

OPERATIONAL REVIEW

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In 2024, socio-economic conditions normalized for the first time since 2019, supporting business growth. Despite a challenging operating environment, SLI successfully met 100% of its targets. This achievement was driven by resilience, strategic agility, effective cost management, technology investments, and a dedicated workforce. The company not only met but exceeded expectations, reinforcing its strong performance. A detailed analysis of financial results and performance against 2024 targets is provided below.

IMPACT OF SRRO AND CRRO

The financial impact of sustainability and climate risks (R) and opportunities (O) has been linked to the relevant sections below. A detailed discussion of these risks is provided under the climate and sustainability risk assessments from pages 52 to 90.

GROSS WRITTEN PREMIUM (GWP)

The company recorded Rs 31.6 billion in Gross Written Premium (GWP), reflecting a 20% growth over the previous year and successfully achieving the target set for 2024. Over the last ten years, SLI has grown its GWP tenfold, demonstrating our commitment to excellence.

GWP GROWTH LAST 10 YEARS

Rs.Bn

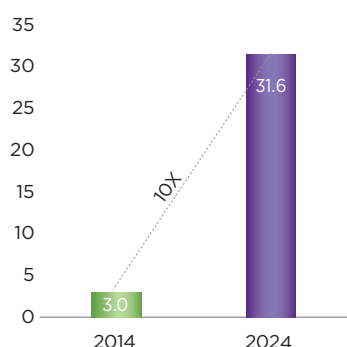


Table 2 : GWP growth target vs actual

	2024 Actual	2024 Target	A%	2023 Actual	G%
GWP growth %	20	20	100%	14	-
GWP (Rs Bn)	31.6	31.7	100%	26.3	20%

CHANNEL PERFORMANCE

The agency channel, as the largest distribution channel, contributed 62% to the GWP achieving 100% of the target set for 2024. This channel relies on one-to-one selling, making it highly susceptible to socio-economic factors that influence the market segment it serves, leading to slower growth. However, despite challenges in the first half of 2024 due to external conditions, the agency channel achieved an impressive 12% growth over the year.

To mitigate risks associated with over-reliance on a single distribution channel, optimizing the channel mix remains a key strategic focus. Management continues to closely monitor and adjust this mix to maximize performance. Meanwhile, alternate and micro channels, classified as non-agency channels, have demonstrated remarkable resilience, achieving an exceptional 35% growth, further reinforcing the business's adaptability and strength.

Channel contribution target vs actual

	2024 Actual	2024 Target	A%	2023 Actual	G%
GWP contribution by Agency channel %	62	64	97%	67	-5%
GWP contribution by non-Agency channel %	38	36	106%	33	5%

CHALLENGES IN 2024

Sales staff attrition

High sales staff attrition in the first half of the year adversely affected new business generation in the Agency channel. This was primarily driven by the increasing migration trend and aggressive recruitment efforts by competitors targeting our sales force.

Change in interest rates

Interest rates gradually declined throughout the year, making it challenging to determine which product to prioritize for sales.

CRRO & SRRO - R16 / R17 / R6 / R14 / R20 / O3 / O4 / O6 / O7

STRATEGIES IN 2024

To navigate the challenges posed by the external environment and effectively execute our strategies, we implemented the following actions in 2024.

Market penetration

Market penetration was strengthened across distribution channels, targeting a diverse customer base. The Agency channel achieved a 17% growth in

renewals, exceeding the budget at 102%, driven by the close monitoring of the collection process through a dedicated collection unit. However, First Year Premium (FYP) remained stagnant due to low new business premium (ANBP) generation in the first half of the year.

To enhance distribution effectiveness, the company introduced a new segment within the Agency channel, the "Premier Channel." This initiative focuses on talent differentiation to drive superior performance, marking another industry-first innovation by SLI aimed at redefining distribution strategies. The Alternate channel experienced significant growth, driven by the strong traction of the DTAP portfolio in a low-interest rate environment, resulting in a threefold growth in the segment. Group Life business also saw a remarkable 31% increase, contributing 61% of the Alternate channel's GWP. The company actively expands its volume during the year by onboarding corporate clients. Additionally, the Micro channel recorded an impressive 37% growth by effectively reaching low-income customer segments.

Product development

The company continuously evaluates emerging customer needs and updates its product portfolio accordingly. In 2024, SLI launched a new Universal Product designed to address the specific requirements of a targeted market segment.

Product mix

The agency channel's product mix was slightly skewed towards investment-based products, resulting in a 5% variance from the budget. The alternate channel leveraged low interest rates to expand the DTAP portfolio and made significant efforts to grow the unit-linked portfolio, achieving a 145% growth. However, the unit-linked portfolio fell short of the expected annual

target. Meanwhile, the remarkable growth in the group life portfolio led to an impressive achievement, surpassing the budget by Rs. 1 billion for the year. The micro channel, however, did not meet its budget targets for per-day insurance and SME insurance portfolios. Nonetheless, this shortfall was offset by gains in the investment portfolio.

Customer service

The company leverages digitalization as a key differentiator in customer service. In the past, we have taken bold steps to transform the insurance industry by introducing innovations such as one-day claims settlement and automated claim processing. These initiatives have been instrumental in attracting and retaining customers throughout the year.

KEY VALUE DRIVERS

At SLI, we utilize the following Key Value Drivers (KVDs) to regularly monitor our performance. These KVDs play a crucial role in guiding the company's key decisions for effectively managing our insurance portfolios.

	2024 Actual	2024 Target	A%	2023 Actual	G%
Annualized New Business (ANBP) growth	8	25	32	2	6
ANBP per agent	2.1	2.4	88	2.1	-
Persistency					
1 Year	83	84	99%	83	0%
2 Year	61	62	99%	61	0%
3 Year	51	55	93%	54	-3%

Annualized New Business Premium (ANBP)

ANBP, which measures new business generated over a 12-month period, saw a modest 8% growth despite challenges in 2024. However, corrective actions taken during the year helped us get back on track by the year's end. Looking ahead, 2025 appears to be a promising year, with expectations of significant growth. We have already made a strong start, recording a remarkable Rs. 1.1 billion ANBP in January 2025.

Average ANBP per agent

The productivity of our agents stands as a crucial value driver for the Company. Throughout the year, the Annualized New Business Premium (ANBP) per Agent was reported at Rs. 2.1 million per agent, achieving 88% of the target. While there was a marginal impact observed during the year, leveraging agent productivity remains a key method for fostering organic growth within a life insurance company.

Average Premium Per Policy/ Average Policy Value

This reflects the quality of the business we underwrite. Despite challenges, we successfully achieved our target per policy value, reaffirming our commitment to securing high-quality business. We attained an Average Premium per Policy value of Rs. 195,995 surpassing the industry average.

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First- and second-year persistency remained at the same level as the previous year, slightly below the target. However, third-year persistency declined by 3% compared to last year. To address this, we have implemented measures such as close follow-ups on due premiums and proactive payment reminders to drive persistency back into growth mode. Despite not fully meeting persistency targets, we successfully maintained a 17% renewal growth, exceeding the budget.

Table 3: Digital engagement with customers

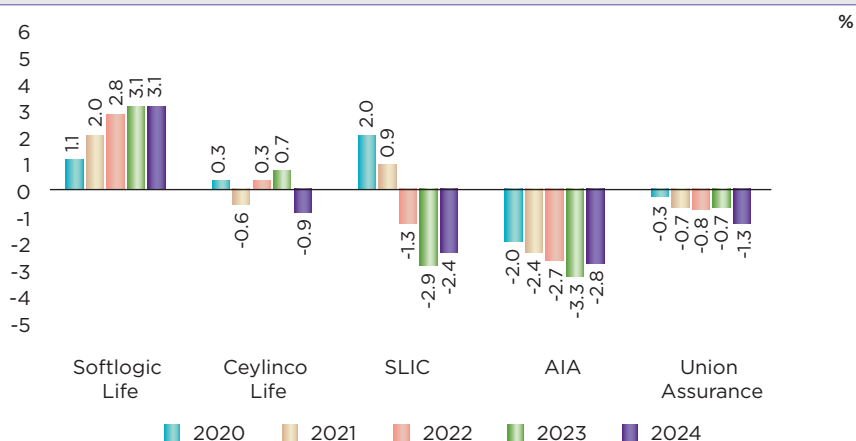
	2024 Actual	2024 Target	A%	2023 Actual	G%
Digital proposal submission (%)	100	100	100%	100	0%
One-day proposal acceptance (%)	78	78	100%	77	1%
Auto underwriting of policy (%)	70	70	100%	69	1%

Digital transformation is a key strategic pillar of SLI, setting us apart from traditional life insurance companies. Our primary focus is on delivering speedy service and convenience to our customers. Throughout the year, we successfully achieved 100% of our 2024 targets for digital proposal submission, acceptance, and underwriting, ensuring an enhanced and seamless customer experience.

OUR PERFORMANCE IN COMPARISON TO INDUSTRY

Market share growth

CUMULATIVE MARKET SHARE MOVEMENT OF TOP FIVE PLAYERS IN THE INDUSTRY (2020-2024)

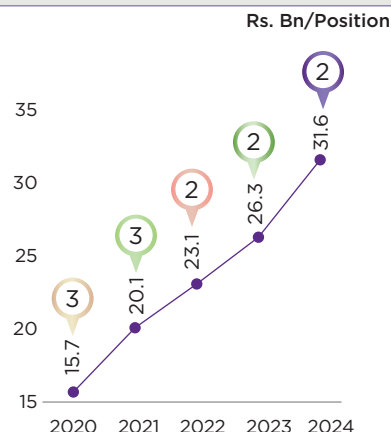


	2024 Actual	2024 Target	A%	2023 Actual	G%
Market share (%)	17.2	17.9	96%	17.2	-

In 2024, SLI maintained its market share at the same level as the previous year. During this period, SLI achieved 96% of its target. This outcome is attributed

to competitors performing better than our expectations in the single premium business segment.

MARKET RANKING

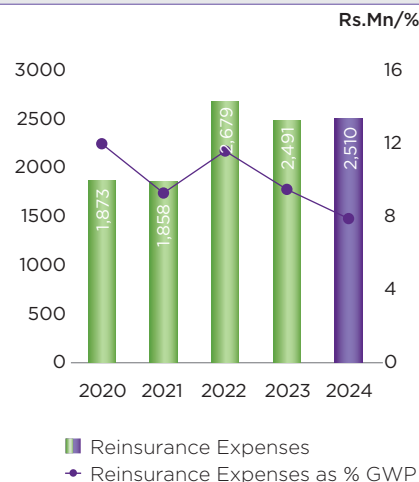


With our continuous increase in market share, we have risen in the industry rankings, now holding the position of the second-largest insurer. This marks a significant achievement, considering that just six years ago, we were ranked fifth in the league table.

RE-INSURANCE (RI)

Reinsurance plays a crucial role in mitigating risk within our insurance portfolio. Maintaining an optimal level of reinsurance expenditure is essential to ensure adequate risk coverage while managing profitability.

REINSURANCE EXPENSE



Over the year, we paid Rs 2.5 billion in reinsurance premiums, representing 7.9% of GWP, down from 9.5% in the previous year. This reduction is primarily attributed to changes in our product mix. We carefully evaluate reinsurers based on their ratings and engage only with highly rated reinsurers. A detailed assessment for the current year can be found under the credit risk analysis on page 61.

CHALLENGES IN 2024

As SLI continues to enhance its performance, maintaining optimal reinsurance (RI) coverage is crucial to ensure adequate protection at a competitive cost. However, determining the ideal level of reinsurance remains a challenge, given the growing and diversifying portfolio, requiring continuous evaluation and strategic adjustments.

CRRO & SRRO - R4 / R15 / O7 / R3

STRATEGIES IN 2024

We leverage data analytics as a key tool to analyse past trends and determine optimal reinsurance limits. Our approach involves setting RI coverage at the product level, grouping products with similar attributes. This strategy enables us to make targeted adjustments, ensuring an optimal balance between cost efficiency and risk management while maintaining accurate coverage.

KEY VALUE DRIVERS

The company closely monitors reinsurance expenses as a percentage of Gross Written Premium (GWP) across various levels, including Line of Business (LOB) and product class. This granular approach enables precise portfolio risk management through well-structured reinsurance arrangements and portfolio optimization. Additionally, detailed analysis of reinsurance experience plays a crucial role in annual reinsurance negotiations, ensuring cost-effective and strategic coverage.

CRITICAL SUCCESS FACTOR

The company maintains a strong, reliable, and transparent relationship with its reinsurers, ensuring the seamless execution of business strategies. This fosters customer confidence, as their future benefits are backed not only by the local company but also by some of the world's largest multinational reinsurers. Additionally, there is a mutual understanding with reinsurers to monitor their profit margins, enabling us to extend benefits to customers where feasible, while preserving a sustainable and balanced partnership.

NET INSURANCE BENEFITS AND CLAIMS PAID

Insurance claims serve as a crucial customer touchpoint in life insurance, as policyholders expect fair and prompt claim settlements during their time of need. To meet these expectations, we continuously enhance our internal processes by leveraging the latest technologies. Additionally, we have established internal KPIs to regularly monitor and measure our performance, ensuring efficiency and customer satisfaction.

During the fiscal year, we disbursed a total of Rs 15 billion in gross benefits and claims, reflecting a 12% increase from the previous year. On a net basis, after reinsurance recovery, the growth stood at 11%. Staying true to our brand promise, we ensured that every legitimate customer claim was honoured. However, compared to 2023, we experienced higher claims severity—an increase in the average claim value—while claim frequency gradually declined in both the endowment and group life portfolios, resulting in lower overall growth. Claims from the endowment product grew by only 4%, whereas group life claims saw a 22% increase, due to growth of the business volume. .

CHALLENGES IN 2024

As the company experiences high growth, the number of customers we serve also increases. This expansion presents challenges in maintaining our service standards while catering to a larger customer base. Claim settlement is a critical customer touchpoint that directly impacts customer satisfaction, loyalty, and overall brand strength, ultimately driving our growth.

Table 4 : Net claims and benefit incurred

Rs Mn	2024	2023	G%
Regular Claims			
Death, disability and other riders - Endowment	4,867	4,660	4%
Death and hospitalisation - Group Life	4,814	3,954	22%
Death - Decreasing Term Assurance (DTA)	1,440	1,529	-6%
Total Gross Regular Claims	11,121	10,144	10%
Re-insurance Recovery	(744)	(553)	34%
Net Regular Claims	10,377	9,590	8%
Benefits			
Policy Maturities / Surrenders - Investment products	2,145	1,786	20%
Policy Maturities - Endowment	1,101	764	44%
Policy Surrenders - Endowment products	627	703	-11%
Total Benefit Paid	3,873	3,253	19%
Total Net Insurance Benefits and Claims Paid	14,250	12,843	11%

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potential. Recognising its significance, we place a strong emphasis on upholding and enhancing our service standards in claims processing. Through continuous improvements and dedicated efforts, we ensure a seamless and efficient claims experience for our customers.

CRRO & SRRO - R12 / R13 / R21 / R14

STRATEGIES IN 2024

To effectively manage these challenges, we have embraced digitalization and automation as key strategic pillars. Our journey toward the digital transformation of claims processing began a few years ago, and we continue to make year-on-year improvements to enhance efficiency and service quality. In 2023, we introduced several innovative solutions to streamline claim processing, improving speed, accuracy, and customer experience. Building on this foundation, we further enhanced and continued these advancements in 2024, ensuring a seamless and efficient claims management process that aligns with our commitment to service excellence.

ENHANCING AUTOMATED OPD CLAIM SETTLEMENT

OPD claims settlement process further strengthened by integrating AI to provide claim settlement decision and pay the claim instantly.

STAFF TRAINING

To enhance team expertise and service quality, we introduced the Custodian Concept, where experienced team members were assigned as mentors or "custodians" to guide and support newer team members. These custodians played a pivotal role in providing on-the-job training, overseeing critical tasks, and ensuring that claims were processed with professionalism and adherence to industry standards. This mentorship-driven approach fostered a culture of collaboration and continuous learning within the

team. By encouraging knowledge-sharing and skill development, the Custodian Concept has strengthened our service capabilities, ensuring a more efficient and customer-centric claims management process.

KEY VALUE DRIVERS

To ensure superior customer value, we structure our internal operations around the following Key Value Drivers.

	2024 Actual	2024 Target	A%	2023 Actual	G%
One-day claim decisions (%)	98	+80	123%	75	31%
Hospital discharge within one hour (%)	93	+94	99%	94	-1%
Acknowledge customer complains (%)	100	100	100%	100	0%

ONE-DAY CLAIM DECISIONS

Leveraging technology in our claims settlement process has enhanced efficiency, enabling us to achieve 98% of claims payment decisions within one day, surpassing our 80% target. This reflects our commitment to innovation and superior customer service.

HOSPITAL DISCHARGE WITHIN ONE HOUR

To enhance customer convenience, we streamlined hospital discharge processes, achieving a 93% completion rate within one hour in 2024. While slightly below our target, we remain focused on continuous service improvement.

ACKNOWLEDGE CUSTOMER COMPLAINTS

We ensure customer complaints are acknowledged within three working days and provide prompt responses. In 2024, we achieved 100% compliance, reinforcing our commitment to customer satisfaction.

CRITICAL SUCCESS FACTOR

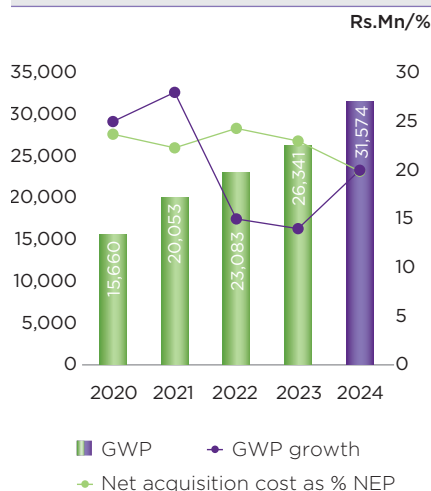
Efficient and fair claims handling is key to our success. We utilise digital tools, including one-day claim settlement and the Life Up app, to enhance operations and customer experience. Further details are available on page 158.

UNDERWRITING AND NET ACQUISITION COST

Underwriting and policy acquisition costs, net of reinsurance commission income, represent expenses incurred in acquiring business. These include commissions and incentives paid to intermediaries, offset by commission income from reinsurers.

Table 5: Underwriting and net acquisition cost

Rs Mn	2024	2023	G%
Underwriting and policy acquisition cost	6,149	5,780	6%
Reinsurance commission including profit commission	(359)	(293)	22%
Total underwriting and net acquisition cost	5,790	5,486	6%

NET ACQUISITION COST

In 2024, we incurred Rs 6.1 billion in policy acquisition costs, reflecting a 6% increase from the previous year. After accounting for Rs 359 million in reinsurance commission income, the net acquisition cost stood at Rs 5.7 billion.

CHALLENGES IN 2024

High sales staff attrition required the recruitment of new advisors to maintain a strong advisor base. Naturally, the cost-efficiency ratio for business production by new sales personnel was lower due to lower volumes generated, leading to a higher acquisition cost ratio.

CRRO & SRRO - R21 / R16 / R17 / O1 / O4 / O6

STRATEGIES IN 2024

Key focus given to grow the businesses on non agency channels so that Agency channel have enough space to become normalized operation. This strategy works well and delivered great results in terms of top line and bottom line.

KEY VALUE DRIVERS

We use Acquisition cost ratio measured as Acquisition cost percentage to GWP in monitoring efficiency. The gross acquisition ratio for the year was 19.5%, down from 21.9% in the previous year, primarily due to changes in the product mix.

OTHER OPERATING AND ADMINISTRATION EXPENSES

Below table summarises the expenses based on their nature.

Table 6: Other operating and administration expenses

Rs Mn	2024	2023	G%
Staff related expenses	3,276	2,461	33%
Administration and establishment expenses	1,939	1,520	28%
Selling expenses	713	691	3%
Depreciation / Amortisation	513	440	17%
Expenses before recognition of impairment , exchange (gain) / loss and finance expenses	6,440	5,111	26%
Loss arising from de-recognition of ISB and SLDB	2,238	87	2486%
Impairment charge/ (reversal) on financial investments	(3,005)	995	-402%
Finance expenses	828	849	-2%
Net exchange losses on financial assets and liabilities measured at amortised cost	301	402	-25%
Total expenses	6,801	7,444	-9%

The company's expenses, before accounting for impairment, exchange (gain)/ loss, and finance expenses, amounted to Rs 6,440 million, up from Rs 5,111 million recorded in the previous year. This increase was primarily driven by performance-based expenses recognized during the period. Excluding performance-based costs, normalized expenses stood at Rs 5,847 million, reflecting an 11% growth compared to Rs 5,268 million last year.

As part of Sri Lanka's debt restructuring process, the company de-recognized its investment in ISB, incurring a Rs 2,238 million loss, compared to Rs 87 million recorded in the prior year on investments in Sri Lanka Development Bonds. This resulted in a reversal of provisions made in previous periods, leading to a Rs 3,005 million reversal during the period.

CHALLENGES IN 2024

The Rs 2,237 million loss resulting from the haircut on ISBs during restructuring and the initial loss recognition on restructured ISBs posed a significant challenge. However, the financial impact was partially offset by the reversal of previously recognized provisions and completed ISB restructuring process successfully.

CRRO & SRRO - R21 / R7 / R8 / R6 / R18 / R10

STRATEGIES IN 2024

During the year, the company maintained strict budgetary control over expenses, ensuring that long-term value creation was assessed before committing to any expenditures.

KEY VALUE DRIVERS

We monitor expenses as a percentage of GWP to evaluate efficiency. During the year, the expense ratio stood at 18.5%, slightly improving from 20.3% in the previous year.

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TOTAL OTHER REVENUE

Break up of other revenue is provided below.

Table 7: Total other revenue

Rs Mn	2024	2023	G%
Net finance income	6,791	6,977	-3%
Net realised gains	2,938	227	1,192%
Net fair value gains / (losses)	(355)	733	-148%
Other operating income	7	10	-34%
Total other revenue	9,381	7,948	18%

Investment income declined by 3%, primarily due to lower market interest rates. However, the company leveraged the low-interest-rate environment, realizing a Rs 2,137 million gain from bond sales.

CHALLENGES IN 2024

The premature liquidation of existing investments to fund the share buyback, coupled with the decline in market interest rates, posed challenges in maintaining a profitable investment portfolio.

CRRO & SRRO - R3 / R5 / R7 / R2

STRATEGIES IN 2024

Investment disposals are strategically selected to maximize long-term value, while decisions on new fund allocations are made by carefully evaluating available market opportunities to ensure optimal returns.

KEY VALUE DRIVERS

Investment portfolio yield is regularly monitored as key KPI.

PROFITABILITY

The company recorded impressive profitability as provided below

Rs Mn	2024	2023	G%
Profit before tax	6,332	3,197	98%
Profit after tax	4,522	2,838	59%

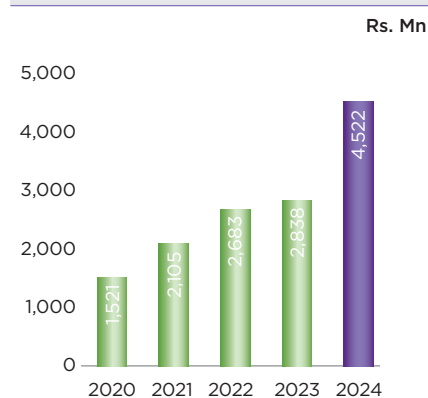
PROFIT BEFORE TAX

The profit of the Life Insurance Company is primarily determined by the actuarial valuation conducted by the Appointed Actuary, referred to as the "Surplus." In addition to this, the company's profit includes investment income from shareholder funds. In 2024, the company recorded a Profit Before Tax (PBT) of Rs 6.3 billion, compared to Rs 3.2 billion in the previous year. This variance was primarily driven by factors impacting underwriting results business growth, improvement of claims ratios and ISB impairment reversal.

PROFIT AFTER TAX

In 2024, the company recorded a Profit After Tax (PAT) of Rs 4.5 billion, reflecting a 59% growth compared to Rs 2.8 billion in 2023. The PAT trend and its composition over the past five years are illustrated in Graph below.

PROFIT AFTER TAXATION



Return on Equity (ROE)

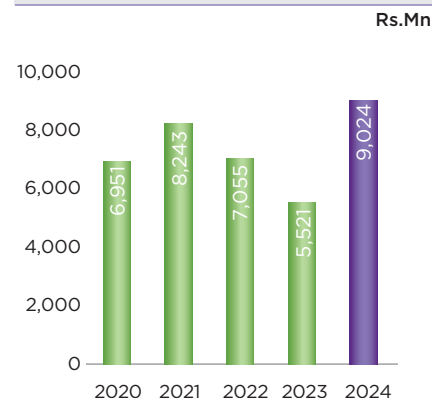
Rs Mn	2024 Actual	2024 Target	G%
ROE %	38.2	>20	191%

Company recorded ROE of 38.2% ROE which is 18.2% higher than the target set for the year.

UNDERWRITING RESULTS (OPERATING PROFIT / GROSS PROFIT)

The underwriting results represent the net inflow generated from the business before considering investment income and expenses. This figure is determined after settling claims to policyholders and covering direct acquisition costs paid to intermediaries. In the Life Insurance sector, underwriting results play a pivotal role as a key value driver, directly impacting overall profitability. They provide a measure of the company's ability to effectively price risk, manage claims, and maintain operational efficiency. Additionally, the nature of the products sold influences these results, offering valuable insights into future financial performance. Strong underwriting performance reflects prudent risk assessment and sound policy management, ensuring long-term sustainability. Further details and an in-depth analysis of underwriting trends are presented in Graph.

UNDERWRITING RESULTS



Underwriting results reached Rs 9 billion, marking a 63% growth compared to the previous year. This increase was primarily driven by strong GWP growth and lower acquisition costs. After experiencing a decline in underwriting results over the past two years, the corrective measures implemented have successfully restored growth momentum, reinforcing the sustainability of future profitability.

PROFITABILITY AND INVESTOR ATTRACTIVENESS – INDUSTRY PEER ANALYSIS

The Table below analyses the Softlogic Life share of profitability in comparison to listed insurance companies.

Rs Mn	2024	2023
Profit After Tax of the Company	4,522	2,838
Total profit from listed companies	16,995	14,062
SLI share of profit as a % of total profit from listed companies	27	20

It shows that the Company reported a significant percentage of (27%) profit out of total profit of listed insurance companies for the year 2024.

DIVIDEND

The Company paid an Interim dividend of Rs. 4.50 per share amounting to a total pay out of Rs. 1,424 million for the year 2024.

DIVIDEND POLICY

According to the dividend policy of the company, it distribute 50% of profit after tax as dividend after evaluating capital requirements for future expansion and stress testing for uncertain risk factors.

BALANCE SCORECARD

The management utilizes the balanced scorecard to oversee

internal business operations. It includes all critical KPIs that drive business success. A five-year analysis of the balanced scorecard is provided on the following page and the most critical KPIs are discussed below.

NET CLAIM RATIOS

Net claim ratio without maturity and surrender

The net claim ratio for the year was decreased to 35.7%, compared to 40.2% in the previous year. This decrease is attributed to a significant reduction in health-related claims compared to 2023, as well as growth in Gross Written Premiums (GWP).

Net claim ratio endowment

The endowment claim ratio also decreased to 23.3% from 26% last year due to the aforementioned reasons.

EXPENSE RATIOS

Net acquisition cost to GWP

Net acquisition was recorded at 18.3%, representing a decline of 2.5% compared to last year. The decrease is attributed to changes in product mix and an increase in renewal premium.

Operational expenses to GWP

Normalized operational expense ratio for the year stood at 18.5% compared to 20% recorded last year mainly due to our focus on improving expenses efficiency.

COMBINED RATIOS

Combined Ratio % NEP - without maturities and surrenders

The combined ratio is calculated by adding the total expenses ratio (operating and acquisition) to the net claim ratio, excluding maturities, to determine the total cost a company incurs to acquire and maintain. The ratio was 79% in 2024, compared to 89% in 2023. The decrease of 6% was due to a reduction in both claims and acquisition ratios.

Regulatory ratios

These key ratios are mandated by regulators to assess the company's

financial stability. The company has established internal processes to ensure timely compliance with these requirements. Over the years, the company has consistently maintained these ratios well above the minimum requirements, demonstrating our commitment to delivering on our promises to stakeholders.

KEY VALUE DRIVERS

Persistency ratios

This represents the percentage of premiums collected out of the total due premiums. The Year 1 ratio has gradually declined since 2021 due to economic instability, which created various challenges in acquiring new customers. Meanwhile, the Year 2 persistency ratio dropped in 2023, as collections from existing customers remained strong during 2020-2021 and were initially unaffected by pandemic. We are actively working on improving persistency ratios and anticipate positive progress in the coming years.

Average premium per policy

This has been increasing over the past years, highlighting the market segments we have reached.

Annualised new business premium

ANBP growth has been impacted in recent years primarily due to unfavourable economic conditions. However, we expect to accelerate growth in the coming years.

ANBP per agent

This metric reflects agent productivity, which has been increasing over the years due to various initiatives implemented by management to enhance performance.

Surplus

This metric reflects the profitability generated from the insurance portfolio for the year. The company maintains a profitable product portfolio to drive surplus growth.

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Table 8 :- Life Insurance Industry Specific Ratios and Its Discussion

Description	Movement	2024	2023	2022	2021	2020	Growth 2024 %
Key Operating Ratios							
First Year / Renewal GWP Mix %	N/A	29/71	33/67	32/68	32/68	32/68	-
Net Claims Ratio							
Net Claims Ratio % (with maturities and surrenders)	●	49.0	53.8	41.1	32.4	25.9	(5)
Net Claims Ratio % (without maturities and surrenders)	●	35.7	40.2	33.5	27.6	20.2	(5)
Net Claims Ratio Endowment % (without Group life and DTA)	●	23.3	26.0	20.0	17.3	10.0	(3)
Expense Ratios							
Reinsurance Expense Ratio %	●	7.9	9.5	11.6	9.3	12.0	(2)
Net Acquisition Cost Ratio % GWP	●	18.3	20.8	21.5	20.2	20.9	(2)
Operational Expenses as a % of GWP*	●	18.5	20.3	17.9	18.6	21.2	(2)
Total Expense Ratio % GWP	●	39.5	44.3	42.2	38.8	42.1	(5)
Total Expense Ratio % NEP	●	42.9	49.0	47.7	44.7	47.7	(6)
Combined Ratio							
Combined Ratio % NEP - without maturities and surrenders	●	79	89	82	73	58	(10)
Combined Ratio % NEP - with maturities and surrenders	●	92	103	89	77	74	(11)
Regulatory Ratios							
Capital Adequacy Ratio (Min 120%)	●	298	367	287	395	302	(69)
Determination Ratio % (Min 100%)	●	114	140	126	114	118	(26)
Investment in Government Securities % Life fund (Min of 30%)	●	81	96	67	41	54	(15)
Key Value Drivers							
Premium Persistency % - Year 1	●	83	83	84	85	83	0
Premium Persistency % - Year 2	●	61	61	66	67	65	(0)
Premium Persistency % - Year 3	●	51	54	58	58	52	(3)
Average Premium per Policy (Rs.)	●	195,995	176,872	169,090	138,983	136,852	11%
Annualised New Business Premium Rs. Mn	●	6,466	6,000	5,887	5,083	3,880	8%
Annualized new Business per Agent Rs. Mn	●	2.1	2.1	2.0	1.6	1.3	2%
No of New policies	●	128,088	74,827	133,872	237,453	262,605	71%
Life Fund Rs. Mn	●	32,290	27,202	24,469	21,493	17,484	19%
Surplus Rs. Mn (without one off surplus)	●	4,287	3,015	4,378	2,295	1,779	42%

● Positive Variance ● Variance up to 5% ● Negative variance

Financial position and cash flow analysis are available under financial capital on page 110.

*Adjusted for performance based expenses