



**ioga**

INDIAN  
OCEAN GENERAL  
ASSURANCE LTD

ALWAYS STRIVE  
TO BE ON **TOP**

Annual  
Report  
**2017**

FOR A  
BETTER  
FUTURE  
**GROWTH**





**Ioga**  
INDIAN  
OCEAN GENERAL  
ASSURANCE LTD

# TABLE OF CONTENTS

Corporate Data	2
Chairman's Review	3
Management Review by Chief Executive Officer	4
Corporate Governance Report	6
Certificate of the Secretary	21
Independent auditors' report	22
Statement of financial position	29
Statement of comprehensive income	30
Statement of comprehensive income - General Insurance Business	31
Statement of comprehensive income - Life Assurance Business	32
Statement of cash flows	33
Statement of changes in equity	34
Note to the financial statements	36

# CORPORATE DATA

---

## Registered Address and Head Office Address

12 Volcy Pougnet Street  
Port Louis, MAURITIUS  
Tel: 208 9000  
Fax: 212 2603  
Email: info@iogaltd.com  
Web: www.iogaltd.com

## Auditors

Moore Stephens (Mauritius)  
Chartered Accountants  
6th Floor, Newton Tower  
Sir William Newton Street  
Port Louis  
MAURITIUS

## Independent Actuary

Mrs Teja Ranade Gadhoke  
Fellow of Society of Actuaries  
1-A, Krishna Keval Nagar  
Kondhwa Khurd  
Pune – 411048  
INDIA

Messrs K.A. Pandit, Consultants and Actuaries  
C/201, Remi Bizcourt  
Off, Veers Desai Road  
Andheri West  
Mumbai-58  
INDIA

## Corporate Secretary

Mr V.K. Dwarka  
Descoins Street  
Long Mountain  
MAURITIUS

## Bankers

Afrasia Bank Ltd  
ABC Banking Corporation Ltd  
Bank One Ltd  
Banque des Mascareignes  
Barclays Bank Mauritius Limited  
SBI (Mauritius) Ltd  
State Bank of Mauritius Ltd  
The Mauritius Commercial Bank Ltd



# CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of the board, I am pleased to present the Annual Report and Audited Financial Statements of Indian Ocean General Assurance Ltd for the year ended 30th June 2017.

After 47 years of loyal service to our clients in Mauritius, IOGA is rethinking of its development strategy. The rebranding operation undertaken in the previous financial year has brought in a gross premium of Rs.62.2 million which is comparable to previous year. However due to the ever increasing cost of claims, the results did not meet our expectations causing an adverse impact instead on our financial results as at 30th June 2017. Gross claims paid for the year amounted to Rs.47.9 million. A screening exercise had to be undertaken during the year to improve the situation.

It is a fact that our new head office has improved the visibility and image of the Company as an Insurance Company. It is also recognized that IOGA has in the past year achieved considerable progress in its relationship with local Insurance Companies and Insurance Brokers.

We are intending to upgrade our IT system. A new software which is expected to be implemented during the financial year 2017/2018 will be an essential tool in the expansion of our business and in a closer monitoring of the claims development. Measures for rectifying any adverse outcome can as such be taken care of at the right time, so reducing the risk of unexpected losses.

Our marketing strategy is also being reviewed. Various avenues are being considered to develop our business and incentives are being proposed to our Agents and Staff members for their personal involvement in the promotion of our products.

I am hopeful that with the willingness shown by all our stakeholders, IOGA is on the right path to progress and will continue to provide our valued Customers with the highest level of service expected of us.

I would like once again to thank all our Shareholders, the Board of Directors, Members of the staff, our Agents and Salespersons for their unfailing support and contribution in the advancement of the Company's business.

**Dr Soopramanien M. Cunden**  
Chairman

28th September, 2017



# MANAGEMENT REVIEW BY CHIEF EXECUTIVE OFFICER

Dear Shareholders,

I have the pleasure to present to you a review of the Company's operations during the financial year ended 30th June 2017. Times have been tough during the past year for the local Insurance industry and our Company was not spared. The local market has been the scene for increasing competition and motor insurance business line has suffered from a substantial increase in negative experience. Motor insurance represents the major share of our portfolio and our overall results were adversely affected. Management is currently working on a new strategic plan that aims to mitigate such experience and drive double digit growth over the medium term.

## **Performance review**

Despite difficult market conditions, we have recorded a 1.4% increase in premium income. Net earned premium crossed the Rs. 50 million level for the second time of the Company's history. This represented an increase of 36.09%. This was matched by a significant increase in net incurred claims of 37.2%. Valuation of provisions have however been made conservatively. Net underwriting results went up from Rs. 7.5 million to Rs. 9.4 million, representing an increase of 25%.

Net underwriting results for the year were hugely impacted by a one-off provision of Rs. 6.8 million for claims pertaining to financial year 2010-2011, following a court case settlement. Adjusted for this item, the net underwriting results would have been around Rs. 16 million. Similarly, net underwriting results for 2016 would have been around Rs. 19 million if the Company had not change the method of reserving for unearned premium. These figures indicate that net underwriting results hovered around an average of Rs. 16 million over the last five years. The technical team is closely monitoring our underwriting experience. We should expect our figures to normalise in the next financial year.

Management succeeded to keep administrative expenses under control, with a slight overall decrease. All these helped operating results which improved by 17%. Investment and other income were lower than last year's as a result of the persistent low yield environment during the year. As a result, profit for the year went down from Rs. 2.5 million to reach Rs. 2.3 million, representing a decrease of 5%. The Company further experienced adverse effects of foreign exchange movements. Such movements contributed to a comprehensive loss of Rs. 3.9 million over the period. The Company closed the financial year with a total comprehensive loss of Rs. 1.5 million. As the economic environment revert of normalised state over the medium term and close monitoring of the Company's claims experience, the Company is expected to benefit from windfall exchange gains and get back to profitability zone.

## **Building bases for improved operations and customer service**

The Company has started several initiatives to re-engineer its operations and build solid bases for future growth. The new general manager who joined in May 2016 has spearheaded several managerial strategies that aim to improve underwriting standards and claims management. We expect that the results will improve reasonably during the coming years. We have also improved our accessibility to our clientele. Our clients have responded positively to the move of our head office in a non-congested key area of Port-Louis. We have also launched a training program for our sales staff and network. Last but not least, the Company has initiated talks to purchase a

new management information system. Beyond and above fulfilling the basic administrative tasks, the new system will allow the Company to improve risk management processes and develop new sales strategies using its CRM facilities, mobile technology and e-channels.

#### **Bringing balance to the portfolio and consolidating our brand**

Our goal remains bringing a greater balance between our motor and non-motor business. Emphasis will be laid on the development of non-motor business through non-traditional channels and corporate clients. Our strategy will also aim to build on our recent rebranding process. We will continue to work on the improvement of our relationship with other stakeholders on the market. This strategy is intended to gain respect from the Authorities, our competitors and customers at large.

#### **New risk management framework**

The enactment of new risk management rules by the FSC has prompted the Company to start the implementation of a new risk management framework. A risk committee has been set up and a risk officer appointed since 01 January 2017. The implementation process is moving on schedule and the Company has started to see its first benefits. Several risk areas have been identified and steps have been taken to mitigate them. The process will contribute to develop a sustainable growth plan.

#### **New strategic plan**

With new impetus, management has worked on the formulation of its new medium-term business plan. The new plan will be based on the concept of shared value, whereby each and everyone in the Company benefits from the value that we create – be it our employees who benefit from adequate personal development programmes and our customers who receive quality service and tailored products, and our shareholders who should expect good investment income. The plan will achieve the above by focusing on systems and technology, sound underwriting management and a well-balanced sales strategy.

I wish to express my gratitude to the Board of Directors and our staff for their commitment during the year under review in the delivery of their respective responsibilities and convey the wish that IOGA will continue to grow profitably in the forthcoming year and in the years to come.



**Natarajen M. Cunden**  
Chief Executive Officer

28th September 2017

## CORPORATE GOVERNANCE REPORT

### 1. Compliance Statement

Indian Ocean General Assurance Ltd hereafter referred to as “the Company” strongly believes in maintaining a simple and transparent corporate structure which defines the division of power and establishes a mechanism for achieving accountability between Board of Directors and shareholders driven solely by business needs.

In line with the above, the Board, management and staff of the Company fully support and are committed to the principle of business integrity, transparency and professionalism as recommended by the Code of Corporate Governance. Furthermore, the Company strives to ensure that all the activities are conducted in such a way as to satisfy the characteristics of good governance namely: discipline, transparency, accountability, responsibility, fairness and social responsibility.

The Company as an Insurance Company, wishes to comply with the Code of Corporate Governance (the Code), as far as is reasonably possible and practical. The Board of Directors has set up a Corporate Governance Committee and an Audit and Technical Committee. The Directors are thus continually focusing on maintaining the sustainability of the Company’s business and discharging their responsibilities of stewardship of the Company’s assets with integrity through the existence of a proper control environment and a well-functioning system of internal control.

### 2. Board of Directors

The Board is composed of ten Directors, two of whom are executives, three are non-executives and five independent Directors. The Board met on eight occasions during the year under review. The Directors possess expertise and experience in different fields such as Administration, Accountancy, Banking, Corporate Management, Law and Insurance. The Board collectively and the Directors individually are involved in the Company’s affairs and adhere to ethical standards.

The Board bears the responsibility of organising and directing the affairs of the Company in a manner that is in the best interest of shareholders and other stakeholders. The Board retains full and effective control over the Company, delegating the day-to-day running and operational issues to the Chief Executive Officer and his management team. The Board of Directors is appointed by the shareholders on the basis of integrity, skill, acumen and experience to make sound judgements relevant to the business of the Company.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## CORPORATE GOVERNANCE REPORT

### 2. Board of Directors (Continued)

#### 2.1 Composition of Board

The Board comprises the following members:

Dr. Soopramanien M. Cunden	Chairman & Non-executive
Mr. Natarajen M. Cunden	Executive
Ms. Analaxmi Cunden	Non-executive
Ms. Shrivana Cunden	Non-executive
Mr. Raouf Dusmohamud	Independent
Mr. Logonaden Pillay Thandrayen	Independent
Mr. Karunanidi Teeroovengadum Sornum	Independent
Mr. Yuvhen Modelly Cunden	Independent
Mr. P.A. Pather	Independent
Mr. J.M. Percy Rose	Executive

#### 2.2 Directors' Interest

The Directors' interests in the ordinary share capital of the company as at 30 June 2017 are as follows:

	Ordinary share of Rs. 10 each	
	2017	%
Ms. Analaxmi Cunden	116,662	4.66
Mr. Natarajen Modeliar Cunden	126,662	5.06
Ms. Shrivana Cunden	116,412	4.66
Dr. Soopramanien Modeliar Cunden	116,477	4.66
Mr. Raouf Dusmohamud	728	0.02
Mr. P. A. Pather	728	0.02
Mr. Logonaden Pillay Thandrayen	100	0.003
Mr. Karunanidi Teeroovengadum Sornum	400	0.011

## CORPORATE GOVERNANCE REPORT

### 3. Committees of the Board of Directors

In compliance with the principles of Good Governance, the Board of Directors has set up three Board Sub Committees, namely: Corporate Governance Committee, Audit and Technical Committee and Risk Committee.

#### 3.1 Corporate Governance Committee

The Corporate Governance Committee is composed of three non-executive / independent Directors namely Mr. Logonaden Pillay Thandrayen (Chairman), Mr. Raouf Dusmohamud and Mr. Yuvhen M. Cunden.

Terms of reference of the Corporate Governance Committee include the following:

- ensuring that Professional Personnel and Human Resources Management policies are practised and implemented in the areas of recruitment and other staff related matters.
- ensuring that the Company follows a well-defined and properly structured remuneration policy.
- ensuring that all the management decisions are appropriately recorded with due transparency for the benefit of stakeholders.

The Corporate Governance Committee is responsible for implementing the Code of Corporate Governance throughout the Company and ensuring that the reporting requirements on Corporate Governance are made in accordance with the principles enunciated in the Code.

#### 3.2 Audit and Technical Committee

The Audit and Technical Committee comprises Mr P. A. Pather, FCCA (Chairman), Mr. Jean Marie Percy Rose (A.C.I.I) and Mr. Karunanidi T. Sornum. The technical aspect is chaired by Mr. Jean Marie Percy Rose. External Auditors attend meeting when invited. The Audit and Technical Committee has adopted formal terms of reference and it confirms that it has discharged its responsibilities for the year, in compliance with its terms of reference. The Audit and Technical Committee oversees the management's financial stewardship of the Company and also the performance of the external audit functions.

The Audit and Technical Committee focuses on:

- ensuring that adequate controls and checks are installed in the Accounts Department.
- ensuring that there are well defined procedures and mechanisms for purchase of movable and immovable properties.
- ensuring that all the accounting returns for Financial Service Commission and other government agencies are correctly prepared and submitted on time.
- ensuring that there is a proper and adequate system in the areas of investment without any compromise on the security of the funds pertaining to General Insurance and Life Insurance Businesses.
- taking cognizance of the auditors' report and actuaries' report before these are taken to the Board.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## CORPORATE GOVERNANCE REPORT

### 3.3 Risk Committee

The Risk Committee has been set up on the 2nd March 2017, which comprises of Mr P. A. Pather, FCCA (Chairman), Mr Logonaden Pillay Thandrayen and Dr Soopramanien M. Cunden.

The Risk Committee (the “Committee”) is an emanation of the Board of Directors (the “Board”) of the Indian Ocean General Assurance Ltd and has been established by the Board with the aim to comply with the Code of Corporate Governance and the Insurance (Risk Management) Rules 2016. The Committee assists the Board in discharging its duties relating to the establishment and maintenance of the Risk Management Framework in accordance to the Insurance (Risk Management) Rules 2016. Such duties include:

- the establishment and approval of a Risk Management Framework;
- overseeing the implementation and subsequent maintenance of the Risk Management Framework;
- determining the risk culture of the Company and formulate the matter in a Risk Appetite Statement (“RAS”);
- Ensure that the RAS is reviewed annually and is consistent with the Company’s business plans and strategies.
- providing leadership and guidance to management to create the conditions conducive to achieving the desired risk culture;
- ensuring that persons responsible for risk management have the appropriate skills, knowledge, independence and authority; and
- defining roles and responsibilities of management in relation to risk management.

### 3.4 Meetings of Board and Committees

The Board and the Committees meet regularly as required by the rules and regulations approved by the Board. Directors’ attendance at Board Meetings and Committees as at 30 June 2017:

	Board of Directors	Nomination Committee	Audit & Technical Committee
No. of meetings held	8	1	1
Dr. Soopramanien M. Cunden	8	Nil	1
Ms. Analaxmi Cunden	Nil	Nil	Nil
Mr. Natarajen M. Cunden	8	1	1
Ms. Shrivana Cunden	1/8	Nil	Nil
Mr. Raouf Dushmanud	5/8	Nil	Nil
Mr. P. A. Pather	8	Nil	1
Mr. Karunanidi T Sornum	8	Nil	1
Mr. J.M Percy Rose	8	1	1
Mr. Yuvhen Modelly Cunden	8	1	1
Mr. L Pillay Thandrayen	8	1	Nil

## CORPORATE GOVERNANCE REPORT

### 4. Directors' Profiles

The profiles of the Directors are given below:

#### **Mr Raouf Dusmohamud - Non-Executive Director**

Mr Raouf Dusmohamud was appointed as a Director on the Board of IOGA Ltd in 2004. He is presently the Managing Director of Raouf Dusmohamud Co. Ltd, which is the official representative and dealer of the following makes of cars viz: Proton, Perodua. In addition, he is the owner of Garage Raouf and Brabant Pieces Auto.

#### **Mr Logonaden Pillay Thandrayen - also known as Raj Pillay - Non-Executive Director**

Non-Executive Director and Chairman of Corporate Governance Committee

Mr Raj Pillay joined the Board in 2004. He is presently the Managing Director of Thandrayen Pillay Refrigeration Centre Ltd and Jensen Trading Co. Ltd. He is also a Director of Ningbo Komans Refrigerant (Ningbo China). He has won the Peak of Success, Biz 2014 Award (Hawaii, USA ), Inspirational Company Award by World Confederation of Business (Honston USA), Paris Star Quality Award Platinum Category in 2012, London Golden Crown Award QC100 in 2005 and Sablier D'Or Dan Foss Denmark in 1999.

#### **Mr Karunanidi Teeroovengadum Sornum - Non-Executive Director**

Mr Sornum was appointed as a Director in 2002 and as a member of the Audit Committee in 2007. He is working as accountant in the logistic sector. He is a member of the Association of Chartered Certified Accountants. He is also an affiliate member of the Chartered Institute of Logistics and Transport.

#### **Miss Analaxmi Cunden - Non-Executive Director**

Miss Analaxmi Cunden was appointed as a Director in 2002. She is currently the sole manager of Rumi Sarl. She worked as Corporate Secretary for Aviva Investors Luxembourg for period 2011 to 2015. She also has an exposure in General Banking, Accounting, Budgeting and Planning and Human Resources Management.

#### **Mr Natarajen M. Cunden - Chief Executive Officer, Executive Director**

Mr Natarajen M. Cunden was appointed as Director in 2002 and enjoys a rich experience of 12 years in the Banking Sector. Prior to joining IOGA Ltd, he was Deputy CEO of the former Indian Ocean International Bank Ltd. He is a Fellow of the Chartered Management Institute of UK and has completed his Master Degree in Management from the University of Mauritius.

#### **Miss Shrivana Cunden - Non-Executive Director**

Miss Shrivana Cunden was appointed as Director in 2002 and she acted as the Managing Director of the Company for the period 1998 to February 2006. She is a holder of MBA from Birmingham University (UK) and currently working in a leasing company, Toronto, Canada.

## CORPORATE GOVERNANCE REPORT

### 4. Directors Profiles (Continued)

#### **Dr Soopramanien M. Cunden - Non-Executive Director**

Dr Soopramanien M. Cunden joined the Board in 2008 and was appointed Chairman in 2011. He studied in France and the United Kingdom. He has been a director of various companies for many years and is practising in the private sector.

#### **Mr Yuvhen Modelly Cunden - Independent Director**

Mr Yuvhen Modelly Cunden was appointed as independent Director on 11th June 2010. He is currently employed with SBI (Mauritius) Ltd as IT Supervisor. He holds a Diploma in Information Technology through AEA (Ncc).

#### **Mr Poobalasoondaram Arnasala Pather - Independent Director**

Mr P.A Pather has been appointed as independent director on 29th December 2011. He is a Fellow of the Chartered Association of Certified Accountants (FCCA). He has long experience in accounting and financial services. He is currently the managing partner of Palsam Associates, Chartered Certified Accountants.

#### **Mr Jean Marie Percy Rose - General Manager, Executive Director**

Mr J. M. Percy Rose joined the Company as independent Director in June 2011. Career-wise, he has a long outstanding managerial and technical experience in the insurance sector since 1967. Mr J. M Percy Rose is an Associate of the Chartered Insurance Institute (UK) since 1979 and a Chartered Insurer in 1997.

## CORPORATE GOVERNANCE REPORT

### 5. Statement of Remuneration Philosophy

The remuneration of Directors and Senior Executives of the company is reviewed annually as per the term of reference of the Nomination and Remuneration sub-committee presided by Mr Logonaden Pillay Thandrayen. The remuneration philosophy is based on performance and is transparent.

The directors' fees paid to each Director are as follows:

Directors	Rs
Dr. Soopramanien M. Cunden	315,500
Ms. Analaxmi Cunden	Nil
Mr. Natarajen M. Cunden	52,000
Ms. Shrivana Cunden	6,000
Mr. Raouf Dusmohamud	34,500
Mr. Logonaden Pillay Thandrayen	61,500
Mr. P. A. Pather	53,500
Mr. Karunanidi T Sornum	53,500
Mr. J.M Percy Rose	52,000
Mr. Yuvhen Modelly Cunden	55,000

# INDIAN OCEAN GENERAL ASSURANCE LTD

## CORPORATE GOVERNANCE REPORT

### 6. Shareholdings

#### 6.1 Analysis of shareholders as at 30 June 2017

Size of Shareholding	No of shares owned	% of total issued shares
1-500	29,289	1%
501-1,000	30,041	1%
1,001-5,000	148,078	6%
More than 5,000	2,292,592	92%
Total	2,500,000	100%

#### 6.2 Shareholders category as at 30 June 2017

Shareholder Category	No of shareholders	No of shares	%
Individuals	201	1,331,294	53%
Corporate bodies	19	1,141,918	46%
Others	26	26,788	1%
Total	246	2,500,000	100%

#### 6.3 Shareholders holding more than 5% of the share capital as at 30 June 2017 were:

Shareholders	No of shares	%
Promunit Limited	848,219	33.9%
Sam Cunden (Mauritius) Ltd	146,072	5.8%
Succession Sam Cunden	294,412	11.8%
Natarajen M. Cunden	126,662	5.06%

## CORPORATE GOVERNANCE REPORT

### 6.4 Shareholder's agreement

The Company is not aware of any shareholder's agreement.

### 7. Profile of Senior Management Team

#### **Mr Natarajen M. Cunden**

Mr Natarajen M. Cunden, Chief Executive Officer has extensive experience in the management sector. He is a Fellow of the Chartered Institute of Management, UK and holds a Master Degree in Management from the University of Mauritius.

#### **Mr Jean Marie Percy Rose (appointed in May 2016)**

Mr J. M. Percy Rose joined the Company as independent Director in June 2011. Career-wise, he has a long outstanding managerial and technical experience in the insurance sector since 1967. Mr J. M Percy Rose is an Associate of the Chartered Insurance Institute (UK) since 1979 and a Chartered Insurer in 1997.

#### **Mr Amrit Hurree (appointed in July 2016)**

Mr Amrit Hurree is a Public Accountant registered with Mauritius Institute of Professional Accountants bearing registration number MRN 186/292.

He is a Fellow of the Association of Chartered Certified Accountants (UK). He worked in the insurance industry for more than 25 years in various insurance companies. He is now a Sole Partner in Practice based in Mauritius and Australia. He joined the Company as a part time consultant since July 2016.

## CORPORATE GOVERNANCE REPORT

### 8. Corporate Social Responsibility

#### 8.1 Sustainability reporting

The Company recognizes that it operates within a social and economic community and as such is committed when taking decisions and carrying out its activities, to take into account not only its economic viability but also the environmental consequences and social implications. The Company recognizes its key role on job and wealth creation in the Mauritian society. Reporting sustainability is generally understood to be the way for a Company to strike a right balance between economic, environmental and social integration, often through commitment and activities that extend beyond the foundation of compliance with legislation.

#### 8.2 Within the Company

The Company adopts harmonious industrial relations in order to achieve its objectives and mission in the interest of both the Company and its employees. There is a two-way communication within the Company.

#### 8.3 Within the Society

The Company is fully conscious of its role as a social partner in the community. During the year under review, the Company has actively participated in various social activities and has sponsored several events.

#### 8.4 Environment, health and safety

Environmental implications are considered before operational and strategic decisions are taken. The Company is committed to bring about a health and safety culture within the Company and also maintains a conducive working environment for the general well being of the employees and its customers.

### 9. Internal Audit

The Company has an adequate Internal Control System even though the role of an in house Internal Auditor is being considered.

Responsibilities and duties of officers are clearly defined, thus providing proper checks and balance of transactions carried out in the Company.

The objectives and policies of the Company are properly communicated up and down the line in the Company.

The Audit and Technical Committee and the key management personnel regularly receive reports from various departments and review same.

## CORPORATE GOVERNANCE REPORT

### 10. Risk Management and Internal Control System

The Board of Directors is responsible for risk management and for the Company's systems of internal control. The Company's policy on risk management encompasses all significant business risks including physical, operational, business continuity, financial compliance and reputational which could influence the achievement of the Company's objectives. The recent Risk Management Rules 2016 have provided new guidelines in the domain. In view of properly discharging its responsibilities, the Board has set up a Risk Committee and appointed a Risk Officer.

Since the beginning of 2017, the Board has supervised the implementation of a new risk management framework which lays down the following risk management mechanism:

- A system for the ongoing identification and assessment of risk;
- Development of strategies in respect of risks and definition of acceptable and non-acceptable levels of risk;
- Reviewing the effectiveness of the system of internal control;
- Preparation and maintenance of the Risk Appetite Statement;
- Implementation of the ORSA framework; and
- Processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

The objective of risk management is not to eliminate risk altogether, but to reduce it to an acceptable level having regard to the objectives of the Company.

While the Board is responsible for the overall risk management and internal control systems, oversight of the Company's risk management process, with the exception of the legal risk, is delegated to the Audit and Technical Committee.

The following main risk areas have been identified for the Company:

#### 10.1 Insurance Risks

The main activity of the Company is the acceptance of risk under an insurance contract where, in return for a consideration (the premium), a policyholder is compensated for pecuniary loss suffered as a result of a specified uncertain future event, or of a uncertain future event where the timing of the occurrence is uncertain. The main risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. Risks are mainly associated with the Company's underwriting, reinsurance and claims handling activities.

#### 10.2 Underwriting and Pricing Risk

The Company's underwriting strategy attempts to ensure that the underwritten risks are acceptable, well priced and diversified in type. Statistics captured and analysed by computer software are extensively used to assess and review risks and the Company reserves the right not to renew policies and/or to impose deductibles.

## CORPORATE GOVERNANCE REPORT

### 10. Risk Management and Internal Control System (Continued)

#### 10.3 Reinsurance Risk

The Company determines the extent of risks retainable and transfers risks in excess of its capacity to top rated reinsurers. Thus, through effective proportional, excess of loss and facultative reinsurance covers, the maximum loss for a given risk that the Company may suffer in any one year is predetermined.

Reinsurance risk refers to the inability of the ceding company or the primary insurer to obtain insurance from a reinsurer at the right time and at an appropriate cost. The inability may emanate from a variety of reasons like unfavourable market conditions, etc. Default risk by a reinsurer also affects the ceding insurance company in an adverse manner as it may affect their profitability.

Insurers transfer a part of their portfolio to a reinsurer in exchange for a premium. However, the unavailability of reinsurance at the right time and cost has ramifications for the ceding company. A default on the part of the reinsurer can lead to adverse impacts on the profitability and solvency of the ceding insurer. It may also lead to an adverse effect on the underwriting abilities of the insurer as the default by the reinsurer will augment the risk of the insurer. The ceding company has the onus of meeting the insured's claims in the event of a default by the reinsurer.

The Company manage its reinsurance program by a professional reinsurance broker J. B. Boda Reinsurance Brokers Private Limited who ensures that risks are only ceded to top-rated and credit worthy reinsurers.

#### 10.4 Claims Management Risk

Claims handling are closely monitored so as to ensure that the loss reported is covered and properly assessed. The Company ensures that claims provisions are determined using the best information available of claims settlement patterns, inflation forecast and settlement of claims.

#### 10.5 Financial Risks

The Company is exposed to financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk that proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts. Financial risk is considered to be very low.

#### 10.6 Debtors' Credit Risk

The Company's credit is primarily attributable to debtors including agents for insurance premium payable to the Company. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment. The Company structures the levels of its credit risk it accepts by placing limits on its exposure to a single counter party. Such risks are subject to frequent review.

## CORPORATE GOVERNANCE REPORT

### 10. Risk Management and Internal Control System (Continued)

#### 10.7 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet short-term debts. Liquidity risk is considered to be very low.

#### 10.8 Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Audit and Technical Committee set up by management ensures that investments are sufficiently diversified in order to match assets and liabilities and liquidity requirements.

#### 10.9 Operational Risks

Operational risks are risks of loss or opportunity gain foregone resulting from inadequate or failed internal processes, people and systems or from external events. These losses may be caused by one or more of the following:

##### ***Human Resources Risk***

The personnel responsible for managing and controlling different sectors of the Company or a business process do not possess the requisite knowledge, skills and experience needed to ensure that critical business objectives are achieved and significant business risks are reduced to an acceptable level.

##### ***Compliance Risk***

Compliance risk, also referred to as non-conformance risk, results in lower quality, higher costs, lost revenues and unnecessary delays. Non-conformance also gives rise to service failure risk because if not detected and corrected before a service is delivered to the customer, a product or performance failure could result. A Compliance Officer has been appointed to monitor these issues.

##### ***Health and Safety Risk***

Health and safety risks are significant if not controlled because they can expose the Company to substantial liability in respect of workers' compensation. Non-compliance with Health and Safety Legislation may result in heavy fines. The Health and Safety Committee ensures that these risks are minimised through control, follow-up and communication procedures. The Human Resources Department ensures compliance with labour laws.

## CORPORATE GOVERNANCE REPORT

### 11. Miscellaneous

#### 11.1 Auditors

The audit fees payable to the auditors, Moore Stephens, amount to Rs 350,000 (2016: Rs 325,000).

#### 11.2 Code of Ethics and Conduct

The Company is committed to ethical practices in its day-to-day operations and is governed by the Industry Code of Ethics.

#### 11.3 Dividend policy

The Company did not declare any dividend during the year under review. (2016: NIL).

#### 11.4 Donations and Sponsorship

The Company donated Rs 16,665 during the year. (2016: Rs 5,330)

#### 11.5 Related party transactions

The details in respect of related party transactions have been disclosed in Note 29 of the financial statements.

## CORPORATE GOVERNANCE REPORT

### 12. Statement of Directors' responsibilities in respect of the financial statements

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs and of the profit or loss of the Company. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards (IFRS) have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that adequate accounting records and an effective system of internal control and risk management are maintained. This helps to disclose with reasonable certainty and accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible to institute proper systems and procedures to comply with the Financial Intelligence and Anti-Money Laundering Act 2002 (FIAML Act) and the Code on the Prevention of Money Laundering and Terrorist Financing intended for Insurance Entities (the PMLTF code). Management has taken actions to implement proper systems, procedures and controls to comply with the FIAML Act and the PMLTF code.

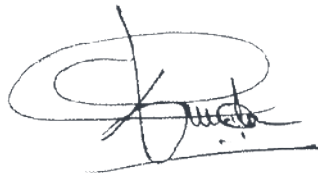
The Directors confirm that they complied with these requirements in preparing the financial statements. The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

### 13. Acknowledgement

The Board of Directors wishes to thank all stakeholders for their continued cooperation and support. The Board also expresses its appreciation for the valued support, continued trust, and loyalty of its management, staff and customers without whom the objectives of the Board would not have been attained.



**Chairperson**



**Chief Executive Officer**



**Director**

**Date:** 28th September 2017



**loga**  
INDIAN  
OCEAN GENERAL  
ASSURANCE LTD



## CERTIFICATE OF THE SECRETARY

I certify, to the best of my knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of INDIAN OCEAN GENERAL ASSURANCE LTD under Section 166(d) of the Companies Act 2001, during the year ended 30 June 2017.

**Secretary**  
**Vijay Kumar Dwarka**

Date: 28th September 2017

Address:  
Descoins Street  
Long Mountain  
Mauritius

6th Floor, Newton Tower  
Sir William Newton Street  
Port Louis, Mauritius

Tel: (230) 211 6535, 211 0021, 211 7484

Fax: (230) 211 6964

E-Mail: moorestephens@intnet.mu

Website: www.moorestephens.mu

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
INDIAN OCEAN GENERAL ASSURANCE LTD**

**Report on the audit of the financial statements**

***Opinion***

We have audited the financial statements of **Indian Ocean General Assurance Ltd** (the "Company") set out on pages 24 to 69 which comprise the statement of financial position as at 30 June 2017 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 the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements give a true and fair view of the financial position of **Indian Ocean General Assurance Ltd** (the "Company") at 30 June 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, Financial Reporting Act 2004 and the Insurance Act 2005.

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key Audit Matters***

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

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



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
INDIAN OCEAN GENERAL ASSURANCE LTD**

**Report on the audit of the financial statements (Continued)**

*Key Audit Matters (Continued)*

*Valuation of insurance contract liabilities -short term*

*How the matter was addressed in the audit*

We assessed and tested the design and operating effectiveness of selected key controls over the claims estimation process including IBNR. In particular, we tested the controls over the integrity of data and the assumptions setting and governance processes used by management related to the valuation of general insurance reserves.

In relation to the particular matters set out above, our substantive testing procedures included the following:

- We reviewed the documentation around outstanding claims which are high in value and involving longer settlement periods and tested management best estimates of the settlement outcome for reasonableness.
- We tested the completeness and accuracy of underlying claims data that are sent to the actuary in estimating general insurance loss reserves. This includes the testing of information sent to the actuary for the determination of IBNR.
- We determined that the actuarial assumptions used by management are reasonable based on the analysis of the experience to date, industry practice and the financial and regulatory requirements.
- We evaluated the reasonableness of the methodology and assumptions against actuarial practices and industry standards.
- We assessed the integrity of the actuary by ensuring that the actuary has the relevant expertise and experience in this field.

*Valuation of Insurance Contract Liabilities –long term insurance*

Actuarial assumptions and methodologies involve judgements about future events, both internal and external to the Company, for which small changes can result in a material impact to the valuation of insurance contract liabilities. Additionally, the valuation of insurance contract liabilities is dependent on the quality, integrity and accuracy of the data used in the valuations.

We have therefore identified the following areas of focus in relation to the valuation of insurance contract liabilities:

- Appropriateness of actuarial assumptions, models and methodology; and
- Data processes and controls relevant to the actuarial valuation



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
INDIAN OCEAN GENERAL ASSURANCE LTD**

**Report on the audit of the financial statements (Continued)**

*Key Audit Matters (Continued)*

*Valuation of Insurance Contract Liabilities –long term insurance (Continued)*

Appropriateness of actuarial assumptions, models and methodology:

Actuarial assumptions and methodologies reflected in policyholder liabilities are subject to a considerable level of judgement. The operational assumptions are informed by actual experience, market experience and practice, and expectations as to future trends. Economic assumptions are typically based on latest market conditions and are set in accordance with relevant guidance and the Company approved policy.

The assumptions that we consider to have the most significant impact on the actuarial valuations are:

- Mortality, longevity, disability and morbidity;
- Expenses;
- Risk discount rates; and

The integrity and appropriateness of models and methodology are also considered to be critical in the overall valuation of insurance contract liabilities.

*How the matter was addressed in the audit*

Appropriateness of actuarial assumptions, models and methodology:

Our audit of these assumptions, models and methodology applied in the valuation of insurance liabilities, included the following audit procedures that were executed with the assistance of our actuarial experts, across the areas considered material:

- We assessed the valuation methodology and assumptions for compliance with the latest actuarial guidance, legislation and approved company policy.
- We assessed the design and operating effectiveness of the key controls of the actuarial valuation process for the setting and updating of actuarial assumptions and the process for model and methodology changes;
- We focused our analysis on management's key assumptions around mortality, longevity, disability, morbidity and expenses and assessed the results of management's experience analyses;
- We confirmed, on a sample basis, that model and methodology changes have been appropriately implemented;
- We evaluated the assumptions and methodology against expectations based on our knowledge of the Company, industry practice, and regulatory and reporting requirements. This included an independent evaluation through enquiries with the external actuary and review by our internal experts;
- We evaluated the key sources of profit and loss and assessed management's analysis of movements in insurance contract liabilities and obtained evidence to support large or unexpected movements;



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
INDIAN OCEAN GENERAL ASSURANCE LTD**

**Report on the Audit of the financial statements (Continued)**

*Key Audit Matters (Continued)*

*Valuation of Insurance Contract Liabilities –long term insurance (Continued)*

- We considered the level of margins held, management's justification for holding these margins and how these will be released in future.

*Data processes and controls relevant to the actuarial valuation:*

Data is a key input into the valuation process: the calculation of insurance contract liabilities has a number of inputs, which are reliant on various processes and systems for accurate and complete data. A breakdown of these processes and systems could result in a misstatement of the value of insurance contracts.

*How the matter was addressed in the audit*

In obtaining sufficient audit evidence to assess the integrity of data used as inputs into the actuarial valuations, we, inter alia, performed the following audit procedures:

- We assessed the design and operating effectiveness of the key aspects of the control environment over data integrity, including an evaluation of the effectiveness of the IT environment over the policy administration systems, together with the data extraction and conversion processes;
- We performed an evaluation of the key controls over management's collection, extraction and data validation processes, which included testing of the reconciliations between the policy administration systems and the data sent to the external actuary the actuarial valuation; and
- We obtained the data pack from the external actuary and cross verified with the data which management has sent to the actuary for the valuation.

*Other Information*

The directors are responsible for the other information. The other information comprises the chairman's review, chief executive officer's review, Corporate Governance Report and certificate from the company secretary, or any other information. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
INDIAN OCEAN GENERAL ASSURANCE LTD**

**Report on the Audit of the financial statements (Continued)**

*Directors' responsibility for the financial statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Insurance Act 2005 and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' 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 auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 the directors.
- Conclude on the appropriateness of the directors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
INDIAN OCEAN GENERAL ASSURANCE LTD**

**Report on the audit of the financial statements (Continued)**

*Auditors' responsibilities for the audit of the financial statements (Continued)*

- 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 the directors 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.

**Other matter**

This report is made solely to the Company's members, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, for our audit work, for this report, or for the opinions we have formed.

**Report on other legal and regulatory requirements**

*Mauritius Companies Act 2001*

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

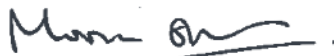
In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

*Insurance Act 2005*

The Financial Statements have been prepared in the manner and meet the requirements specified by the financial Services Commission (FSC).

*The Financial Reporting Act 2004*

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code. In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.



MOORE STEPHENS  
Chartered Accountants



Ravindra RAMPHUL, ACA  
Licensed by FRC

PORT LOUIS  
REPUBLIC OF MAURITIUS

DATE: **28 SEP 2017**



MOVING  
FORWARD  
**TOGETHER**

# INDIAN OCEAN GENERAL ASSURANCE LTD

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	Life 2017 Rs	General 2017 Rs	Total 2017 Rs	Life 2016 Rs	General 2016 Rs	Total 2016 Rs
<b>ASSETS</b>							
<b>NON CURRENT ASSETS</b>							
Property, Plant & Equipment	6	2	34,145,541	34,145,543	2	33,696,910	33,696,912
Intangible assets	7	1	1	2	1	1	2
Statutory deposits	9	10,068,750	10,000,000	20,068,750	10,068,750	10,000,000	20,068,750
Available-for-sale financial assets	8	30,383,742	47,919,653	78,303,395	33,236,519	51,027,838	84,264,357
Deposits	11	6,000,000	70,288,974	76,288,974	7,000,000	74,060,950	81,060,950
Investment property	10	1,100,000	-	1,100,000	1,100,000	-	1,100,000
Loans and receivables	12	22,736	368,317	391,053	-	510,321	510,321
		<b>47,575,231</b>	<b>162,722,486</b>	<b>210,297,717</b>	<b>51,405,272</b>	<b>169,296,020</b>	<b>220,701,292</b>
<b>CURRENT ASSETS</b>							
Loan and Receivable	12	719,615	272,441	992,056	849,467	272,658	1,122,125
Receivable and prepayments	13	7,083,018	29,422,216	36,505,234	6,776,121	28,222,135	34,998,256
Amount due by re-insurers	14	-	432,604	432,604	-	2,593,999	2,593,999
Reinsurance contracts	24	-	22,671,502	22,671,502	-	14,834,565	14,834,565
Deposits	11	6,247,398	40,131,250	46,378,648	11,050,350	47,228,571	58,278,921
Cash and cash equivalents	21	4,966,202	53,845,632	58,811,834	3,419,940	35,219,338	38,639,278
		<b>19,016,233</b>	<b>146,775,645</b>	<b>165,791,878</b>	<b>22,095,878</b>	<b>128,371,265</b>	<b>150,467,143</b>
<b>TOTAL ASSETS</b>		<b>66,591,464</b>	<b>309,498,131</b>	<b>376,089,595</b>	<b>73,501,150</b>	<b>297,667,285</b>	<b>371,168,435</b>
<b>EQUITY AND LIABILITIES</b>							
<b>CAPITAL AND RESERVES</b>							
Stated capital	15	-	25,000,000	25,000,000	-	25,000,000	25,000,000
Revaluation reserve	16	23,387,342	43,672,715	67,060,057	26,240,119	45,231,435	71,471,554
Retained earnings		-	122,546,745	122,546,745	-	122,537,543	122,537,543
		<b>23,387,342</b>	<b>191,219,460</b>	<b>214,606,802</b>	<b>26,240,119</b>	<b>192,768,979</b>	<b>219,009,098</b>
<b>TECHNICAL PROVISIONS</b>							
Unearned premium reserves	17	-	26,185,994	26,185,994	-	28,358,112	28,358,112
Life assurance fund	18	42,135,578	-	42,135,578	46,261,203	-	46,261,203
		<b>42,135,578</b>	<b>26,185,994</b>	<b>68,321,572</b>	<b>46,261,203</b>	<b>28,358,112</b>	<b>74,619,315</b>
<b>NON CURRENT LIABILITIES</b>							
Deferred tax liability	28	113,102	930,891	1,043,993	153,815	33,015	186,830
Retirement benefit obligation	19	-	3,105,138	3,105,138	-	2,899,807	2,899,807
		<b>113,102</b>	<b>4,036,029</b>	<b>4,149,131</b>	<b>153,815</b>	<b>2,932,822</b>	<b>3,086,637</b>
<b>CURRENT LIABILITIES</b>							
Current tax liabilities	26	98,520	-	98,520	26,812	-	26,812
Amount due to re-insurers	25	33,009	928,340	961,349	78,121	408,713	486,834
Payables	20	823,913	11,495,263	12,319,176	741,080	9,675,623	10,416,703
Outstanding claims	24	-	75,633,045	75,633,045	-	63,523,037	63,523,037
		<b>955,442</b>	<b>88,056,648</b>	<b>89,012,090</b>	<b>846,013</b>	<b>73,607,373</b>	<b>74,453,386</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>66,591,464</b>	<b>309,498,131</b>	<b>376,089,595</b>	<b>73,501,150</b>	<b>297,667,285</b>	<b>371,168,435</b>

Approved by the Board of Directors on .....28th September 2017.....and signed on its behalf by:

Chairman



Director



The notes on pages 36 to 75 form an integral part of these financial statements

# INDIAN OCEAN GENERAL ASSURANCE LTD

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
<b>GROSS PREMIUM</b>		<b>62,256,905</b>	61,863,014
Premium Ceded to reinsurers		(9,287,686)	(8,785,763)
<b>NET PREMIUM</b>		<b>52,969,219</b>	53,077,251
Release to general business fund	17	2,172,118	(11,522,484)
<b>NET EARNED PREMIUM</b>		<b>55,141,337</b>	41,554,767
Investment and Interest Income		8,833,570	9,406,820
Other income		7,508,060	10,684,494
		<b>16,341,630</b>	20,091,314
Net Claim Incurred		(48,825,955)	(37,755,543)
Net Commission Paid		(4,140,432)	(3,076,055)
Management expenses		(17,306,692)	(17,871,366)
Depreciation and amortisation		(1,294,919)	(1,898,675)
		<b>(71,567,998)</b>	(60,601,639)
<b>NET (LOSS) / PROFIT BEFORE TAX FOR THE YEAR</b>		<b>(85,031)</b>	1,044,442
Income tax expense		(955,683)	(301,235)
<b>(LOSS) / PROFIT AFTER TAX FOR THE YEAR</b>		<b>(1,040,714)</b>	743,207
<b>Transfer to Life Fund</b>		<b>4,125,625</b>	2,310,319
Founder's share Commission		(714,466)	(533,249)
<b>PROFIT FOR THE YEAR</b>		<b>2,370,445</b>	2,520,277
<b>Other comprehensive income</b>			
(Loss)/Gain on foreign exchange		(2,361,240)	616,889
Gain revaluation		-	-
(Loss)/Gain on foreign revaluation		(1,558,720)	1,545,043
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(1,549,515)</b>	4,682,209
<b>Earnings per share</b>		<b>0.95</b>	1.01

The notes on pages 36 to 75 form an integral part of these financial statements.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME GENERAL INSURANCE BUSINESS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		Rs	Rs
<b>GROSS PREMIUM</b>		59,880,589	59,036,765
LESS : REINSURANCE PREMIUMS		(9,166,438)	(8,652,216)
NET PREMIUM		50,714,151	50,384,549
Release to general business fund	17	2,172,118	(11,522,484)
<b>NET RETAINED PREMIUM</b>		<b>52,886,269</b>	<b>38,862,065</b>
Gross claims paid		(47,895,985)	(37,877,634)
Claims recovered from insurers/reinsurers		14,782,656	6,497,638
Recoverable from reinsurers		5,905,809	2,566,012
Movement in outstanding claims and IBNR		(12,147,309)	541,762
<b>INCURRED CLAIMS</b>		<b>(39,354,829)</b>	<b>(28,272,222)</b>
Commission Receivable		1,500,741	2,078,729
Commission Payable		(5,630,609)	(5,140,892)
<b>NET COMMISSION</b>		<b>(4,129,868)</b>	<b>(3,062,163)</b>
<b>NET UNDERWRITING RESULTS</b>		<b>9,401,572</b>	<b>7,527,680</b>
Investment and Interest Income		7,466,955	7,698,971
Other income		5,018,252	7,020,029
		<b>21,886,779</b>	<b>22,246,680</b>
Management expenses		(16,609,073)	(17,192,030)
Depreciation and amortisation		(1,294,919)	(1,891,361)
<b>NET PROFIT BEFORE TAX FOR THE YEAR</b>		<b>3,982,787</b>	<b>3,163,289</b>
Income tax expense		(897,876)	(109,763)
<b>NET PROFIT AFTER TAX FOR THE YEAR</b>		<b>3,084,911</b>	<b>3,053,526</b>
Less Founder's share Commission		(714,466)	(533,249)
<b>PROFIT FOR THE YEAR</b>		<b>2,370,445</b>	<b>2,520,277</b>
<b>Other comprehensive income</b>			
(Loss)/Gain on foreign exchange		(2,361,240)	616,889
Gain revaluation- Freehold Land		-	-
(Loss)/Gain on investment revaluation		(1,558,720)	1,545,043
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(1,549,515)</b>	<b>4,682,209</b>

The notes on pages 36 to 75 form an integral part of these financial statements.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME LIFE ASSURANCE BUSINESS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		Rs	Rs
Gross Premium		2,376,316	2,826,249
Premium Ceded to reinsurers		(121,248)	(133,547)
<b>Net Earned Premium</b>		<b>2,255,068</b>	<b>2,692,702</b>
Investment and Interest Income		1,366,615	1,707,849
Other income		2,489,808	3,664,465
		<b>3,856,423</b>	<b>5,372,314</b>
Commission payable		(23,301)	(27,705)
Commission recoverable from reinsurers		12,737	13,813
<b>Net Commission</b>		<b>(10,564)</b>	<b>(13,892)</b>
Death Claims		(707,641)	(318,362)
Maturity claims and survival		(8,425,663)	(8,810,958)
Surrenders		(337,822)	(354,001)
		<b>(9,471,126)</b>	<b>(9,483,321)</b>
Management expenses		(697,619)	(679,336)
Depreciation and amortisation		-	(7,314)
		<b>(697,619)</b>	<b>(686,650)</b>
<b>Loss for the year</b>		<b>(4,067,818)</b>	<b>(2,118,847)</b>
Income tax expenses		(57,807)	(191,472)
<b>LOSS AFTER TAX FOR THE YEAR</b>		<b>(4,125,625)</b>	<b>(2,310,319)</b>
<b>Transfer to Life Fund</b>	18	<b>4,125,625</b>	<b>2,310,319</b>

The notes on pages 36 to 75 form an integral part of these financial statements.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

Note	<u>2017</u>	<u>2016</u>
	Rs	Rs
<b>Cash flows from operating activities</b>		
<b>(Loss ) / Profit before taxation</b>	<b>(85,031)</b>	1,044,442
<b>Adjustments for:-</b>		
Depreciation / Amortisation	1,294,919	1,898,675
Investment income	(8,833,570)	(9,406,820)
Effect of foreign exchange rate changes	(811,778)	83,900
Founder's Share Commission	(714,466)	(533,249)
Release to General Fund	(2,172,118)	11,522,484
Provision Retirement benefit obligations	205,333	115,663
<b>Operating (loss)/profit before working capital changes</b>	<b>(11,116,711)</b>	4,725,094
Increase in trade and other receivables	(1,506,979)	(9,038,509)
Decrease in amount due by reinsurers	2,161,395	2,748,802
Increase/(Decrease) in amount due to reinsurers	474,515	(1,987,881)
Decrease in reinsurance contract	(7,836,937)	(1,552,828)
Increase in trade and other payables	1,902,472	972,817
Increase/(Decrease) in outstanding claims	12,110,008	(710,908)
<b>Cash absorbed into operations</b>	<b>(3,812,237)</b>	(4,843,412)
Income received absorbed into	8,833,570	9,406,820
Taxation and CSR paid	(26,812)	(230,735)
<b>Net cash flows from operating activities</b>	<b>4,994,521</b>	4,332,673
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,743,550)	(4,045,489)
Purchase of investments	-	832,579
Loan Refund/(Granted)	249,336	(224,464)
Increase/(Decrease) in deposits	16,672,249	(9,252,261)
<b>Net cash flows from/(used in) investing activities</b>	<b>15,178,035</b>	(12,689,635)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>20,172,556</b>	(8,356,961)
<b>Movements in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the year	38,639,278	46,996,239
Cash and cash equivalents at the end of the year	58,811,834	38,639,278

21

The notes on pages 36 to 75 form an integral part of these financial statements

# INDIAN OCEAN GENERAL ASSURANCE LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

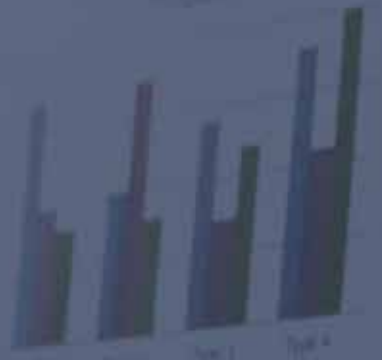
	State Capital	Freehold Land Revaluation	Investment Revaluation Reserve	Retained Earnings	Total
	Rs	Rs	Rs	Rs	Rs
At 1 July 2016	25,000,000	5,200,000	63,631,406	119,247,412	213,078,818
Profit for the year	-	-	-	2,520,277	2,520,277
<b>Other comprehensive income</b>					
Gain on foreign exchange	-	-	-	616,889	616,889
Realised reserves on Held to Maturity investments	-	-	(152,966)	152,966	-
Increase in fair Value of AFS Investment	-	-	2,793,114	-	2,793,114
At 30 June 2016	25,000,000	5,200,000	66,271,554	122,537,543	219,009,097
Profit for the year	-	-	-	2,370,445	2,370,445
<b>Other comprehensive income</b>					
(Loss) on foreign exchange	-	-	-	(2,361,240)	(2,361,240)
Realised Reserves on Held to Maturity Investments	-	-	-	-	-
Decrease in fair Value of AFS Investment	-	-	(4,411,497)	-	(4,411,497)
At 30 June 2017	<b>25,000,000</b>	<b>5,200,000</b>	<b>61,860,057</b>	<b>122,546,745</b>	<b>214,606,802</b>

The notes on pages 36 to 75 form an integral part of these financial statements

# SUMMARY

Category	Value
Item 1	100
Item 2	200
Item 3	300
Item 4	400
Item 5	500
Item 6	600
Item 7	700
Item 8	800
Item 9	900
Item 10	1000

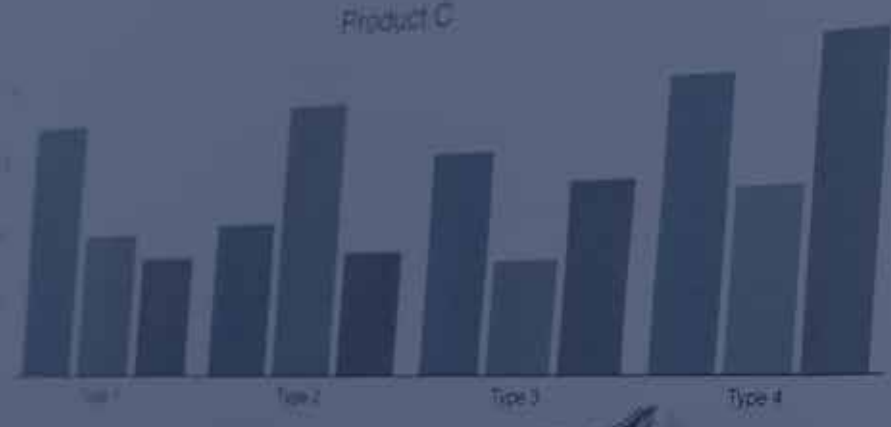
Product A



Product B



Product C



# BUSINESS

## SUMMARY

Category	Value
Item 1	100
Item 2	200
Item 3	300
Item 4	400
Item 5	500
Item 6	600
Item 7	700
Item 8	800
Item 9	900
Item 10	1000

Quarter 1 Quarter 2



Quarter 4

D

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 1. REPORTING ENTITY

The Indian Ocean General Assurance Ltd (the Company) is a Public Limited Company incorporated and domiciled in Mauritius under the Companies Act 2001 and is subject to the Insurance Act 2005. The Company was incorporated on 10th April 1970 and its head office is located at 12 Volcy Pougnet Street, Port Louis, Mauritius. The Company carries out short term and long term insurance businesses. It is licensed to write property, liability, transportation, guarantee, motor and travel accidents insurance.

These financial statements have been authorised for issue by the Board of Directors on September 28th 2017.

### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year the Company has applied all the new and revised Standards and Interpretations effective in the reporting period some either do not have an impact on the Company's reporting or is not applicable.

The IFRS 14 Regulatory Deferral Accounts become effective a from 1 January 2016

The amendments that become mandatory during this financial year are:

IFRS 11 Accounting for Acquisitions of Interest in Joint Operations

IAS 16 and IAS 38 clarification of acceptable methods of depreciation and amortisation

IAS 16 and IAS 41 Property Plant and Equipment amendments to include 'bearer plants'

IAS 27 Equity method in separate financial statements

Annual improvements 2012-2014 Cycle

IAS 1 Presentation of financial statements amendments to address perceived impediments to preparers exercising their judgement in presenting their financial reports effective for periods beginning on or after 1 January 2016

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the financial statements.

As at date of the financial report, there are a number of new and revised accounting standards published for which the mandatory application dates fall after the end of this current reporting year, none of these standards have been early adopted:

The following accounting standards are in issue but not yet effective and has not been early adopted:

*IFRS 17 Insurance Contracts was issued on 18 May 2017 and applies to annual reporting periods beginning on or after 1 January 2021*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Continued)

IFRS 9 (2014) was issued 24 July 2014- Financial Instruments effective for annual periods beginning on or after 1 January 2018

IFRS 16 was issued on 13 January 2016 - Leases effective for annual periods beginning on or after 1 January 2019

IAS 12 issued on 19 January 2016 Recognition of Deferred Tax Assets for Unrealised Losses effective for annual periods beginning on or after 1 January 2017

IAS 7 issued on 29 January 2016 Statement of Cash Flows effective for annual periods beginning on or after 1 January 2017

IFRS 15 Revenue from Contract with Customers amendments issued on 28 May 2014 and effective for annual periods beginning on or after 1 January 2018

IFRS 2 Shared-based Payment amendments issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018

IAS 40 Investment property amendments relating to transfers of Investment Property issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018

Annual Improvements 2014-2016 Cycle make amendments to the following IFRS and is applicable for annual periods beginning on or after 1 January 2018

IFRS 1-First-time Adoption of International Financial standards in issue in June 2016

IAS 28 Clarification to the election to measure at fair value through profit & loss

Annual Improvements 2014-2016 Cycle make amendments to the following IFRS and is applicable for annual periods beginning on or after 1 January 2017

IRFS 12 Clarification of the scope not yet mandatory

New or revised interpretations not yet effective are:

IFRIC 22 was issued on 8 December 2016 Foreign Currency Transactions and advance consideration applicable to annual reporting periods beginning on or after 1 January 2018.

IFRIC 23 was issued on 7 June 2017 Uncertainty over income tax treatments and will be applicable to annual reporting periods beginning on or after 1 January 2019

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and comply with the both the Mauritian Companies Act 2001 and the Mauritian Insurance Act 2005.

#### Basis of preparation

The financial statements have been prepared on historical cost basis except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values at end of each reporting period, as explained in the accounting policies below.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements.

#### Functional and presentation currency

The financial statements are presented in Mauritian Rupee (Rs) which is the Company's functional and presentation currency and represents the currency of the primary economic environment in which the entity operates.

#### Revenue recognition

Revenue represents earned premiums receivable net of reinsurance. Premium revenue comprises amounts charged to policyholders for insurance contracts. Premium is recognised as earned from the date of attachment of risk. The unearned portion of premium is recognised as an unearned premium liability on the statement of financial position.

Other revenues earned by the Company are recognised on the following bases:

Interest income: on time proportion basis taking into account the effective yield on the investments.

Dividend income: when the shareholder's right to receive payment is established

Reinsurance commission receivable: as it accrues in accordance with the relevant treaty agreements.

#### Property, plant and equipment

All property, plant and equipment are initially recorded at cost or revalued amounts less accumulated depreciation. Cost includes any costs directly attributable to bringing the asset to working condition for its intended use.

Revaluation surpluses or deficits are dealt with in the revaluation reserves except for movements below the depreciated cost which are dealt with in the Statement of Comprehensive Income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Each year the difference between depreciation based on revalued amount of the assets (the depreciation charged to Statement of Comprehensive Income) and depreciation based on asset's original cost is transferred from revaluation reserve to Statement of Comprehensive income.

#### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day to day servicing of property plant and equipment are recognised in the Statement of Comprehensive Income as incurred.

Depreciation is calculated to write off the cost or revalued amount of the assets on a straight line basis over the expected useful lives at the following rates per annum:

Freehold Building	2%
Office equipment	20%-33 1/3 %
Motor vehicles	20%
Furniture and fittings	20%

Freehold land is not depreciated

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit before tax.

#### Other assets

Other assets represent land acquired which was secured for mortgage loans. The loans have been written off and the value of the assets is recognised at cost.

#### Investment Property

Investment property which comprises computer software is initially recorded at cost and amortised using the straight-line method over its expected useful life. The cost is fully amortised as at 30 June 2017.

#### Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments

The Company classifies its financial instruments into the following categories based on the purpose for which the asset was acquired or liability incurred. All transactions are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

#### Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They result from delivery of cash or services provided by the Company to a borrower or customer with no intention of trading the receivables. They are included in current assets when maturity date is within twelve months or non-current for maturity date greater than twelve months of the reporting date. They are stated at cost less any provision for amount irrecoverable and doubtful debts.

#### Available-for-sale(AFS) financial assets

Non-derivative financial assets that are not classified in any other category are classified as available-for sale and comprise investments in equity instruments including investments in public foreign companies. These instruments are initially recognised at fair value plus transaction cost that are directly attributable to their acquisition. Subsequently they are carried out at fair value based on their quoted market price in an active market. When they do not have a quoted market price in an active market and fair value is not reliably determinable they are valued at net asset value.

Changes in fair value are recognised as a separate component of other comprehensive income and accumulated in equity under investment revaluation reserve. Where the investments are disposed or impaired the cumulative gain or loss previously recognised in the revaluation reserve is transferred to the statement of comprehensive income for the year. Foreign exchange gains or losses arising on AFS are recognised in profit and loss account.

AFS denominated in foreign currency are translated at buying exchange rate at reporting date and changes in fair value related to translation difference is recognised in profit and loss account while other changes are recognised to equity under investment revaluation reserve.

Dividends on AFS equity instruments are recognised in profit and loss when the Company's right to receive payments is established.

#### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities. The Company's management has positive intention and ability to hold to maturity. Held to maturity investments are initially recognised at fair value of the consideration paid for their acquisition. After initial measurement, held-to-maturity investments are included in the profit or loss as investment income. In case of an impairment, it has been reported as deduction from the carrying value of the investments and recognised in profit and loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the assets is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the effective interest rate. The amount of loss if arise is recognised in the statement of profit and loss and other comprehensive income or the Life Assurance Fund. Long term receivables without fixed maturity terms are measured at cost. If there is objective evidence that an impairment loss has incurred, the amount of the impairment is measured as the difference between the carrying amount of the assets and the present value of estimated cash flows discounted at the current rate of return for similar financial assets.

#### Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any impairment losses.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on part of policyholders, or default by agencies) that the Company will be unable to collect all the amounts due under the terms receivable. Provision for amounts due from policyholders and reinsurers, which are reported net, are recorded in a separate allowance/provision account with the loss being recognised in net income. On confirmation that the amounts receivable will not be collectable the gross carrying value of the assets is written off against the associated provision.

#### Cash and cash equivalents

These comprise cash at banks and in hand and short term deposits with a maturity of three months or less as well as bank overdraft which is repayable on demand and form an integral part of the Company's cash management.

#### Trade and other payables

Trade payables and other payables are stated at amortised cost.

#### Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all right and obligations are extinguished or expired. Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain event adversely affects the policyholder. Some insurance contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to a guarantee benefit, additional benefits or bonuses.

Insurance Contracts issued by the Company are classified within the following main categories:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Insurance Contracts (Continued)

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts.

Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided that in the case of a non-financial variable, the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts.

#### Insurance contracts issued by the Company are categorized as follows:

##### Short-term insurance contracts

Short term insurance contracts are mainly in respect of motor business but the Company also sells fire and allied perils, marine, engineering and other miscellaneous insurance contracts. These contracts protect the Company's customers from damage suffered to property or goods, value of property and equipment lost, losses and expenses incurred sickness and loss of earnings resulting from the occurrence of the insured events.

General insurance contracts permit the Company to sell property acquired in settling a claim (i.e. salvage). The Company has the right to sue third parties for the payment of some or all the cost incurred (i.e. subrogation). Estimate of salvage recoveries is included as allowance in the measurement of the insurance liabilities for claim and salvage property is recognized in other assets when the liability is settled.

##### Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life, i.e. death, disability or survival over long term. A liability for contractual benefits that are expected to be incurred in future are recorded once the first premium under such a contract has been paid. The liability is based on best estimates assumptions regarding future mortality, persistency and maintenance expenses and investment income that are determined at each evaluation date based on an analysis of recent experience modified by expectation of future trends. The best estimates assumptions are adjusted to include a margin for prudence.

##### Long-term insurance contracts with fixed term and DPF

These types of contracts contain a DPF which entitles the contract holder, in supplement to a guaranteed amount, to a contractual right to receive additional profit or bonuses. The magnitude of the profit or bonuses as well as the timing of the payment is however at the discretion of the Company. The Company has an obligation to eventually pay to contract holders up to 20% of the DPF eligible surplus. The remaining 80% is payable to the policy holders at maturity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Long-term insurance contracts without fixed terms and with DPF

These types of insurance contracts contain a DPF which entitles the contract holder in supplement to a guaranteed amount, to a contractual right to receive additional profit or bonuses.

The amount or timing is contractually at the Company's discretion and is based on:

- (a) Realized and/or unrealized investment returns on a specified pool of assets held by the Company; or
- (b) The profit or loss of the Company that issues the contracts.

#### Reinsurance contracts

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company are classified as reinsurance contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inward reinsurance) are included with reinsurance contracts.

Reinsurance contracts used by the Company are proportional and non-proportional treaties and facultative arrangements. Proportional reinsurance can be either 'quota share' where the proportion of each risk reinsurance is stated or "surplus" which is a more flexible form of reinsurance and where the Company can fix its retention limit. Non-proportional reinsurance is mainly 'excess-of-loss' type of reinsurance where, in consideration for a premium, the reinsurer agrees to pay all claims in excess of a specified amount, i.e. the retention, and up to a maximum amount. Facultative reinsurance contracts generally relate to specific insured risks which are underwritten by the Company falling under the term and limits of treaties are reinsured automatically. Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities.

Short-term balances due from reinsurers are classified within trade and other receivables. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.

#### Impairment of reinsurance assets

If a reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognizes the impairment in the statement of profit and loss and other comprehensive income. A reinsurance asset is impaired if 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 amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition

##### (a) Premium earned

###### (1) Short term insurance

Premium on short-term insurance contracts represents gross premium net of premium ceded to reinsurers and is recognized as revenue (net earned premium) on an inception basis (daily method).

###### (2) Long term assurance

Premium on long-term assurance contracts is recognized in the Life Assurance Fund when receivable, i.e. when payments are due.

##### (b) Unearned Premium-Short Term Insurance

Short term insurance unearned premium represents the portion of premium written relating to periods of insurance risks subsequent to 30 June 2017 calculated on the basis of 1/365th of the premium written less premium ceded to reinsurers.

##### (c) Other Revenues

Other revenues earned by the Company are recognized on the following bases:

Commission income from reinsurers is recognized on accrual basis in accordance with the substance of the relevant agreement.

Profit Commission from reinsurers is recognized on an accrual basis.

#### Claims expenses and outstanding claims provisions

Outstanding claim provisions are based on the ultimate cost of all claims incurred but not secured at the end of the reporting period, whether reported or not (IBNR).

Notified claims are only recognized when the Company considers that they have contractual liabilities to settle the claims.

There are often delays between the occurrence of the insured event and the time it is actually reported to the Company, particularly in respect of the liabilities business, the ultimate cost cannot be known with certainty as to magnitude and timing of the statement of the claim. Outstanding claim provisions are not discounted and exclude any allowances for expected future recoveries.

Recoveries represent claims recoverable from third party insurers. Recoveries are accounted for as and when received. However, non-insurance assets that have been acquired by exercising rights to sell or subrogate under the terms of the insurance contracts are included when providing for outstanding claims.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Review of insurance liabilities

##### (a) Short-term insurance

At the end of each reporting period the Company performs a liability adequacy test on its insurance liabilities to ensure that the carrying value is adequate, using current estimates of future cash flow taking into account the relevant investment return. If the assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is charge as an expense to the statement profit and loss and other comprehensive income in recognizing a provision for unexpired risks. The unexpired risks provision is assessed in aggregate for future business classes which are managed together.

##### (b) Long-term insurance

Estimates of future benefit payments under long term insurance contracts are provided for based on estimates made by the Company's Actuary. Estimates are made as to the expected number of death for each of the years in which the Company is exposed to risk. Estimates are based on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the country's and the Company's own experience.

#### Life Assurance Fund

The decrease in the Life Assurance Fund represents the increase in the value of policy liabilities. The adequacy of the liabilities is determined annually by actuarial valuation. At the end of every year, a valuation of assets and liabilities is done and every three years an evaluation of assets and liabilities is done to find the DPF eligible surplus. In the light of the latter a rate of bonus is set for policy holders. The distributable share of the surplus is transferred annually to the life fund. The amount of the DPF eligible surplus distributable to shareholders limited to 1/9th of the cost of the final bonuses allocated to the policyholders. The holder's share of the DPF eligible surplus is recognized annually and transferred from the Life Assurance Fund to the statement of comprehensive income. The non-distributable share and the surplus are transferred annually from the retained earnings to a non-distributable reserve in the Statement of Changes in Equity.

Whenever bonuses are paid or credited to policyholders, an amount representing 1/9th of these bonuses is transferred from the non-distributable surplus to retained earnings in the Statement of Changes in Equity.

#### Impairment

At the end of each reporting period, the Company reviews the carrying amounts of the tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the loss (if any). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is higher of an asset's net selling price and value in use.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Deferred Income Tax

Deferred Income Tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Provisions are required to be made by the Company for deferred income taxes on the revaluation of certain non-current assets and in relation to acquisitions of assets acquired and their tax base.

Temporary differences arise mainly from depreciation on property, plant and equipment, revaluation of certain non-current assets, tax losses carried forward, provision for doubtful debts and on retirement benefit obligations. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that is probable that future taxable profit will be available against which the unused tax losses can be utilised.

#### Retirement Benefit Obligation

The Company does not operate any retirement benefit plan. However, provision for retirement benefit obligations have been made for employees according to the Employment Rights Act 2008. Provision for retirement benefits are accrued on the basis of time spent in the organisation in order to recognise for future liabilities already covered. Cost for future benefits are accounted for as they are earned.

#### Other retirement benefits

The present value of other retirement benefits in respect of Employment Rights Act 2008 gratuities is recognised in the statement of financial position as a non-current liability. The rate used to discount the retirement benefits is assumed to be the same as that which reflects future salary increases.

#### State plan

Contributions to the National Pension Scheme and defined contribution pension plan are expensed to the statement of comprehensive income in the period in which they fall due.

#### Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. All exchange differences on translation are dealt with in the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the significant accounting policies, certain critical accounting estimates and assumptions are used, and certain judgements are made. The estimates and related assumptions are based on experience and other factors that are considered to be reasonable, the results of which form the basis for judgements about the carrying values of assets and liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods if relevant. The areas where the estimates and assumptions involve a high degree of judgement or complexity and are considered significant to the financial statements, listed together with reference to the notes to the financial statements where more information is provided, are:

#### **(a) Insurance contracts**

Insurance contracts relate to premium, claims and losses reported, reinsurance covers and other recoveries and payable on outstanding claims.

#### **(i) Estimates of future claims payments, unearned premiums and recoveries on outstanding claims**

The uncertainty inherent in the financial statements of the Company arises mainly in respect of insurance liabilities, which include liabilities for unearned premiums and outstanding claims provision including incurred but not reported (IBNR) at 30 June 2017. In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regards to the eventual outcome of claims. As a result, the Company applies estimation techniques to determine the appropriate provisions. Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience and court judgement. Similar cases and historical claims payment trends are also relevant.

The Company employs a variety of techniques and a number of different bases to determine appropriate provisions. The use of triangular claim development tables analysis, expected loss ratios and estimates based upon a projection of claims numbers and average cost.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendation or based on management's experience. Provisions are calculated gross of any reinsurance recoveries.

There are various ways to estimate unearned premium reserves the Company has adopted a more realistic approach by using the 1/365th method since 30th June 2016.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### (ii) Uncertainties and judgement

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- Uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring;
- Uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends and reported information and so on.

#### (b) Held for maturity investments

The Company applied International Accounting Standards (IAS) 39, "Financial Instruments: Recognition and Measurement" on classifying non derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

If the Company fails to keep these investments to maturity other than in the specific circumstances as explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would then be measured at fair value and not amortised cost.

#### (c) Impairment of available-for-sales financial assets

The Company follows the guidance of IAS 39 on determining when an investment is impaired. This determination requires significant judgement. In making this judgement the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of the near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operation and financing cash flow.

#### (d) Impairment of other assets

All other items classified under other assets are reviewed independently and their carrying amounts assessed at reporting date and where relevant they are written down to their recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

#### (e) Sensitivity analysis

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used. Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and the other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near term market changes that cannot be predicted with any certainty.

### 5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company's activities expose it to a variety of insurance and financial risks. A description of the significant risk factors is given below together with the risk management policies applicable.

#### a) Insurance risk

The risk under any insurance contract is the possibility that an insured event occurs and the uncertainty of the amount of resulting claim.

The main risk that the Company faces under its insurance contracts is that the actual claims and benefits are greater than estimated. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy so as to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, accumulation of risk and type of industry covered.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### **Motor and liability insurance**

The frequency and severity of claims can be affected by several factors. The most significant claims result from accident, liability claims awarded by the Court, fire and allied perils and their consequences. Inflation is also a significant factor due to the long period of time typically required to settle some claims.

The Company's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Company has underwriting limits by type of risks and by industry. Performances of individual insurance policies are reviewed by management and the Company reserves the right not to renew individual policies.

The Company can impose deductibles and has the right to reject the payment of a fraudulent claim. Where relevant, the Company may pursue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

The reinsurance arrangements of the Company include proportional, excess of loss and catastrophe coverage and as such, the maximum loss that the Company may suffer in any one event is predetermined.

#### **Property insurance**

In case of property insurance contracts, climatic changes give rise to more frequent and severe external natural weather events (for example cyclone claims). Property insurance is subdivided into different risks groups, fire, business interruption, cyclone damage and other perils.

The insurance risk arising from these contracts is balanced between commercial and personal properties in the overall portfolio of insured buildings. Although the reinsurers are liable to the extent of the reinsurance ceded, the Company remains primarily liable to the policy holder as the direct insurers of all risks reinsured.

#### **Concentration of insurance risks - short term insurance**

The following table discloses the concentration of risk by the spread of business between the following classes of business, policies in issue, gross premium underwritten and net claim incurred.

The business experiences a high concentration of risk in the motor class of business. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### Concentration of insurance risks - short term insurance (Continued)

	2017			2016		
	No of Policies	GPI	Net Claim	No of Policies	GPI	Net Claim
<b>Motor</b>	<b>14,890</b>	<b>54,233,836</b>	<b>40,368,018</b>	17,549	53,416,374	32,494,880
<b>Accident &amp; Health</b>	<b>144</b>	<b>603,071</b>	<b>(94,113)</b>	259	683,581	(1,764,688)
<b>Engineering</b>	<b>80</b>	<b>1,086,093</b>	<b>(71,576)</b>	60	831,691	(83,074)
<b>Liability</b>	<b>139</b>	<b>921,986</b>	<b>150,542</b>	109	644,979	(152,000)
<b>Property</b>	<b>176</b>	<b>942,158</b>	<b>(1,035,403)</b>	145	1,946,439	(357,588)
<b>Transportation</b>	<b>63</b>	<b>705,323</b>	<b>56,093</b>	48	361,142	-
<b>Guarantee</b>	<b>32</b>	<b>834,002</b>	<b>(191,540)</b>	24	478,903	(372)
<b>Miscellaneous</b>	<b>91</b>	<b>554,120</b>	<b>172,807</b>	116	673,651	(450,700)

#### Concentration of insurance risks - Long term

The following table presents the concentration of insured benefits across bands of insured benefits per individual life assured.

Annuity payable per annum per life assured at 30 June 2017

	2017 Gross Rs	%	2016 Gross Rs	%
0-50,000	43,196	2%	40,951	2%
50,001-100,000	93,561	5%	93,618	6%
100,001-150,000	140,588	8%	140,263	8%
150,001-200,000	198,333	11%	198,810	12%
200,001-250,000	240,000	14%	242,000	15%
250,001-300,000	300,000	17%	300,000	18%
> 300,000	740,000	42%	650,000	39%
	<b>1,755,678</b>	<b>100%</b>	<b>1,665,642</b>	<b>100%</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### Sources of uncertainty

##### **Motor and liability insurance**

Claims on motor and liability insurance contracts are payable on a loss occurrence basis for motor and liability business and on a risk attaching basis for non-motor. Under the loss- occurrence basis, the Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract. As a result, liability claims may be settled over a long period of time and an element of the claim provision relates to incurred but not reported claims (IBNR). For the risk attaching basis, the Company is liable for such claims as related to the underwriting year in which the risk was underwritten.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries. The Company ensure that claims provisions are determined using the best information available of claims settlement patterns, forecast inflation and settlement of claims. Estimation techniques also involve obtaining corroborative evidence form a wide range of sources as possible and combining these to form the best overall estimates. However, given the uncertainty in claims provisions, the probability exists that estimated cost and subsequent settlement amounts would differ.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### Claims development table

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims experienced based on date of loss for each year ends and reconciles the cumulative outstanding claims to the amount appearing in the statement of financial position.

#### Claims development table- Gross claim incurred

	2012 Rs	2013 Rs	2014 Rs	2015 Rs	2016 Rs	2017 Rs	TOTAL Rs
Estimate of cumulative claims at end of accident year	29,236,078	29,018,969	22,500,215	24,792,804	45,382,486	45,542,705	
One year later	32,057,754	34,682,263	26,430,468	31,857,697	46,283,732		
Two years later	31,820,215	35,460,152	28,587,834	30,611,821			
Three years later	32,214,590	34,192,811	29,115,828				
Four years later	30,039,052	32,757,052					
Five years later	29,100,147						
Current estimate of cumulative claim cost	<b>29,100,147</b>	<b>32,757,052</b>	<b>29,115,828</b>	<b>30,611,821</b>	<b>46,283,732</b>	<b>45,542,705</b>	
Cumulative payments	26,588,353	26,450,283	25,587,319	25,342,583	33,987,556		
Outstanding claims	2,511,794	6,306,769	3,528,509	5,269,239	12,296,176	26,691,015	56,603,501
Outstanding claims 2011 and prior IBNR							15,015,148
Total Outstanding claims							<u>4,014,396</u> <u>75,633,045</u>

#### Claims development table-Reinsurance claim recoverable

Estimate of cumulative claims at end of accident year	4,697,288	5,378,817	804,845	2,550,327	6,925,971	5,192,402	
One year later	4,825,165	8,595,683	2,875,578	5,843,882	9,771,387		
Two years later	4,542,494	8,675,113	4,957,570	5,935,168			
Three years later	4,841,764	6,593,333	5,476,646				
Four years later	4,764,443	6,677,269					
Five years later	4,586,267						
Current estimate of cumulative claim cost	<b>4,586,267</b>	<b>6,677,269</b>	<b>5,476,646</b>	<b>5,935,168</b>	<b>9,771,387</b>	<b>5,192,402</b>	-
Cumulative payments	4,080,935	4,640,452	5,457,141	4,434,567	6,265,734	(18,907,469)	-
Outstanding claims	505,332	2,036,816	19,505	1,500,601	3,505,653	5,248,181	12,816,089
Outstanding claims 2011 and prior IBNR							9,855,414
Total Outstanding claims							<u>-</u> <u>-</u> <u>22,671,503</u>

#### Claims development table- Net claim incurred

Estimate of cumulative claims at end of accident year	24,538,790	23,640,152	21,695,370	22,242,476	38,456,515	40,350,303	
One year later	27,232,588	26,086,580	23,554,890	26,013,814	36,512,344		
Two years later	27,277,721	26,785,039	23,630,264	24,676,653			
Three years later	27,372,826	27,599,478	23,639,182				
Four years later	25,274,609	26,079,783					
Five years later	24,513,880						
Current estimate of cumulative claim cost	<b>24,513,880</b>	<b>26,079,783</b>	<b>23,639,182</b>	<b>24,676,653</b>	<b>36,512,344</b>	<b>40,350,303</b>	
Cumulative payments	22,507,418	21,809,830	20,130,178	20,908,015	27,721,822	18,907,469	
Outstanding claims	2,006,462	4,269,953	3,509,004	3,768,638	8,790,523	21,442,834	43,787,413
Outstanding claims 2011 and prior IBNR							5,159,734
Total Outstanding claims							<u>4,014,396</u> <u>52,961,543</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### Property insurance

Property insurance claims are analysed separately for cyclone and non-cyclone claims. The development of large losses and catastrophes are analysed separately. Non-cyclone claims can be estimated with greater reliability, and the Company estimation processes reflects all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims and relatively little IBNR is held at the end of the reporting period.

#### Long-term insurance

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arise from the unpredictability of long term changes in overall levels of mortality and the variability in contract holder behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the Company over the last three years is carried out and statistical method are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future.

#### (b) Financial risks

The Company is exposed to financial risks through its financial assets and liabilities. In particular, the key financial risk is that proceeds are not sufficient to fund the obligations arising from insurance contracts.

#### Interest rate risks

Interest rate risk arises from the Company's investments in long term debt securities and fixed income securities (Held-to-Maturity investments), banks balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Audit & Technical Committee through a close matching of assets and liabilities. The impact of exposure to sustain low interest rates is also regularly monitored.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### (b) Financial Risks (Continued)

##### Interest rate risk (Continued)

The table below summarises the Company's interest rate risk exposure

Description	Up to 1 Year Rs	1 - 5 Years Rs	Above 5 Years Rs	Total Rs
<b>As at 30 June 2017</b>				
<b>ASSETS</b>				
Statutory Deposits	20,068,750	-	-	20,068,750
Deposits	46,378,648	71,359,274	4,929,700	122,667,622
Loans and receivables	992,056	391,053	-	1,383,109
Cash in hand and at bank	58,811,834	-	-	58,811,834
<b>TOTAL ASSETS</b>	<b>126,251,288</b>	<b>71,750,327</b>	<b>4,929,700</b>	<b>202,931,315</b>

##### Sensitivity

The impact on the Company's results had interest rates varied by plus or minus 1% would have been as follows:

Impact on results	+ 1% Rs	- 1% Rs
<b>At 30 June 2017</b>		
Loans and receivables	13,831	(13,831)
Cash and cash equivalent	588,118	(588,118)
Deposits	2,071,685	(3,578,654)
<b>At 30 June 2016</b>		
Loans and receivables	16,324	(16,324)
Cash and cash equivalent	386,393	(386,393)
Deposits	2,857,759	(2,315,972)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet all or part of his obligations. The Company's credit is primarily attributable to its policyholders and reinsurers.

Reinsurance arrangement mitigate insurance risk but expose the Company to credit risk.

Reinsurer's share of insurance on outstanding claims and incurred but not reported (IBNR) losses:

- amounts due from reinsurers in respect of claims already paid,
- amounts due from insurance contract holders, and
- amounts due from insurance intermediaries.

Except for amounts receivable from reinsurers, the Company has no significant concentration of credit risk with exposure spread over a large number of clients and agents.

The amounts presented in the statement of financial position are net of allowances for estimated irrecoverable receivables, based on management's prior experience and the current economic environment.

The following table provides information regarding the carrying value of the financial assets that have been impaired and the ageing of the financial assets that are past due but not impaired.

	Past due but not impaired				Impaired	Carrying Amount at year end
	1 mth -3 mths	4 mths -6 mths	7 mths -1 year	>1 year		
	Rs	Rs	Rs	Rs	Rs	Rs
<b>2017</b>						
Loan and receivables	83,657	61,834	149,686	1,087,932	-	1,383,109
Trade and other receivables	15,570,015	6,252,888	5,903,640	8,778,691	-	36,505,234
<b>2016</b>						
Loan and receivables	283,210	66,531	123,412	1,159,294	-	1,632,446
Trade and other receivables	16,007,913	3,958,552	2,625,547	12,406,244	-	34,998,256

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures. The Company has deposits and bank balances in foreign currency and is exposed to fluctuations with respect to the US Dollar. Exposure to foreign currency is not hedged but closely monitored by management.

The Company's exposure to foreign exchange risk is summarised below:

#### FOR THE YEAR ENDED 30 JUNE 2017

ASSETS	USD Rs	MUR Rs	Total Rs
Property, plant and equipment	-	34,145,543	34,145,543
Intangible asset	-	2	2
Statutory deposits	-	20,068,750	20,068,750
Investment property	-	1,100,000	1,100,000
Available-for-sale financial asset	70,941,999	7,361,396	78,303,395
Deposits	-	122,667,622	122,667,622
Loans and receivables	-	1,383,109	1,383,109
Receivable and prepayments	-	36,937,838	36,937,838
Reinsurance contracts	-	22,671,502	22,671,502
Cash in hand and at bank	24,087,674	34,724,160	58,811,834
	<b>95,029,673</b>	<b>281,059,922</b>	<b>376,089,595</b>

#### FOR THE YEAR ENDED 30 JUNE 2016

ASSETS	USD Rs	MUR Rs	Total Rs
Property, plant and equipment	-	33,696,912	33,696,912
Intangible asset	-	2	2
Statutory deposits	-	20,068,750	20,068,750
Investment property	-	1,100,000	1,100,000
Available-for-sale financial asset	83,335,341	929,016	84,264,357
Deposits	6,668,639	132,671,232	139,339,871
Loans and receivables	-	1,632,446	1,632,446
Receivable and prepayments	-	37,592,256	37,592,256
Reinsurance contracts	-	14,834,565	14,834,565
Cash in hand and at bank	7,945,621	30,693,657	38,639,278
	<b>97,949,601</b>	<b>273,218,834</b>	<b>371,168,435</b>

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### Foreign exchange risk (Continued)

The Company had mainly equity securities and bank deposits in foreign currencies and any fluctuation of the Mauritian Rupee against those foreign currencies will affect the value of the deposits. At 30th June 2017, if the Rupee had weakened/ strengthened by 5% against foreign currencies with all other variables held constant, the Company's profit for the year would have been Rs 1,006,915 (2016: Rs 7,417,757) and loss Rs (6,052,777) (2016: Rs (2,377,203) respectively higher/lower mainly resulting from translation of foreign currency account.

#### Re-insurers' default

The Company is exposed to the possibility of default by re-insurers for their share of insurance liabilities and refunds in respect of claims already paid. Management monitors the financial strength of re-insurers and the Company has policies in place to ensure that risks are ceded to top-rated and credit-worthy re-insurers only.

#### Capital risk management

The Company's objective when managing capital are:

- To comply with the minimum capital requirements of the Insurance Act 2005 and the Insurance Rules and Regulations 2007.
- To safeguard the Company's ability to continue as a going concern so that it can provide returns to the shareholders and benefits for its policyholders and other stakeholders.
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The minimum Capital Requirement at 30 June 2017 for General Insurance Business is as follows:

	2017	2016
	Rs.'000	Rs.'000
Total Capital available	120,336	122,114
Minimum Capital Requirements	72,024	63,871
Excess of available capital over required capital	48,312	58,243
Capital Requirements Ratio	167%	191%

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

The Company is exposed to daily payments of benefits to clients and to repayment of financial liabilities.

The Company's liquidity position is monitored on a regular basis. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching profiles of financial assets.

The table below summarises the Company's trading liabilities, categorised by the earlier of contractual re-pricing or maturity dates at 30th June.

	1 mth -3 mths Rs	4 mths - 1 year Rs	Repayable on demand Rs	Total Rs
<b>2017</b>				
<b>Total</b>				
<b>Financial liabilities</b>				
Insurance liabilities	-	-	75,633,045	75,633,045
Other financial liabilities	2,254,884	2,328,118	8,697,523	13,280,525
	<b>2,254,884</b>	<b>2,328,118</b>	<b>84,330,568</b>	<b>88,913,570</b>
<b>2016</b>				
<b>Total</b>				
<b>Financial liabilities</b>				
Insurance liabilities	-	-	63,523,037	63,523,037
Other financial liabilities	911,647	2,165,076	7,826,814	10,903,537
	<b>911,647</b>	<b>2,165,076</b>	<b>71,349,851</b>	<b>74,426,574</b>

#### Premium risk

Premium risk is defined as the danger of insurance premium not being sufficient to cover the contractual claim liability that may arise. This risk is closely evaluated and action has to be taken to arrange for reinsurance and building up of adequate reserves within the Company.

#### Market risk

Market risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### Fair values

#### Fair value measurements recognised in the statement of financial position

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation techniques:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value are not based on observable market data.

The following table analyses within the fair value hierarchy of the Company financial assets (by class) measured at fair value at 30th June.

Available for sale financial assets	2017	2016
	Total	Total
	Rs	Rs
Level 1 - Quoted	1,410,405	929,016
Level 2 - Unquoted	76,892,990	83,335,341
	<b>78,303,395</b>	<b>84,264,357</b>

Available-for-sale financial assets comprise quoted and unquoted financial assets.

None of the financial assets are either past due or impaired.

#### Equity price risk

The valuations of the Company's available-for-sale equity portfolio are subject to equity price risk. Exposure to price risk on the equity portfolio is not hedged. The Company is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risks, catastrophes risks and reinsurance ceded.

The Audit and Technical Committee actively monitors equity assets owned directly by the Company as well as concentration of specific Equity holdings. Equity price risk is also mitigated as the Company holds diversified portfolios of local and foreign investments in various sectors of the economy.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5.MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

#### Sensitivity

The impact on the Company's shareholders' equity had the equity market values increased/decreased by 10% with other assumptions left unchanged would have been as follows:

	Impact on Shareholders' equity +10% Rs	Impact on Shareholders' equity -10% Rs
<u>At 30 June 2017</u> Available for sale financial assets	7,830,340	(7,830,340)
<u>At 30 June 2016</u> Available for sale financial assets	8,426,436	(8,426,436)

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 6. PROPERTY, PLANT AND EQUIPMENT

The freehold land was revalued in June 2013 at Rs7m by independent valuers Primepillars Valuation Services Ltd on an open market basis, resulting in revaluation surplus of Rs5.2m.

	Freehold Land	Building	Furniture & Fittings	Office Equipment	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>COST/VALUATION</b>						
At 1 July 2016 - Cost	7,000,000	26,465,125	1,626,347	2,657,454	2,227,250	39,976,176
- Revaluation	-	-	-	-	-	-
Additions	-	-	164,122	291,010	1,289,000	1,744,132
Scrap	-	-	-	(300,080)	-	(300,080)
Revaluation adjustment	-	-	-	-	-	-
<b>At 30 June 2017</b>	<b>7,000,000</b>	<b>26,465,125</b>	<b>1,790,469</b>	<b>2,648,384</b>	<b>3,516,250</b>	<b>41,420,228</b>
<b>ACCUMULATED DEPRECIATION</b>						
At 1 July 2016	-	1,323,255	942,427	1,786,334	2,227,248	6,279,264
Charge for the year	-	529,303	216,675	291,141	257,800	1,294,919
Revaluation adjustment	-	-	-	-	-	-
Scrap	-	-	-	(299,498)	-	(299,498)
<b>At 30 June 2017</b>	<b>-</b>	<b>1,852,558</b>	<b>1,159,102</b>	<b>1,777,977</b>	<b>2,485,048</b>	<b>7,274,685</b>
<b>NET BOOK VALUE</b>						
<b>At 30 June 2017</b>	<b>7,000,000</b>	<b>24,612,567</b>	<b>631,367</b>	<b>870,407</b>	<b>1,031,202</b>	<b>34,145,543</b>
<b>At 30 June 2016</b>	<b>7,000,000</b>	<b>25,141,870</b>	<b>683,920</b>	<b>871,120</b>	<b>2</b>	<b>33,696,912</b>

### 7. INTANGIBLE ASSET

#### Computer software

	2017 Rs.
<b>COST</b>	
At 1 July 2016	620,685
Addition	-
<b>At 30 June 2017</b>	<b>620,685</b>
<b>AMORTISATION</b>	
At 1 July 2016	620,683
Charge for the year	-
<b>At 30 June 2017</b>	<b>620,683</b>
<b>NET BOOK VALUE</b>	
<b>At 30 June 2017</b>	<b>2</b>
At 30 June 2016	2

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Fair value 2017 Rs.	Cost 2017 Rs.	Fair value 2016 Rs.	Cost 2016 Rs.
<b>Available for sale:</b>				
- Listed	1,410,405	187,270	929,016	187,270
- Unquoted-Local	70,941,999	9,902,409	77,602,854	9,902,409
- Unquoted-Overseas	5,950,992	1,733,573	5,732,487	1,733,573
At 30 June 2017	<b>78,303,395</b>	<b>11,823,252</b>	<b>84,264,357</b>	<b>11,823,252</b>

Available-for-sale investments comprise unquoted and listed equity securities. The fair value of the listed investments is based on Stock Exchange of Mauritius official market quoted prices at the close of business at the end of the reporting period.

### 9. STATUTORY DEPOSITS

	2017 Rs.	2016 Rs.
Fixed deposits	<b>20,068,750</b>	20,068,750

Fixed deposit represents term deposits with local banks and is pledged in favour of the Financial Services Commission.

### 10. INVESTMENT PROPERTY

The Investment Property is held for capital appreciation and is not occupied by the Company.

In the opinion of the directors, the carrying amount of the Investment Property approximates its fair value.

	2017 Rs.	2016 Rs.
Land	1,100,000	1,100,000
	<b>1,100,000</b>	<b>1,100,000</b>

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 11. DEPOSITS

	2017 Rs.	2016 Rs.
<b>Maturing:</b>		
up to 3 months	12,925,000	15,471,591
3 to 6 months	24,522,398	35,594,830
6 to 12 months	29,000,000	7,212,500
> 12 months	76,288,974	101,129,700
	<b>142,736,372</b>	<b>159,408,621</b>
<b>Analysis as follows:</b>		
Non-current - Statutory deposit	20,068,750	20,068,750
Non-current - Investment	76,288,974	81,060,950
Current	46,378,648	58,278,921
Total	<b>142,736,372</b>	<b>159,408,621</b>

### 12. LOANS AND RECEIVABLES

	2017 Rs.	2016 Rs.
Mortgage loans	824,117	660,340
Surrender value	21,761	292,655
Other loans	640,758	782,978
Provision for bad debts	(103,527)	(103,527)
	<b>1,383,109</b>	<b>1,632,446</b>
<b>Analysis as follows:</b>		
Non-current	391,053	510,321
Current	992,056	1,122,125
	<b>1,383,109</b>	<b>1,632,446</b>

- (a) There is no concentration of risk with respect to mortgages and other loans since balances are widely spread.  
 (b) Mortgages and other loans are secured by life insurance policies and fixed charges.  
 (c) All mortgages and other loans are denominated in Mauritian rupees.  
 (d) The carrying amounts of mortgages and other loans approximate their fair values.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 13. RECEIVABLES AND PREPAYMENTS

	2017	2016
	Rs.	Rs.
Premium receivables	11,983,402	9,187,924
Provision for doubtful debts	-	-
	<b>11,983,402</b>	9,187,924
Interest and dividends receivables	23,195,604	25,141,743
Income tax receivable	-	177,696
Other receivables and prepayments	1,326,228	490,892
	<b>36,505,234</b>	34,998,256

a) The ageing analysis of these premium receivables is as follows:

	2017	2016
	Rs.	Rs.
up to 3 months	4,529,395	5,691,782
3 to 6 months	2,328,588	917,117
6 to 12 months	2,380,648	1,095,535
> 12 months	2,744,771	1,483,489
	<b>11,983,402</b>	9,187,924

b) Movement in provision for doubtful debts

	2017	2016
	Rs.	Rs.
At 1 July	-	-
Movement during the year	-	-
	-	-

(c) The other classes within receivables and prepayments do not include impaired assets.

(d) The Company does not hold any collateral as security in respect of receivables and prepayments.

(e) All receivables and prepayments are denominated in Mauritian rupees.

(f) The carrying amounts of receivables and prepayments approximate their fair values.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 14. AMOUNT DUE BY RE-INSURERS

	2017	2016
	Rs.	Rs.
At 1 July	2,593,999	5,342,801
Movement during the year	(2,161,395)	(2,748,802)
<b>At 30 June</b>	<b>432,604</b>	2,593,999

### 15. STATED CAPITAL

	2017	2016
	Rs.	Rs.
<b>Authorised, Issued and Fully Paid</b>		
1 Founder share of Rs 10 each	10	10
2,499,999 ordinary shares of Rs 10 each	24,999,990	24,999,990
	<b>25,000,000</b>	25,000,000

Note: All above shares are at par value.

### 16. REVALUATION RESERVES

	2017	2016
	Rs.	Rs.
At 1 July - Freehold Land	5,200,000	5,200,000
At 1 July - Other Assets	66,271,554	63,631,406
Held to Maturity Investment disposed and net realised reserves transferes to Retained Earnings		(152,966)
Increase/(Decrease) in value - Freehold Land	-	-
- Other Assets	(4,411,497)	2,793,114
<b>At 30 June</b>	<b>67,060,057</b>	71,471,554

The reserves relate to the surplus on revaluation of land and comprise cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 17. UNEARNED PREMIUM RESERVES

Unearned Premium Reserve	2017	2016
	Rs.	Rs.
At 1 July	28,358,112	16,835,628
Movement during the year	(2,172,118)	11,522,484
<b>At 30 June</b>	<b>26,185,994</b>	<b>28,358,112</b>

Short-term insurance unearned premium represents the portion of premium written relating to periods of insurance risks subsequent to the statement of financial position calculated on the basis of 1/365th method this year. The reserves have substantially increase following the change in method of calculation.

The unearned premium reserves are disclosed net of reinsurances

	2017	2016
	Rs.	Rs.
<b>Gross Basis</b>		
At 1 July	31,818,998	18,263,184
Movement during the year	(1,966,429)	13,555,814
<b>At 30 June</b>	<b>29,852,569</b>	<b>31,818,998</b>
<b>Reinsurers Share</b>		
At 1 July	3,460,886	1,427,556
Movement during the year	205,689	2,033,330
<b>At 30 June</b>	<b>3,666,575</b>	<b>3,460,886</b>
<b>Net Basis</b>		
At 1 July	28,358,112	16,835,628
Movement during the year	(2,172,118)	11,522,484
<b>At 30 June</b>	<b>26,185,994</b>	<b>28,358,112</b>

### 18. LIFE ASSURANCE FUND

	2017	2016
	Rs.	Rs.
At 1 July	46,261,203	48,571,519
Movement during the year	(4,125,625)	(2,310,316)
<b>At 30 June</b>	<b>42,135,578</b>	<b>46,261,203</b>

The decrease in the Life Assurance Fund represents the increase in the value of policy liabilities. The adequacy of the liabilities is determined annually by the actuarial valuation.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 19. RETIREMENT BENEFIT OBLIGATION

	2017	2016
	Rs.	Rs.
At 1 July	2,899,807	2,784,144
Charge for the year	205,331	115,663
<b>At 30 June</b>	<b>3,105,138</b>	<b>2,899,807</b>
State Pension Plan		
National Pension Scheme contribution expenses	649,527	549,582

The Company does not have in place a defined benefit or contributory retirement benefit scheme. It provides for its statutory obligation towards Severance Allowances calculated in accordance with the Employment Rights Act 2008.

### 20. PAYABLES

	2017	2016
	Rs.	Rs.
Other payables	12,319,176	10,416,703

### 21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

	2017	2016
	Rs.	Rs.
Cash in hand	199,085	81,870
Cash at bank	58,612,749	38,557,408
	<b>58,811,834</b>	<b>38,639,278</b>

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 22. PROFIT FOR THE YEAR BEFORE TAX

The net profit transferred from General Insurance Business Revenue account for the year ended is stated after charging:

	2017	2016
	Rs.	Rs.
Investment income	7,466,955	7,698,971
<b>Dividend income from:</b>		
Quoted companies	21,087	16,800
Unquoted companies	3,325,745	5,006,653
Staff costs	6,809,544	7,438,984
Auditors' remuneration	350,000	325,000
Depreciation and amortisation	1,294,919	1,891,361
<b>Directors Remuneration and Benefits</b>		
Executive Director's emoluments	2,288,128	1,905,779
Non Executive Director's emoluments	526,000	332,500

### 23. DIVIDENDS

	2017	2016
	Rs.	Rs.
Revenue reserves	122,546,745	122,537,543
Dividends paid	-	-
No. of shares in issue	2,500,000	2,500,000
Dividends per share	-	-

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 24. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	2017	2016
	Rs.	Rs.
<b>Short term insurance contracts:</b>		
Claims reported and loss adjustment expenses	71,618,649	60,061,454
Provision for claims incurred but not reported "IBNR"	4,014,396	3,461,583
<b>Total gross insurance liabilities</b>	<b>75,633,045</b>	<b>63,523,037</b>
<b>Recoverable from reinsurers</b>		
Claims reported and loss adjustment expenses	(22,671,502)	(14,834,565)
<b>Net</b>		
Claims reported and loss adjustment expenses	48,947,147	45,226,889
Provision for claims incurred but not reported "IBNR"	4,014,396	3,461,583
<b>Total net insurance liabilities</b>	<b>52,961,543</b>	<b>48,688,472</b>

### 25. AMOUNT DUE TO RE-INSURERS

	2017	2016
	Rs.	Rs.
At 1 July	486,834	2,474,715
Movement during the year	474,515	(1,987,881)
<b>At 30 June</b>	<b>961,349</b>	<b>486,834</b>

### 26. CURRENT TAX LIABILITIES

	2017	2016
	Rs.	Rs.
General business	-	-
Life business	98,520	26,812
	<b>98,520</b>	<b>26,812</b>

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 27. TAXATION

The Company is liable to income tax at the rate of 15% on its profit as adjusted for income tax purposes

	2017	2016
	Rs.	Rs.
<b>(i) Life</b>		
Income tax charge for the year at 15% (See Note below)	98,520	-
Corporate Social Responsibility (CSR)	-	30,765
Deferred tax movement	(40,713)	160,707
<b>Tax charge for the year</b>	<b>57,807</b>	<b>191,472</b>

#### (ii) Reconciliation of the effective tax rate:

Interest, dividends and commissions receivable	3,858,058	1,707,849
Other Income	(1,635)	10,812
Exempt income	-	-
Management expenses	(708,183)	(693,227)
Commissions	-	-
Allowable expenses	(2,491,443)	(1,025,434)
	<b>656,797</b>	<b>-</b>
Tax thereon at 15%	98,520	-
Corporate Social Responsibility	-	30,765
<b>Tax payable for the year</b>	<b>98,520</b>	<b>30,765</b>
Overpayment for preceding year	-	-
CSR paid during the year	-	(3,953)
<b>Tax payable after APS</b>	<b>98,520</b>	<b>26,812</b>

#### (iii) General

Income tax for the year at 15%	-	-
Corporate Social Responsibility	-	-
Adjustment	-	-
Deferred tax movement	897,876	109,763
<b>Tax charge for the year</b>	<b>897,876</b>	<b>109,763</b>

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 27. TAXATION (CONTINUED)

#### (iii) General (Continued)

	2017	2016
	Rs.	Rs.
Profit before taxation	3,982,787	3,163,289
Tax thereon at 15%	597,418	474,493
Exempt income	(502,025)	(734,091)
Annual Allowance	(307,529)	(307,529)
Other allowable deductions	247,016	(172,521)
Non-allowable expenses	235,961	304,752
	270,841	(434,896)
Loss brought forward	(276,356)	-
Tax charge for the year	-	-
APS paid during the year	-	(173,052)
Corporate Social Responsibility	-	(4,638)
	-	(177,690)

### 28. DEFERRED TAX (LIABILITIES) / ASSETS

Deferred taxation is calculated on all temporary differences under the liability method at the rate of 15% (2016: 15%). The movement on deferred tax account is as follows:

	2017	2016
	Rs.	Rs.
At 1 July :- General	-	76,748
Life	-	6,892
Transfer to retained earnings		
Charge for the year: Life	(98,522)	(160,707)
Charge for the year: General	(945,471)	(109,763)
	(1,043,993)	(186,830)
At 30 June		
The deferred tax balances comprise the following:		
Accelerated capital allowances	930,891	(33,015)
Loss carried forward	113,102	(153,815)
	1,043,993	(186,830)
At 30 June		

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 29. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with key management personnel which are defined by IAS 24 Related Party Disclosures, as those persons having authority and responsibility in planning, directing and controlling the activities of the Company, including directors and key management personnel consisting of the Chief Executive Officer and Senior Managers.

Terms and conditions of transactions with related parties are made at market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. At each financial year, the assessment of provision for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates.

	2017 Rs	2016 Rs
<b>Receivable from other related parties</b>	16,756	-
<b>Sale of services to:</b>		
Directors and key management personnel	3,958	7,125
<b>Remuneration of key management personnel</b>		
Salaries and short term benefits	2,755,543	3,152,953

### 30. EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the year for the year attributable to ordinary shareholders and on the number of shares issued.

	2017 Rs	2016 Rs
Profit for the year	2,370,445	2,520,277
Number of ordinary share in issue	2,500,000	2,500,000
Earnings per share	0.95	1.01

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 31. CORPORATE SOCIAL RESPONSIBILITY

The Finance (Miscellaneous Provisions) Act 2009 requires the Company to set up a Corporate Social Responsibility ("CSR") Fund equivalent to two per cent of its tax chargeable income derived during the preceding year applicable as from 1st July 2009. Since the Company did not have a CSR Fund which is being separately monitored, the Management decided to pay the CSR contribution to MRA. Henceforth as from 2014/2015 the Company has decided to remit the CSR contribution to approved NGOs.

	2017	2016
	Rs.	Rs.
CSR Contribution	-	30,765

### 32. FINANCIAL SUMMARY

	2017	2016	2015	2014	2013	2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Share Capital	<b>25,000,000</b>	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Revenue reserves	<b>122,546,745</b>	122,537,543	119,247,412	112,071,485	106,072,655	91,090,720
Fair value reserve	<b>5,200,000</b>	5,200,000	5,200,000	5,200,000	5,200,000	544,900
Revaluation reserves	<b>61,860,057</b>	66,271,554	63,631,406	58,231,867	53,504,893	51,024,369
(Loss)/Profit before taxation	<b>(85,031)</b>	1,041,445	2,847,429	2,104,491	13,575,534	16,028,453
(Loss)/Profit after taxation	<b>(1,040,714)</b>	743,207	2,726,774	659,963	10,635,972	12,538,590
Profit for the year	<b>2,370,445</b>	2,520,277	6,354,750	7,022,132	11,998,955	13,802,891
Total comprehensive income for the year	<b>(1,549,515)</b>	4,682,209	15,471,656	8,362,317	19,869,129	24,918,917
Dividend	-	-	-	-	(3,750,000)	-
Earnings per share	<b>0.95</b>	1.01	2.54	2.81	4.80	5.52

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 33. SEGMENT INFORMATION

	Life Rs'000	Motor Rs'000	Accident & Health Rs'000	Engineering Rs'000	Liability Rs'000	General Property Rs'000	Transportation Rs'000	Guarantee Rs'000	Miscellaneous Rs'000	Total Rs'000	Grand Total Rs'000
Gross Premium	2,376	54,234	603	1,086	922	942	705	834	554	59,881	62,257
Less Reinsurance	(121)	(5,034)	(539)	(1,029)	(214)	(948)	(510)	(787)	(106)	(9,166)	(9,288)
Net Premium	2,255	49,200	64	57	708	(6)	195	47	448	50,714	52,969
Release to/(from) General Business Fund	-	1,377	106	37	(58)	686	(52)	(107)	183	2,172	-
Net earned premium	2,255	50,577	170	94	650	680	144	(60)	631	52,886	55,141
Net claims incurred	(9,471)	(40,368)	94	72	(151)	1,035	(56)	192	(173)	(39,355)	(48,826)
Net commission	(11)	(5,185)	102	217	45	325	77	173	117	(4,130)	(4,140)
Management expense	(698)	(15,043)	(168)	(301)	(256)	(261)	(196)	(231)	(154)	(16,609)	(17,307)
Net underwriting results	(7,924)	(10,019)	198	81	289	1,780	(32)	74	420	(7,208)	(15,132)
Investment and other income	3,856									12,485	16,342
(Loss)/Profit for the year before tax	(4,068)									5,278	1,210
Taxation	(58)									(898)	(956)
(Loss)/Profit for the year after tax	(4,126)									4,380	254
Other Comprehensive income										(3,920)	(3,920)
Total Comprehensive income for the year (excluding depreciation and founder's share commission)										460	(3,666)



**PROTECTING WHAT  
YOU VALUE SINCE 1970**



## **INDIAN OCEAN GENERAL ASSURANCE LTD**

✉ 12, Volcy Pougnet Street  
Port Louis, Mauritius

☎ 208 9000

@ info@iogaltd.com

f facebook.com/iogaltd

Ⓜ iogaltd.mu