Lanka Rating Agency

Rating Report

Janashakthi Insurance PLC

Report Contents

Rating History

Dissemination Date	Long Term Rating	Outlook	Action	Rating Watch
02-Oct-2025	A- (ifs)	Stable	Initial	-

Rating Rationale and Key Rating Drivers

The Insurance industry in Sri Lanka comprises ~28 insurance companies with, ~14 companies providing long-term insurance, ~12 general insurance companies, and two composite insurers. In 1HCY25, the life insurance industry recorded strong growth in Gross Written Premiums ("GWP"), rising by ~25.0% YoY to LKR~107.3bn (1HCY24: LKR~85.8bn), supported by the country's economic stabilization and improvements in key macro indicators. Sector profitability, however, moderated, with pre-tax profit declining to LKR~10.6bn in 1HCY25 from LKR~13.3bn in 1HCY24, largely reflecting reduced investment income from Government Securities as interest rates eased to single-digit level. The Sector's claims ratio stood at ~48.97%, while the combined ratio was ~88.57%.

Janashakthi Insurance PLC ("JINS" or "the Company") is a medium-sized life insurer in Sri Lanka, supported by a well-recognized brand and a distribution network of around 76 branches. The Company's market share reduced in CY22 and CY23 due to operational challenges and restructuring of its business. In CY24, the Company posted growth in GPW and continued that trend with GWP growth of ~27.3% YoY in 1HCY25, above the industry average. The Company's underwriting income had been under pressure in preceding periods (CY24: ~-6.0% | CY23: ~-24.2%) but reached break-even in 1HCY25. The Company's claims ratio was ~44% in 1HCY25 (CY24: ~62%), while expense ratio stood at ~25% (CY24: ~23%) resulting in combined ratio of ~96% (CY24: ~107%). JINS maintains a substantial investment portfolio of approximately LKR~31.8bn as of 1HCY25, which supplements its profitability through investment income and overall financial strength of the Company. Government Securities account for the largest share of the portfolio, representing about ~38% of total investments. JINS recorded Net Profit of LKR~1.3bn in 1HCY25 (1HCY24: LKR~0.78bn | CY24: LKR~4.5bn), supported by GWP growth and revaluation gains on investments amid normalizing interest rates.

JINS capital position remains sound, with a Capital Adequacy Ratio (CAR) of around ~370% in 1HCY25 (CY24: ~277%), comfortably above the regulatory minimum of 120% and in line with industry average of ~345%. JINS is predominantly owned by Janashakthi Limited, the holding entity of the Janashakthi Group, which operates across several financial sectors including life insurance, leasing and finance, corporate services, fund management, primary dealing, as well as health and fitness. Within the Group, JINS serves as a key contributor of cash flows to the parent through consistent dividend payments or other initiatives. In CY23, JINS acquired ~25% equity stake in First Capital Holdings, another subsidiary within the Group, from its parent.

The rating is dependent on consistent growth in GPW, resulting in better market position of JINS. Improvement in underwriting results in important along with maintaining strong capitalization and liquidity. Although JINS operates under the oversight of the Insurance Regulatory Commission of Sri Lanka ("IRCSL"), its financial profile remains correlated with that of the holding company.

Disclosure

Name of Rated Entity	Janashakthi Insurance PLC
Type of Relationship	Solicited
Purpose of the Rating	IFS Rating
Applicable Criteria	Methodology | Life Insurance Rating(Aug-24)
Related Research	Sector Study | Life Insurance(Nov-24)
Rating Analysts	Gayani Randima Ariyawansa | gayani@lra.com.lk | +94 114 500099

Profile

Legal Structure Janashakthi Insurance PLC ("JINS" or "the Company") is a limited liability company incorporated and domiciled in Sri Lanka. The Company has been listed on the Diri Savi Board of the Colombo Stock Exchange since 21st July 2008 and is regulated by the Insurance Industry Act, No. 43 of 2000.

Background JINS started its journey in 1992. The Company acquired ~51% shares, in National Insurance Corporation Limited in 2001.

Operations The Company's principal activity is to undertake exclusively life insurance products in the segments of protection and health, securing children's futures, retirement plans, and savings and investment solutions. The Company offers both universal and whole life insurance products.

Ownership

Ownership Structure The Schaffter brothers, through Janashakthi Limited (the Holding Company), own ~74.23% of JINS and ~5.78% through First Capital Holdings.

Stability Stability is underpinned by Janashakthi Limited's majority stake, with no near-term ownership change expected.

Business Acumen The sponsoring family has decades of experience in various business sectors. As a Holding Company, Janashakthi has a presence in Financial Services, Non-Banking Financial Institutes, Real Estate, and Insurance sectors.

Financial Strength Sponsors' strength is reflected in the Group's 3MFY26 assets of LKR~179.3bn and total equity of LKR~19.6bn; revenue LKR~8.4bn (FY25: LKR~24.8bn) and net profit LKR~2.3bn (FY25: LKR~5.2bn).

Governance

Board Structure The overall control of the Company vests in the nine (9) Member Board of Directors, of which seven (7) are Non-Executive Directors six (6) Independent Directors. The Company has appointed Ms. Annika Senanayake (Independent Non-Executive Director) as the Chairperson of the Company with effect from 1st January 2025.

Members' Profile The Board brings decades of experience. Chairperson Ms. Annika Senanayake is a Director at IWS Holdings, Ceylon Natural Rubber, RAD Productions (Sri Lanka & USA), and Scan Furniture, and serves on the Sri Lanka Institute of Directors' Young Directors Forum. She previously served as an Independent Non-Executive Director at Sampath Bank PLC (retired 2020) and as CEO of ART Television Broadcasting Co.

Board Effectiveness The Company has four Board Committees in place; i) Nominations & Governance Committee, ii) Remuneration Committee, iii) Audit Committee, and iv) Related Party Transactions Review Committee.

Financial Transparency Ernst & Young (EY) Sri Lanka is the external auditor of the Company and has provided an unqualified opinion on the financial statements of CY24.

Management

Organizational Structure JINS has clear Life Insurance reporting lines: corporate business, sales management, branch ops, marketing and all other departments report to the CEO.

Management Team Management is led by Mr. Ravi Liyanage (33+ years in finance); he holds a BSc (University of Colombo), a PGDip in Marketing (CIM), and an MBA (University of Sri Jayawardenapura).

Effectiveness The management of the Company ensures its effectiveness through efficient coordination between its various departments by conducting meetings at different intervals as per the requirements.

Claim Management System JINS's claims are managed centrally and divided into corporate, individual, and survival benefit claims. Claims are processed within an authority structure, with adherence to underwritten guidelines for authorization.

Investment Management Function The Management Investment Committee has the ultimate authority of setting guidelines for investment of the Company's assets and finances. The Committee defines investment horizon based on market conditions and the regulatory limits.

Risk Management Framework The Board of Directors has the overall responsibility for the Company's Risk Management and Internal Controls, in particular for their adequacy and integrity. JINS complies with the regulations of the Insurance Regulatory Commission of Sri Lanka (IRCSL), the Colombo Stock Exchange, and the Central Bank of Sri Lanka.

Business Risk

Industry Dynamics Sri Lanka's insurance sector has ~28 insurers: ~14 life, ~12 general, and ~2 composite. In 1HCY25, life GWP rose by ~22.4% to LKR~107.3bn; profitability was steady despite lower government-securities income as rates fell to single digits. Industry CAR improved to ~345% (1HCY25) from ~338% (CY24), indicating strong capitalization.

Relative Position JINS is a mid-sized Life Insurance Company in Sri Lanka with a strong brand name and a network of ~76 branches. JINS's market share declined in CY23 and CY22 as the Company faced many challenges. However, during 1HCY25, the Company registered substantial GWP growth of ~27.3%, outpacing the industry average.

Persistency During CY24, the first-year persistency improved to ~87.9% from ~68.8% in CY23 (+19.1%). While this strengthens near-term renewal income and reduces lapse risk, evidence of stability at longer durations will be key for a more positive assessment.

Revenue The Net Written Premium ("NWP") of the Company grew by ~28.8% in 1HCY25 to LKR~3.6bn compared to LKR~2.8bn 1HCY24. NWP improved by ~45.4% in CY24 to LKR~6.3bn from LKR~4.4bn in CY23.

Profitability The Net Profit of the Company as at 1HCY25 improved by ~69.5% to LKR~1.3bn from LKR~777.7mn in 1HCY24. JINS reported a Net Profit of LKR~4.5bn in CY24, a growth of ~9.1% from CY23 which was LKR~4.1bn.

Investment Performance JINS has a sizeable investment portfolio (1HCY25: LKR~31.8bn) majorly concentrated towards G-Sec (~38%). Whereas investment income the Company stood at LKR~2.3bn in 1HCY25 (CY24: LKR~6.6bn), mainly attributable to lower investment income and revaluation gains on government securities as interest rates normalized.

Sustainability JINS is KPI-driven, focusing on green initiatives, such as digital customer onboarding and communications, to minimize environmental impact. The Company is also assessing its carbon footprint and emissions.

Financial Risk

Claim Efficiency JINS's claim ratio has decreased to ~62% in CY24 compared to ~78% in CY23. It is ~44% in 1HCY25. Net claim settlement increased to LKR~4.2bn in CY24 which has been LKR~3.4bn in CY23. The increase was driven by the increase in Maturity claims which amounted to ~45.6% of total claims.

Re-Insurance The reinsurance program of the Company is diversified to several insurers under each plan category. Financial position and credit rating of all the reinsurers are in line with the IRCSL guidelines.

Cashflows & Coverages The Company's net cash generated from operating activities improved to LKR~3.7bn in 1HCY25 from LKR~1.9bn in 1HCY24 (CY24: LKR~4.4bn).

Capital Adequacy The Company maintained a Capital Adequacy Ratio (CAR) of ~370% in 1HCY25 (CY24: ~277% | CY23: ~272%), which remains well above the stipulated regulatory requirement of ~120%.

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Listed Public Limited Financial Summary	Jun-25 6M Management	Mar-25 3M Management	Dec-24 12M Audited	Dec-23 12M Audited
A BALANCE SHEET				
ASSETS				
1 Investments	38,970	36,849	36,010	34,399
2 Insurance Related Assets	582	635	619	568
3 Other Assets	641	739	663	724
4 Fixed Assets	754	626	605	502
Total Assets	**40,947**	**38,849**	**37,897**	**36,192**
LIABILITIES				
5 Underwriting Provisions	-	-	-	-
6 Insurance Related Liabilities	18,600	17,727	16,888	15,202
7 Other Liabilities	1,709	1,862	1,899	1,865
8 Borrowings	1,979	2,100	2,207	3,533
Total Liabilities	**22,289**	**21,689**	**20,994**	**20,600**
Equity	**18,659**	**17,160**	**16,903**	**15,592**
B INCOME STATEMENT				
1 Gross Premium Written	3,769	1,830	6,596	4,585
2 Net Insurance Premium	3,619	1,754	6,347	4,365
3 Underwriting Expenses	(2,680)	(1,313)	(5,613)	(4,574)
Underwriting Results	**940**	**441**	**733**	**(210)**
4 Management Expenses	(729)	(353)	(1,552)	(1,225)
5 Investment Income	2,281	897	6,617	9,234
6 Other Income / (Expense)	605	92	1,282	(46)
7 Net Change in Reserve for Policyholders' Liabilities	(1,587)	(692)	(1,377)	(2,503)
Profit Before Tax	**1,509**	**385**	**5,704**	**5,251**
8 Taxes	(191)	(92)	(1,191)	(1,116)
Profit After Tax	**1,318**	**292**	**4,513**	**4,135**
C RATIO ANALYSIS				
1 Profitability				
Loss Ratio (Net Insurance Claims / Net Insurance Premium)	44%	45%	63%	79%
Combined Ratio (Loss Ratio + Expense Ratio)	94%	95%	113%	133%
2 Investment Performance				
Investment Income / Operating Profit	92%	91%	114%	118%
3 Liquidity				
(Liquid Assets - Borrowings) / Outstanding Claims	46.07	38.78	36.46	35.90
4 Capital Adequacy				
Liquid Investments / Equity	1.94	1.78	1.67	1.56

Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Scale	Long-Term Rating
AAA	Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+ AA AA-	Very high credit quality. Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A+ A A-	High credit quality. Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.
BBB+ BBB BBB-	Good credit quality. Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
BB+ BB BB-	Moderate risk. Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.
B+ B B-	High credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
CCC CC C	Very high credit risk. Substantial credit risk “CCC” Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. “CC” Rating indicates that default of some kind appears probable. “C” Ratings signal imminent default.
D	Obligations are currently in default.

Scale	Short-Term Rating
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.

Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing)	Rating Watch	Suspension	Withdrawn	Harmonization
Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. ‘Stable’ outlook means a rating is not likely to change. ‘Positive’ means it may be raised. ‘Negative’ means it may be lowered. Where the trends have conflicting elements, the outlook may be described as ‘Developing’.	Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) LRA finds it impractical to surveil the opinion due to lack of requisite information.	A change in rating due to revision in applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

Note: This scale is applicable to the following methodology(s):

a) Broker Entity Rating
b) Corporate Rating
c) Debt Instrument Rating
d) Financial Institution Rating
e) Holding Company Rating
f) Independent Power Producer Rating
g) Microfinance Institution Rating
h) Non-Banking Finance Company

Rating Team Statements

(1) Credit Rating Agency means a body corporate engaged in the business of assessing and evaluating the credit- worthiness of any issuer or a specific issue of securities. https://www.sec.gov.lk/credit-rating-agency/

Conflict of Interest

(2) i. LRA will disclose to the Commission all other business activities it is engaged in at the time of applying for its licence and inform the Commission in writing prior to engaging in any other business activity after obtaining a licence from the Commission. (Section 34 – Rules applicable to Credit Rating Agencies)

(2)ii.LRA will not engage in any other business which in the view of the Commission creates a conflict of interest unless prior written approval of the Commission is obtained. (Section 35 – Rules applicable to Credit Rating Agencies)

(2) iii.In the conduct of any such other business activity, the LRA will ensure that proper processes are in place to have a clear demarcation of the different functions pertaining to such businesses. (Section 36 – Rules applicable to Credit Rating Agencies)

Restrictions

(3) (i) LRA will not be outsource any part of its work, which has a direct bearing on the function of rating. (Section 24 – Rules applicable to Credit Rating Agencies)

(3) (ii) LRA will enter into a written agreement with the party to whom any work is outsourced. Such agreement contains an undertaking from the party to whom any work is outsourced that they shall comply with the laws, rules, and directives that the LRA is bound to follow. (Section 25 – Rules applicable to Credit Rating Agencies)

(4) The LRA will not appoint any individual as a member of the rating committee who:

(a) has a business development function of the Credit Rating Agency; or

(b) who initiates or participates in discussions regarding fees or payments with any Client of the LRA. (Section 28 – Rules applicable to Credit Rating Agencies)

Conduct of Business

(5) Prior to the commencement of a rating or during such process the LRA will not promise, assure or guarantee to a Client that a particular rating will be assigned. (Section 39 – Rules applicable to Credit Rating Agencies)

(6) LRA performs a rigorous and formal periodic review of all its methodologies. Such methodologies will be made available to the Commission for perusal, upon request. (Section 41 – Rules applicable to Credit Rating Agencies)

Independence & Conflict of interest

(7) LRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on LRA´s opinions or other analytical processes. In all instances, LRA is committed to preserving the objectivity, integrity, and independence of its ratings.

(8) LRA will not engage in any other business which in the view of the Commission creates a conflict of interest unless prior written approval of the Commission is obtained. (Section 35 – Rules applicable to Credit Rating Agencies)

(9) LRA will structure its rating teams and processes to promote continuity, consistency and avoid bias in the rating process. (Section 47 – Rules applicable to Credit Rating Agencies)

Monitoring and review

(10) For purposes of transparency the LRA will publish sufficient information about an entity/security rated, frequency of default and whether a rating grade assigned has changed over time. The definitions and computation methods for the default rates stated in the default studies shall also be disclosed. (Section 44 – Rules applicable to Credit Rating Agencies)

LRA maintain the following records pertaining to Clients:

(a) all internal records to support its credit rating opinions;

(b) all particulars relating to Clients at its office which shall include the name and registered address and contact numbers of such Client, names and addresses of their directors as at the date of rating, its issued share capital and the nature of business; and

(c) a written record of all complaints received from Clients and action taken thereon by the LRA. (Section 48 – Rules applicable to Credit Rating Agencies)

(11) LRA maintains confidentiality of all non-public information entrusted to it by Clients at all times including such Client's identity and transactions carried out for such Client unless and to the extent such disclosure is required by law, or unless authorised by the Client to disclose such information. (Section 50 – Rules applicable to Credit Rating Agencies)

(12) LRA does not destroy, conceal or alter any records, property or books relating to the business of the Credit Rating Agency which are in its possession or under its control with the intention of defeating, preventing, delaying or obstructing the carrying out of any examination (Section 53 – Rules applicable to Credit Rating Agencies)

Probability of Default

(13) LRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability).

Proprietary Information

(14) All information contained herein is considered proprietary by LRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without LRA's prior written consent.