ensuring their alignment with short-term and long-term objectives
- Monitoring the preparation annual budgets, complete risk analysis on potential investments, and reporting accurate information to the Board of Directors with regard to investment risk and return & other financial information.

- Analyze problematic situations and occurrences and provide solutions to ensure company survival and growth.

Role of Company Secretary

The Company Secretary plays a major role in day to day operations of the company by ensuring the functions of the Board are carried out effectively.

Key aspects of the role of the Company Secretary are,

- Arranging meetings for the Board of Directors, Sub Committee and Annual General meeting and facilitate the effective operation of said meetings.
- Support the Chairman of the Board and the sub-committees by ensuring a proper flow of information
- Ensures that the company complies with its Articles of Association, policies and procedures.
- Maintains and keeping important documents & reports
- Support the Chairman of the Board and the sub-committees by ensuring a proper flow of information.
- Provide necessary advice and assistance to the Board and Directors in respect of their dutie
- Maintain relationships between the Company, its Shareholders, and Regulators, including assisting the Board in discharging its obligations to Shareholders.

STATEMENT OF COMPLIANCE

SGIC compliant with the Corporate Governance Framework for Insurers requirements of Direction No.17 & Direction No 02 of 2022(revised) issued by IRCSL refer pages 93 to 94.

Further, the company is substantially compliant with the Code of Best Practice on Corporate Governance issued by CA Sri Lanka and Corporate Governance requirements of Rule No.7.10 of the Listing Rules of the Colombo Stock Exchange (CSE), Refer pages 80 to 90 and 90 to 92 respectively.

Salient governance practices of the Company in compliant to the applicable regulations and principles set out by the statutory bodies in Sri Lanka are as follows:

Compliance with the Code of Best Practice on Corporate Governance

The table below summarizes SGIC's compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

Reference to ICASL code	Corporate Governance Principle	How we comply	Compliance status

Section 1 – The Company

A Directors

A 1 The Board

A. 1.1	Board Meetings	The Board meets monthly to discharge its responsibilities as described on page 126 to 127 Attendance at Board meetings and Board subcommittee meetings are given on page 121 of the Annual Report.	√
A1.2	Role of the Board	The Board of Directors is ultimately responsible for the overall success of the Company and is actively involved in formulating and implementing the business strategy with the assistance and recommendations of the Board Sub committees and the Management Team. Board approves the corporate plans, annual budgets, HR and business plans in line with the overall strategy set out by the Management led by the CEO/General Manager.	√
A. 1.3	Compliance with laws and access to independent professional advice	The Board ensures that the Company complies with all statutory requirements. Compliance check lists are signed by the relevant officers on a monthly basis & submitted to the Audit Committee for their review. The Board and Sub Committees have the authority, at the Company's expense, to obtain professional advice in discharging their duties as and when required.	√

A 1.4	Access to advice from the Company Secretary	The Company Secretary, an Attorney -at-Law by profession, advises the Board and ensures that the Board proceedings are conducted in accordance with the Companies Act No. 7 of 2007 and other applicable rules and regulations. All Directors have access to the advice and services of the Company Secretary. Appointment and/or termination of the Company Secretary are at the discretion of the Board as per Article 47 of the Articles of Association.	√
A 1.5	Independent judgment of the Directors	Directors of SGIC exercise independent judgment on all matters set before the Board without bias.	√
A 1.6	Dedicating adequate time and effort	Directors devote sufficient time to the affairs of the Company to discharge their duties effectively. Directors are provided with minutes, agenda and Board/ Committee papers well in advance of the meetings. The Board Directors are encouraged to add value and contribute with independent opinions and judgments to Board deliberations and decisions.	√
A.1.7	Calls for resolutions	One-third of the Directors of the Directors may call for a resolution to be presented to the Board in the best interests of the Company.	√
A 1.8	Training of Directors	The company will provide trainings to directors when necessary.	√

A 2. Chairman & the Chief Executive Officer

A. 2.1	The decision to combine the posts of Chairman and CEO	There is a clear division of responsibilities at SGIC with separation of the roles of the Chairman and CEO. See Role of the Chairman and CEO on page 79	√

A 3. Chairman's Role

A. 3	Chairman's Role	Please refer to the Role of Chairman on page 76 and 79 in the Corporate Governance Report.	√

A 4. Financial Acumen

A. 4	Financial Acumen	All Directors have a sound knowledge of finance ensuring sufficiency of financial acumen. Two directors are chartered accountants by profession.	√

A 5. Composition of the Board & Board Balance

A.5.1	Include Non-Executive Directors of sufficient calibre and number	Board comprising 09 Directors and 8 of them are Non-executive Directors. The composition is given on page 77.	√
A.5.2	Three or two-third of Non-Executive Directors appointed to the Board, whichever is higher should be 'Independent Non- Executive Directors'	Company has Three Non- executive Independent Directors & the Company maintains the composition of Directors in accordance with the Company's Articles of Association.	√

A.5.3	Independence criteria	All the independent Directors meet these criteria.	√
A.5.4	Annual Declaration by Non- Executive Directors	Each Non-Executive Director submits a signed declaration annually concerning his independence/non-independence against specified criteria which is in line with Schedule K of the Code.	√
A 5.5	Annual determination of independence of directors by the Board	The Board has reviewed the independency of the three independent directors when they reappoint to the board.	√
A 5.6	Alternate Director to a Non- Executive Director	Currently no alternative director has been appointed to the board.	√
A.5.7	Appoint a Senior Independent Director if Chairman and CEO are the same or the Chairman is not an independent Director or the Chairman is the immediately preceding CEO	As the Chairperson of the Board is Non- Executive Independent Director, the Company has not appointed a Senior Independent Director. Additionally, roles of Chairman and the CEO are segregated and Chairman is not the immediately preceding CEO.	√
A.5.8	Senior Independent Director to be available for confidential discussions with directors	N/A	N/A
A.5.9	Chairman meeting with the Non-Executive Directors	The Chairperson holds a meeting with only Non-Executive Directors present as per the requirement.	√
A.5.10	Recording concerns	Any conflict/concerns that cannot be unanimously resolved are recorded in the Board Minutes.	√

A 6. Supply of Information

A.6.1	The obligation of the Management to provide appropriate and timely information of sufficient calibre and number	All Board members receive information regarding the operations and performance monthly basis.	√
A.6.2	Board papers to be provided 7 days before Board Meeting and minutes provided after the meeting.	Board papers are provided one week before the Board meeting	√

A 7. Appointments to the board

A.7.1	Establish a Nomination Committee	The Board has established a Nomination Committee as a board subcommittee. And their report is given on page 111	√
A.7.2	Nominations Committee to assess the composition of Board annually	The Nomination Committee assesses the composition of the Board annually and makes recommendations to the Board on necessary changes.	√
A.7.3	Disclosure of Appointment of a New Director	The Company informs the appointment of new directors as necessary.	√

A 8. Re-election

A.8.1	Non-Executive Directors should be appointed for a specified term and subject to re-election and their appointment is not automatic.	All Directors are required to retire by rotation and seek re-election at least once every three years.	√
A.8.2	Re-election	All Directors who are retiring by rotation can be re-elected to the board in terms of the Articles of Association of the Company.	√
A.8.3	Resignation	Director resigning is expected to provide a written communication to the Board formally and that resignation will be effected upon acceptance of the resignation by the Board.	√

A 9. Appraisal of the Board Performance

A.9.1	Have in place a formal process for reviewing the performance of the Board and its Sub-Committees	This was implemented for the year 2022.	√
A.9.2	Appraisals of the Board and the Sub-Committees	This was implemented for the year 2022.	√
A 9.3	Have a process to review the participation, contribution, and engagement of each director	The Nominations Committee reviews the participation, contribution, and engagement of each director before recommending for reelection.	√
A 9.4	State the evaluation process in the Annual Report	Complied with above disclosures and information on page 122	√

A 10. Disclosure of information of directors

A.10.1	Profiles of the Board of Directors and other related information	The names of the Directors of the Board and their profiles are given on pages 24 to 28 of this Annual Report.	√

A 11. Appraisal of CEO

A.11.1	The setting of the annual targets and the appraisal of the CEO	Annual targets are given for CEO and appraisal is conducted once a year.	√
A.11.2	The performance of the CEO should be evaluated by the Board.	The performance evaluation of the Chief Executive Officer carried out by the HR & Remuneration Committee with the participation of Chairman in line with the financial and non-financial objectives set out in consultation with the Board at the commencement of each financial year.	√

B . Director's Remuneration

B.1 .Remuneration Procedure

B.1.1	Establishment of the Remuneration Committee	The Board has established a HR & Remuneration Committee as a board subcommittee.	√
B.1.2	Composition of Remuneration Committee	The HR and Remuneration Committee comprise Non-Executive Directors of whom the majority are independent. The Chairman of the Committee is an independent Director.	√
B.1.3	Names of Directors to be given in the Annual Report	Names of the members of the HR & Remuneration Committee are given in the Report of the HR & Remuneration Committee on page 109.	√
B.1.4	Determination of the remuneration of the Non- Execu-tive Directors	Non-Executive directors other than the chairman receive fix allowance upon the participation of director's meetings.	√
B.1.5	Consultation with the Chairman and the CEO regarding the remuneration of other Executive Directors	Remuneration of Executive Director determine by the HR & Remuneration Committee with the consultation of CEO and Chairman when necessary.	√

B 2. Level & Makeup of Remuneration

B.2.1	The level and makeup of the remuneration should be sufficient to attract, motivate and retain Executive Directors of the required quality	According to the TOR of the HR & Remuneration Committee, remuneration policy is determined by it.	√
B.2.2	Executive Direc-tors' compensa-tion should be designed in the long-term success of the Company	HR & Remuneration Committee determined the Executive Directors' compensation by analyzing said requirements.	√

B.2.3	Remuneration Committee to judge where to position remuneration relative to other companies	The HR & Remuneration Committee review the remuneration levels of the of the other comparable companies when make changes to the remuneration levels.	√
B.2.4	Remuneration Committee to be sensitive to employment and remuneration conditions with the Company	The HR & Remuneration Committee considers the remuneration levels of the SGIC.	√
B.2.5	Performance based remuneration	Performance based remuneration of employees, including the CEO, is directly linked to the annual achievement of agreed KPIs.	√
B.2.6	Executive share options	The Company has no share option available to its Directors at a discount.	N/A
B.2.7	Designing schemes of performance-based remuneration	HR and Remuneration Committee decide the performance-based remuneration.	√
B.2.8	Early Termination of Directors	There are no provisions for compensation for early termination of contracts of the directors.	√
B.2.9	Early Termination of Directors where the initial contract does not explicitly provide for compensation commitments	There are no provisions for compensation for early termination of contracts.	√
B.2.10	Levels of remuneration for Non-Executive Directors	SGIC Directors other than the Chairman and Executive Director are paid a nominal fee only on their attendance at meetings.	√

B 3. Disclosure of Remuneration

B.3.1	Disclosure of Remuneration	Note 27 in the Financial Statements on page 173 provide information on the remuneration of the Board as a whole	√

C. Relations with Shareholders

C 1 . Constructive use of the AGM

C.1.1	Dispatch of Notice of AGM and related papers to shareholders	Notice of Meeting, the Agenda for the Annual General Meeting, and the Annual Report are circulated to shareholders within the stipulated time in the Articles of Association and the Code.	√
C.1.2	Separate resolution for substantially separate issues.	Separate resolutions are provided for substantially separate issues.	√

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, where a vote has been taken by voice.	√
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting	The Chairmen of the Board Committees are present to the Annual General Meeting.	√
C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	The procedures involved in voting will be circulated if the appropriate numbers of shareholders give their intimation in writing and request for a poll. In the absence of such intimation, all issues at the General Meeting will be passed by voice.	√

C 2. Communication with Shareholders

C.2.1	Channel to reach all shareholders for timely dissemination of information	SGIC provided the Channel to reach all shareholders for timely dissemination of information through shareholder's meetings.	√
C.2.2	Disclose policy and methodology for communication with shareholders	N/A	N/A
C.2.3	Disclose how the policy is imple-mented	N/A	N/A
C.2.4 & C.2.6	Contact person for Shareholder communications	The Company Secretary is the designated person for shareholder communication.	√
C.2.5	The process to make directors aware of shareholder concerns	Matters raised by shareholders at the Annual General Meeting are minuted and The Company Secretary communicates shareholders concerns raised during the year to the Board.	√
C.2.7	Formulate and disclose the process for responding to shareholder matters	The Company process effective communication with the shareholders and answers queries and concerns of shareholders through the Company Secretary.	√

C 3. Major and Material Transactions

C.3.1 & C.3.2	Disclosure of Major Transactions	During the financial year, there were no major transactions	√

D. Accountability and Audit

D 1 . Financial & Business Reporting

D.1.1	Present a fair and balanced annual report prepared following the laws and regulations with an explanation of deviations.	The company continues strive for high standards of the corporate reporting going beyond compliance with regulatory requirements to adopt international best practices in reporting.	√
D.1.2	Board responsibility for fair reporting extends to interim and price-sensitive report, regulatory reporting, and statutory information	The Board is assisted in the discharge of this duty by the Audit Committee who reviews the interim financial statements and routine regulatory reporting.	√
D.1.3	Board to obtain declarations from CEO and CFO regarding financial statements, records, effective operation of systems of internal controls, and risk management.	The CEO and CFO provide statements to the Audit Committee and Board regarding accurate maintenance of financial records, the truthful and fair presentation of the Financial Statements and the efficient operation of risk management and internal control system..	√
D.1.4	Declarations by Directors	The declarations by the directors are presented in the Report of the Board of Directors on the Annual Report, pages 125 to 118 given necessary declarations annualy.	√
D.1.5	Statements by Directors and Auditors	Pages 126 to 127 contains the statement setting out the responsibilities of the Board for the preparation and presentation of Financial Statements The Auditor’s Report is given on page 130 to 131 of this Annual Report	√
D.1.6	Annual Report should include Management Discussion & Analysis	The Management Discussion & Analysis is given on pages 48 to 74 of this Annual Report .	√
D.1.7	Summon EGM if net assets value fall below 50% of shareholders’ funds	This issue did not arise in the year under review.	√
D.1.8	Adequate and accurate disclosure of related party transactions	Adequate and accurate disclosures of related party transactions are made to the Related Party Transactions Review Committee.	√

D 2. Risk Management & 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 assisted in the discharge of this duty by the Risk Management Committee. The Risk Management Report is given on page 113 of this Annual Report .	√
D.2.2	Directors to confirm the assessment of principal risks and provide information on the same	This is provided in the Risk Management Report on page 113 of this Annual Report .	√
D.2.3	Internal Audit function	The Company's internal audit function is carried out by an independent unit reporting to the Board Audit Committee.	√
D.2.4	Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls	The Audit Committee is responsible for ensuring that the Company has an effective internal control system.	√
D.2.5	Statement of internal control	The Board's Statement on Internal Control is given on page 116.	√

D 3. Audit Committee

D.3.1	Establish an Audit Committee of at least three Non-Executive Directors	The Audit Committee comprises three Non-Executive Directors of whom two are independent. Chairman of the Audit Committee is a chartered Accountant by profession and an Independent Director of the Company.	√
D.3.2	Terms of Reference for Audit Committee	The Board has approved the Terms of Reference for the Audit Committee which is in line with that specimen set out in Schedule F of this Code.	√
D.3.3	Disclosures	The Audit Committee Report on page 106 to 108 provides the information required.	√

D 4. Related Party Transactions Review Committee

D.4.1	Definition	Related party transactions are defined in accordance with LKAS 24.	√
D.4.2	Establish a Related Party Transactions Review Committee	The Board has established a Related Party Transactions Review Committee comprising three Non-Executive Directors of whom two are Independent. Chairman of the Committee is a chartered Accountant by profession and an Independent Director of the Company.	√
D.4.3	Terms of Reference	The Related Party Transactions Review Committee Terms of Reference has been approved by the Board and addresses the matters set out in the relevant Code.	√

D 5. Code of Business Conduct & Ethics

D.5.1	Board declaration for compliance with Code of Business Conduct & Ethics	The Company conducts its business in align with schedule J of the code.	√
D.5.2	Price sensitive information	Not applicable	N/A
D.5.3	Monitor Share purchase by Directors/KMPs	Refer to the Related Party Transactions Committee Report on page 110	√
D.5.4	Chairman's statement	Refer to the Chairman 's Message on Corporate Governance on page 76 and The Annual Report of the Board of Directors on the affairs of Company on pages 117 to 125	√

D 6. Corporate Governance Disclosure

D.6.1	Corporate Governance disclosures	The Corporate Governance Report on pages 76 to 94 comply with this requirement.	√

Section 2 – Shareholders

E. Institutional Investors

E.1.1	Shareholder voting	SGIC conducts regular discussions with Institutional Investors. Shareholders are provided an opportunity to discuss and seek clarifications on any relevant issue with the Chairperson and Board at the AGM.	√
E.2	Evaluation of Governance Disclosures	Institutional investors are provided sufficient information	√

F. Other Investors

F1	Investing and divesting decision	SGIC provide sufficient information.	√
F.2.	Encouraging shareholder participation and exercise their voting right	All shareholders are encouraged to participate and exercise their voting right by the company.	√

G. Internet of things & Cyber security

G.1	Internet of things and cyber security	SGIC has implemented policies & procedures on cyber security and in the process of strengthening those in the year ahead.	√
G.2	Appoint a Chief Information Security Officer	Not yet Appointed	x

G.3	Cyber risk management to be a regular item on the Board agenda	The Board is assisted in this by the Board Risk Management Committee.	√
G.4	Independent periodic review and assurance	The Audit Committee reviewed the Company's information security environment and IT general control.	√
G.5	The process to identify and manage cyber security risks	We are in the process of relevant requirement for this.	√

H. Environment, Society and Governance (ESG) Reporting

H.1	Environment, Society and Governance (ESG) Reporting	This report has been prepared following the GRI Standards, the Integrated Reporting Framework, and the Code of Best Practice on Corporate Governance which facilitates voluntary reporting of ESG matters. The following reports provide further information: **Environmental Reporting** Natural Capital Report on pages 73 TO 74 **Social Reporting** Human Capital Report on pages 61 TO 65 Social & Relationship Capital Report on pages 69 to 72 **Governance** Corporate Governance Report on page 76 to 94 Annual Report of the Board of Directors on page 117 to 125	√

√ - Complied X - Not Complied N/A Not Applicable

Compliance With Listing Rules Section 7.10

The table below summarizes SGIC's compliance with the Listing rules section 7.10.

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

Rule No	Subject	Requirement	Compliance status	Remarks
7.10 (a) (b) (c)	Statement of Compliance	Publish a statement of compliance with Corporate Governance Rules (Section 7.10 of the Listing Rules) in the Annual Report	Compliant	Please refer page 80 for the statement of compliance
7.10.1	Non-Executive Directors	Two or one-third of the total number of Directors, whichever is higher, shall be Non-Executive Directors	Compliant	Eight Directors out of Nine are Non-Executive Directors.
7.10.2 (a)	Independent Directors	Two or one-third of Non-Executive Directors appointed to the Board, whichever is higher, shall be independent	Compliant	Three out of eight Non- Executive Directors are independent

7.10.2 (b)		Each Non-Executive Director shall submit a declaration of independence or non- independence in the prescribed format	Compliant	Each Non-Executive Director submitted a declaration of independence
7.10.3 (a)	Disclosures Relating to Directors	The Board shall disclose the names of the Independent Directors in the Annual Report.	Compliant	Please refer page 24 of the Annual Report of the Board of Directors 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.	Not Applicable	No such situation has arisen During the year.
7.10.3 (c)		The Board shall publish a brief resume of Directors in the Annual Report, including their experience in relevant areas.	Compliant	Please refer the profiles of Directors on pages 26 to 28
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.	Not Applicable	Not Applicable
7.10.5	Remuneration Committee	A listed entity shall have a Remuneration Committee.	Compliant	Details of the Human Resources and Remuneration Committee is given on page 109
7.10.5 (a)		The Remuneration Committee shall comprise of Non-Executive Directors, a majority of whom shall be independent.	Compliant	The Human Resources and Remuneration Committee comprises Non-Executive Directors of whom two are independent.
		One Non-Executive Director shall be appointed as the Chairman of the Committee by the Board of Directors.	Compliant	S.M.Tishan H Subasinghe (Non-Executive Independent Director) functions as the Chairman of the Human Resources and Remuneration Committee appointed by the Board.
7.10.5 (b)		The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer.	Compliant	Remuneration of the Chief Executive Officer recommended by the Remuneration Committee.
7.10.5 (c)		The Annual Report should set out names of the Directors serving in the Remuneration Committee	Compliant	Please refer page 109 for the composition of the Human Resources and Remuneration Committee.

		Statement of Remuneration Policy	Compliant	Please refer the Human Resources and Remuneration Committee Report on page 109
		Aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	Please refer Note 27 on page 173
7.10.6	Audit Committee	A listed entity shall have an Audit Committee.	Compliant	Company has established an Audit Committee.
7.10.6 (a)		The Audit Committee shall comprise Non-Executive Directors, a majority of whom shall be independent.	Compliant	The Audit Committee comprises 03 Non-Executive Directors of whom two are Independent Directors.
		One Non-Executive Director shall be appointed as the Chairman of the Committee by the Board of Directors.	Compliant	Mr. J.A. Lahiru S . Jayasinghe (Non-Executive Independent Director) functions as the Chairman of the Committee appointed by the Board.
		Chief Executive Officer (CEO) and Chief Financial Officer (CFO) shall attend Audit Committee meetings.	Compliant	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.	Compliant	Chairman of the committee is Associate member of the institute of Chartered Accountants. Please refer pages 26 to 28 of Directors profile.
7.10.6 (b)		The functions of the Audit Committee shall be as set out in Section 7.10 of the Listing Rules.	Compliant	Please refer page 106 of 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	Compliant	Please refer page 107 for the composition of the Audit Committee.
		The Committee's determination of the independence of the Auditors and the basis for such determination	Compliant	Please refer page 107 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	Compliant	Please refer page 108 for the Report of the Audit Committee.

Compliance with the Direction number 17 issued by Insurance Regulatory Commission of Sri Lanka.

Insurance Regulatory Commission of Sri Lanka issued the Direction number 17 in the year 2018 introducing a Corporate Governance framework for insurance companies. These rules came into effect (extended effective date) from 01st July 2019 and IRCSL amended the Direction number 17 during the years of 2020 and 2022. Latest new amendment Direction number 2 of 2022 (Revised) came into effect from 25th February 2022. Compliance of Sanasa General Insurance Company Limited with these regulations is given in the table below:

Section	Requirement	Compliance Status	Level of Compliance
A	Insurers are recommended to adhere to the Code of Best Practice on Corporate Governance issued in 2017.	Compliant	SGIC is not a listed entity, However the company have taken necessary steps to comply with the Code of Best Practice on Corporate Governance where its relevant.
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.	Compliant	All Directors of the Company are citizens and residents of Sri Lanka.
(2)	The total period of service of a Director of an insurer, other than Executive Director, shall not exceed nine years, and such period in office shall be inclusive of the total period of service served by such Director.		No Director has served on the Board for more than nine years.
(2) (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 75 years she/he could nominate his/her representation to the Board.	Compliant	No such situation has arisen during the year
(2) (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	No such situation has arisen during the year.
(3) (i)	The age of a person who serves as a Director shall not exceed 75 years.	Compliant	No Directors have exceeded the age of 75 years.
(3) (ii)	Notwithstanding above, Person who serves as a director and is over 75 years of age or above as at 01st July 2019, such director may continue to serve as a director only until June 30, 2022, and shall be deemed to have vacated office on June 30, 2022.	Compliant	Dr. T. Senthilverl retried in compliance with this section on 30th June 2022.
4	The Board of an insurer must adhere to Section 7.10 of the Listing Rules of the CSE.	Compliant	The Company's Parent Company (Sanasa Life) is compliant with this.
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.	Compliant	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 CSE. 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 noncompliance 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.	Compliant	The Company's Parent Company (Sanasa Life) has disclosed the Compliance status with Section 7.10 and It has published on the parent company and CSE websites within the given time period.

7	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.	Not Applicable	No such situation has arisen during the year.
8 (a)	The Insurer should provide a certification from the company secretary to the IRCSL, that continuation of the relevant Director/s beyond the age of 70 years, has been approved by passing the resolution at the general meeting. close relatives of the Director concerned and common Directors holding an ownership stake of the company concerned shall be omitted from voting on the resolution. In respect of each further year extension up to age of 75 years, a fresh resolution shall be passed with the certification from company secretary shall be submitted to the IRCSL.	Compliant	The Company has complied with this requirement on 01st of July 2022 while providing a certification from the Company Secretary to the IRCSL, that continuation of Directors beyond the age of 70 years, have been approved by passing the resolution at the General meeting. And relevant certification for 2023 will be provided once the resolutions passed.
8 (b)	The Insurer shall provide a written confirmation from the Company Secretary to the IRCSL , that the continuation of a Director, beyond the age of 70 years, is not prohibited by the Articles of Association of relevant insurer and that such insurer complies with the provision of the companies Act.	Compliant	The Company has complied with this requirement on 01st of July 2022 by providing a written confirmation from Company Secretary to the IRCSL, that the continuation of Directors who beyond the age of 70 years, is not prohibited by the Articles of Associations of the Company

Risks Management Review

We deliver an aggressive growth strategy— 'hands-on', with well-planned actions and necessary budgets to meet our corporate targets. As a pragmatic insurer, we are mindful of managing the widespread risks and capitalising on opportunities present, in our efforts to transform our operations to meet high growth aspirations, within a fast-evolving business environment. With SANASA values at the fore, we are committed to integrate responsible business practices into our operations; seeking to secure sound returns and achieve sustainability.

We discuss below our principal risks and opportunities along with our strategy in terms of our strategic focus areas, output, resource allocation and capital trade-offs in the year under review.

SWOT

Strengths

- Strong brand image
- Founding chairman's charisma
- Versatile and experienced Board
- Astute corporate management
- Young and talented team
- Skilled Staff
- Blue ocean product offer
- Extensive distribution network
- Captive market through SANASA Society network
- Parent and group synergies

Weaknesses

- Work values, attitudes and cultural gap to support new age workplace developments
- High staff turnover

Opportunities

- Economic recovery prospects in the medium term
- Emerging industry prospects
- Key investments in digitalisation
- Growing positive consumer perceptions on insurance
- Growing demand for blue ocean insurance solutions
- Emerging small and medium sector
- Untapped retail market sector

Threats

- Socio-political unrest
- Economic contraction and macroeconomic imbalances
- Uncertainties in the financial markets

P Political

Opportunities

- Widespread political patronage for rural development, poverty alleviation and small and medium sector development, strengthening and enabling market opportunities.

RISKS

- Political conflicts disrupt economic activities and impact demand for insurance

E Economic

Opportunities

- IMF bailout package is expected to turnaround the economy, boosting demand in the medium term.
- High interest rate trends to boost fixed income investment returns.

Risks

- Economic downturn with high inflationary pressures impacts people's purchasing power and in turn, reduces demand for insurance.
- Import restrictions on motor vehicles and spares dampen growth potential of the sector and increase claim costs.
- Higher corporate taxes lower profitability.
- Underperforming capital market impacts stock investments.

S Social

Opportunities

- Aging population and rising cost of private healthcare increase the demand for health insurance.
- New life styles with the rising middle-class enables greater awareness on insurance, thereby, increasing the demand for insurance solutions.

Risks

- Social unrest impacts consumer and investor confidence.
- Consumer perceptions on insurance as a non-essential expense amidst economic challenges.
- Rising migration trends and new generation work values lead to higher staff turnover and erosion of intellectual capital.
- Overcrowded marketplace, giving rise to price undercutting.

T

Technological

Opportunities

- Advances in technology to streamline work processes and enhance operational efficiency for higher returns.
- Online and mobile platforms to increase market outreach and enable cost effective marketing communications.
- Enable work-from-home options to support work-life balance.

Risks

- Rising fraud and scams through artificial intelligence.
- Rising cyber security threats compromising the privacy of business information and data.
- Increasing digitalisation costs in keeping up with technology advances.
- Digitalised workplaces may change workplace culture and discourage team spirit.

E

Environmental

Opportunities

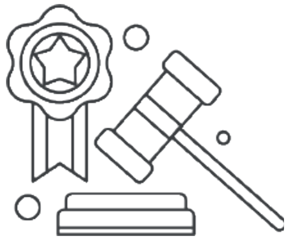
- Upholding environmental stewardship will support SANASA to remain a good corporate citizen.

Risks

- Climate change and natural disasters can increase claim costs especially of agri-insurance products.

L

Legal



Opportunities

- Statutory and regulatory rules and regulations create a level-playing-field in the industry.

Risks

- Unexpected changes to statutory and regulatory rules and regulations may impact business plans.
- Legal disputes in claims management or fraud to compromise the corporate image and impact profitability.

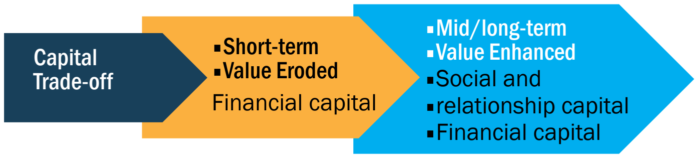
Strategy, Resource Allocation and Capital Tradeoff

1. Strategic Focus: Top-line Growth

1.a Product Development

Strategy

- Enhance the quality of the product offer with value-added features and affordable pricing to meet target market risk profiles.
- Diversify and promote blue-ocean products with less competition within the non-motor sector.



Output FY 2022

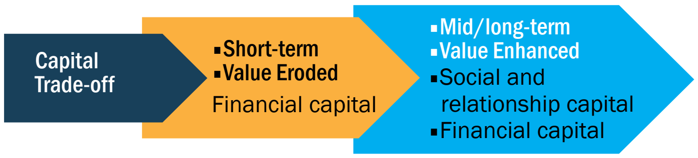
- Processed 320,785 motor policies and renewals, increasing the motor portfolio value by 43% to Rs. 871 million.
- Processed 9,350 non-motor policies and renewals, decreasing the non-motor portfolio value by 40% to Rs. 170 million.
- Non-motor share decreased by 46% percentage points to 20% of the total GWP.

1.b. Market Development

Strategy

- Strengthen ties with SANASA society network to develop the captive market.
- Penetrate the untapped retail open market by setting up branches and sub-branches in strategic locations.
- Focused marketing initiatives to expand the corporate market including small and medium enterprises sector.
- Develop ties with banks to further strengthen bancassurance deals.
- Strengthen relationships with broker network.
- Develop a competent marketing and sales team.
- Invest in digital platforms for marketing and promotions.
- Collaborate with parent company to build the SANASA brand and roll-out marketing campaigns.

Resource allocation on market development and promotions: Rs. 69.23 million



Output FY 2022

- Established 6 new branches and 13 sub-branches in Island wide.
- 85 officers were newly recruited to the marketing and sales team as permanent staff.
- Invested Rs. 121 million on branding, marketing and promotional activities.
- Generated Rs. 615 million premium income from new business.

2. Strategic Focus: Underwriting, Claims and Costs Management

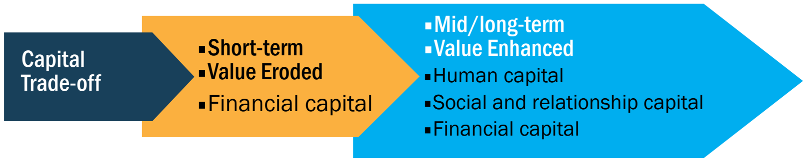
Strategy

- Be prudent in pricing products and optimise investment returns to offer attractive pricing to match customer risk profiles.
- Give greater autonomy to the branches to speed operational transactions and reduce costs.
- Drive for digitalisation of business processes to increase productivity and reduce costs.
- Be disciplined in managing claim costs and seek to control waste and leakages.
- Extend strategic training to build technical capabilities of the team.
- Draw on the expertise of the team of assessors to evaluate motor claims.
- Invest in digitalisation of operational processes and e-policy platform with payment options.

Output FY 2022

- Processed Rs. 230 million worth of claims.
- Claims ratio reduced by 14% percentage points to 15%.
- Investment income increased by 32% to Rs. 94 Million.
- Investment in digitalization initiatives increased by 104% as Rs. 25 million.

Resource allocation on digitalisation initiatives and technical training: Rs. 17 million



3. Strategic Focus: Employee Development

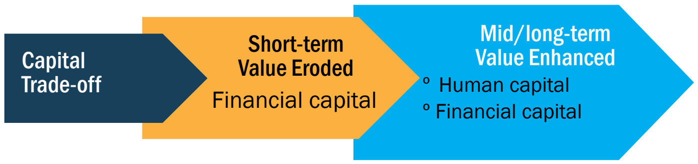
Strategy

- Strategic recruitments to strengthen the cadre in line with a progressive recruitment plan.
- Invest in technical and soft skills training, collaborate with SANASA Campus and support employees to take up professional studies.
- Extend focused training on digitalised work platforms.
- Drive performance at the workplace with due recognition and rewards.
- Extend competitive remuneration, benefits and welfare.

Output FY 2022

- Recruited 116 employees to the permanent cadre.
- Invested Rs. 3.4 million in training 2123 employees across all staff grades for 259.40 hours.
- Evaluated 274 employees of the team on performance.
- Promoted 07 employees on performance.

Resource allocation on employee development: Rs. 4.48 million



4. Strategic Focus: Governance, Risk Management and Compliance

Strategy

- Comply with rules and regulations as prescribed by the regulator, Insurance Regulatory Commission of Sri Lanka.
- Adopt best corporate governance practices from the Code issued by the Institute of Chartered Accountants of Sri Lanka.
- Strengthen internal controls and the risk management function.
- Maintain relationships with rated reinsurers as prescribed by the regulator.
- Extend training to staff and insurance agents on compliance with code of conduct and relevant rules and regulations.

Resource allocation to strengthen the reinsurance capacities Rs. 102 million

Output FY 2022

- Conducted several training programs to employees on compliance, internal controls and risk management.

Capital Trade-off

- **Short-term**
- **Value Eroded**
- Financial capital

- **Mid/long-term**
- **Value Enhanced**
- Human capital
- Intellectual capital
- Social and relationship capital
- Financial capital

5. Social and Environmental Responsibility

Strategy

- Give precedence to local community-based recruitment.
- Support local communities with charity initiatives.
- Support the SANASA Group's tree planting campaign.
- Advocate green office practices.

Output FY 2022

- Recruited 116 employees from local communities to the permanent cadre.
- Commissioned 279 insurance agents from local communities.

Capital Trade-off

- **Short-term**
- **Value Eroded**
- Financial capital

- **Mid/long-term**
- **Value Enhanced**
- Human capital
- Social and relationship capital
- Natural capital

COMPLIANCE SUMMARY

Annual Report Disclosure Requirement as per the Companies Act. No. 07 of 2007

Nature of the business of the Company	Section 168 (1) (a)	Page 117
Signed Financial Statements of the Company for the accounting period completed	Section 168 (1) (b)	Page 117
Auditors' Report on Financial Statements of the Company	Section 168 (1) (c)	Page 123
Changes in Accounting Policies made during the accounting period of the Company	Section 168 (1) (d)	Page 118
Particulars of entries in the Interests Register of the Company during the accounting Period	Section 168 (1) (e)	Page 122
Remuneration and other Benefits paid to the Directors of the Company during the accounting period	Section 168 (1) (f)	Page 122
Information on the Directorate of the Company during and at the end of the accounting period	Section 168 (1) (h)	Page 119
Amounts payable to the Auditor as audit fees and fees for other services rendered to the Company during the accounting period as a separate Disclosure	Section 168 (1) (i)	Page 123
Auditors' relationship or any interest with the Company	Section 168 (1) (j)	Page 123
Annual Report of the Board signed on behalf of the Board by two Directors and the Company Secretary	Section 168 (1) (k)	Page 125

Disclosure Requirements as per Schedule - I of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

Subject		Reference	Page Reference
A. Annual Report	Chairman and CEO	A.2.1 and A.5.7	Pages 81 to 82
	Board Balance	A.5.5	Pages 81 to 82
	Nomination Committee	A.7.1	Page 83
	Appointment of New Directors	A.7.3	Page 83
	Appraisal of Board Performance	A.9.4	Page 83
	Board Related Disclosures	A.10.1	Page 83
	Disclosure of Remuneration	B.3 and B.3.1	Page 85
	Major and Material Transactions	C.3 and C.3.1	Page 86
	Audit Committee	D.3.3	Page 88
	Code of Business Conduct and Ethics	D.5.1 and D.5.4	Page 89.
	Communication with shareholders	C.2.2, C.2.3, C.2.4, C.2.5, C.2.6, C.2.7	Page 86
B. Remuneration Committee Report	Members of Remuneration Committee	B.1.3	Page 84
C. Directors' Report	Directors' Report	D.1.4	Page 87
D. Financial Statements	Financial Statements	D.1.5	Page 87
	Related Party Transactions	D.1.8	Page 87
E. Management Report	Management Report	D.1.6	Page 87
F. Corporate Governance Report	Corporate Governance Report	D.6.1	Page 89
G. Audit Committee Report	Audit Committee Report	D.3.2	Page 88
H. Related Party Transactions Review			
Committee Report	Related Party Transactions Review Committee Report	D.4.3	Page 88
I. Statement on Internal Control	Statement on Internal Control	D.1.5 and D.2.4	Page 87 to 88
J. Internet of Things and Cybersecurity	Disclose the process to identify and manage cybersecurity risks	G.5	Page 90
K. Sustainability Reporting	Sustainability Reporting	H.1.1 to H.1.4	Page 90

Regulatory Reports submitted to IRCSL during 2021 are given below

Submissions to IRCSL	Date of Submission	Deadline set by IRCSL
Annual Audited Financial Statement for the year ended 31st December 2021	30th Apr 2022	30th Apr 2022
Annual Statutory Returns for the year ended 31st December 2021	30th Apr 2022	30th Apr 2022
Circular 29 Auditor's Compliance Certificate	30th Apr 2022	30th Apr 2022
Risk Assessment Report	30th Apr 2022	30th Apr 2022
Quarterly Returns and Compliance Certifications	15th Feb 2022	15th May 2022
31st December 2021 (4th Quarter)	15th May 2022	15th May 2022
31st March 2022 (1st Quarter)	15th Aug 2022	15th Aug 2022
30th June 2022 (2nd Quarter)	15th Nov 2022	15th Nov 2022
30th September 2022 (3rd Quarter)	15th Nov 2022	15th Nov 2022
Statement of Reinsurance Arrangements	31st Jan 2022	31st Jan 2022
Certified Copies of all Cover Notes in respect of Reinsurance Treaties	20th May 2022	15th Mar 2022
Actuarial Report and Abstracts	30th Apr 2022	30th April 2022
Management Letter issued by the External Auditors for year ended 31st December 2021	31st May 2022	30th April 2022
Information on Complaints handling and related performance (bi-annual basis submission)	(25th Jan-2022)	30th Jan-2022
Information on Complaints handling and related performance (bi-annual basis submission)	(25th July-2022)	30th July 2022

Details of regulatory returns submission and payments of the Company.

Information	Frequency of Submission	Compliance Status
Insurance Regulatory Commission of Sri Lanka (IRCSL)		
Annual Fee	Annually	Complied
CESS Payment	Quarterly	Complied
Department of Inland Revenue		
Income Tax Payment	Quarterly	Complied
Income Tax Return	Annually	Complied
PAYE Tax Payment	Monthly	Complied
PAYE Tax Return	Annually	Complied
Value Added Tax (VAT) Payment	Monthly	Complied
Value Added Tax (VAT) Return	Quarterly	Complied
Stamp Duty Payment and Return	Quarterly	Complied
Social Security Contribution Levy Payment	Monthly	Complied
Social Security Contribution Levy Return	Quarterly	Complied
Central Bank of Sri Lanka (CBSL)		
EPF Payment and Return	Monthly	Complied
Employees' Trust Fund Board		
ETF Payment and Return	Monthly	Complied
Registrar General of Companies		
Annual Accounts	Annually	Complied
Annual Returns	Annually	Complied
Change of Directors and Company Secretary (Form 20)	As required	Complied
National Council for Road Safety		
Contribution to Road Safety Fund Payment	Monthly	Complied
Commissioner of Motor Traffic		
Luxury and Semi Luxury Tax Payment	Monthly	Complied
National Insurance Trust Fund (NITF)		
Crop Insurance Levy	Quarterly	Complied

STATUTORY DISCLOSURES AND FINACIAL STATEMENTS

AUDIT COMMITTEE REPORT

The Role of Audit Committee

The key objective of the audit committee is to assist the board to fulfill their responsibility with regard to the Audit, Financial Reporting and Internal Controls.

The Audit committee's authorized responsibilities and functions have been defined in Terms of Reference of the Audit Committee approved by the Board of Directors.

Composition of the Committee as at 31st December 2022

The Audit Committee consists of the following non-executive Directors.

Mr. J.A. Lahiru S. Jayasinghe – Chairman *

Mr. Keerthi Kumara Weerakkody
Member **

Mr. W. Denzil Indrajith Perera
* (appointed to the committee in September 2022)

(Mrs. D. Prasadika Senadheera
** served as a committee member until September 2022).

* Non-Executive Independent Director
** Non- executive /Non-Independent Director

The Secretary to the Board, functions as the committee secretary. Chief Executive officer/General Manager / Principal Officer/ Specified Officer, Chief Operating Officer, Head of Finance and Head of Audit & Inspection attend the committee meetings and discuss matters relating to their respective areas. During the year Mr. J.A. Lahiru S. Jayasinghe who is a Chartered Accountant by profession served as the Chairman of the committee.

Proceedings

During the financial year ended 31st December 2022, fourteen committee meetings were held and reports of these meetings were presented to the board. All matters of significant nature were discussed by the Board of Directors.

Financial Reporting

The Committee reviewed and discussed Financial Statements monthly and Annual Financial Statements of the Company in consultation with the External Auditors and the Management where necessary and recommended for the approval of the Board. The extent of compliance with Accounting Standards and disclosure requirements are also reviewed.

In reviewing the Financial Statements, special emphasis was given on the following aspects;

- Adequacy and effectiveness of internal control systems, financial reporting systems and processes in place to ensure accuracy and reliability of the information provided in the Financial Statements.
- Quality and acceptability of the accounting principles and reasonableness of significant judgments.
- Significant accounting and reporting issues.
- Impact from new accounting standards.
- Going Concern assumption.

Risks and Internal Controls

The Committee regularly engages in monitoring and evaluating the effectiveness of the internal control environment of the Company. The evaluation is mainly done through discussions and assessment of reports submitted by the Management and Internal/External Auditors. The Committee also overlooks the remedial actions in respect of the identified risks to maintain the effectiveness of the internal control systems.

The following measures are taken to monitor and evaluate the effectiveness of the internal control environment of the Company;

- Reports pertaining to internal control and risk management practices of the Company produced by the Management and Internal and External Auditors are reviewed by the Committee.
- Review of Related Party Transactions through the Related Party Transactions Committee
- Ensure the availability of standards, structures, and processes that provide the foundation for performing internal control within the company (Control Environment)
- Review the process used to identify , assess, and manage risks to the achievement of the entity's objectives (Risk Assessment)
- Evaluate the actions performed under the direction of management, as directed by the company's policies and procedures, to mitigate the risks (Control Activities).
- Review effectiveness of the distribution of information needed to perform control activities and to understand internal control responsibilities (Information and Communication).
- Ongoing evaluations of the implementation and operation of the internal audit (Monitoring Activities)

Compliance with Laws and Regulations

The Audit Committee reviewed the Company compliance with laws and regulations through the following measures.

- Review the compliance report submitted by internal Audit Department of the Company on a monthly basis to ensure compliance with all applicable compliance submissions relating to the Department of Inland Revenue, Insurance Regulatory Commission of Sri Lanka (IRCSL) and Labour regulations etc.

IT Risk and Control Assessment
The Committee reviewed the observations made by the External Auditors on IT related areas and monitored the implementation of the actions agreed by the Management.

Fraud Risk

The Committee monitors the necessary measures taken by the Management to mitigate fraud risk of the Company , hence no major material fraudulent activities were reported during the year.

IT Risk and Control Assessment

The Committee reviewed the observations made by the External Auditors on IT related areas and monitored the implementation of the actions agreed by the Management.

Fraud Risk

The Committee monitors the necessary measures taken by the Management to mitigate fraud risk of the Company , hence no major material fraudulent activities were reported during the year.

External Audit

The Committee reviewed the external audit plan, scope and the methodology presented by the External Auditors. Discussions were also held between the Committee, the Management and the External Auditors regarding the coordination of the audit effort to ensure that the External Auditors have access to required information.

The Committee also scrutinized the Report of the Auditors and Management Letter in consultation with the External Auditors and the Management and monitored the implementation of the prescribed corrective actions. Key Audit Matters were discussed with the External Auditors with due consideration placed on judgments, assumptions and measures taken by the Company and auditors to ensure reasonability.

The External Auditors were given adequate access to the Audit Committee as well as to all relevant information required.

The Committee also reviewed all fees payable to the statutory auditors for the interim and final audits for the year 2022 and recommended the same for the approval of the Board of Directors.

Re-Appointment of the External Auditors

Messrs Ernst & Young Chartered Accountants was appointed as the External Auditors of the Company for the financial year ending 31st December 2022 and their appointment was approved by the Shareholders at the Annual General Meeting on 25th June 2022.

The Committee reviewed the performance of the External Auditors, Messrs. Ernst & Young , Chartered Accountants, during the year and recommended to the Board their re-appointment as the External Auditors of the Company for the financial year ending 31st December 2023, subject to the approval of the shareholders at the Annual General Meeting to be held on 23rd June 2023.

Independence of External Auditors

The Audit Committee reviews the independence and objectivity of the External Auditor and the effectiveness of the audit process on an annual basis. Accordingly, as far as the Audit Committee is aware, Auditors do not have any relationship (other than that of Auditors) with the Company.

In this respect, the Committee received a declaration with the annual audit plan, as required under the Companies Act, No. 07 of 2007, from Messrs. Ernst & Young, confirming the absence of any relationship with the Company which may have a bearing on their independence.

Provision of Non-Audit Services

Non-audit services provided by the External Auditors are segregated between assignments that require an independent view and other advisory services and such was reviewed by the Audit Committee during the year. The External Auditors were only engaged with assignments that required an independent view to prevent a conflict of interest for External Auditors.

Internal Audit

The Committee monitors the effectiveness of the Internal Audit function.

The Committee is also responsible for reviewing and approving the internal audit plan, scope, reporting requirements of the company annually and ensuring that internal auditors have adequate access to information required to conduct their audits.

During the year ended 31st December 2022, the Internal Audit Department of the company presented the issues and audit findings identified during internal audits covering the operations of the Company which were reviewed by the Committee monthly. Management responsiveness to recommendations was also monitored and the internal audit reports and minutes of the Audit Committee meetings were made available to the External Auditors on request.

Conclusion

The committee is of the view that sufficient inspection and audit work has been carried out at branches and head office in the year under review.
The committee is also of the view that satisfactory controls and procedures are in place to provide responsible assurance that the company's assets are safeguarded.
Having inspected the reports of both the external and internal auditors, the committee expressed its satisfaction with the Internal Control Systems of the company. However we believe that some of the controls can be further improved and strengthened.

J.A.Lahiru S.Jayasinghe
Chairman - Audit Committee
2nd June 2023

Human Resource and Remuneration Committee Report

The terms of reference of the Committee

The terms of reference of the Human Resources and Remuneration Committee defines the objectives, duties and responsibilities, composition, etc. of the Committee.

Key Responsibilities

- Determine the remuneration policy (salaries, allowances and other financial payments) relating to Executive Directors, Chief Executive Officer (CEO) / General Manager (GM) and Corporate Management (Assistant General Manager & above officers) of the company.
- Set goals and targets for the executive directors, CEO / GM and Corporate Management (Assistant General Manager & above officers)
- Evaluate the performance of the CEO/ GM and Corporate Management (Assistant General Manager & above officers) against the set targets and goals periodically and determine the basis for revising remuneration, benefits and other payments of performance - based incentives.
- Ensure proper succession plans for key management personnel/ corporate management are in place.
- Ensure that the Company adopts monitors and applies appropriate remuneration policies and procedures.
- Ensure that reporting disclosures related to remuneration meet the Board's disclosure objectives and all relevant legal requirements.
- Recommend the recruitment of staff & consultants.
- Approve promotions up to Assistant Manager Grade and recommend the promotions of above Assistant Manager Grades.
- Approve promotions, confirmation of service, designate probation period, extend contract periods, designate for acting up to Assistant Manager Grade & recommend to the board for above Assistant Manager Grade.
- Recommend all the new policies and procedures relating to Human Resource Management and staff benefits & review the existing policies and procedures including recruitments, appointments, terminations, transfers, training, salary increments, promotions, bonus etc.
- Ensure that a proper performance appraisal system for the staff of the Company is in place.
- Review & recommend training and development programs of the Company with emphasis to emerging needs.
- Develop and recommend to the Board, performance based remuneration incentive programs such as bonus schemes, and long term incentive plans.
- Recommend promotions of other than one immediate grade or recommend to the board, to give more than one salary increment.
- Approve HR annual Budget, Action Plan, and Strategies of Company on recommendation of the Management.
- Review the carder requirement and trainee & internship position of the Company.
- Recommend on secondment of staff & appointments on secondment basis.

Composition of the Committee as at 31st December 2022

Mr.S.M.Tishan H Subasinghe
Committee Chairman*
(appointed to the committee in September 2022)

Prof.J.M.U.K.Jayasinghe
Member **

Mr. W,Denzil Indrajith Perera*
(appointed to the committee in September 2022)
(Mr. K.K.Weerakkody ** and Mr.I.K.Kiriwandeniya*** served as committee members until September 2022)

* Non- executive Independent Director
**Non- executive / Non Independent Director
***Executive Director

The secretary to the Board functions as the committee secretary. Chief Executive Officer/General Manager /Principal Officer/ Specified Officer , Chief Operating Officer, Head of Human Resource, Senior Manager Human Resource and Head of Training and Development attended the meetings on invitations. The minutes of the committee meeting were presented to the Board meetings for information and review of the Board of Directors.

Attendance of the members for the meetings

Attendance of the members of the Human Resources and Remuneration Committee has been disclosed in the page ... of this annual report.

Activities in 2022

The committee held 12 meetings during the reviewed year.

Conclusion

The Committee is in the view that the company has implemented & formulated appropriate Human Resources and Remuneration Policies.

S.M.Tishan H Subasinghe
Chairman – Human Resource and Remuneration Committee.
2nd June 2023

Related party Transaction Review Committee Report

The purpose of the Committee is to conduct an appropriate review of all related party transactions of the Company.

The terms of reference of the Committee

The terms of reference of the related party transaction review committee defines the purpose, composition of the committee and Authority & Responsibilities, of the Committee.

Key Responsibilities

- All related party transactions should be reviewed by "the Related Party Transactions Review Committee" (the committee), either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed related party transactions, and where necessary, they should obtain appropriate professional and expert advice from an appropriately qualified person.
- Where necessary, the committee shall request the Board of Directors to approve the subject related party transactions. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant party transaction.

Composition of the Committee as at 31st December 2022

The Committee consists of the following non-executive Directors.

- Mr. J.A. Lahiru S. Jayasinghe – Chairman *
- Mr. Keerthi Kumara Weerakkody - Member **
- Mr. W. Denzil Indrajith Perera *
  (appointed to the committee in September 2022)
  (Mrs D. Prasadika Senadheera ** served as a committee member until September 2022).

* Non-Executive Independent Director
**Non- executive /Non-Independent Director

The Secretary to the Board, functions as the committee secretary. Chief Executive officer/General Manager / Principal Officer/ Specified Officer, Chief Operating Officer, Head of Finance, Senior Manager Finance and Head of Audit & Inspection attend the committee meetings and discuss matters relating to their respective areas. During the year Mr. J.A. Lahiru S. Jayasinghe who is a Chartered Accountant by profession served as the Chairman of the committee.

Attendance of the members for the meetings

Attendance of the members of Related party Transaction Review Committee has been disclosed in the page 121 of this annual report.

Activities in 2022

The committee held 04 meetings during the reviewed year.

All the related parties' Transactions of the company were reviewed by the company through the reports provided by the management and had access to all the information. On a quarterly basis, the management is required to report the approved related party transactions actually entered into by the Company for Committee's consideration.

All details of such related party transactions entered into during the year, are given in Note 32 to the Financial Statements on pages 174 to 175 of this Annual Report

Conclusion

The Committee is in the view that the all related party transactions entered into during the year were of a recurrent, trading nature and were necessary for the day-to-day operations of the Company.

J.A.Lahiru S.Jayasinghe
Chairman - Related Party Transaction Review Committee.
2nd June 2023

Nomination Committee Report

The Nomination Committee ('the Committee') of Sanasa General Insurance Company Limited ('the Company') is a committee of the Board of Directors ('Board') appointed by and responsible to the Board.

- The purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the selection/appointment of new directors, re-appointment of current Directors and exercise general oversight with respect to the governance of the Board of Directors.

Terms of References of the committee

The terms of reference of the committee defines the objectives, duties and responsibilities and composition of the committee.

Key Responsibilities

- propose a suitable charter for the appointment and re-appointment of Directors to the Board.
- consider the making of any appointment or re-appointment to the board;
- provide advice and recommendations to the board or chairman (as the case may be) on any such appointment;
- consider the selection appointment of a chairman in case a vacancy arises;
- consider the succession plan for the Chief Executive Officer and ensure that there's a succession plan for all key management personnel;
- regularly review the structure, size, composition including gender representation and competencies (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.

Composition of the Committee as at 31st December 2022

- Mr. S.M.T.H Subasinghe – Chairman *
- Mr. Indika K. Kiriwandeniya ***
  (appointed to the committee in September 2022)
- Mr. K.K.Weerakkody **
  (appointed to the committee in December 2022)
  (Prof . J.M.U.K. Jayasinghe ** and Mrs. D. Prasadika Senadheera ** served as committee members until September 2022)

*Non- executive independent Director
** Non- executive /non independent Director
***Executive Director

The secretary to the Board functions as the committee secretary. Chief Executive Officer/General Manager attended the meetings on invitations. The minutes of the committee meeting were presented to the Board meetings for information and review of the Board of Directors.

Meetings

The committee held 4 meetings during the reviewed year.

In the reviewed year the Committee made recommendations on appointment of two Non-executive non-independent Directors, re-appointments of the three Non-executive Independent Directors and retiring of Non-executive non-independent Directors in rotation.

Attendance of the members for the meetings

Attendance of the members of the Nomination Committee has been disclosed in the page 121 of this annual report.

Conclusion

The Committee is satisfied that the combined knowledge and experience of the Board match the demands facing the Company.

S.M. Tishan H. Subasinghe
Chairman – Nomination Committee
2nd June 2023

J.A.Lahiru S.Jayasinghe
Chairman - Investment Committee
2nd June 2023

Investment Committee Report

Investment Committee ('the Committee') is responsible to assist the Board in reviewing the investment policies, strategies and performance of the Investment portfolios of the Company.

The terms of reference of the Committee

The terms of reference of the Investment Committee defines the objectives, duties & responsibilities and composition of the Committee.

Key Responsibilities

- To review the investment policy of the insurer on a regular basis so that it remains appropriate, recognizing among other things, changes in business in force and the economic environment;
- To ensure that the Board approved investment policy of the insurer is implemented in an appropriate manner.
- To ensure resources dedicated to the investment activities of the insurer are sufficient to implement and manage the approved investment policy and any other activities requested by the Board of Directors;
- To review the adequacy of internal control systems to support investment activities;
- To review the adequacy of risk management system to support prudent investment management;
- To approve the related party transactions related to the investments subject to the limits of the Investment Policy.

Composition of the Committee as at 31st December 2022

Mr. J.A. Lahiru S. Jayasinghe – Chairman *
(appointed to the committee in July 2022)
Mr.I.K.Kiriwandeniya – Member **
Mr. Senthilverl Senthi Aathavan***
(appointed to the committee in September 2022)
(Mr. K. K. Weerakkody *** and Dr.T.Senthilverl
***served as committee members until June 2022

* Non-Executive Independent Director
** Executive Director
***Non- executive /Non-Independent Director

The secretary to the Board functions as the committee secretary. Chief Executive officer/General Manager / Principal Officer/ Specified Officer, Chief Operating Officer, Head of Finance and Manager Finance attended the meetings on invitations. The minutes of the committee meeting were presented to the Board meetings for information and review of the Board of Directors.

Attendance of the members for the meetings

Attendance of the members of the Investment Committee has been disclosed in the page 121 of this annual report.

Activities in 2022

- The committee held 06 meetings during the reviewed year.
- In addition to scheduled meetings, the Committee also maintained constant dialogue with the management throughout the year and discussed matters as and when they arose. Any issue that needed the attention of the Investment Committee was promptly attended to and solutions reached, through close communication between the Committee and the top management.
- In the reviewed year, the Committee reviewed information presented by the management, at its meetings and provided guidance on investment strategies to be followed. Further the performance of investment portfolios of the Company were evaluated each quarter and guidance given where necessary. And also the Company's compliance to requirements of the Investment Policy, statutory rules and regulations were monitored and reviewed through quarterly compliance reports submitted by the management. Further Risks relating to the investment function, Liquidity Management and Asset and Liability Management positions were also evaluated by the committee.

Conclusion

The Committee is of the view that, considering the difficult and volatile market conditions that prevailed during the year, the company recorded an impressive performance by managing its investment portfolios, while operating within the framework prescribed by the Investment Policy and statutory and other laws, regulations and guidelines.

Risk Management Committee Report

The purpose of the Risk Management Committee ('the Committee') of the Company is to assist the Board in the execution of its responsibility for the governance of risk of the company.

The Terms of Reference of the Committee:

These define the Objectives, Authority Functions & Responsibilities and Composition of the Committee.

Key Responsibilities:

- To assist the Board in setting the risk strategies and policies, including annually agreeing risk tolerance and appetite levels, in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;
- To ensure that an appropriate policy and plan to carry out risk management systematically;
- To review, assess the quality, integrity and effectiveness of the risk management policy and plan regularly;
- To provide an independent and objective oversight and view of the information with respect to risk presented by management to the board.

Composition of the Committee as at 31st December 2022

- Snr. Prof. J. M. Udith K. Jayasinghe – Chairman *
- Mr. J. A. Lahiru S. Jayasinghe – Member **
- Mrs. D. Prasadika Senadheera – Member * (appointed to the committee in September 2022)

*Non- Executive /Non- Independent Director
* * Non- Executive Independent Director

The Secretary to the Board functions as the Committee Secretary. The Chief Executive Officer/General Manager/ Principal Officer/Specified Officer, Chief Operating Officer, Head of Risk Management attended the meetings on invitation. The Minutes of the Committee Meeting were presented to the Board Meetings for information and review of the Board of Directors.

Attendance of the Members for the Meetings:

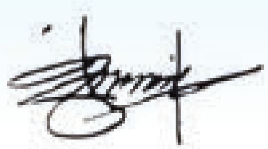
Refer to the page 121 of this Annual Report.

Activities of the Committee:

- The committee held 03 meetings during the reviewed year.
- Appraisal of the development, implementation and maintenance of the overall Risk Management Framework of the company.
- Review of the Key Risk Indicators (KRIs) of the company.
- The emerging and high risks faced by the company were discussed in detail and provided the guidance on mitigating actions.
- As per the guidance given by the committee, management is in the process of developing its Business Continuity Plan (BCP).

Conclusion:

Based on the facts and figures taken up at the committee meetings, it is in the view that the company has now established and is functioning on an appropriate risk management procedure. The Committee believes that some of the controls in place can further be improved and strengthened.



Snr. Prof. J. M. Udith K. Jayasinghe
Chairman –
Risk Management Committee
02nd June 2023

Research and Business Development Committee Report

The "Board subcommittee on Research and Business Development" (the Committee) was established to assist the Board in fulfilling its roles and responsibilities with regard to functioning of a persistent research and business development process that supports achievement of the vision, mission and the Business Goals of the Sanasa General Insurance Company Limited .

The terms of reference of the Committee

The terms of reference of the Research and Business Development Committee defines the objectives, Authority functions & responsibilities and composition of the Committee.

Key Responsibilities

- Formulate research and business development policies and procedures and strategies and to make sure that they are implemented within the company for results.
- Determine the skills required for the successful functioning of the organization related to research and business development and advice on mobilizing such skills as required.
- Identify the key performance indicators (KPIs) to assess the performance of SGIC from the point of view of the research and business development and make sure that those selected/ mobilized teams/ personnel in these respective areas are intact to perform.

Composition of the Committee as at 31st December 2022

Mr. W.Denzil Indrajith Perea - Chairman *
Mr. K.K Weerakkody - Member **
Mr. J.A. Lahiru S. Jayasinghe*- Member
(Prof.J.M.U.K.Jayasinghe**,
Mr. S.M.T.H. Subasinghe* served as committee members until September 2022).

* Non- executive independent Director
**Non- executive /non- independent Director

The secretary to the Board functions as the committee secretary. Chief Executive Officer/General Manager / Principal Officer/ Specified Officer, Chief Operating Officer, Head of sales, Head of Finance, Head of Underwriting , Head of Marketing and Head of Agency Development attended the meetings on invitations. The minutes of the committee meeting were presented to the Board meetings for information and review of the Board of Directors.

Attendance of the members for the meetings

Attendance of the members of the Research and Business Development Committee has been disclosed in the page 121 of this annual report.

Activities in 2022

The committee held 9 meetings during the reviewed year.
The overall strategic planning process was reviewed in October 2022. As a result of the review of the growth momentum from July 2022, potential is seen for accelerated growth. The planning process for 2023 began addressing the factors which were hindering the growth of the company. After analyzing the competition and the macro environment, the committee was able to set an ambitious target of LKR 2.5bn for the year 2023, despite several obstacles and challenges confronted by the company. As a result of this process, today we are boasting as the fastest growing general insurance company in Sri Lanka. Thank you to all the team members for the hard work in planning and then to all the staff members who were instrumental in executing the strategy.

In the reviewed year, the Committee advised and guided the management about their responsibilities for working on the strategic and operational issues related to developing the business to reach new heights with special focus on marketing and branding. Under the strategic role out, a sales support division was established along with strengthening of functions such as Marketing, HRD, Underwriting, and Marketing and branding.
Further committee assesses the features of targeted products/ services in the competitive market Vs. existing product and services of the company.

Conclusion

Considering the details discussed at the committee meetings, the Committee is in the view that the management has achieved the business objectives of the company by adhering to the research and business development culture. Thereby management can perform their duties and responsibilities in order to achieve the company's vision and mission. The improvements suggested for this year are actually not only set for this year's target achievement, but also to make sure that the system is strong enough to reach next year's targets too. By and large, the changes brought into the system and challenges imposed were to make sure, the development can be sustained in years to come.

W.Denzil Indrajith Perera
Chairman – Research and Business Development Committee.
2nd June 2023

DIRECTORS' STATEMENT ON INTERNAL CONTROL

The following statement is presented as required by the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Responsibility

The Board of Directors ('Board') is responsible for the adequacy and effectiveness of the internal control and risk management mechanism in place at Sanasa General Insurance Company Limited (SGIC).

The Company has in place a system of internal controls, covering risk management and Financial, organizational, operational and compliance controls in order to manage the said functions. The Board, with the assistance of its Sub- Committees, reviewed deficiencies identified in internal controls during the year and has taken appropriate actions to improve the control environment.

The management assists the Board in implementing the policies and procedures on risk and control by identifying and assessing the risks faced by the Company, and in the design, operation, and monitoring of suitable internal controls to mitigate these risks.

The Board is of the view that the system of internal controls in place is sound and adequate to provide a reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting policies, principles, and regulatory requirements.

Process of Reviewing the Internal Control System on Financial Reporting

The key features of the process that has been established to review the adequacy and integrity of the system of internal controls with respect to financial reporting are as follows:

- Financial statements are reviewed by the Audit Committee monthly.
- The Internal Auditors check for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis, using samples and rotational procedures and highlight significant findings in respect of any area of non-compliance to the Audit Committee. Audits are carried out covering main areas of the operations and branches island- wide, to provide an independent and objective report. The frequency of such audits is determined by the level of risk assessment, while the annual audit plan is reviewed and approved by the Audit Committee. Internal Auditors report their findings to the Audit Committee and their reports are discussed at Audit Committee meetings.
- The Audit Committee reviews internal control issues identified by the Internal Auditors, the External Auditors, regulatory authorities, and the management.
- A compliance report prepared by internal Audit covering all applicable laws and regulations is tabled at the monthly Audit Committee meeting.
- The minutes of the Audit Committee meetings are tabled at Board meetings for the information of the Board. Further details of the activities undertaken by the Audit Committee of the Company is set out in the Report of the Audit Committee on pages 106 to 108.
- A Risk Management Committee has been established to assist the Board to oversee the risk management framework of the Company. The management has prepared a Risk Register identifying all key risks faced by the Company and in the process of restructuring of the Companies Risk Management Department to cater future requirements.
- The Company is in the process of finalizing Business Continuity Plan for the company.

Confirmation

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting. The preparation of Financial Statements for external purposes was done in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Companies Act, No. 07 of 2007, Regulation of Insurance Industry Act, No. 43 of 2000 and subsequent amendments thereto.

By Order of the Board,

S.M.Tishan H.Subasinghe Chairman of the Board.	J.A.Lahiru S. Jayasinghe Chairman Audit Committee

On this 2nd day of June2023

ANNUAL REPORT OF THE BOARD OF DIRECTORS

ON THE AFFAIRS OF SANASA GENERAL INSURANCE COMPANY LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2022

Annual Report of the Board of Directors on the Affairs of the Company and Statement of Compliance of the contents of the Annual Report as Required by Section 168 of the Companies Act No. 07 of 2007.

1. PREFACE

The Board of Directors (the Board) of Sanasa General Insurance Company Limited ("SGIC" or "the Company") is pleased to present the Annual Report together with the audited Financial Statements of the Company for the year ended 31st December 2022.

This report covers statutory requirements and directions of the Companies Act No. 07 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 as amended, Rules and regulations of the Insurance Regulatory Commission of Sri Lanka (IRCSL) and is guided by the recommended best practices on Corporate Governance. The Annual Report was reviewed and approved by the Board of Directors of the Company on 30th May 2023.

2. REVIEW OF BUSINESS

2.1 Formation

The Company was incorporated on 16th April 2014 as a limited liability company under the Companies Act No. 7 of 2007 and bears the Company Registration Number, PB 5182. authorized as a General Insurance Company with effect from 1st July 2019 under the Regulation of Insurance Industry Act No. 43 of 2000.

SGIC was incorporated to carry on the General Insurance Business of the Seemasahitha Sanasa Rakshana Samagama in terms of segregation its Life & General Business as per legal requirements of the amendments to the Regulation of Insurance Industry Act, No. 43 of 2000 by the Act No. 03 of 2011.

The ultimate parent of the Company is Sanasa Life Insurance Company PLC , a licensed Life insurance Company which owns 60% of the voting rights of the Company. The registered office of the Company is located at No. 172, Elvitigala Mawatha , Colombo 08.

2.2 Corporate Vision, Mission and Values

The vision, mission and the values of the Company are given on page 5 of this report . The Company practices high standards of ethical behavior in carrying out the business in line with the vision set.

2.3 Principal Business Activities of the Company

The principal activity of the Company is involved in General Insurance business providing general insurance solutions for both individual and corporate customers.

There were no significant changes in the nature of the principal activities of the company during the year. The Company has not engaged in any activity which contravenes the Laws and Regulations of the country.

2.4 Review of Business and Future Developments

An overview of the business performance and the future developments of the Company is discussed and presented in the Chirman's Message, Managing Director's message, Chief Executive Officer's review, Chief Operating Officer's Message (pages 33 to 34), and the Management Discussion and Analysis (pages 47 to74). These reports together with Audited Financial Statements reflect the state of affairs of the Company.

3. FINANCIAL STATEMENT OF THE COMPANY

3.1 Director's Responsibility for Financial Reporting

As per Section 150 (1) of the Companies Act No. 07 of 2007, the Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company and that these Financial Statements give a true and fairview of the state of affairs of the Company in compliance with Sections 151, of the Companies Act No. 07 of 2007.

Accordingly, the Financial Statements of Company is prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs) issued by the Institute of Chartered Accountants of Sri Lanka and also complies with requirements of the Companies Act No. 07 of 2007, Regulation of Insurance Industry Act No. 43 of 2000 and amendments thereto, Sri Lanka Accounting and Auditing Standards Act No 15 of 1995, Rules and Regulations of the Insurance Regulatory Commission of Sri Lanka.

The detailed statement of Directors' Responsibility is included in pages 126 to 127 forms an integral part of this report. The aforementioned Financial Statements for the year ended 31st December 2022 which appears on pages 132 to 175 are duly signed by the Chief Financial Officer and two Directors of the Company as per Section 168 (1) (b). These statements form an integral part of the Annual Report of the Board of Directors.

3.2 The significant accounting policies and Changes during the Year

The significant accounting policies adopted in the preparation of the Financial Statements and changes to significant accounting policies, if any, in the preparation of the Financial Statements are described on pages 138 to 144

3.3 Going Concern

The Directors after having made necessary assessment of the Company's ability to continue as a going concern declare that it has the resources to continue in business for the foreseeable future. The assessment took in to consideration the uncertainties relating to the current economic conditions prevailing in the country and its resultant implications on the financial statements and business operations. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared for the Company on going concern basis.

3.4 Events Occurring after the Date of the Statement of Financial Position

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

3.5 Contingencies

All contingencies to the Company was disclosed in the Note 34.2 on the page 175 In the opinion of the Directors, and in consultation with the Company Lawyers, Tax Consultants, litigations currently pending against the Company, would not have a material impact on the reported financial results. All pending litigations for claims have been evaluated and adequate provisions have been made in the Financial Statements where necessary.

4. FINANCIAL RESULTS AND APPROPRIATIONS

4.1 Gross Written Premium

Gross written premium of the Company for the year 2022 was Rs. 1,041 Million. (2021: Rs. 890 Million) Note 20.1 to the Financial Statements in page 169 provides a segmental analysis of the Gross Written Premium.

4.2 Profit and Appropriations

The Loss After Tax the Company's for the year 2022 was Rs.42 Million (2021 - Rs. 47Million Profit). The details of the appropriation of profit are given below.

	2022 (Rs)	2021 (Rs)
Profit before Tax	(41,915,884)	69,158,271
Income Tax	-	17,711,252
Deferred Tax	2,760,639	4,104,544
Profit after Tax	(42,075,174)	47,342,475
Unappropriated Profit Brought Forward	231,554,641	223,353,239
Funds available for appropriation	189,479,467	270,065,714
Transferred to Reserves	16,862,027	11,758,489
Dividend Paid	-	(50,899,562)
Unappropriated profit Carried Forward	209,769,239	231,554,641
Earnings per Share (Rs)	-0.83	0.93
NAV per Share (Rs)	14.19	14.55
Capital Adequacy Ratio (CAR)	183%	257%
Total Available Capital (TAC)	537,435,000	598,080,000
General fund	502,854,914	372,103,347

4.3 Stated Capital

The Stated Capital of the Company as at 31 December 2022 was Rs. 508,995,610 comprising 50,899,561 fully paid ordinary shares. (2021: Stated Capital - Rs. 508,995,610 No. of Shares – 50,899,561).

4.4 Reserves

Transfers to/from reserves of the Company are shown in the Statement of Changes in Equity appearing on page134

4.5 Taxation

Under the prevailing tax rules of the Country, the Company was taxed at the corporate tax rate of 14% & 24% (2020 – 14% & 24%...%). The tax position of the Company is disclosed in Note 30 to the Financial Statements on page 174 The Company reversed Deferred Tax Assets previously recognized due to utilization of brought forward tax losses against the taxable income. Accordingly, the Company has increased the Deferred Tax Liablity of Rs. 2.7 Million during the year and carries a Liability of Rs. 15.4 Million as of 31st December 2022.

4.6 Capital Expenditure

The Company's capital expenditure on Property, Plant and Equipment and Intangible Assets amounted to Rs. 53.5 Million (2021: Rs. 34 Million) and all other related information and movements have been disclosed in Note 5 on page 150 and Note 7 on page 154 to the Financial Statements.

4.7 Financial Investments

The Financial Investments held by the Company mainly comprises Financial Instruments. Financial Investments of the Company amounted to Rs. 733 Million as at 31st December 2022 (2021 – Rs. 785 Million). The details of the Financial Investments are given in Note 8 to the Financial Statements on pages 156 to 160

4.8 Provisions, Liabilities and Capital Commitments

The Directors have taken all reasonable steps to ensure that adequate provisions were made for all known liabilities and commitments. Contract Liabilities for General Insurance constituted Rs. 502.8 Million (2021 – Rs. 372 Million) as at 31st December 2022. These liabilities have been valued by the appointed actuaries whose reports are disclosed on page 163 The assumptions and methods used are given in the accounting policies on pages 169 to 175 of these Financial Statements. The gratuity liability of the Company was Rs 7.4 Million (2021 – Rs. 9.1 Million) and is certified by an External Actuary.

5. THE BOARD OF DIRECTORS

5.1 Information on Directors of the Company and Directors Meetings

The Board of Directors of SGIC consists of 09 Directors as at 31st December 2022 who possess wide range of skills, knowledge and experience. Directors are appointed through a formal and transparent process, assessed for their independence as per the company article and approved by the IRCSL. Five of them are elected (including the Managing Director) as per the nominations of the Holding Company, Sanasa Life Insurance Company PLC (SLIC) in accordance with the provisions of Article 27(3) & 28(1) (a). One Director was elected representing other shareholders of the Company. Three Independent Directors were nominated to the board by the elected Directors by means of powers and rights vested in them in accordance with the provisions of Article 27(2) (b). Information relating to the Directors of the Company is available in the Directors' Profile on pages from 24 to 28

The following Directors held office as at the Balance Sheet date.

Name of the Director	Status	Date of Appointment
Mr. S.M.T.H. Subasinghe	Chairman / Non-executive Independent Director	2014/04/11
Mr. I. K. Kiriwandeniya	Managing Director	2014/04/25
Prof. J. M. U. K. Jayasinghe	Non- executive/ Non Independent Director	2019/03/07
Mr. Keerthi Kumara Weerakkody	Non- executive / Non Independent Director	2019/03/07
Mr. J.A.L.S.Jayasinghe	Non-executive Independent Director	2019/05/02
Mrs. D.Prasadika Senadheera	Non- executive/ Non Independent Director	2020/05/20
Mr. W. Denzil Indrajith Perera	Non-executive Independent Director	2020/12/01
Mr. Senthilverl Senthi Aathavan	Non- executive/ Non Independent Director	2022/07/01
Mr. K.M.Karunathunga	Non- executive/ Non Independent Director	2022/09/01

The names and representation of the Directors as at 31st December 2021

Name	Designation	Representation	Number of Shares as at 31/12/2022
Mr. I. K. Kiriwandeniya	Managing Director	Holding Company	30,614,059
Prof. J. M. U. K. Jayasinghe	Non- executive/ Non Independent Director	Holding Company	
Mr. Keerthi Kumara Weerakkody	Non- executive/ Non Independent Director	Holding Company	
Mrs. D.Prasadika Senadheera	Non- executive/ Non Independent Director	Holding Company	
Mr. K.M.Karunathunga	Non- executive / Non Independent Director	Holding Company	
Mr. Senthilverl Senthi Aathavan	Non- executive/ Non Independent Director	Senthilverl Holdings (Pvt) Ltd	20,000,000

5.2 Board and Subcommittees

The following Seven Board Subcommittees have been appointed by the Board to support the Board in ensuring that the Company carries out its activities with the highest ethical standards and in the best interest of all its stakeholders at all times. The Terms of Reference of these Subcommittees follow the recommendations made by various regulatory bodies, including but not limited to the Insurance Regulatory Commission of Sri Lanka, Securities and Exchange Commission, the Colombo Stock Exchange and the Institute of Chartered Accountants of Sri Lanka. These Committee reports are given on page 106 to 115 in the Annual Report. Committee mandates are reviewed regularly.

1. Audit Committee
2. Related Party Transaction Review Committee
3. Human Resource and Remuneration Committee
4. Nomination Committee
5. Research and Business Development Committee
6. Investment Committee
7. Risk Management Committee

All Directors are furnished with comprehensive information on the relevant areas to be discussed at each Board & Committee Meeting, prior to the date of such meetings and all decisions are recorded by the Board Secretary.

Details of the Directors' participation at the Board and Sub Committee meetings are given below.

#	Name	Board Meeting		Audit Committee		Related Party Transaction Review Committee		Human Resource and Remuneration Committee		Nomination Committee		Research and Business Development Committee		Risk Management Committee		Investment Committee	
		A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
1	Mr. S.M.T.H. Subasinghe	12	12	00	00	00	00	03	03	03	03	06	05	00	00	00	00
2	Mr. I. K. Kiriwandeniya	12	12	00	00	00	00	09	09	03	03	00	00	00	00	06	06
3	Dr. T. Senthilverl	06	05	00	00	00	00	00	00	00	00	00	00	00	00	03	03
4	Prof. J. M. U. K. Jayasinghe	12	10	00	00	00	00	12	12	04	04	06	06	03	03	00	00
5	Mr. Keerthi Kumara Weerakkody	12	12	14	14	04	04	09	09	00	00	09	09	00	00	03	03
6	Mr. J. M. D. Ananda Wishvakeerthi	05	03	00	00	00	00	00	00	00	00	00	00	02	01	00	00
7	Mr. J. A. L. S. Jayasinghe	12	12	14	14	04	04	00	00	00	00	00	00	03	03	03	03
8	Mrs.D.Prasadika Senadheera	12	12	11	11	03	03	00	00	04	04	00	00	00	00	00	00
9	Mr. W. Denzil Indrajith Perera	12	11	03	03	01	01	03	02	00	00	09	08	00	00	00	00
10	Mr. S.S Aathavan	06	04	00	00	00	00	00	00	00	00	00	00	00	00	01	01
11	Mr. K.M. Karunathunga	04	04	00	00	00	00	00	00	00	00	00	00	00	00	00	00
12	Mr. WP.P. Wijayalath	04	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00

A- Number of Meetings held during the period in which each director was in office in 2022
B- Number of Meetings attended

5.3 New Appointments, Retirement and Resignations

Mr. J.M.D. Ananda Wishvakeetihi vacated the Board with effect from 16th June 2022 due to his death.

Having compliance with section 3(ii) of Direction 17 & 2 of 2022 (Revised) issued by IRCSL on Corporate Governance Dr.T.Senthilverl retired from the Board with effect from 30th June 2022.

Mr. Sentilverl Senthi Aathavan appointed to the board with effect from 1st July 2022 and Mr. K.M.Karunathunga & Mr.W.P.P.Wijayalath appointed to the board with effect from 1st September 2022. And Mr.W.P.P.Wijayalath resigned from the Board with effect from 20th December 2022.

5.4 Retirement and, re-appointment of Directors

In terms of Article 27 (5), of the Articles of Association of the Company Mr. K.K.Weerakkody, Prof. J.M.U.K Jayasinghe and Mrs. D.Prasadika Senadheera are retiring by rotation at the Annual General Meeting(AGM) and retiring Director shall be eligible for re- election in accordance with the applicable laws and provisions of the Articles of Association. Mr. Keerthi Kumara Weerakkody is over the age of 70 years. Accordingly, in terms of the provisions of the Companies Act in Section 210 and 211, he will offer re-election as a Director at the Annual General Meeting.

5.5 Appraisal of Board Performance

Performance of the Board of Directors was reviewed through a self-assessment questionnaire and the responses were shared among all Board members. Suggestions to further improve the performance of the Board that arose from these self-assessment questionnaires were discussed in detail and adopted as appropriate. The Secretary to the Board and the Management continuously follow up on the progress of implementing such agreed
actions.

5.6 Interest Register and Interest in Contracts or Proposed Contracts

As per requirements of the Companies Act, No. 07 of 2007, an Interest Register is maintained by the Company. Directors have made declarations of their interests in other companies conforming to Sections 192 (1) and 192 (2) of the Companies Act, No. 07 of 2007 and they are recorded in the Directors' Interest Register.

The Interest Register is available at the registered office of the Company, in keeping with the requirements of the Section 119 (1) (d) of the Companies Act, No. 07 of 2007. Directors also refrained from voting on any contract or matter in which they have a material interest as a practice of good governance. Particulars of the Directors' Interests in Contracts are given on Note 32 to the Financial Statements presents complete disclosure on Related Party Transactions, which forms an integral part of the Annual Report of the Board of Directors.

No individual shareholdings of the Directors in the company as at 31st December 2022. None of the Directors of the company have acquired shares during the year under review.

5.7 Directors' Remuneration

Remuneration and allowances for the Chairman; Executive and Non-Executive Directors were duly determined by the Board on the recommendations of the Human Resource & Remuneration Committee. Directors' remuneration is given in Note 32 on page 175 to the Financial Statements No loans have been granted to any Director of the company during the year under review.

5.8 Related Party Transactions

The Company's transactions with Related Parties, given in Note 27 on page 173 to the Financial Statements. The Directors have also disclosed transactions, if any, that could be classified as Related Party Transactions in terms of the Sri Lanka Accounting Standard – LKAS 24 on 'Related Party Disclosures'.

6. SHARE INFORMATION

The Number of Shares of the Company as at 31st December 2022 was 50,899,561 and there were 10 shareholders. The analysis of the shareholding is given below.

Name of the Institution/ Person	As at 31st December 2022			Name of the Institution/ Person	As at 31st December 2021		
	No of Institutions/ Persons	No of Shares	Percentage		No of Institutions/ Persons	No of Shares	Percentage
Sanasa Life Insurance Company PLC	1	30,614,059	60%	Sanasa Life Insurance Company Limited	1	30,614,059	60%
Senthilverl Holdings (Pvt) Limited	1	20,000,000	39%	Senthilverl Holdings (Pvt) Limited	1	20,000,000	39%
Sanasa Primary Societies/ Individuals	8	285,502	1%	Sanasa Primary Societies/ Individuals	8	285,502	1%

7. INDEPENDENT AUDITORS' APPOINTMENT AND REMUNERATION

7.1 Appointment and Audit Report

The Company's Independent External Auditors, Messrs. Ernst & Young, Chartered Accountants as External Auditors of the Company, who were appointed by a resolution passed at the 8th Annual General Meeting, have carried out an audit on the Financial Statements of the Company for the year ended 31st December 2022 and expressed their opinion which appears on pages 130 to 131 of this Annual Report.

7.2 Auditors Remuneration and Relationship

The details of their remuneration in respect of audit fees and audit related fees are given in Note 29 to the Financial Statements as required by Section 168 (1) (i) of the Companies Act No 07 of 2007. As far as the Directors are aware, the Auditors do not have any relationship with the Company which would impair the Auditor's' independence within the means of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka, applicable on the date of this report, thus comply with the Section 168 (1) (j) of the Companies Act No 07 of 2007.

Report of the Audit Committee provides more information on appointment of auditors, Independence of auditors and the provision of Non-Audit services.

7.3 Re-appointment of Auditor for the Financial Year 2023

The retiring Auditors Messrs. Messrs. Ernst & Young have signified their willingness to continue to function as the auditor to the Company. A resolution to reappoint Messrs. Ernst & Young as auditors and granting authority to the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting of SGIC to be held on 23rd June 2023 for shareholder approval.

8. COMPLIANCE WITH LAWS AND REGULATIONS

To the best knowledge of the Directors, the company has not acted in contravention of any rule or regulation of the country. Further, the company has submitted all statutory returns and other required details to the relevant authorities on or before the due dates.

9.STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government and related institutions, the Insurance Regulatory Commission of Sri Lanka, and relating to the employees, by the Company has been made on time or where relevant provided for, except as specified in Note to the Financial Statements, covering contingent liabilities.

10.RISK-BASED CAPITAL (RBC) COMPLIANCE

The Company has complied with the requirements of the Risk Based Capital (RBC) framework on solvency margin as required by the IRCSL. Total Available Capital (TAC) and Risk-based Capital Adequacy Ratio (CAR) of SGIC were maintained in excess of the minimum requirements as prescribed by the IRCSL throughout the year. At the end of the financial year 2022, SGIC recorded a CAR of 183% and TAC Rs. 537 MN.

11. RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS

The Board of Directors believe that strong internal controls are an essential part of management of the business and are committed to maintaining financial, operational and risk management controls over all its activities. The ultimate responsibility of the Company's system of internal controls and risk management is vested with the Board of Directors.

Therefore, the Board continuously monitors all business aspects through the Risk Management Committee and the Audit Committee along with the reports of the outsourced internal auditors to ensure the adequacy and effectiveness of internal controls of the company, compliance with laws and regulations and established policies adopted by the Company.

Further, details of these aspects are discussed in the Corporate Governance Report, Director's Statement of Internal Control, Audit Committee Report and Risk Management Committee Report available on pages 76 to 94, 116, 106 to 108, and page 113 respectively.

12. CORPORATE GOVERNANCE

The Board of Directors is committed towards maintaining an effective Corporate Governance Framework and implementing systems and structures required to ensuring best practices in Corporate Governance and their effective implementation.

The Company's compliance with relevant sections of Corporate Governance framework issued by IRCSL in the year 2018 and revised in 2022 is given on pages 93 to 94 Further, the table from page 90 to 92 shows the manner in which the Company has complied with Section 7.10 of the Rules of the Colombo Stock Exchange (CSE) on Corporate Governance and Company's compliance on the Code of Best Practice on Corporate Governance issued by CA Sri Lanka is given on page 101 The Corporate Governance Report is given from page 76 to 80 Also, the Director's declare that;

- all applicable laws and regulations have been complied with by the Company, in conducting its business activities.
- the Directors have disclosed all material interests in contracts involving the Company and have refrained from voting on matters in which they were materially interested.
- the Company has made all endeavors to ensure that all shareholders have been treated equitably.
- the business is a going concern with supporting assumptions or qualifications as necessary.
- a review of internal controls, covering financial, operational and compliance controls, and risk management, has been conducted, and a reasonable assurance of their effectiveness and successful adherence has been conducted, and a reasonable assurance of their effectiveness and successful adherence has been obtained.

13. ENVIRONMENT PROTECTION

To the best of knowledge of the Board, the Company has complied with the relevant environmental laws and regulations and the Company has not engaged in any activity that is harmful or hazardous to the environment. Specific measures taken to protect the environment are found in the Natural Capital section of this Report on pages 73 to 74

14. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a socially responsible corporate citizen, the Company carries out a range of CSR activities. The details of Corporate Social Responsibility activities are given under the Social and Relationship Capital section on pages 69 to 71

15. HUMAN RESOURCES

The Company ensures that effective human resource practices and policies exist, continuously reviewed and improved to enhance workforce efficiency, effectiveness and productivity. These practices and policies are applied for all employees of the Company irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. Details of the Company human resource are detailed in the Human Capital section on pages 54 to 58 and the on Human Resources and Remuneration Committee Report given on page109

16. ANNUAL GENERAL MEETING

The Ninth Annual General Meeting of the Company will be held at the Board Room of Sanasa General Insurance Company Limited , No 172, Elvitigala Mawatha, Colombo 08 and as an Online virtual Meeting on 23rd June (Friday) 2023 at 2.00 pm .Notice of the Annual General Meeting is on page 177 to 178 of the Annual Report.

17. ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

As required by the Section 168 of the Companies Act, No. 07 of 2007, the following information is disclosed in this Report prepared for the year ended 31st December 2022

Reference to the Companies Act	Information required to be disclosed as per the Companies Act No. 07 of 2007	Reference from the Annual Report of the Board of Directors
Section 168 (1) (a) (i)	The nature of the business of the Company or any of its subsidiaries	Section 2.3 on page 117
Section 168 (1) (b)	Financial Statements for the accounting period completed and signed in accordance with section 151.	Section 3.1 on page 117
Section 168 (1) (c)	Auditors' appointment and Auditors' Report on the Financial Statements of theCompany	Section 8.1 and 8.3 on Page 123
Section 168 (1) (d)	Accounting Policies of the the Company and any changes therein	Section 3.2 on page 118
Section 168 (1) (e)	Particulars of the entries made in the Interests Registers of the Company during the accounting period	Section 5.6 on page 122
Section 168 (1) (f)	Remuneration and other benefits paid to Directors during the accounting period	Section 5.7 on page 122
Section 168 (1) (g)	Total amount of donations made by the Company during the accounting period.	NIL
Section 168 (1) (h)	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as directors of the Company during the accounting period.	Section 5.1 on page 119 Section 5.3 on page 122
Section 168 (1) (i)	Disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Company.	Section 7.2 on page 123
Section 168 (1) (j)	Auditors' relationship or any interest with the Company	Section 7.2 on page 123
Section 168 (1) (k)	Acknowledgement of the contents of this Report/Signatures on behalf of the Board of Directors	Section 17 on page 127
Section 168 (2)	A company that is required to include Group Financial Statements in its annual report shall include those in relation to its subsidiaries, the information specified in paragraphs (b) to (j) of subsection (1).	Not Applicable.
Section 168 (3)	The annual report of a company need not comply with of paragraph (a) and paragraphs (d) to (j) of subsection (1), if all shareholders agree in writing that it need not do so. Any such agreement shall be noted in the annual report.	The Company complies with paragraph (a) and (d) to (j) of subsection (1)

Board of Directors does hereby acknowledge the contents of this Annual Report as required by Section 168 (1) (k) of the Companies Act No. 07 of 2007.

By order of the Board,

Duleeka Vidanapathirana Company Secretary	J.A.Lahiru S.Jayasinghe Non-Executive Independent Director	S.M.Tishan H. Subasinghe Chairman

2nd June 2023

STATEMENT OF DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

The responsibility of the Board of Directors in relation to the Financial Statements of the Company prepared in accordance with the provisions of the Companies Act No.07 of 2007, is given in this statement.

The responsibilities of the External Auditors in relation to the Financial Statements are set out in the Independent Auditor's Report given on pages 130 to 131

As per the provisions of sections 150 (1) and 151 of the Companies Act No 7 of 2007, the Directors are required to prepare and present Financial Statements for each financial year for the Company which give a true and fair view of the state of affairs of the Company as at the reporting date and of the profit or loss for the year and place the same before the Annual General Meeting.

The financial statements comprise the Statement of Financial Position as at 31st December 2022, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes thereto.

The Board of Directors' also confirm that the Financial Statements of the Company give a true and fair view of;

- The state of affairs of the Company as at the date of the Statement of Financial Position; and
- The financial performance of the Company for the financial year ended 31st December 2022

Compliance Report

In preparing the financial statements for the period ended 31st December 2022, the Directors also confirm that,

A) Appropriate accounting policies have been selected and applied in a consistent manner when preparing the Financial Statements appearing on pages 152 to 163.

B) Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained in the Financial Statements and accompanying Notes.

C) The Financial Statements for the year ended 31st December 2022, prepared and presented in this Annual Report are consistent with the underlying books of accounts and are in conformity with the applicable regulatory requirements including;

- Sri Lanka Accounting Standards (SLFRS/LKAS)
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Companies Act No. 07 of 2007
- Regulation of Insurance Industry Act No. 43, of 2000 and subsequent amendments thereto
- Statement of Recommended Practice (SoRP) issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL)

D) As required by the Section 148 (1) of the Companies Act the Company keep accounting records which correctly record and explain the Company's transactions and enable the financial position of the Company to be determined with reasonable accuracy at any time while enabling the preparation of the Financial Statements in accordance with the Companies Act No. 07 of 2007 and ensuring that these statements can be readily and properly audited.

E) Appropriate steps have been taken to ensure that the Company maintains proper books of accounts and the financial reporting system is reviewed through the Audit Committee. The report of the Audit Committee is given on pages 106 to 108 of this Annual Report. Financial records of the Company have been reviewed by the Board at their regular meetings and the Interim Financial Statements of the Company have been reviewed and recommended by the Audit Committee and have then been approved by the Board of Directors prior to release to the Shareholders and public.

F) The Board of Directors accepts the responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

G) Steps have been taken to establish and maintain a system of internal controls to provide reasonable assurance of the reliability of financial reporting, effectiveness and efficiency of the operations, safeguarding of the assets of the Company, compliance with applicable laws and regulations, and prevention and detection of frauds and other irregularities. Directors' Statement on Internal Control is given on page116

H) The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments including taxes and duties due to all relevant regulatory and statutory authorities which were payable by the Company as at the reporting date have been paid or where relevant provided for.

I) The Board of Directors after considering the financial position, operating conditions, regulatory environment and other factors required to be addressed, has established that it has reasonable expectations that the Company has adequate resources to continue in operation to justify applying the 'Going Concern' basis in preparation of these Financial Statements.

J) As required by the Sections 150 (1) (b) of the Companies Act No. 07 of 2007, Chief Financial Officer has certified that the Financial Statements of the Company is in compliance with the requirements of the Companies Act No. 07 of 2007. Further, as required by the Sections

150 (1) (c) of the Companies Act No. 07 of 2007 and other regulatory requirements the Financial Statements of the Company has been signed by two Directors of the Company on 29th of April 2023.

K) The External Auditors have been provided with every opportunity to carry out whatever reviews and sample checks on the system of internal controls they may consider appropriate and necessary to express their independent audit opinion on the Financial Statements of the Company. The Financial Statements thus made available to them by the Board of Directors along with all the financial records, related data and minutes of Shareholders' and Directors' meetings have been examined by the External Auditors who have expressed their opinion which is given on pages 130 to 131

Accordingly, the Directors, to the best of their knowledge and belief, are in the view that they have discharged their responsibilities as set out in this statement

By order of the Board,

Duleeka Vidanapathirana
Company Secretary
2nd June 2023.

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Sanasa General Insurance Company Limited as at 31st December 2022 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by CA Sri Lanka;
- Companies Act No. 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Finance Companies regulations and directions issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011;
- Any other regulatory compliance relating to financial reporting of each industry and geographical locations Sanasa General Insurance Company Limited has a presence.

All the significant accounting policies adopted by the Company is mentioned in the Notes to the Financial Statements. For all periods up to and including the year ended 31 December 2022, the Company prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

There are no departures from the prescribed accounting standards in their adoption. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied. The Board of Directors and the management of our Company accept responsibility for the integrity and objectivity of these Financial Statements.

The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

Sanasa General Insurance Company Limited and its Financial Statements were audited by M/S Ernst & Young, Chartered Accountants, the Company's External Auditors.

The Audit Committee of our Company meets periodically with the Internal Auditors and the External Auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance. It is also declared and confirmed that the Company has complied with and ensured compliance by the Auditor with the guidelines for the audit of company where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with.

Nimal Perera
CEO /General Manager

Chandralatha Mudalige
Chief Finance Officer

29th April 2023
Colombo

IBNR and LAT Certification

actsure

29th April 2023

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

I hereby certify that undiscounted central estimate net of reinsurance IBNR provision for Sanasa General Insurance Company Limited as at 31st December 2022 inclusive of allowance for claims handling expenses (CHE) is LKR 57,173,339.97, 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 63,537,219.37

The LAT has been performed to assess whether the carrying Unearned Premium Liability (UPR) is adequate as per the SLFRS 4 guidelines. The UPR net of reinsurance and DAC is LKR 351,852,073.24 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 Actsure Lab (Pvt) Ltd

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DNG/DAP/JJ

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SANASA GENERAL INSURANCE COMPANY LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sanasa General Insurance Company Limited ("Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including summary of significant accounting policies.
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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 Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

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.

Building a better working world

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As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate 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 internal control that we identify 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 Regulatory Commission of Sri Lanka, so as to clearly indicate the true and fair view of the financial position of the Company.

Ernst & Young

29 April 2023
Colombo

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	2022	2021
		Rs.	Rs.
Assets			
Property, Plant and Equipment	5	94,628,528	84,811,829
Investment Property	6	98,300,000	75,000,000
Right of Use Asset	7	53,571,400	71,779,712
Financial Assets	8	733,494,927	784,668,430
Reinsurance Receivables	9	32,786,921	37,083,767
Premiums Receivable	10	311,624,299	151,869,095
Amounts Due from Related Parties	11	-	1,453,537
Income Tax Receivables		1,916,609	-
Other Assets	12	89,128,485	48,997,548
Cash and Cash Equivalents	13	67,655,144	80,557,444
Total Assets		1,483,106,312	1,336,221,363
Equity and Liabilities			
Shareholders' Equity			
Stated Capital	14	508,995,610	508,995,610
Revaluation Reserve		3,688,362	-
Retained Earnings		209,769,239	231,554,641
Total Shareholders' Equity		722,453,211	740,550,251
Liabilities			
Insurance Contract Liabilities	15	502,854,914	372,103,347
Retirement Benefits Obligation	16	7,469,316	9,155,752
Deferred Tax Liability	17	15,445,432	9,635,033
Reinsurance Payable	18	16,443,822	43,905,335
Lease Creditors	7	46,121,554	61,163,278
Other Liabilities	19	172,318,064	99,708,368
Total Liabilities		760,653,101	595,671,112
Total Equity and Liabilities		1,483,106,312	1,336,221,363

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

Head of Finance

The Board of Director is responsible for these Financial Statements. Signed for and on behalf of the Board by;

Director
Tishan Subasinghe

Director
Lahiru Jayasinghe

Date of approval by the Board 29th of April 2023

The Notes to the Financial Statements in pages 137 to 175 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	Note	2022	2021
		Rs.	Rs.
Gross Written Premium	20.1	1,041,895,343	890,107,264
Less: Premium Ceded to Reinsurers	21	(102,837,389)	(124,622,439)
Net Written Premium		939,057,954	765,484,825
Net Change in Reserve for Unearned Premium	22	(151,023,950)	(7,800,810)
Net Earned Premium		788,034,004	757,684,015
Other Revenue			
Investment Income	23	94,255,654	71,354,244
Net fair value gains/(losses)		(69,739,386)	(29,077,816)
Other Income	24	190,813,608	168,570,590
Total Other Revenue		215,329,875	210,847,018
Net Income		1,003,363,879	968,531,033
Benefits, Losses and Expenses			
Net Insurance Claims and Benefits	25	229,817,646	269,963,234
"Underwriting and Net Acquisition Costs/Income (including reinsurance)"	26	69,027,932	73,650,232
Other Operating & Administrative Expenses	27	728,941,827	540,011,032
Finance Cost	28	17,492,358	15,748,264
Total Benefits, Losses and Other Expenses		1,045,279,763	899,372,762
Profit before Taxation	29	(41,915,884)	69,158,271
Taxation	30	(159,291)	(21,815,796)
Profit after Taxation		(42,075,174)	47,342,475
Other Comprehensive Income, Net of Related Tax, Items that will never be Reclassified to Profit or Loss			
Actuarial Gains/(Losses) on Defined Benefit Plans	16	3,394,485	10,591,801
Gains/(Losses) on Revaluation	5	21,591,683	-
Defferred Tax Expense on Revaluation Gain	17	(6,477,505)	-
Total Other Comprehensive Income for the year		18,508,663	10,591,801
Total Comprehensive Income for the year		(23,566,511)	57,934,277
Earnings /(Losses) Per Share (EPS)	32	(0.83)	0.93

The Notes to the Financial Statements in pages 137 to 175 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	"Ordinary Shares"	Revaluation Reserve	"Retained Earnings"	Total Equity
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 January 2021	508,995,610		223,353,239	732,348,849
Dividends Declared	-		(50,899,562)	(50,899,562)
Transferred to Title Fund	-		1,166,688	1,166,688
Net Change in Employee Benefits	-		10,591,801	10,591,801
Profit/(Loss) for the Year	-		47,342,475	47,342,475
Balance as at 31 December 2021	508,995,610		231,554,641	740,550,251
Transferred to Title Fund	-		2,041,726	2,041,726
Net Change in Employee Benefits	-		3,394,485	3,394,485
Other Comprehensive Income	-	21,591,683	-	21,591,683
Revaluation Reserve relating to the disposed items		(11,425,816)	11,425,816	-
Defferred Tax impact on Revaluation Gain	-	(6,477,505)	3,427,745	(3,049,760)
Profit/(Loss) for the Year	-		(42,075,174)	(42,075,174)
Balance as at 31 December 2022	508,995,610	3,688,362	209,769,239	722,453,211

The Notes to the Financial Statements in pages 137 to 175 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Note	2022	2021
		Rs.	Rs.
Cash Flows from Operating Activities			
Profit / (Loss) before Taxation		(41,915,884)	69,158,271
Adjustments for:			
Depreciation of Property, Plant & Equipment	5	21,695,016	17,582,155
Net Depreciation of Right of Use Assets	7.1	26,958,962	25,864,700
Net Depreciation of Rent Advance for Right of Use Asset	7.1	4,501,165	4,573,805
Interest Expense on Lease Creditor	7.2	7,121,894	7,861,279
Loss/(Gain) on Disposal of Property,Plant & Equipments		-	-
Provision for Employee Benefits	16	1,786,529	1,773,749
Unrealized Market Value Movement		69,739,386	29,077,816
Investment Income	23	(94,255,654)	(71,354,244)
Net Fair Value Losses/(Gains) and Capitalisation	6	(23,300,000)	(9,500,000)
		(27,668,585)	75,037,531
Net Change in Operating Assets	A	(194,135,757)	(42,389,847)
Net Change in Operating Liabilities	B	178,314,649	45,858,697
Cash Flows from Operating Activities		(43,489,693)	78,506,381
Gratuity Payments	16	(78,480)	(784,852)
ESC Paid		-	-
Income Tax Paid		(6,697,660)	(29,400,327)
Net Cash Generated from Operating Activities (a)		(50,265,833)	48,321,202
Cash Flow from Investing Activities			
Acquisition of Financial Investments	8.4	(927,755,198)	(344,142,167)
Acquisition of Property, Plant and Equipment	5	(35,391,700)	(34,198,363)
Proceeds from Disposal of Property,Plant & Equipments		25,471,667	-
Advance Paid to Right of Use Assets	7.1	(1,432,700)	(3,429,407)
Proceeds from Maturity and Sale of Financial Investments	8.4	909,189,316	301,937,756
Investment Income Received		94,255,654	71,354,244
Dividend Paid		-	(50,899,562)
Net Cash Used in Investing Activities (b)		64,337,039	(59,377,499)
Cash Flows from Financing Activities			
Payment of Lease Liability	7.2	(33,982,734)	(31,736,748)
Net Cash Generated from Financing Activities (c)		(33,982,734)	(31,736,748)

Net Increase in Cash and Cash Equivalents (a+b+c)		(19,911,528)	(42,793,046)
Cash and Cash Equivalents at the beginning of the year		80,557,444	123,350,490
Cash and Cash Equivalents at the end of the year		60,645,917	80,557,444
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents - Favorable Balance	13	67,655,145	80,557,444
Cash and Cash Equivalents - Unfavorable Balance	19	(7,009,228)	-
Cash and Cash Equivalents at the end of the year		60,645,917	80,557,444
Notes to the Cash Flow Statement			
A. Change in Operating Assets			
(Increase) / Decrease in Reinsurance Receivables	9	4,296,847	(16,050,633)
(Increase) / Decrease in Premium Receivables	10	(159,755,203)	(11,993,359)
(Increase) / Decrease in Amount Due from Related Party	11	1,453,537	(1,453,537)
(Increase) / Decrease in Other Assets	12	(40,130,938)	(12,892,318)
Net Change in Operating Assets		(194,135,757)	(42,389,847)
B. Change in Operating Liabilities			
Increase / (Decrease) in Insurance Provision	15	130,751,566	26,078,494
Increase / (Decrease) in Reinsurance Payable	18	(27,461,513)	31,342,965
Increase / (Decrease) in Amount Due to Related Party		-	(8,920,860)
Increase / (Decrease) in Other Liabilities	20	75,024,596	(2,641,901)
Net Change in Operating Liabilities		178,314,649	45,858,697

The Notes to the Financial Statements in pages 137 to 175 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

1. CORPORATE INFORMATION

1.1 Reporting Entity

Sanasa General Insurance Company Limited ("The Company") is a Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is situated at No. 172, Elvitigala Mawatha, Colombo 8. The Company is registered under the Companies Act No. 07 of 2007 and regulated under the Regulation of Insurance Industry Act No. 43 of 2000 and amendments thereto

1.2 Principal Activities and Nature of Operations

Sanasa General Insurance Company Limited is primarily involved in General Insurance Business providing General Insurance solutions for both individual and corporate customers.

1.3 Parent entity and ultimate parent entity

The Company's immediate and ultimate parent Company is Sanasa Life Insurance Company PLC which is incorporated in Sri Lanka.

1.4 Responsibility for Financial Statements

The Board of Directors is responsible for preparation and presentation of these Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards.

1.5 Approval of financial statements by the Board of Directors

The financial statements of the Company for the year ended 31 December 2022 were approved and authorised for issue in accordance with the resolution of the Board of Directors on 28th April 2022 (including comparatives for 2021).

1.6 Number of Employees

The staff strength of the Company as at 31 December 2022 is 480 (2021: 366).

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs & LKASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CASL) and comply with the requirements of the Companies Act, No. 7 of 2007 and the Regulation of Insurance Industry Act, No. 43 of 2000 and amendments thereto.
The Company has optioned to defer full application of SLFRS 9 – Financial Instruments, until the earlier of 2023 or adopting SLFRS -17 Insurance Contracts, exercising the temporary exemption provided to an insurer
The financial statements include the following components;

- a statement of profit or loss and statement of comprehensive income providing information on the financial performance of the Company for the year under review;
- a statement of financial position providing information on the financial position of the Company as at the year-end;
- a statement of changes in equity depicting all changes in shareholders' equity ;
- a statement of cash flows providing information to the users on the ability of the Company to generate cash and cash equivalents and the needs of entities to utilise those cash flows; and
- Notes to the financial statements comprising accounting policies and other explanatory information.

2.2 Basis of Measurement

The Financial statements have been prepared on the accrual basis and historical cost basis except for the following material items in the statement of financial position:

- Insurance Contract Liabilities are determined in accordance with internationally accepted actuarial principles. (Note no.15, Page No 34/35/36)
- Financial instruments at fair value through profit or loss are measured at fair value. (Note no.8.2, Page No.30)
- Investment Property is measured at fair value. (Note no.06, Page No.27)
- Defined benefit obligation valued by the actuarial and recognized at present value. (Note no.16, Page No.37)

2.3 Financial period

The financial statements are prepared to a financial year ended 31 December.

2.4 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of profit or loss unless required or permitted by an accounting standards or interpretation.

2.5 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Company's functional currency.

2.6 Comparative Information

The Financial Statements provide comparative information in respect of the previous period. The presentation and classification of assets and liabilities in the Financial Statements of the previous year have been amended, where relevant for better presentation and to be comparative with those of the current year.

2.7 Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative' which was effective from 1 January 2016 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

3.1 Use of Estimates and Judgments

The preparation of the financial statements of the Company in conformity with SLFRS and LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Further, the management is also required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates.

Accounting judgments, estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key significant accounting judgments, estimates and assumptions involving uncertainty are discussed below whereas the respective carrying amounts of such assets and liabilities are given in related notes.

3.1.1 Going Concern

In determining the basis of preparing the Financial Statements for the year ended 31 December 2022, based on all available information, The board of directors of the company has made an assessment of the Company's ability to continue as a going concern while took into consideration of current economic crisis of the country, other events, and conditions. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern despite the ongoing effects of the economic crisis.

Further, in determining the going concern, the management performed multiple stress tested scenarios considering cost management practices, ability to continue operations under current economic crisis, cash reserves, ability to secure additional funding to finance the adverse effects to the cash flows, ability to secure required human resources, expected revenue streams, credit and collection management practices and ability to defer non-essential capital expenditures.

Accordingly, the Management has assessed its ability to continue as a going concern and is satisfied that it has adequate resources to continue in business for the foreseeable future. Further, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continued to be prepared on a going concern basis.

3.2 Valuation of Insurance Contract Liabilities

The estimates of insurance contracts have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported and claims incurred, but not enough reported (IBNR/IBNER) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty. The main assumption underlying in estimating the amount of outstanding claims is the past claims development experience. Large claims are usually addressed separately, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios.

3.3 Fair Value of Financial Instruments

The determination of fair values of financial assets and financial liabilities recorded on the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models.

The Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. Methodologies used for valuation of financial instruments and fair value Hierarchy.

The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish their fair values. This judgment may include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of the financial instruments.

3.4 Valuation of Employee defined Benefit Obligation

The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality

rates. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the discount rate, management considers the interest rates of the Government of Sri Lanka Treasury bond with maturities corresponding to the expected duration of defined benefit obligation. Future expected inflation rates and salary increment rates of the Company are considered in determining the salary increases.
The actuarial valuation involves making assumptions on the discount rate, salary increment rate and balance service period of the employees. Due to the long term nature of the plans these assumptions and estimates are subject to significant uncertainty. Details of the key assumptions used by the Actuary in the estimates are contained in Note 16.

3.5 Provisions for liabilities and contingencies

The Company receives legal claims against it in the normal course of business. The management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions.

3.6 Deferred Tax Assets and Liabilities

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits together with future tax planning strategies. Further taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 17.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company are explained in detail in respective notes to the financial statements. Those accounting policies presented with each note, have been applied consistently by the Company.

3.7 Foreign Currency Transactions

Transactions in foreign currencies are translated in to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated in to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency is translated at the exchange rate at the end of the reporting period.
Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated in to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available for- sale equity instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.8 Product Classification

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. 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

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 policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders. 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.

Investment Contracts

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.

Subsequent Classification and Reclassification

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.

Product Portfolio of the Company

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

Recognition and Measurement

Insurance contracts and investment contracts with DPF are classified into Short-term & Long-term insurance contracts, depending on the duration of risk and on whether the terms and conditions are fixed.

Short-term Insurance Contracts

Property insurance contracts mainly compensate the insured customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption coverage).

Casualty insurance contracts protect the customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

For all these contracts, premiums are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and actuarial value of the claims incurred but not reported, and the estimate of expected ultimate cost of more complex claims that may be affected by external factors.

3.8 Subsequent Classification and Reclassification

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.

3.9 Financial Assets and Financial Liabilities

3.9.1 Non-Derivative Financial Assets

3.9.1.1 `Initial Recognition and Measurement

The Company initially recognizes loans and receivables and deposits on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. A Financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. At inception a financial asset is classified into one of the following categories:

1. Fair value through profit or loss (FVTPL);
2. Loans and receivables (L&R);
3. Held to maturity investments (HTM); and
4. Available-for-sale (AFS) Financial assets, as appropriate

The Company determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the investments were acquired or originated (i.e. intention) and based on the Company's ability. Financial assets are classified as at fair value through profit or loss where the Company's investment strategy is to manage financial investments on a fair value basis. The available-for sale and held to maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortized cost. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the settlement date, i.e., the date that the Company receives/settles money for the sale/purchase of the financial asset. However, when it comes to investment in quoted equities and corporate debt, the transaction date (i.e. trade date) is used to recognize/derecognized the asset. The Company's existing types of financial assets and their classifications are shown in the table below.

Financial Asset	Category
Treasury Bonds	Loans and Receivables
Treasury Bills	Loans and Receivables
Listed Equity Shares	Fair Value through Profit or Loss
Corporate Debts	Loans and Receivables
Fixed Deposits	Loans and Receivables
Short Term Investments	Loans and Receivables

3.9.1.2 Subsequent Measurement

Financial Assets at Fair Value through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated as at fair value through profit or loss, the following criteria must be met:

- If the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on a different basis,

  Or

- The assets and liabilities are part of a Company's financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with the Company's Investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded in 'Fair value gains and losses' in the Statement of Comprehensive Income. Interest is accrued and presented in 'Investment income' or 'Finance cost', respectively, using the Effective Interest Rate (EIR). Dividend income is recorded in the 'Investment Income' when the right to the payment has been established. The Company evaluates its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate.

When the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset.

Available-for-sale Financial Assets (AFS)

Available-for-sale financial investments include equity and debt securities (Government Securities and Corporate Debt). Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, available-for-sale financial assets are subsequently measured at fair value, with unrealized gains or losses recognized in Other Comprehensive Income (OCI) in the available-for-sale reserve.

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 the income statement as 'Investment Income' when the right of the payment has been established. When the asset is derecognized, the cumulative gain or loss is recognized in the Investment Income. If the asset is determined to be impaired, the cumulative loss is recognized in the income statement in the 'Investment Income' and removed from the available-for sale reserve.

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances.

Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset that is reclassified out of the available for- sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the income statement.

Loans and Receivables - (L & R)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company also decided to classify quoted Corporate Debt under this category since there is no active market for these instruments even if such instruments are listed.

These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the EIR, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium if any, on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in 'Investment Income' in the income statement.

Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortization process.

3.9.2 Non-Derivative Financial Liabilities

The Company initially recognizes financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

3.9.3 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or company of financial assets is impaired. A financial asset is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Objective evidence of impairment may include:
*significant financial difficulty of the borrower or issuer,
*default or delinquency by debtor,
*It becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganization,
*adverse changes in the payment status of issuers or debtors in the Group, and
*In the case of equity, a significant or prolonged decline in its fair value below its cost.

3.9.3.1 Impairment of Financial Assets carried at Amortised Cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the company determines that no objective evidence of impairment exists for an individual assessed financial asset, whether significant or not, it includes the asset in a financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.
The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in Profit or Loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of Other Revenue in Profit or Loss.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Other Income' in Profit or Loss.

The Company has not experienced any indication of impairment and thus no additional impairment losses were recognized other than disclosed in the Financial Statements.

3.9.3.2 Impairment of Financial Assets carried at Available for Sale

For Available for Sale financial investments, the company assesses at each reporting date whether there is objective evidence that an investment are impaired. If the asset is determined to be impaired, the cumulative loss is recognised in Profit or Loss and removed from the Available for Sale reserve.

In the case of debt instruments classified as Available For Sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the Cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in Profit or Loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Other Revenue'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in Profit or Loss, the impairment loss is reversed through the Profit or Loss; otherwise, any increase in fair value is recognised through OCI.

In the case equity investments classified as AFS, objective evidence would also include a "significant" or "prolonged" decline in the fair value of the investment below its cost. LKAS 39 does not provide any further guidance or quantitative threshold for 'significant' or 'prolonged'. In the absence of further authoritative guidance, applying these criteria is a matter for professional judgment. The term 'prolonged' should be assessed based on the period for which fair value has been less than acquisition cost. A general stock market decline over the period of 12 months may not necessarily be considered as 'prolonged' in the Sri Lankan stock market context. A decline of 20%-30% of the fair value of an investment in an equity instrument below its acquisition cost may be considered as 'significant'.

Where there is evidence of impairment, the cumulative impairment loss on that investment previously recognised in Equity through the OCI is removed from Equity and charged to Profit or Loss. Any subsequent recovery in the fair value of an Available for Sale equity instrument is always recognised in OCI.

3.9.3.3 Non Impairment of Financial Assets

The carrying amounts of the nonfinancial assets other than, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is re-estimated and adjusted in profit or loss. The recoverable amount of an asset or cash- generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.
An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in Profit or Loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer
Exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

3.10 Provisions

General Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Expense relating to any provision is presented in the statement of profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.11 Statement of cash flows

The statement of cash flows has been prepared using the direct method of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) - 7, Cash Flow Statements.
Interest and dividends received are classified as investing cash flows. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

3.12 Liabilities and Provisions

3.12.1 Insurance Contract Liabilities

3.12.1.1 Insurance Provision

Insurance contract liabilities include the outstanding claims provision including IBNR and IBNER, the provision for unearned premium, title insurance reserve and farmer's insurance reserve.

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date.

The valuation of Unearned Premium Reserve is measured in accordance with guidelines of the Regulation of Insurance Industry Act, No. 43 of 2000 (i.e. based on the 1/24th basis).

The incurred but not Reported (IBNR) and Incurred but not Enough Reported (IBNER) claim reserves are actuarially computed.

The liability is not discounted for the time value of money. No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

Title insurance reserve is maintained by the Company to pay potential claims arising from the title insurance policies.

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

3.13 Employee Benefits

3.13.1 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The actuarial valuation involves making assumptions about discount rate, salary increment rate and balance service period of employees. Due to the long-term nature of the plans such estimates are subject to significant uncertainty. Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded.

3.13.2 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.

All employees of the Company are members of the Employees' Provident Fund and Trust Fund to which the Company contributes 12% and 3% respectively, which are charged to Statement of Income when incurred.

3.13.3 Actuarial Gains and Losses

All Actuarial gains or losses are recognized immediately in profit or loss applying the faster recognition approach.

3.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

3.15 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. However, no borrowing costs in the Company during the financial periods are under review.

3.16 Revenue Recognition

3.16.1 Gross Written Premium

Gross written premiums - Non - Life Insurance comprise the total premiums received /receivable for the whole period of cover provided by contracts entered into during the accounting period. Gross Written Premium is generally recognized is written upon inception of the policy. Upon inception of the contract, premiums are recorded as written and are earned primarily on a pro-rata basis over the term of the related policy coverage.

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

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on 1/24th basis in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000. However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums which is included under liabilities.

Net Written Premium on Title Insurance after deducting acquisition cost has been transferred to the Title Reserves account to pay potential claims arising from the Title Insurance policies.

3.17 Events Occurring after the Reporting

All material post Statement of Financial Position events have been considered and where appropriate, Adjustments or disclosures have been made in the respective notes to the Financial Statements.

3.18 Changes In Accounting Policies And Disclosures

3.18.1. Revaluation of Property, Plant and Equipment

The company re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Company had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On 1 January 2022, the Company elected to change the method of accounting for Property, Plant and equipment. As the Company believes that the revaluation model provides more relevant information to the users of its financial statements as it is more aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of the office properties' fair value. The Company applied the revaluation model prospectively.
After initial recognition, Property, Plant and Equipment are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The following SLFRSs have been issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) that have an effective date in the future and have not been applied in preparing these Financial Statements. Those SLFRSs will have an effect on the accounting policies currently adopted by the Company and may have an impact on future Financial Statements which is summarised as below.

4.1 SLFRS 9 - Financial Instruments

In December 2014, the CA Sri Lanka issued the final version of SLFRS 9 Financial Instruments classification and measurement which reflects all phases of the financial instruments project and replaces LKAS 39 - Financial Instruments: Recognition and Measurement. The standard introduces new requirements for,

- Classification and measurement,
- Impairment,
- Hedge Accounting

SLFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Temporary exemption from SLFRS 9

SLFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. However, for an insurer that meets the criteria in paragraph 20B of SLFRS 4 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 1 January 2022.

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

(a) it has not previously applied any version of SLFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as at Fair Value Through Profit or Loss and;

(b) Its activities are predominantly connected with insurance, at its annual reporting date that immediately proceeds 1 April 2016, or at a subsequent annual reporting date.

Having considering the above criteria, Since Sanasa General Insurance Company Limited is predominantly connected with Insurance activities; company may continue to apply LKAS 39 - Financial Instruments: Recognition and Measurement rather than SLFRS 9 for annual periods beginning before 1 January 2022.

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.

SLFRS 9 contains three principal classification categories for financial assets measured at:

- Amortised 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.
Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis.

Under SLFRS 9, the Company will reclassify these investments as measured at FVTPL. Consequently, all fair value gains and losses on disposal will be reported in Profit or Loss.

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 at FVTPL are recognised 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 OCI; and
- The remaining amount of change in the fair value is presented in Profit or Loss.

The Company has not designated any financial liabilities at FVTPL and it has no current intention to do so.

Impairment

SLFRS 9 replaces the 'Incurred Loss' model in LKAS 39 with a forward-looking 'Expected Credit Loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under SLFRS 9, 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.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component;

With the consultation of external consultants the Company is in the process of formulating the relevant models for impairment computation.

4.2. SLFRS 17 – Insurance Contracts

SLFRS 17 will replace SLFRS 4 on accounting for insurance contracts and will be effective from 01 January 2025.

Objective

SLFRS 17 Insurance contracts establish the 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 a basis for users of Financial Statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.
Scope

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

Some contracts meet the definition of an insurance contract but have their primary purpose as provision of services for a fixed fee. Such issued contracts are in the scope of the Standard, unless an entity chooses to apply to them SLFRS 15 Revenue from Contracts with Customers and provided the following conditions are met:

a) the entity does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer;
b) the contract compensates customers by providing a service, rather than by making cash payments to the customer; and
c) the insurance risk transferred by the contract arises primarily from the customer's use of service rather than from uncertainty over the cost of those services

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;

1. Building Block Approach (BBA)
2. Premium Allocation Approach (PAA)
3. Variable Fee Approach (VFA)

Building Block Approach (General Measurement Model) Measurement

On initial recognition, an entity shall measure a group of contracts at the total of:

a) the amount of fulfillment cash flows ("FCF"), which comprise:

I. estimates of future cash flows;
II. an adjustment to reflect the time value of money ("TVM") and the financial risks associated with the future cash flows; and
III. a risk adjustment for non-financial risk

b) the contractual service margin ("CSM")

An entity shall include all the cash flows within the boundary of each contract in the group. The entity may estimate the future cash flows at a higher level of aggregation and then allocate the resulting fulfillment cash flows to individual groups of contracts.

The estimates of future cash flows shall be current, explicit, unbiased, and reflect all the information available to the entity without undue cost and effort about the amount, timing and uncertainty of those future cash flows. They should reflect the perspective of the entity, provided that the estimates of any Relevant market variables are consistent with observable market prices.

Discount rates

The discount rates applied to the estimate of cash flows shall:

a) reflect the time value of money (TVM), the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;

b) be consistent with observable market prices of those financial instruments whose cash flow characteristics are consistent with those of the insurance contracts; and

c) Exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

Risk Adjustment for Non-financial Risk

The estimate of the present value of the future cash flows is adjusted to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of future cash flows that arises from non-financial risk.

Contractual Service Margin

The CSM represents the unearned profit of the group of insurance contracts that the entity will recognize as it provides services in the future. This is measured on initial recognition of a group of insurance contracts at an amount that, unless the group of contracts is onerous, results in no income or expenses arising from:

a) The initial recognition of an amount for the FCF;
b) The derecognition at that date of any asset or liability recognized for acquisition cash flows; and
c) Any cash flows arising from the contracts in the group at that date.

Subsequent Measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of:

a) The liability for remaining coverage comprising:
I. The FCF related to future services and;
II. The CSM of the group at that date;

b) The liability for incurred claims, comprising the FCF related to past service allocated to the group at that date.

Onerous Contracts

An insurance contract is onerous at initial recognition if the total of the FCF, any previously recognized acquisition cash flows and any cash flows arising from the contract at that date is a net outflow. An entity shall recognize a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF and the CSM of the group being zero.

On subsequent measurement, if a group of insurance contracts become onerous (or more onerous), that excess shall be recognized in profit or loss. Additionally, CSM cannot increase and no revenue can be recognized, until the onerous amount previously recognized has been reversed in profit or loss as part of a service expense.

Premium Allocation Approach

An entity may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the Premium Allocation Approach (PAA) on the condition that, at the inception of the group:

a) The entity reasonably expects that this will be a reasonable approximation of the General Model, or
b) The coverage period of each contract in the group is one year or less

Where, at the inception of the group, an entity expects significant variances in the FCF during the period before a claim is incurred, such contracts are not eligible to apply the PAA.

Using the PAA, the liability for remaining coverage shall be initially recognized as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. Subsequently the carrying amount of the liability is the carrying amount at the start of the reporting period plus the premiums received in the period, minus insurance acquisition cash flows, plus amortization of acquisition cash flows, minus the amount recognized as insurance revenue for coverage provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

Modification and De-recognition

Modification of an insurance contract

If the terms of an insurance contract are modified, an entity shall derecognize the original contract and recognize the modified contract as a new contract if there is a substantive modification, based on meeting any of the specified criteria.

The modification is substantive if any of the following conditions are satisfied:

a. if, had the modified terms been included at contract's inception, this would have led to:
I. Exclusion from the Standard's scope;
II. Unbundling of different embedded derivatives;
III. Redefinition of the contract boundary; or
IV. The reallocation to a different group of contracts; or

b. if the original contract met the definition of a direct participating insurance contracts, but the modified contract no longer meets that definition, or vice versa; or
c. The entity originally applied the PAA, but the contract's modifications made it no longer eligible for it.

De-recognition

An entity shall de-recognize an insurance contract when it is extinguished, or if any of the conditions of a substantive modification of an insurance contract are met.

Presentation in the Statement of Financial Position

An entity shall present separately in the statement of financial position the carrying amount of groups of:

a) Insurance contracts issued that are assets;
b) Insurance contracts issued that are liabilities;
c) Reinsurance contracts held that are assets; and
d) Reinsurance contracts held that are liabilities.

Recognition and Presentation in the statement(s) of financial performance

An entity shall disaggregate the amounts recognized in the statement(s) of financial performance into:

a) An insurance service result, comprising insurance revenue and insurance service expenses; and
b) Insurance finance income or expenses.
Income or expenses from reinsurance contracts held shall be presented separately from the expenses or income from insurance contracts issued.

Insurance Service Result

An entity shall present in profit or loss revenue arising from the groups of insurance contracts issued, and insurance service expenses arising from a group of insurance contracts it issues, comprising incurred claims and other incurred insurance service expenses. Revenue and insurance service expenses shall exclude any investment components. An entity shall not present premiums in the profit or loss, if that information is inconsistent with revenue presented.

Insurance Finance Income or Expenses

Insurance finance income or expenses comprises the change in the carrying amount of the group of insurance contracts arising from: [SLFRS 17:87]

a) The effect of the time value of many and changes in the time value of money; and
b) The effect of changes in assumptions that relate to financial risk; but
c) Excluding any such changes for groups of insurance contracts with direct participating insurance contracts that would instead adjust the CSM.

An entity has an accounting policy choice between including all of insurance finance income or expense for the period in profit or loss, or disaggregating it between amount presented in profit or loss and amount presented in other comprehensive income ("OCI")

Under the general model, disaggregating means presenting in profit or loss an amount determined by a systematic allocation of the expected total finance income or expenses over the duration of the group of contracts. On derecognition of the groups amounts remaining in OCI are reclassified to profit or loss.

Under the VFA, for direct participating insurance contracts, only where the entity holds the underlying items, disaggregating means presenting in profit or loss as insurance finance income or expenses an amount that eliminates the accounting mismatches with the finance income or expenses arising on the underlying items. On derecognition of the groups, the amounts previously recognized in OCI remain there.

Disclosures

An entity shall disclose qualitative and quantitative information about:

a. The amounts recognized in its Financial Statements that arise from insurance contracts;
b. The significant judgments, and changes in those judgments, made when applying SLFRS 17; and
c. The nature and extent of the risks that arise from insurance contracts.

Effective Date

SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2025. Earlier application is permitted if both SLFRS 15 'Revenue from Contracts with Customers' and SLFRS 9 'Financial Instruments' have also been applied.

4.3. Deferred Tax Related to Assets and Liabilities arising from a single transaction (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023

4.4. Classification of Liabilities as Current or Non-current (Amendments to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2023

The amendments in Classification of Liabilities as Current or Noncurrent (Amendments to LKAS 1) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those item.

The Key amendments are as follows:

The classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The standard also clarifies that settlement refers to the transfer to the counterparty of Cash, equity instruments, other assets or services. The Group does not anticipate this amended to have a significant impact

4.5. Definition of Accounting Estimates (Amendments to LKAS 8)

The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. Additionally, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendment applies to annual reporting periods beginning on or after 1 January 2023

4.6. Disclosure of Accounting Policies (Amendments to LKAS 1)

The amendment applies to annual reporting period beginning on or after 1 January 2023.

The key amendments include

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The Company does not anticipate this amended to have a significant impact.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

5. PROPERTY, PLANT & EQUIPMENT

Accounting policy

Property, plant and equipment (PPE) are tangible items that are held for servicing or for administrative purposes and are expected to be used for more than one year. Property, plant and equipment include computer hardware, office equipment, furniture and fittings and motor vehicles.

Basis of recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably.

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to or replace a part of it. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring at the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of computer equipment. The Company applies the cost model to plant and equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

Repairs and maintenance

Repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred. Cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Revaluation

All items of Property plant and Equipment are initially recorded at cost. Where items of Property plant and equipment (Except Motor Vehicles) are subsequently revalued, the entire class ((Except Motor Vehicles) of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the balance sheet date. Subsequent to the initial recognition as an assets at cost, revalued amounts less any subsequent depreciation thereon. When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation

Depreciation

The Company provides depreciation from the month of purchase of the assets up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets.

- Furniture & Fittings 10%
- Computer & Printers 25%
- Other Computer Equipment 15%
- Electrical Equipment 10%
- Office Equipment 25%
- Motor Vehicles 20%

De-recognition

Carrying amount of an item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from it. Gain or loss arising from the de-recognition of an item of property, plant and equipment is included in the statement of profit or loss when the item is de-recognised. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is de-recognised. At each such capitalisation, the remaining carrying amount of the previous cost of inspection is de-recognised.

5. PROPERTY, PLANT & EQUIPMENT (Contd...)

Cost /Revalued	Furniture & Fittings	Computer & Printers	Office Equipment	Other Computer Equipment	Electrical Equipment	Motor Vehicles	Work in Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 January, 2021	42,418,940	41,023,647	269,446	2,771,554	22,658,246	22,298,798	2,300,000	133,740,631
Additions /Capitalized during the year	6,275,686	7,910,750	76,000	52,500	4,488,427	13,495,000	1,900,000	34,198,363
Disposal /Capitalized during the year	-	-	-	-	-	-	-	-
As at 31 December, 2021	48,694,626	48,934,397	345,446	2,824,054	27,146,673	35,793,798	4,200,000	167,938,994
As at 01 January, 2022	48,694,626	48,934,397	345,446	2,824,054	27,146,673	35,793,798	4,200,000	167,938,994
Additions /Capitalized during the year	7,288,067	17,030,375	50,000	62,150	8,348,608		2,612,500	35,391,700
Revaluation Gain/(Loss)	(23,122,813)	(14,322,164)	96,014	(2,431,399)	(13,915,981)	-	-	(53,696,342)
Disposal /Capitalized during the year	-	(27,491,975)	-	-	-	(8,746,834)	-	(36,238,809)
As at 31 December, 2022	32,859,880	24,150,633	491,460	454,806	21,579,300	27,046,963	6,812,500	113,395,542
Depreciation								
As at 01 January, 2021	13,236,998	29,368,412	114,655	1,433,780	6,968,504	14,422,660	-	65,545,010
Charges for the Periods	4,536,418	5,793,240	76,328	368,268	2,539,036	4,268,865		17,582,155
Depreciation for Disposal								
As at 31 December, 2021	17,773,416	35,161,652	190,983	1,802,047	9,507,540	18,691,525	-	83,127,165
As at 01 January, 2022	17,773,416	35,161,652	190,983	1,802,047	9,507,540	18,691,525	-	83,127,165
Charges for the Periods	4,460,997	9,079,445	92,280	194,968	2,778,326	5,089,000		21,695,016
Revaluation Gain/(Loss)	(21,168,949)	(40,315,568)	(243,136)	(1,974,052)	(11,586,320)			(75,288,025)
Depreciation for Disposal	-	(2,020,308)	-	-	-	(8,746,834)		(10,767,142)
As at 31 December, 2022	1,065,465	1,905,221	40,127	22,963	699,547	15,033,691	-	18,767,013
Carrying Amounts								
As at 31 December, 2022	31,794,416	22,245,412	451,333	431,842	20,879,753	12,013,272	6,812,500	94,628,528
As at 31 December, 2021	30,921,210	13,772,745	154,463	1,022,007	17,639,133	17,102,272	4,200,000	84,811,829

5.1. Revaluation of Property, Plant & Equipment

Management determined that the Furniture & Fittings, Computer & Printers, Office Equipment, Other Computer Equipment and Electric Equipment in Sanasa General Insurance Company constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property .

Fair value of the properties was determined using the market comparable method. The valuations have been Performed by the valuer and are based on proprietary databases of prices of transactions for property, plant and equipment of similar nature, location and condition. As at the dates of revaluation on 31st August 2022 , the property plant and equipment' fair values are based on valuations performed by Ms. K.P.S.K Chandani an accredited independent valuer who has valuation experience for similar office properties in Sri Lanka

Property	Effective Date of Valuation	Valuation Tech	Fair Value as at Revaluation Date	Carrying Amount as at Revaluation Date	Net Gain/ Loss
Computers & Printers	31.08.2022	Market comperensive	44,447,232	18,453,828	25,993,404
Computer Accessories	31.08.2022		454,805	912,152	(457,347)
Office Equipment	31.08.2022		463,460	124,310	339,150
Furniture & Fittings	31.08.2022		30,846,702	32,800,566	(1,953,864)
Electrical Assets	31.08.2022		20,406,537	22,736,199	(2,329,661)
			96,618,736	75,027,054	21,591,683

5.2. Title restriction on property, plant and equipment

There are no restrictions that existed on the title of property, plant and equipment of the Company as at the reporting date.

5.3. Acquisition of property, plant and equipment during the year

During the financial year, the Company acquired property, plant and equipment except for right-of-use assets amounting to Rs.35,391,700 (2021 -Rs. 34,328,363). Cash payments amounting to Rs. 35,391,700 (2020 - Rs. 34,328,363) were made during the year to purchase property plant and equipment.

5.4 Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment pledged as securities for liabilities as at 31 December 2022 (2021 - Nil).

5.5 Capitalisation of borrowing cost

There were no capitalised borrowing costs relating to the acquisition of property, plant and equipment during the year ended 31 December 2021 (2020- Nil).

5.6 Temporarily idle property, plant and equipment

There were no temporarily idle property, plant and equipment as at 31 December 2022 (2021 - Nil).

5.7 Assessment of impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment indicators of property, plant and equipment as at 31 December 2022. Based on the assessment, no impairment indicators were identified and therefore no impairment provision is required to be made in the financial statements as at the reporting date in respect of property, plant and equipment.

5.8 Amount of contractual commitments for the acquisition of property, plant and equipment

There are no contractual commitments for the acquisition of property, plant and equipment as at the reporting date.

6. INVESTMENT PROPERTY

Accounting policy

Investment property is property held either to earn rental income or for capital appreciations or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to- day servicing of the investment property. Subsequent to initial recognition. The investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in the fair values are included in the Income Statement in the year in which they arise. Fair values are evaluated with sufficient frequency by an accredited external, independent value.

Subsequent Costs

Cost includes expenditure that is directly attributable to the acquiring of the investment property. The cost of self - constructed investment property included the cost of material and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use

De-recognition

Investment properties are derecognized when disposed of or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognized in the Income Statement in the year of retirement or disposal.

	2022	2021
	Rs.	Rs.
Cost		
As at 01 January	75,000,000	65,500,000
Fair Value Gain	23,300,000	9,500,000
Capitalization	-	-
As at 31 December	98,300,000	75,000,000

The investment property is measured at fair value. The fair value of the investment property was assessed by Ms. K.P.S.K Chandani on 31 December 2022 (an Independent Valuer). The fair value gain is accounted in the Statement of Profit or Loss.

Address	Effective Date of Valuation	Valuation Technique	Building Sq Ft	Extent perches	Fair Value as at 31/12/2022		
					Land	Building	Total
No 40, Karandupona, Kegalle	31-Dec-22	Market Based Valuation	5611	248	84,320,000	13,980,000	98,300,000
					84,320,000	13,980,000	98,300,000

Property	Effective date of valuation	Valuation technique	Significant unobservable inputs	Range of estimates for unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement	Sensitivity of the fair value measurement to inputs
Land						
No 40, Karandupona, Kegalle	31-Dec-22	Market comparable method . This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process outlier transactions, indicative of particular motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value	"Market value per perch"	Rs. 340,000 per Perch	" Positive correlated sensitivity	Estimated fair value would increase/ (decrease) if price per perch would increase / (decrease)
Bulding						
No 40, Karandupona, Kegalle	31-Dec-22	Market comparable method . This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process outlier transactions, indicative of particular motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value	Price per square foot for building	Rs. 2,500 per sq.ft	" Positive correlated sensitivity	Estimated fair value would increase/ (decrease) if price per perch would increase / (decrease)

7. RIGHT OF USE ASSET

Accounting Policy

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 arrangement is, or contains a lease if fulfillment of the arrangement is dependent on the use of a specific assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Company has adopted SLFRS 16 using modified retrospective method from 1 January 2019, without restating comparatives for 2018 reporting period, as permitted under the specific transitional provisions in the standard.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset.

the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use assets of the Company consists of branches premises and vehicles taken on rent which were previously recognised as operating leases under LKAS 17.

Right of use Lease Asset

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, Company's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right of use assets are subject to impairment.

Short-term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease Creditors

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Extension Options

The Comany assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Comany reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The extension options held are exercisable only by the Comany and not by the lessors.

Impairment of ROU Assets

As at the reporting date, no impairment loss has been recognised by the Company in respect of impairment of Right of Use Assets since each business unit is operating under the business continuity plan as per the Company risk management strateg

Sale and Lease Back Transactions

The Company does not have Sale and Lease Back Transactions as at the reporting date. (2021 - Nil)

Sub Lease

The Company does not have sub leased properties as at the reporting date. (2021 - Nil)

7.1 The Movement of Right of Use Assets of the Company is as follows;

	2022 Rs.	2021 Rs.
Cost of Right of use Asset		
Balance as at 01 January	143,891,082	119,151,851
Acquisition of Right of Use Assets during the year	11,819,115	21,309,824
Advances Paid for Right of Use Asset during the year	1,432,700	3,429,407
Balance as at 31 December	157,142,897	143,891,082
Accumulated Deprecation and Amortisation		
Balance as at 01 January	72,111,371	41,672,865
Depreciation of Right of Use Assets	26,958,962	25,864,700
Amortisation of Rent Advance for Right of Use asset	4,501,165	4,573,805
Balance as at 31 December	103,571,498	72,111,371
Net Right of Use Asset as at 31 December	53,571,400	71,779,712

7.2 Lease Creditors

	2022 Rs.	2021 Rs.
Balance as at 01 January	61,163,278	63,728,922
Additions to Lease Creditors during the year	11,819,117	21,309,824
Interest Expenses of Lease Creditors during the year	7,121,894	7,861,279
Rentals paid for Lease Creditors during the Year	(33,982,734)	(31,736,748)
Balance as at 31 December	46,121,554	61,163,278

8. FINANCIAL ASSETS

Accounting Policy

Recognition and initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in business model assessment and the SPPI test below. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the day one profit or loss as described below.

Measurement categories of financial assets

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Loans & Receivables
- Financial Assets at Fair Value through Profit or Loss

De-recognition and substantial modification

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognises the financial asset if it has both transferred the financial asset and the transfer qualifies for de-recognition.

Offsetting of financial investments

Financial assets and liabilities are offset and net amount is presented in the statement of financial position when and only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company's financial investments are summarised below based on measurement category.

	Note	2022	2021
		Rs.	Rs.
Loans and Receivables	(8.1)	654,010,229	669,150,990
Financial Assets at Fair Value through Profit or Loss	(8.2)	79,484,698	115,517,440
		733,494,926	784,668,430

8.1 Loans and Receivables

	2022	2021
	Rs.	Rs.
Treasury Bonds	158,551,245	162,833,965
Short Term Investments / REPO	52,000,000	219,151,059
Debentures	202,615,129	149,405,733
Fixed Deposits	240,843,855	137,760,233
	654,010,229	669,150,990

8.2 Financial Assets at Fair Value through Profit or Loss Accounting Policy

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking. FVPL assets are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised under 'Fair value gains/(losses)' in the statement of profit or loss. Dividend income is recorded in 'Interest and dividend income' when the right to payment has been established.

Investment in Quoted Equity	"No. of Shares"	2022	2021
		Rs.	Rs.
Commercial Bank PLC	31,850	1,598,870	2,433,241
Sanasa Development Bank PLC	1,124,418	24,062,545	48,349,974
Sampath Bank PLC	234,487	8,019,455	10,914,273
Sarvodaya Development Finance PLC	1,108,445	11,971,206	21,503,833
Dipped Products PLC	180,000	5,238,000	7,605,000
Alumex PLC	731,608	5,267,578	6,195,499
Lanka Walltile PLC	100,000	5,150,000	-
Access Engineering PLC	100,000	1,070,000	-
LOLC Holdings PLC	5,000	1,990,000	-
LOLC Finance PLC	50,957	417,847	-
Kelani Tyres PLC	110,000	6,380,000	-
Melstacorp PLC	70,000	3,234,000	
Sunshine Holdings PLC	2,000	69,600	-
Hayleys PLC	48,372	3,289,296	-
Royal Ceramics Lanka PLC	61,000	1,726,300	-
Lanka IOC PLC		-	2,928,000
Expolanka Holdings PLC		-	11,257,500
Hayleys Fabric PLC		-	4,330,120
		79,484,698	115,517,439

8.3 The following table consists of the fair values of the Financial Investments together with their carrying values:

As at 31 December,	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Fair Value through Profit or Loss	79,484,698	79,484,698	115,517,440	115,517,440
Loans and Receivables	654,010,229	616,556,616	669,150,990	658,568,012
	733,494,926	696,041,314	784,668,430	774,085,451

8.4 Movement of Carrying Values in Financial Investments

	"Loans and Receivables"	"Financial Assets at Fair Value through Profit or Loss"	Total
	Rs.	Rs.	Rs.
As at 01 January, 2022	669,150,990	115,517,440	784,668,431
Purchases / Interest Income	778,183,778	149,571,420	927,755,198
Maturities / Sales	(793,324,539)	(115,864,777)	(909,189,316)
Fair Value Gains / (Losses) recorded in the Profit or Loss	-	(69,739,386)	(69,739,386)
As at 31 December, 2022	654,010,229	79,484,698	733,494,927

8.5 Credit Risk Management

Credit risk is the risk that one party to a Financial Instrument will cause a financial loss to the other party by failing to discharge an obligation.

The table below provides information regarding the credit risk exposure of the Company as at 31 December 2022 by classifying assets according to the respective credit ratings. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB- are classified as speculative grade.

Government securities have been classified as a separate category as it is considered a risk free investment.

Credit risk exposure on Assets	Government Guaranteed	AAA+AAA-	AA+AA-	A+A-	BBB+B	Not rated	Total
Financial Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Loans and Receivables	210,551,245		215,945,425	183,329,999	44,183,561		654,010,230
Financial Assets at Fair Value through Profit or Loss	-	3,234,000	19,357,221	3,477,847	36,033,751	17,381,878	79,484,697
Total	210,551,245	3,234,000	235,302,646	186,807,846	80,217,312	17,381,878	733,494,927

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

Some of the specific actions taken by the Company to mitigate credit risks are shown below.

Creditworthiness of potential investment entities is checked mainly through ratings assigned to the issuing institution or the ratings assigned to the issue. Investments are carried out only with the explicit approval of the Investment Committee.

Master Repo Agreements are signed with all primary dealers the Company works with in order to ensure zero level of default risk in respect of Government Securities bought through such parties in the event of their bankruptcy.

8.6 Liquidity Risk Management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The table below summarizes the maturity profile of the financial assets of the Company based on remaining contractual obligations, including interest payable and receivable.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

Maturity Analysis of Assets 2022

Financial Assets	"Carrying Amounts Rs."	"Less than 01 Year Rs."	" 1-2 Year (365-730) Rs. "	"2-3 Year (730-1095) Rs."	"3-5 Year (1095-1825) Rs."	"More than 5 Years Rs."
Loans and Receivables	654,010,229	242,022,996	143,136,178	25,388,356	235,296,015	8,166,684
Financial Assets at Fair Value through Profit or Loss	79,484,698	79,484,698	-	-	-	-
Cash and Cash Equivalents	60,645,917	60,645,917	-	-	-	-
Total	794,140,844	382,153,611	143,136,178	25,388,356	235,296,015	8,166,684

Maturity Analysis of Assets 2021

Financial Assets	"Carrying Amounts Rs."	"Less than 01 Year Rs."	" 1-2 Year (365-730) Rs. "	"2-3 Year (730-1095) Rs."	"3-5 Year (1095-1825) Rs."	"More than 5 Years Rs."
Loans and Receivables	669,150,990	288,916,174	118,772,818	146,908,805	106,385,495	8,167,699
Financial Assets at Fair Value through Profit or Loss	115,517,439	115,517,440	-	-	-	-
Cash and Cash Equivalents	80,557,444	66,961,897	-	-	-	-
Total	865,225,874	471,395,512	118,772,819	146,908,806	106,385,496	8,167,700

Some of the specific actions taken by the Company to mitigate liquidity risks are shown below.

The maturity mix of the investment portfolio is reviewed and agreed upon by the management and the Investment Committee on a regular basis.

All large cash outflows are planned in advance and necessary arrangements are made to ensure the availability of funds to meet such outflows.

8.7 Maturity Analysis of Assets and laibilities

The tabkle below shows an analysis of assets and libailities presetnted according to when they are expected to be recovered or settled .

As at 31 December 2022	Within 12 Months	After 12 Months	Total
Assets			
Property, Plant and Equipment		94,628,528	94,628,528
Investment Property		98,300,000	98,300,000
Intangible Assets			-
Right of Use Asset		53,571,400	53,571,400
Financial Assets	242,022,996	491,471,931	733,494,927
Investment in Subsidiaries & Associates			-
Reinsurance Receivables	32,786,921		32,786,921
Premiums Receivables	311,624,299		311,624,299
Loans to Life Policy Holders			-
Other Assets	90,632,190		90,632,190
Cash and Cash Equivalents	67,655,144		67,655,144
Total Assets	744,721,549	737,971,859	1,482,693,408
			-
Liabilities			-
Insurance Provision - Life Insurance	502,854,914		502,854,914
Interest Bearing Loans and Borrowing			-
Retirement Benefits Obligation		7,469,316	7,469,316
Reinsurance Payable	16,443,822		16,443,822
Other Liabilities	172,318,064		172,318,064
Amount Due to Related Party	-		-
Lease Creditor		46,121,554	46,121,554
Defferred Tax Liability		15,445,432	15,445,432
Total Liabilities	691,616,800	69,036,302	760,653,101

8.8 Market Risk Management

Market risk is the risk that the fair value / present value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market price risk.

Some of the specific actions by the Company to mitigate market related risks are shown below.

Investment decisions are based on fundamental principles.

Investments are classified into different categories as required by new Sri Lanka Accounting Standards (SLFRS/LKAS) following a systematic basis considering both intention and ability of the Company to hold such investments as per the classification

Investments are made only on selected companies which are identified subsequent to an evaluation process.

The investment portfolio is reviewed by the Managing Director and Head of Finance on a monthly basis with the participation of both front office and back office investment staff.

Meetings are arranged with the Investment Committee on a quarterly basis to discuss investment portfolios, investment strategy and future outlook.

Market interest rates and other macro-economic indicators are monitored closely by both the management and the Investment Committee and necessary changes are made to the asset allocation and the maturity mix of investments on a periodic basis.

9. REINSURANCE RECEIVABLES

Accounting Policy

The company cedes insurance risk in the normal course of business with 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. Gross Reinsurance is recorded 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 Ceded reinsurance arrangements do not relieve the company from its obligations to Policyholders.

	2022	2021
	Rs.	Rs.
Reinsurance Receivables	32,786,921	37,083,767
	32,786,921	37,083,767

10. PREMIUMS RECEIVABLE

Accounting Policy

nsurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration receivable. Collective of premiums is reviewed on an ongoing basis.

According to the Premium Payment Warranty (PPW) directive issued by the Insurance Regulatory Commission of Sri Lanka, all General Insurance policies are issued subject to PPW and are cancelled upon the expiry of 60 days if not settled.

	2022	2021
	Rs.	Rs.
Premiums Receivable	311,624,299	151,869,095
Less: Impairment Provision	-	-
As at 31 December	311,624,299	151,869,095

Premium Receivables disclosed above include amounts that are past due at the end of the reporting period against which the Company has recognised an allowance for impairment loss where the receivables are beyond the extended credit period. The Board of Directors has assessed potential impairment loss of premium receivables as at 31 December 2021. Based on the assessment, no additional impairment provision is required to be made in the Financial Statements as at the reporting date in respect of premium receivables.

11. AMOUNTS DUE FROM RELATED PARTIES

	Relationship	2022	2021
		Rs.	Rs.
		-	1,453,537
Sanasa Life Insurance Company Limited	Parent	-	1,453,537

12. OTHER ASSETS

Accounting Policy

Recognition of other assets

Other assets which consist of non-financial assets are recognised at cost less any impairment losses.

Inventory

Inventory includes all consumable items which are stated at lower of cost and net realisable value.

	2022	2021
	Rs.	Rs.
Inventories	9,771,133	9,181,869
Advances & Deposits	14,822,300	12,434,303
Other Receivables	64,535,052	27,381,375
	89,128,485	48,997,547

13. CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalent comprise cash in hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

For cash flow purposes, cash and cash equivalents arc presented net of bank overdrafts

	2022	2021
	Rs.	Rs.
Cash in Hand	1,297,845	2,280,844
Cash at Bank and Cash at Sanasa Soceity Accounts	66,357,300	78,276,601
	67,655,144	80,557,444

14. STATED CAPITAL

Accounting Policy

The Company has issued Ordinary shares that are classified as equity instruments. Ordinary shares of the Company are recognised at the amount paid per ordinary share net of directly attributable issue cost.

	2022		2021	
	Number of Shares	Value of Shares in Rs.	Number of Shares	Value of Shares in Rs.
Fully paid Ordinary Shares				
As at 01 January	50,899,561	508,995,610	50,899,561	508,995,610
New Shares Issued during the year	-	-	-	-
As at 31 December	50,899,561	508,995,610	50,899,561	508,995,610

Rights of Ordinary Shareholders

The Ordinary Shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at General Meetings of the members of the Company.

15. INSURANCE CONTRACT LIABILITIES

Accounting Policy

Provision for net unearned premium

Provision for unearned premium represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income. At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognised in the statement of profit or loss by setting up a provision for liability adequacy.

As required by SLFRS 4 - Insurance Contracts, the Company performs a Liability Adequacy Test (LAT) in respect of non-life contract liabilities with the assistance of an external actuary.

Provision for gross outstanding claims

Non-life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries.

The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are de-recognised when the contract expires, is discharged or is cancelled.

Provision for gross incurred but not reported claims

Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder method, Bornheutter-Ferguson method and Frequency/Severity method.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved, Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium.

The incurred but not reported claims reserve has been actuarially computed by NMG Financial Services Consulting Pte Limited as at 31 December 2022

The general insurance provision shown in the Balance Sheet represents the following;

		2022	2021
		Rs.	Rs.
Balance as at 01 January		254,629,424	246,828,614
Net Change in Reserve for Unearned Premium		151,023,950	7,800,810
Net Reserve for Unearned Premium for the period end	(15.2)	405,653,374	254,629,424
Net Deferred Acquisition Cost	(15.1)	(53,801,301)	(33,392,451)
Balance as at 31 December		351,852,073	221,236,973
Gross Claim Payable	(15.3)	93,829,501	68,802,135
Net Claim Payable IBNR/IBNER	(15.4)	57,173,340	82,064,239
Total		502,854,914	372,103,347

15.1 Insurance Contract Liabilities

	2022			2022		
	Gross Liabilities Rs.	Reinsurer's Share Rs.	Net Liabilities Rs.	Gross Liabilities Rs.	Reinsurer's Share Rs.	Net Liabilities Rs.
Unearned Premium	435,276,172	(29,622,798)	405,653,374	272,379,962	(17,750,539)	254,629,423
Deferred Acquisition Cost	(56,416,647)	2,615,347	(53,801,301)	(35,438,892)	2,046,440	(33,392,451)
Claim Payable	93,829,501	(19,661,543)	74,167,958	68,802,135	(7,675,064)	61,127,071
Claim Payable IBNR/IBNER (Net)	63,537,000	(6,364,000)	57,173,000	104,128,058	(22,063,820)	82,064,239
	536,226,026	(53,032,994)	483,193,031	409,871,262	(45,442,984)	364,428,280

15.2 Provision for Net Unearned Premiums

	2022			2022		
	Gross Liabilities Rs.	Reinsurer's Share Rs.	Net Liabilities Rs.	Gross Liabilities Rs.	Reinsurer's Share Rs.	Net Liabilities Rs.
As at 01 January	272,379,962	(17,750,540)	254,629,422	263,291,298	(16,462,684)	246,828,614
Premium Written during the year	1,041,895,343	(102,837,389)	939,057,954	890,107,264	(124,622,439)	765,484,825
Preimium Earned during the year	(878,999,132)	90,965,131	(788,034,001)	(881,018,599)	123,334,584	(757,684,015)
As at 31 December	435,276,172	(29,622,798)	405,653,374	272,379,962	(17,750,540)	254,629,423

15.3 Provision for Gross Outstanding Claims

	2022			2022		
	Gross Liabilities Rs.	Reinsurer's Share Rs.	Net Liabilities Rs.	Gross Liabilities Rs.	Reinsurer's Share Rs.	Net Liabilities Rs.
As at 01 January	68,802,135	(7,675,064)	61,127,072	53,408,683	(8,065,600)	45,343,082
Claims Incurred during the year	285,082,359	(32,674,835)	252,407,524	288,073,850	(29,640,021)	258,433,829
Claims Paid during the year	(260,054,993)	20,688,356	(239,366,638)	(272,680,398)	30,030,557	(242,649,841)
As at 31 December	93,829,501	(19,661,543)	74,167,958	68,802,135	(7,675,064)	61,127,071

15.4 Provision for Gross IBNR Claims

	2022			2022		
	Gross Liabilities Rs.	Reinsurer's Share Rs.	Net Liabilities Rs.	Gross Liabilities Rs.	Reinsurer's Share Rs.	Net Liabilities Rs.
As at 01 January	104,128,058	(22,063,820)	82,064,238	96,461,593	(11,866,340)	84,595,252
Provision made during the year	(40,591,058)	15,699,820	(24,891,238)	7,666,465	(10,197,480)	(2,531,014)
As at 31 December	63,537,000	(6,364,000)	57,173,000	104,128,058	(22,063,820)	82,064,238

15.5 Liability adequacy test

Liability adequacy test A liability adequacy test (LAT) was performed by Actsure Lab (Pvt) Limited , a firm of professional actuaries as at 31 December 2022 as required by SLFRS 4 - Insurance Contracts in order to assess the adequacy of the carrying amount of the provision for unearned premiums.

The valuation is based on internationally accepted actuarial methods and is performed on a quarterly basis. According to the report issued by Actsure Lab (Pvt) Limited, the liability carried forward by the Company was adequate. Hence, no provision was made for premium deficiency for the year ended 31 December 2022 (2021 - Nil).

15.6 Valuation of IBNR and IBNER

The incurred but not reported claims reserve has been actuarially computed by Actsure Lab (Pvt) Limited as at 31 December 2022

This valuation exercise was carried out to determine the required claim liability reserve (in particular the IBNR reserve) in respect of Company's non-life insurance operations, net of reinsurance. The central estimate of the net claim liability has been determined based upon the net analysis performed for Sanasa General Insurance as at 31 December 2022. This is a full review of the loss development factors, such that the value of the insurance liabilities is reflective of Company non-life insurance portfolio at 31 December 2022

The volatility of the central estimate of net claim liability is then projected to secure an overall level of sufficiency of not less than 75% confidence.

In assessing the claim liability at a 75% confidence level, the provision of risk margin for adverse deviation (PRAD) loading provided by the Insurance Regulatory Commission of Sri Lanka (IRCSL) is adopted. The 75th percentile is calculated for each line of business independently using the risk margin highlighted in Table 5 of the Regulation of Insurance Industry Act No. 43 of 2000, revised on 15 December 2015. During the analysis, classes of business in the Company portfolio were closely matched with the IRCSL prescribed business categories.

15.7 Changes in assumptions

Assumptions have been changed and updated based on historic and imerging experience of Present Actuary.

15.8 Reconcilliation between insurance provision and technical reserves

	31.12.2022	31.12.2021
	Rs.	Rs.
Insurance Contract Liabilities	502,854,914	372,103,347
Reinsurance on Case Reserves	(19,661,543)	(7,675,097)
Technical Reserves	483,193,371	364,428,250

16. RETIREMENT BENEFITS OBLIGATION

16.1 Movements in the Present Value of the Employee Benefits

	2022 Rs.	2021 Rs.
Balance as at 1 January	9,155,752	18,758,656
Fair Value Gain of Gratuity transferd to Other Comprehensive income	(3,394,485)	(10,591,801)
Provision for the year	1,786,529	1,773,749
	7,547,796	9,940,604
Payments during the year	(78,480)	(784,852)
Balance as at 31 December	7,469,316	9,155,752

Valuation of employee benefit liabilities

An actuarial valuation of the retirement gratuity payable as at 31 December 2022 was carried out by Ms. Thanuja Krishnarathna, Associate member - Institute and faculty of Actuaries UK, a firm of professional Actuaries. The valuation method used by the Actuaries to value the liability is the 'Projected Unit Credit Method (PUC)', the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on 'Employee Benefits'.

The actuarial valuation involves making assumptions. Further, the Company has considered the impact of the economic crisis on the defined benefit obligations. Due to the complexity of the valuation and the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date

Interest risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to long term interest rate. Accordingly, a decrease in the long-term interest rate will increase the plan liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability

16.2 Provisions Recognised in the Statement of Comprehensive Income

	2022 Rs.	2021 Rs.
Current Service Cost - Recognized in the Statement of Comprehensive Income	774,993	925,557
Interest on Obligations - Recognized in the Statement of Comprehensive Income	1,011,536	848,192
Actuarial Gain during the Plan Year - Recognized in the Other Comprehensive Income	(3,394,485)	(10,591,801)
	(1,607,956)	(8,818,052)

As at 31 December 2022, the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by Ms. Thanuja Krishnarathna, Associate member - Institute and Faculty of Actuaries UK as required by Sri Lanka Accounting Standards (LKAS) 19-Employee Benefit.

16.3 Principal Assumptions Used

	2022	2021
Discount Rate	17.80%	11.49%
Future Salary Increment Rate	8.00%	8.00%
Retirement Age	55 Years	55 Years
Mortality	A 67/70	A 67/70
Staff Turnover	8.5%	8.5%

The Gratuity Liability is not externally funded.

16.4 SENSITIVITY ANALYSIS

In order to illustrate the significance of the discount rate and salary escalation rate assumed in this valuation as at 31st December 2022, Our Actuary has conducted a sensitivity analysis for all employees assuming the following discount rate and salary escalation rate

Variable Changed (while other assumptions remained unchanged)	Present Value of Defined Benefit Obligation
Increase in one precentage point in Discount Rate (18.8%)	7,041,804.27
Decrease in one precentage point in Discount Rate (16.8%)	7,950,448.09
Increase in one precentage point in Salary Escallation Rate (9%)	8,068,515.01
Decrease in one precentage point in Salary Escallation Rate (7%)	6,935,144.88

16.5 Discount Rate

One of the principal assumptions is the discount rate, which should be based upon the yields available on high quality corporate bonds at the accounting date with a term that matches that of the liabilities.

In this valuation, Our Actuary has used a discount rate of 17.80% (2022) per annum.The discount rate used in the previous valuation as at 31 December 2021 was 11.49% per annum.

17. DEFERRED TAX LIABILITY

	2022	2021
	Rs.	Rs.
Balance as at 01 January	9,635,033	5,530,489
Credited/Debited to the Income Statement	2,760,639	4,104,544
Defferred Tax impact on Revaluation Gain	6,477,505	-
Defferred Tax impact on disposal of Revaluaed Assets	(3,427,745)	-
Balance as at 31 December	15,445,432	9,635,033

17.1

Deferred tax is provided using the balance sheet liability method providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Temporary differences associated with the company for which a deferred tax assets and liabilities are disclosed as follows;

	2022		2021	
	Temporary Difference	Tax on Temporary Difference "	Temporary Difference	Tax on Temporary Difference
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability ;				
On Property, Plant and Equipment	51,504,244	15,451,273	38,685,289	9,284,469
On Right to Use Assets	53,571,399	16,071,420	71,779,712	17,227,131
	105,075,642	31,522,693	110,465,001	26,511,600
Deferred Tax Asset ;				
On Retirement Benefit Liability	(7,469,316)	(2,240,795)	(9,155,753)	(2,197,381)
On Lease Liability	(46,121,554)	(13,836,466)	(61,163,278)	(14,679,187)
	(53,590,870)	(16,077,261)	(70,319,031)	(16,876,567)
Net Deferred Tax Liability	51,484,772	15,445,432	40,145,971	9,635,033

18. REINSURANCE PAYABLE

Recognition and measurement of reinsurance payables

Reinsurance liabilities represent balances due to insurance companies. Reinsurance assets or liabilities are de-recognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

	2022	2021
	Rs.	Rs.
Reinsurance Payable	16,443,822	43,905,335
	16,443,822	43,905,335

19. OTHER LIABILITIES

Other liabilities include government levies payable other than income tax payable. These liabilities are recorded at amounts expected to be payable as at the reporting date.

	2022	2021
	Rs.	Rs.
Commission Payable	28,356,531	19,341,854
Premium Advances	6,398,658	2,252,285
Other Payables	69,090,458	24,941,479
Future Premium Liability	61,463,190	43,748,622
Tax Payable	-	9,424,127
Bank Overdraft	7,009,228	-
	172,318,064	99,708,368

20. OPERATING SEGMENTS

Basis of Segmentation

Operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

For the management purposes, the Company has mainly clasified overall business in to motor and non-motor segments and non-motor segment has been further classified in to two main segments based on their products and services as follows.

1. Motor Insurance - Provides cover for motor vehicles against loss or damage caused by accidents, fire and theft and legal liability to third parties in the event of physical injuries or property damage
2. Fire Insurance - Provides property cover for damage and losses caused by fire andother incidents as applicable to property
3. Miscellaneous insurance - other general insurance which are not categorised under other segments

Segment Results 2022

Description	Operating Segments				
	Note	Motor	Fire	Miscellaneous	Total
Gross written premium	20.1	871,769,746	30,064,872	140,060,725	1,041,895,343
Less: Premium Ceded to Reinsurers	21	37,607,285	20,915,253	44,314,850	102,837,389
Net Written Premium		834,162,461	9,149,618	95,745,874	939,057,954
Net Change in Reserve for Unearned Premium	22	(147,121,564)	(2,452,081)	(1,450,306)	(151,023,950)
Net earned premium		687,040,897	6,697,538	94,295,569	788,034,004
Net claims	25	189,053,609	3,694,423	37,069,614	229,817,646
Underwriting and net acquisition costs	26	51,563,971	(596,319)	18,060,279	69,027,932
Underwriting results before other operating and administrative expenses		446,423,317	3,599,433	39,165,676	489,188,426
Other operating and administrative expenses and finance cost					746,434,185
Underwriting results					(257,245,759)
Investment income					94,255,654
Net fair value gains/(losses)					(69,739,386)
Other income					190,813,608
Profit before tax					(41,915,884)
Income tax					(159,291)
Profit for the year					(42,075,174)

Segment Results 2021

Description	Operating Segments				
	Note	Motor	Fire	Miscellaneous	Total
Gross written premium	20.1	608,724,727	14,488,000	266,894,537	890,107,264
Less: Premium Ceded to Reinsurers	21	25,320,137	8,688,931	90,613,371	124,622,439
Net Written Premium		583,404,590	5,799,069	176,281,166	765,484,825
Net Change in Reserve for Unearned Premium	22	(7,731,057)	(251,845)	182,092	(7,800,810)
Net earned premium		575,673,533	5,547,224	176,463,258	757,684,015
Net claims	25	181,988,370	8,722,820	79,252,044	269,963,234
Underwriting and net acquisition costs	26	49,961,235	(556,479)	24,245,475	73,650,232
Underwriting results before other operating and administrative expenses		343,723,928	(2,619,117)	72,965,739	414,070,549
Other operating and administrative expenses and finance cost					555,759,296
Underwriting results					(141,688,747)
Investment income					42,276,428
Other income					168,570,590
Profit before tax					69,158,271
Income tax					(21,815,796)
Profit for the year					47,342,475

Chief operating decision maker uses only operating segments' profit or loss in assessing segment performance and deciding how to allocate resources. Therefore, according to SLFRS 8 - Operating Segments, the Company discloses only operating segments' profit or loss in the financial statements.

The Company operates in Sri Lanka and the economic environment in which the Company operates is not subject to significant change in risk and rewards. Therefore, disclosures are not provided geography wise.

20. 1 Gross Written Premium

Accounting policy

Gross written premium (GWP) represents the premium charged by the Company to underwrite risks and accounted on accrual basis. Gross written premium comprises the total premiums received/receivable for the whole period of cover provided by contracts entered into during the accounting period and is recognised on the date on which the policy commences.
Premium income for the year by major classes of business are as follows;

Class wise	2022			2021		
	Rs.			Rs.		
	Basic	SRCC/TC*	Total	Basic	SRCC/TC*	Total
Motor	730,156,091	141,613,655	871,769,746	524,865,988	83,858,739	608,724,727
Fire	18,701,519	11,363,353	30,064,872	9,113,939	5,374,061	14,488,000
Miscellaneous	132,313,578	7,747,146	140,060,725	257,595,942	9,298,595	266,894,537
	881,171,188	160,724,155	1,041,895,343	791,575,868	98,531,396	890,107,264

*SRCC/TC - Strike, Riot and Civil Commotion Cover and Terrorism Cover; both ceded to the SRCC and TC Fund

21. PREMIUM CEDED TO REINSURERS

Accounting policy

Gross reinsurance premium written comprises the total reinsurance premium payable for the whole cover provided by contracts entered into the period and is recognised on the date on which the policy commences. Premium includes any adjustments arising in the accounting period in respect of reinsurance contracts commencing in prior accounting periods.

Class wise	2022 Rs.	2021 Rs.
Motor	37,607,285	25,320,137
Fire	20,915,253	8,688,931
Miscellaneous	44,314,850	90,613,371
	102,837,389	124,622,439

22. CHANGE IN RESERVE FOR UNEARNED PREMIUM

Accounting policy

Unearned premium reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premium is calculated on the 1/24th basis. Change in reserve for unearned insurance premium represents the net portion of the GWP transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

Class wise	2022 Rs.	2021 Rs.
Motor	(147,121,564)	(7,731,057)
Fire	(2,452,081)	(251,845)
Miscellaneous	(1,450,306)	182,092
	(151,023,950)	(7,800,810)

23. INVESTMENT INCOME

Accounting policy

Interest Income

Interest income is recognised in Profit or Loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all transaction costs and fees that are an integral part of the effective interest rate. Transaction cost include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Dividend Income

Dividend income is recognised when the right to receive income is established which is usually the ex-dividend date of equity securities.

Net Realised Gains

Net Realised Gains comprises gains and losses related to Financial Investments. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original/fair value of prior year or amortised cost which are recorded on occurrence of the sale.

Net fair value gains

Net fair value gains recorded in the statement of profit or loss on investment include fair value gains/(losses) on financial assets at FVPL.

For the year ended	2022 Rs.	2021 Rs.
Interest Income	81,886,308	48,688,426
Dividend Income	5,946,593	5,761,644
Net realised gains/(losses)	6,422,752	16,904,174
	94,255,654	71,354,244

24. OTHER INCOME

Other income includes disposal gains/(losses) on property, plant and equipment and miscellaneous income. Profit or loss on sale of property, plant and equipment is recognised in the period in which the sale occurs and is classified under other income. and fee for policy administration services and other contract fees. These fees are recognised as revenue upon receipt or become due.

	2022 Rs.	2021 Rs.
Other Income	190,813,608	168,570,590
	190,813,608	168,570,590

25. NET INSURANCE CLAIMS & BENEFITS

Accounting policy

Recognition of gross claims

Gross claims for non-life insurance include all claims occurring during the year, whether reported or not, related external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims. Claims expenses and liabilities for outstanding claims are recognised in respect of direct insurance business. The liability covers claims reported but not yet paid, incurred but not reported (IBNR) claims and the anticipated direct and indirect costs of settling those claims. The provision in respect of IBNR is actuarially valued on a quarterly basis to ensure a more realistic estimation of the future liability based on past experience and trends. While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustment to the amounts provided. Such amounts are reflected in the financial statements for that period. The methods used and the estimates made are reviewed regularly.

Recognition of reinsurance claims

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

Claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

	Note	2022	2021
		25.1	Rs.
Claims paid	25.1	260,054,993	285,104,863
Claims recovered from reinsurers	25.2	(20,688,356)	(30,030,557)
Net change in contract liabilities	25.3	(9,548,992)	14,888,929
		229,817,646	269,963,234

25.1 Claims paid

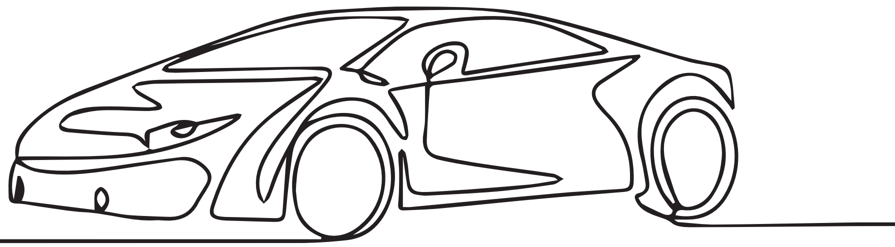
Class wise	2022	2021
	Rs.	Rs.
Motor	204,450,526	177,964,604
Fire	1,909,370	10,368,818
Miscellaneous	53,695,097	96,771,441
	260,054,993	285,104,863

25.2 Claims recovered from reinsurers

Class wise	2022	2021
	Rs.	Rs.
Motor	(1,670,950)	-
Fire	(859,040)	467,296
Miscellaneous	(18,158,366)	29,563,261
	(20,688,356)	30,030,557

25.3 Net change in contract liabilities

Class wise	2022	2021
	Rs.	Rs.
Motor	(13,725,968)	4,023,766
Fire	2,644,093	(1,178,702)
Miscellaneous	1,532,883	12,043,865
	(9,548,992)	14,888,929



26. UNDERWRITING & NET ACQUISITION COST

Accounting policy

Recognition of underwriting and deferred acquisition costs

Acquisition expenses, representing commissions which vary with and are directly related to the production of business are deferred and amortised over the period in which the related written premiums are earned.
Reinsurance commission is also treated in the same manner within deferred acquisition costs.

	2022	2021
	Rs.	Rs.
Net Underwriting & Policy Acquisition Cost	102,729,708	83,687,777
Deferred Acquisition Cost	(20,408,850)	5,415,245
Reinsurance Commission	(13,292,926)	(15,452,790)
	69,027,932	73,650,232

For the year ended	2022			
	Rs.	Rs.	Rs.	Rs.
Class wise	Net Underwriting & Policy Acquisition Cost	Deferred Acquisition Cost	Reinsurance Commission	Total underwriting and net acquisition cost
Motor	64,347,625	(12,783,654)	-	51,563,971
Fire	713,161	(141,680)	(1,167,799)	(596,319)
Miscellaneous	37,668,922	(7,483,516)	(12,125,127)	18,060,279
	102,729,708	(20,408,850)	(13,292,926)	69,027,932

For the year ended	2022			
	Rs.	Rs.	Rs.	Rs.
Class wise	Net Underwriting & Policy Acquisition Cost	Deferred Acquisition Cost	Reinsurance Commission	Total underwriting and net acquisition cost
Motor	45,893,901	4,067,334	-	49,961,235
Fire	1,299,063	(48,623)	(1,806,919)	(556,479)
Miscellaneous	36,494,813	1,396,533	(13,645,871)	24,245,475
	83,687,777	5,415,245	(15,452,790)	73,650,232

27. OTHER OPERATING & ADMINISTRATIVE EXPENSES

Accounting policy

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

Class wise	2022 Rs.	2021 Rs.
Staff Costs (Note 28.1)	364,717,098	290,245,865
Operational & Administrative Expenses	242,465,045	190,741,275
Sales & Marketing Expenses	121,759,685	59,023,892
	728,941,827	540,011,032

27.1 Staff Costs

Accounting policy

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company recognises the changes in the defined benefit obligations under staff expenses in the statement of profit or loss.

(a) current service cost
(b) interest cost

For more details please refer Note 38 on defined benefit obligations.

Defined contribution plans

A defined contribution plan is a post employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to the Employees' Provident Fund (EPF) under the Employees' Provident Fund Act No. 15 of 1958 as amended and Employees' Trust Fund (ETF) under the Employees' Trust Fund Act No. 46 of 1980, covering all employees are recognised as an employee benefit expense in the statement of profit or loss when they are due. The Company contributes 12% and 3% of gross emoluments of employees' as employees' provident fund and trust fund contributions respectively.

	2022 Rs.	2021 Rs.
Salaries & Wages	326,812,803	261,053,951
EPF & ETF	26,766,941	20,710,648
Gratuity	1,786,529	1,773,749
Others	9,350,825	6,707,518
	364,717,098	290,245,865

28. FINANCE COST

	2022 Rs.	2021 Rs.
Finance Cost on Lease Liability	7,121,894	7,861,279
Bank Charges/Debit Tax	3,440,054	2,757,715
Others	6,930,410	5,129,270
	17,492,358	15,748,264

29. PROFIT BEFORE TAXATION

Profit from operation for the year is stated after charging all the expenses including the followings:

	2022 Rs.	2021 Rs.
Depreciation & Amortization	21,695,016	17,582,155
Auditors Remuneration	1,796,137	1,580,352
Professional Fees	5,715,059	8,665,443

30. INCOME TAX

Accounting policy

Recognition of income tax expenses

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, when it is recognised in equity.

30.1 Income Tax Expense

	2022 Rs.	2021 Rs.
(Loss)/Profit Before Tax	(41,915,884)	69,158,271
Adjustment		
Allowable Exp. General	(60,928,136)	(51,425,829)
Disallowable Exp. General	136,810,785	91,555,793
Income from Other Sources & Exempt Income	(130,275,520)	(87,322,812)
Profit /(Loss) for the Year	(96,308,754)	21,965,423
\		
Business Income	(96,308,754)	21,965,423
Dividend Income	5,946,593	5,761,644
Interest Income	81,886,319	48,687,551
Taxable Income	(8,475,842)	76,414,618
Income Tax provision for the year @ 14% from Taxable Income	-	806,630
Income Tax provision for the year @ 24% from Taxable Income	-	16,956,714
Income Tax provision for the year @ 30% from Taxable Income	-	-
Under/(Over) provision of current taxes in respect of previous years	(2,601,348)	(52,092)
Deferred Tax Expense	2,760,639	4,104,544
Total Tax Expense	159,291	21,815,796

30.2 Carried Forward Taxable Losses

	2022 Rs.	2021 Rs.
Brought Forward Taxable Losses		
Losses transferred from Sanasa Life Insurance Company Limited		
Losses Claimed for the Year of Assessment		
Losses Carried Forward		

31. EARNINGS /(LOSSES) PER ORDINARY SHARE

Basic Earnings /(Losses) per Ordinary Share

The computation of the basic Earning /(Losses) per Ordinary Share has been done based on net profit attributable to ordinary shareholders for the year divided by weighted average number of ordinary shares in issue as at the Balance Sheet date and calculated as follows.

Amounts used as the Numerator	2022 Rs.	2021 Rs.
Net Profit /(Loss) Attributable to Ordinary Shareholders	(42,075,174)	47,342,475
Amounts used as the Denominator		
Weighted Average Number of Ordinary Shares in Issue (Nos.)	50,899,561	50,899,561
Basic Earnings/(Losses) Per Ordinary Share (Rs.)	(0.83)	0.93

32. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of it's business on an arm's length with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) 24 - Related Party Disclosures. Details of the related party transactions are reported below.

32.1 Transactions and outstanding balances with the parent - Sanasa Life Insurance Company

Transactions

For the Year ended	2022 Rs.	2021 Rs.
Shared services Salary	12,101,603	14,779,767
IT Service Fee and Maintenance Fee	21,517,621	21,873,226
Admin Expenses	9,756,440	12,947,982
Settlements	41,921,964	59,975,535

Outstanding Balances

For the Year ended	2022 Rs.	2021 Rs.
Shared services Salary	-	-
IT Service Fee and Maintenance Fee	-	-
Software Maintenance	-	-
Admin Expenses	-	(1,453,700)
	-	(1,453,700)

32.2 Transactions and outstanding balances with the key management personnel

According to the LKAS 24 - Related Party Disclosures, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Sanasa General Insurance Company considers its Board of Directors and Chief Executive Officer as key management personnel of the Company.

32.2.1 Key management personnel compensation

Transactions

For the year ended	2022	2021
	Rs.	Rs.
Short-term employment benefits Director Fees	16,177,170	17,911,135

32.2.2 Other transactions with key management personnel Transactions

	2022	2021
	Rs.	Rs.
	631,522	
Insurance Premium	631,522	757,248
Claim Received	860,891	235,909
Payment for Rented premises	600,000	1,000,000

33. EVENTS AFTER THE REPORTING DATE

Accounting policy

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

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

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

34. COMMITMENTS AND CONTINGENCIES

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the statement of financial position but are disclosed unless they are remote

34.1 Capital commitments

There were no significant capital commitments as at the reporting date (2021 - Nil).

34.2 Contingencies

In the opinion of the Directors and the Company's lawyers, pending litigations against the Company will not have a material impact on the reported financial results or future operations of the Company. All pending litigations for claims have been evaluated and adequate provisions have been made in the financial statements.

35. COMPARATIVE INFORMATION

These Financial Statements provide comparative information in respect of the previous financial year. There are no any amendments related to the presentation and classification of assets and liabilities in the Financial Statements of the previous financial year, where relevant better presentation and to be comparable with those of the current year.

GLOSSARY

Acquisition Expenses

All expenses which vary with and are primarily related to the acquisition of new insurance contracts and the renewal of existing insurance contracts. E.g. commissions

Actuarial valuation

A determination by an actuary at a specific date of value of the value of General 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

Assets that may be included in determining an insurer's statutory solvency. Such assets are specified under the Rules made under the Regulation of Insurance Industry Act, No.43 of 2000 and amendments thereto.

Claims

The amount payable under a contract of insurance arising from the occurrence of an insured event.

Claims Incurred

The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by Claims Outstanding provisions at the beginning and end of the accounting period.

Claims Incurred But Not Reported (IBNR)

At the end of the period of account a reserve in respect of property, liability and pecuniary insurances to cover the expected cost of losses that have occurred but not yet been reported to the insurer.

Claims Incurred But Not Enough Reported (IBNER)

A reserve made in respect of property, liability and pecuniary insurances to cover the expected cost of losses that have occurred but no comprehensive information is available to make adequate provisions as at the reporting date.

Claims Outstanding Reserve

The amount provided to cover the estimated cost of settling claims arising out of events which have occurred by the Balance Sheet date, including Incurred But Not Reported (IBNR), Claims Incurred But Not Enough Reported (IBNER) claims and claims handling expenses, less amounts already paid in respect of those claims.

Deferred Acquisition Cost

Under the annual basis of accounting, acquisition costs relating to the unexpired period of risk of contracts in force at the Balance Sheet date which are carried from one accounting period to subsequent accounting periods.

Earnings Per Share

Profit of the company after Tax divided by the number of issued ordinary shares.

Ex-Gratia Payment

A payment made to an insured where there is no liability to pay under the terms of the policy, in some cases insurer may feel there has been a mistake or a misunderstanding and it may pay claim, even though he does not appear to be liable.

Lapsed policy

A policy terminated at the end of the grace period because of non-payment of premiums.

Liability Adequacy Test

An annual assessment of sufficiency of insurance and/or investment contact with, liabilities, to cover future insurance liabilities.

Net Written Premium

The balance of the Gross Written Premium after deduction of any premium paid or payable by the insurer for reinsurance ceded. Commonly identifies as Net Premium.

Policy Loan

A loan from the insurer to a policy holder on the security of the surrender value of a long term insurance policy. The loan is normally limited to a percentage of the current surrender value of the policy and interest is charged on such loans.

Reinsurance

An arrangement whereby one party (the reinsurer), in consideration for a premium, agrees to indemnify another party (cedent – the primary insurer) against part or all of the liability assumed by the cedent under policy or policies of insurance.

Premium Ceded to Reinsurers

The premium paid by the ceding Company to the reinsurer in consideration for all or part of the risk assumed by the reinsurer.

Reinsurance Commission

Commission/discount received or receivable in respect of premiums paid or payable to a reinsurer.

Unearned Premium

It represents the portion of premiums already entered into the accounts as due but which relates to a period of risk subsequent to the reporting date.

Unearned Premium Reserve

A fund kept by a Non - Life insurer to provide for claims that may arise in the future under the insurance policies that are still in force.

Key Insurance Ratios

$$\text{Net Claims Ratio} = \frac{\text{Net claims incurred}}{\text{Net earned premium}} \times 100$$

$$\text{Expense Ratio} = \frac{\text{Net Expense incurred}}{\text{Net earned premium}} \times 100$$

$$\text{Combined Ratio} = \frac{(\text{Net claims incurred} + \text{Expenses})}{\text{Net earned premium}} \times 100$$

NOTICE OF MEETING

SANASA GENERAL INSURANCE COMPANY LIMITED
NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General meeting of Sanasa General Insurance Company Limited will be held at the Board Room of Sanasa General Insurance Company Limited , No 172, Elvitigala Mawatha, Colombo 08 and as an Online virtual Meeting on 23rd June (Friday) 2023 at 2.00 pm for the following purposes.

General Resolutions;

1. To receive and consider the Report of the Board of Directors and the Financial Statements for the year ended 31st December 2022 together with Auditors Report thereon.

   • To elect two Non-executive Directors for the vacancies created due to the retirement of Non-executive Directors by rotation Mr. Keerthi Kumara Weerakkody, Prof.J.M.U.K.Jayasinghe and Mrs. D.Prasadhika Senadheera at the Annual General Meeting in terms of the Article of Association 27(5) whom nominated by the Holding Company (Sanasa Life Insurance Company PLC) . Retiring Director shall be eligible for re- election in accordance with the applicable laws and provisions of the Articles of Association.

2. To re – appoint Mr. Keerthi Kumara Weerakkody as a Non-Executive Director of the Company , who retires at the Annual General Meeting, having attained the age of 70 years and in terms of Article 27(5) of the Articles of Association of the Company and to adopt the following resolution in respect thereof:

3. “That Mr. Keerthi Kumara Weerakkody who has attained the age of 70 years on 5th October 2021 be and is hereby re – appointed as a Non-Executive Director of the Company for one year with effect from this appointment in terms of section 211 of the Companies Act No 07 of 2007 and in terms of Article 27(5) of the Articles of Association of the Company and it is hereby declared that the age limit of 70 years referred to in section 210 of the companies Act, shall not apply to the said director, during the aforesaid period ”.

   To re – appoint Prof. J.M.U.K Jayasinghe as a Non-Executive Director of the Company, who retires at the Annual General Meeting in terms of Article 27(5) of the Articles of Association of the Company and to adopt the following resolution in respect thereof:

   “That Prof. J.M.U.K Jayasinghe who retires at the Annual General Meeting in terms of Article 27(5) of the Articles of Association of the Company is hereby re – appointed as a Non-Executive Director of the Company in terms of Article 27(5) of the Articles of Association of the Company”.

4. To appoint Messrs Ernst & Young, Charted Accountants as Auditors for the financial year 2023 and to authorize the Board of Directors to determine their remuneration.

5. To authorize the Board of Directors to determine donations for the year 2023.

By order of the Board,

Duleeka Vidanapathirana
Company Secretary
On this 2nd Day of June 2023.

Instructions

1. A duly filled “Form of Attendance” should be received at the address “Company Secretary, Sanasa General Insurance Company Limited, No 172, Elvitigala Mawatha, Colombo 08” through registered post or e mail to duleeka@sgic.lk, not less than 48 hours before the time fixed for the meeting in order to make necessary arrangements for the shareholders who wish to attend for the meeting Online. No person will be allowed to join for the online meeting unless they forward the duly filled form of attendance.

NINTH ANNUAL GENERAL MEETING – AGENDA

Date – 23rd June 2023

Venue - At the Board Room of Sanasa General Insurance Company Limited, No 172, Elvitigala Mawatha, Colombo 08 and as an Online virtual Meeting

Time - 2.00pm

- Religious observations
- Sanasa Pledge
- Remembrance - passed away officers of Sanasa Movement
- Notice of meeting
- Confirmation of the minutes of the 8th Annual General Meeting held on 25th June 2022
- General Resolutions

To receive and consider the Report of the Board of Directors and the Financial Statements for the year ended 31st December 2022 together with Auditors Report thereon.

To re – appoint Mr. Keerthi Kumara Weerakkody as a Non-Executive Director of the Company, who retires at the Annual General Meeting, having attained the age of 70 years and in terms of Article 27(5) of the Articles of Association of the Company.

To re – appoint Prof. J.M.U.K Jayasinghe as a Non-Executive Director of the Company, who retires at the Annual General Meeting in terms of Article 27(5) of the Articles of Association of the Company.

To appoint Messrs Ernst & Young, Charted Accountants as Auditors for the financial year 2023 and to authorize the Board of Directors to determine their remuneration.

To authorize the Board of Directors to determine donations for the year 2023.

- Any other Business
- Chairman's Address
- Vote of thanks

NINTH ANNUAL GENERAL MEETING

FORM OF PROXY

I/We .... of .... being a shareholder/shareholders of Sanasa General Insurance Company Limited hereby appoint .... of .... (or failing him .... of ....or failing him.............................. ....of ....)as my/ our proxy to vote for me/ us and on my/ our behalf for/or against the resolution and/or to speak at the Ninth Annual General Meeting of the Company to be held at the Board Room of Sanasa General Insurance Company Limited, No 172, Elvitigala Mawatha, Colombo 08 and as an Online virtual Meeting on 23rd June (Friday) 2023 at 2.00 pm and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Please indicate your Preference by placing "X" against the General resolutions	FOR	AGAINST
General resolutions 01 1. To receive and consider the Report of the Board of Directors and the Financial Statements for the year ended 31st December 2022 together with Auditors Report thereon.	☐	☐
General resolutions 02 2. To re – appoint Mr. Keerthi Kumara Weerakkody as a Non-Executive Director of the Company , who retires at the Annual General Meeting, having attained the age of 70 years and in terms of Article 27(5) of the Articles of Association of the Company.	☐	☐
General resolutions 03 3. To re – appoint Prof. J.M.U.K Jayasinghe as a Non-Executive Director of the Company, who retires at the Annual General Meeting in terms of Article 27(5) of the Articles of Association of the Company.	☐	☐
General resolutions 04 4. To appoint Messrs Ernst & Young, Charted Accountants as Auditors for the financial year 2023 and to authorize the Board of Directors to Determine their remuneration.	☐	☐
General resolutions 05 5. To authorize the Board of Directors to determine donations for the Year 2023.	☐	☐

For Societies/Union/Companies

....
Chairman

....
Vice Chairman/Secretary

....
Date

....
Proxy Holder's Signature

For Individuals

....
Date

....
Signature

....
Proxy Holder's Signature

INSTRUCTIONS

1. A shareholder who is unable to attend the meeting is entitled to appoint a Proxy to attend and vote in his/her/its place.
2. A Proxy need not be a shareholder of the Company.
3. A shareholder wishing to vote by proxy at the meeting may use the Form of Proxy enclosed.
4. The completed Form of Proxy should be received at the address given below, not less than 48 hours before the time fixed for the meeting.
5. In Perfecting the Form of Proxy please ensure that all details are legible.

Company Secretary
Sanasa General Insurance Company Limited
No. 172. Elvitigala Mawatha
Colombo 08.

Corporate Information

Name of the company

Sanasa General Insurance Company Limited (Subsidiary of Sanasa Life Insurance Company PLC)

Legal Form

A limited liability company bearing registration no PB 5182, Incorporated under companies Act, No. 07 of 2007.
Licensed as a Company authorized to carry on General Insurance Business under the Regulation of Insurance Industry Act, No. 43 of 2000 and amendment thereto.

Company Registration Number

PB 5182

Tax Payer Identification Number (TIN Number)

139051823

VAT Number

139051823-7000

Statement of Financial Position Date

31st December

Registered office/ Head office

No 172, Elvitigala Mawatha, Colombo 08
Contact : +94 112 003 000
Website : www.sgic.lk
Email : info@sgic.lk

Founder of Sanasa Movement

Dr.P.A.Kiriwandeniya

Board of Directors

1. **Mr. S.M. Tishan H Subasinghe**
   Chairman
2. **Mr. Indika K. Kiriwandeniya**
   Managing Director
3. **Snr. Prof. J.M.U.K. Jayasinghe**
   Non Executive / Non Independent Director
4. **Mr. K.K. Weerakkody**
   Non Executive / Non Independent Director
5. **Mr. J.A. Lahiru S. Jayasinghe**
   Non Executive Independent Director
6. **Mrs. D. Prasadika Senadheera**
   Non Executive / Non Independent Director
7. **Mr. W. Denzil Indrajith Perera**
   Non Executive Independent Director
8. **Mr. Senthilverl Senthi Aathavan**
   Non Executive / Non Independent Director
9. Mr. K.M.Karunathunga
   Non Executive / Non Independent Director

Chief Executive Officer / GM , Principal Officer / Specified Officer

Mr. Nimal R. Perera

Company Secretary

Ms. Duleeka Vidanapathirana

Auditors

Ernst & Young
201, De Saram Place, Colombo 10

Consultant Actuaries

Actsure Lab (Pvt) Ltd
No. 11/2,
1st Lane Pagoda Rd,
Nugegoda Sri Lanka

Reinsurers

- General Insurance Corporation of India
- Oman re on behalf of Ocean re
- Santam re
- Kuwait re
- Saudi re
- National Insurance Trust Fund

Bankers

- Sampath Bank PLC
- People's Bank
- Seylan Bank PLC
- Sanasa Development Bank PLC
- Bank of Ceylon
- Commercial Bank of Ceylon PLC
- Pradeshiya Sanwardhana Bank
- Housing Development Finance Corporation Bank of Sri Lanka
- Cargills Bank Ltd
- Amana Bank PLC
- National Savings Bank

NOTE

NOTE

NOTE

சணச ஜெனரல் இன்ஷூரன்ஸ்
SANASA GENERAL INSURANCE

SANASA GENERAL INSURANCE COMPANY LIMITED
172, Elvitigala Mawatha, Colombo 08.
011 200 3000 I info@sgic.lk I www.sgic.lk