

STRATEGY FORMULATION AND RESOURCE DEPLOYMENT

Enhancing our strategic planning process to ensure **Bigger** impact and **Better** resource utilization



We strategise and allocate resources to attain our overarching vision and mission by setting strategic objectives within a broader context. Although our strategic objectives remain consistent, we evaluate our operational landscape yearly and adjust short to medium-term strategies and key performance indicators (KPIs) as needed. The Board of Directors annually reviews and approves the process before implementation.

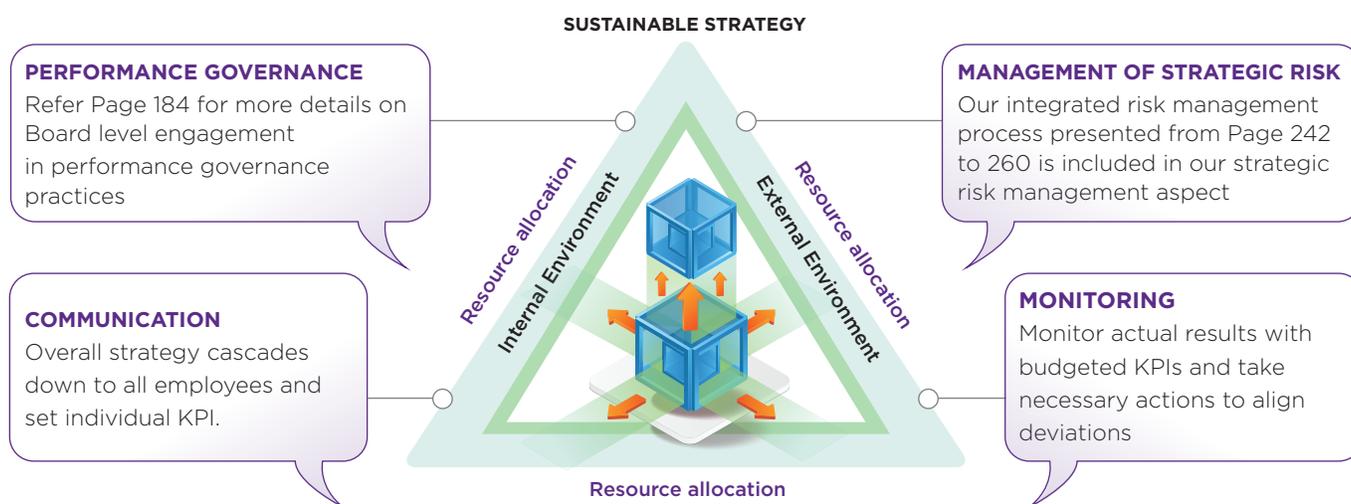
The year 2023 was another challenging year we absorb many impacts from economic crisis. We didn't change strategic pillars but adjusted KPIs to reflect our expectation of future performance.

RESOURCE ALLOCATION

Required resources to execute the identified strategies below were carefully evaluated, allocated and approved by the Board of Directors for the period 2023 to 2025 during the annual budget preparation cycle.

STRATEGY SETTING PROCESS

Below figure summaries our strategy setting process.



Basis for our Strategic Pillars

Strategic Pillar	Basis of selection and why we continue it
Most Caring Life Insurer	Life insurance is a process of managing people's risks which involves managing customer's feelings. The success is a fact of how much we care about our customers in terms of satisfying their need when they need it. We continue to make this strategy as we believe this fact will be valid for our long term future.
Smart IT Digitization	In the world of digitalization our sustainability is depend on how we embedded it in the business. This is a long term fact we continue to focus from three years back.
King of Data	The future of the world can be defined as "Data Driven Future" and we are being ready for it by choosing it as a strategic pillar. This will be more futuristic and valid for our long term future
Phenomenal Sales	While we are doing all of the above we also should consider how the above links to our growth. Accordingly, we need to focus this also for our long term future.
Lean and Fast	This is one of the focus areas we need to keep in mind when we execute all above strategies.
Governance	We deal with public money and strong governance is of utmost importance to win customer trust
Risk management	Our key business activity is managing risk of customers. Accordingly, effective risk management defines our sustainability of the business.

SUSTAINABILITY OF STRATEGY

Softlogic Life's strategy setting is based on the key pillars of sustainability. The Company evaluates its strategic objectives regularly and takes necessary action to cope with changes in the external environment, ensuring we provide sustainable value creation over the short, medium and long terms.



MOST CARING LIFE INSURER



1. OUR DEFINITION

The success of the life insurance business hinges on its ability to swiftly draw in new customers (generating new business) and effectively maintain existing ones through renewals. Exceptional customer service plays a pivotal role in both attracting and retaining customers.

2. OUR THINKING

What make our customer delighted ?

- Hassle free process to obtain a policy
- Availability of preferred payment option
- Receiving claims fast
- Hassle free discharge in the event of hospitalization
- Get maturity benefit as promised
- Doing alteration to policy is easy

3. INTERNAL KPIS TO ACHIEVE OUR OBJECTIVES

KPI		2026	2025	2024	2023	2022	2021
Digital proposal submission	%	100	100	100	100	100	100
One-day proposal acceptance	%	80	79	78	77	75	76
Auto underwriting of policy	%	72	71	70	69	68	68
One-day claim settlement	%	+80	+80	+80	75	95	94
Hospital discharge within one hour	%	+94	+94	+94	94	97	87
Acknowledge customer complains	%	100	100	100	100	100	100

4. SHORT TERM TARGET

- Digital adoptions for customer touchpoints
- Speedy claim settlement for legitimate claims
- New products
- Focus on digital distribution channels

5. MEDIUM TO LONG TERM TARGET

We aim to synchronize customer care initiatives with evolving customer behaviours and adapt our business model to swiftly seize emerging opportunities. Our objective is to elevate our customer care strategies to encompass the entire customer life cycle through comprehensive customer journey mapping. Moreover, we aspire to set the standard for the insurance industry in Sri Lanka and worldwide by integrating customer care deeply into the Company's value creation process.

6. RESOURCE ALLOCATION

- Capital expenses budgeted for expansion of branch network and digital adoption.
- Training for staff



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PHENOMENAL SALES



1. OUR DEFINITION

SLI grew above industry growth consistently during past few years. It also moved its industry position from 5 to 2 within just 4 years. In order to continue the same journey in the future SLI needs to have phenomenal sales.

2. OUR THINKING

What are the options for growth ?

- Growth in GWP contribution by each channel
- Annualised new business premium growth
- Customer retention
- Focus on market segments

3. INTERNAL KPIS TO ACHIEVE OUR OBJECTIVES

KPI		2026	2025	2024	2023	2022	2021
GWP contribution by Agency channel	%	63	63	64	67	67	65
GWP contribution by non-Agency channel	%	37	37	36	33	33	35
GWP growth	%	20	20	20	14	15	28
Annualized New Business (ANBP) growth	%	20	20	25	2	16	31
ANBP per agent	Rs Mn	2.6	2.5	2.4	2.1	2.1	1.6
Persistence							
1 Year	%	85	85	84	83	84	85
2 Year	%	64	63	62	61	66	67
3 Year	%	57	56	55	54	58	58

4. SHORT TERM TARGET

- Productivity improvement of sales force
- Increase average premium per policy
- Increase sales advisors
- Expand corporate clients base
- Introduce new products
- Expand micro channel customers base through

5. MEDIUM TO LONG TERM TARGET

We have identified numerous expansion prospects in the Asian market and are actively seeking opportunities to enter those markets. Additionally, some of our products have reached maturity, necessitating their replacement with new offerings tailored to emerging market segments. Furthermore, we have initiated several efforts to enhance renewal premiums, anticipating a profitable trajectory for the Company in the medium to long term.

6. RESOURCE ALLOCATION

- Financial resources required for expansions is allocated through budget 2024 to 2026
- New sales agents to be recruited in 2023





SMART IT DIGITALISATION



1. OUR DEFINITION

The company's digital journey defines its competitive advantage. Furthermore, we view it as a future-ready mechanism, recognizing that our future customers will emerge from a digitally-driven world. Therefore, we believe that digitalization is a key component of sustainability for our business.

2. OUR THINKING

How our operating environment will change ?

Digital adoption among new generations is pervasive, with technology deeply integrated into their daily lives. From social media platforms to mobile apps, younger individuals embrace digital tools effortlessly, often using them for communication, entertainment, and learning.

3. INTERNAL KPIS TO ACHIEVE OUR OBJECTIVES

KPI		2024 - 2026	2023	2022	2021
Growth in One day claim settlement	%	90	75	95	94
Growth in Auto underwritten	%	+70	69	68	68

4. SHORT TERM TARGET

- Further strengthen underwriting platform by incorporating digital tools
- Further strengthen claim processing platform by integrating new channels for claim intimation

5. MEDIUM TO LONG TERM TARGET

We intend to leverage digitalization to eliminate non-value adding functions within the business, enhancing both process and financial efficiency. Our company is fully committed to a digital transformation journey, where every aspect of our organization is shaped by digitalization. By aligning with the swift global digital transformation, we anticipate creating significant value for the company through market development and penetration strategies, while also enabling lean and agile operations and resource optimization.

6. RESOURCE ALLOCATION

A team of IT professionals available to drive the digital journey. Financial resources have been allocated accordingly during corporate planning cycle 2024 - 2026.



KING OF DATA



1. OUR DEFINITION

Data analytics stands poised as the upcoming competitive advantage in the global life insurance industry, with numerous countries already leveraging its power. As SLI, we've made a daring choice to pioneer this journey, positioning ourselves as the first mover within the Sri Lankan context.

2. OUR THINKING

Key areas of the business can be influenced through data analytics. Significance of business impact can have from deploying data analytics

3. INTERNAL KPIS TO ACHIEVE OUR OBJECTIVES

Three years ago, we implemented data analytics and completed several highly successful projects that significantly influenced our business operations. These initiatives encompassed the introduction of RPA (Robotic Process Automation) to automate underwriting, claim processing, bank reconciliation, among others. Presently, our approach involves managing these projects individually, and we are yet to specify Key Performance Indicators (KPIs) that measure the business value created by these endeavours.

4. SHORT TERM TARGET

- Strengthen underwriting process by integrating data analytics enabling better risk assessment.
- Hospital discharge will further improve through bill prediction using integrating Artificial Intelligence technology

5. MEDIUM TO LONG TERM TARGET

In the future, data analytics will emerge as the primary driver of our business, enabling us to offer more customized products and services tailored to meet the precise needs of our customers. Data will serve as the foundation upon which we sustainably manage our business operations.

6. RESOURCE ALLOCATION

A team of IT professionals including data scientists are available to manage the function. Financial resources have been allocated accordingly during corporate planning cycle 2024 - 2026.

STRATEGY FORMULATION AND RESOURCE DEPLOYMENT



LEAN AND FAST



1. OUR DEFINITION

Recognizing the swift pace of global change, we acknowledge the imperative for our processes to match this speed. Moreover, as we implement our strategy, we operate within constraints of limited resources. Hence, the enduring importance of lean management remains paramount.

2. OUR THINKING

Key areas of the business can be influence through lean management
How it relates to and support to other strategic

3. INTERNAL KPIS TO ACHIEVE OUR OBJECTIVES

We have already introduced lean management to many of the key business areas where the relevant KPIs are linked to same reported under “most caring life insurer”. However, in addition to that we specifically monitor expense efficiency as this eventually should support cost saving

KPI		2026	2025	2024	2023	2022	2021
Expense ratio	%	19.6	20.6	21.6	22.6	21.7	18.6
GWP per employee	%	30.0	26.8	26.2	26.7	23.1	20.5

4. SHORT TERM TARGET

Automating processes based on the priority to achieve Company strategy

5. MEDIUM TO LONG TERM TARGET

We will be monitoring productivity improvement of the staff. More focus will be given to staff development. Lean and fast will be embedded in all our operational aspects to reach our strategic goals.

6. RESOURCE ALLOCATION

Internal IT team is assigned with the responsibility to drive the digital journey of the Company. Also employees from each department collaborate with each other to keep the impact lean across the Company



GOVERNANCE



1. OUR DEFINITION

Given the inherently long-term nature of our customer contracts, maintaining robust governance is of utmost importance in safeguarding our customers' wealth. Consequently, the management always deems it essential to uphold the highest standards of governance within the organization .

2. OUR THINKING

- Compliance with mandatory and voluntary governance practices in Sri Lanka.
- Improving existing compliance to more value creation focus activities

3. INTERNAL KPIS TO ACHIEVE OUR OBJECTIVES

KPI		2026	2025	2024	2023	2022	2021
Comply with mandatory provision of Corporate governance	%	✓	✓	✓	✓	✓	✓
Comply with voluntary provision of Corporate governance	%	✓	✓	✓	✓	✓	✓

4. SHORT TERM TARGET

Ensure strong corporate governance practices within the Company by fulfilling all regulatory requirements. (Refer Page 152 to 241 for detailed corporate governance strategy and related information).

5. MEDIUM TO LONG TERM TARGET

Governance practices will be evolving within the organisation to maintain sustainable business practices. Also, we will be adopting global best practices to strengthen Governance structure and drive value creation of the Company.

6. RESOURCE ALLOCATION

The Board of Directors who hold the best qualification and business acumen in wider array of areas of business value creation



RISK MANAGEMENT



1. OUR DEFINITION

The environment in which we operate is undergoing rapid change, presenting numerous risks to the execution of our strategy. Continuously, new risks are being added to our list, contributing to the evolving landscape of challenges we face.

2. OUR THINKING

- Identify new risk that could affect company's value creation.
- Be proactive to risks identified

3. INTERNAL KPIS TO ACHIEVE OUR OBJECTIVES

KPI		2026	2025	2024	2023	2022	2021
Updated risk heat map and discussion in the risk committee of the Company.	%	✓	✓	✓	✓	✓	✓

4. SHORT TERM TARGET

Maintaining proactive risk management approach

5. MEDIUM TO LONG TERM TARGET

Proactive risk management mechanism will be adopted to ensure sustainable value creation.

6. RESOURCE ALLOCATION

Dedicated risk assessment department which diligently evaluates trending risk and reports to the Board.
Board risk committee that evaluates and takes proactive action.



More focus on Short term



More focus on medium to long term



Equally important in all the time

PERFORMANCE GOVERNANCE

Monitoring performance is a critical aspect of successful strategy execution. We translate our strategy into both financial goals and non-financial objectives to effectively measure performance. Regular evaluations are conducted to assess performance against these metrics. The board of directors oversees the company's performance based on established criteria, supported by robust internal controls. Further details on the operation of performance governance can be found on page 185 of this report.

MANAGEMENT OF STRATEGIC RISK

The comprehensive risk management framework is essential to navigate organisation to its vision. We give priority to risk management aspects while we setting and executing the strategy. Accordingly we have organization wide integrated risk management framework which cover all key aspects of the business including strategy setting and execution. This has been elaborated under integrated risk management framework on page 242 of this report

FINANCIAL OBJECTIVE

In order to improve accountability of the management we have decided on disclosing futuristic financial objectives in the annual report. These objectives are derived through strategy setting process and approved by the board of directors. We have disclosed these objectives on page 88 as applicable covering overall all financial statement level and internal process level.

LONG TERM SUSTAINABILITY

Throughout the year 2023, we have undertaken numerous initiatives, introduced process innovations, and embraced digitalization and innovation within our business processes. These efforts are elaborated upon in detail in the operational review from page 43 to 59. we aim to guarantee the long-term sustainability of our operations.