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OCEAN GENERAL
ASSURANCE LTD

WE LEAD
THE WAY
TOWARDS
GROWTH

Annual
Report
2020



GROWING
THROUGH THE
LIGHT TOGETHER



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CORPORATE DATA

Registered Address and Head Office Address

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Port Louis, MAURITIUS
Tel: 208 9000
Fax: 212 2603
Email: info@iogaltd.com
Web: www.ioga.mu

Auditors

Moore (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
BCP Bank (Mauritius) Ltd
ABSA Mauritius
SBI (Mauritius) Ltd
State Bank of Mauritius Ltd
The Mauritius Commercial Bank Ltd

CHAIRMAN'S REVIEW



Dear Shareholders,

I am pleased to present to you our Annual Report and Audited Financial Statements for the year ended 30th June 2020. The year under review has been marked by the outbreak of the COVID-19 pandemic and subsequent lockdown conditions. These have led to changing customer expectations and emerging business models focused on digital technology, cashless and contactless transactions.

We feared the worst but I am pleased to inform you that we have both managed to keep our staff and customers safe and were able to mitigate likely negative impacts on our renewals and new businesses. Our staff have put great effort and our agents have demonstrated great resilience. Management has ensured that there were adequate coordinated efforts to maintain business continuity and support our distribution channels.

The last few months have prompted us to review and reflect on our business model and constraints that we faced as a small niche player in the marketplace. Our observations led us to formulate a digital roadmap and a new model for business development. Our digital roadmap will be built on four pillars, namely a strategic plan, an integrated MIS, an online platform that would support both customer service and business growth and a digital marketing plan. These initiatives will hopefully provide the right tools to our sales' ambassadors to support their clients and grow our business.

Our Board is committed to gear the Company towards a sustainable growth path. It is imperative to grow our portfolio base so that we can withstand growing pressure from increasing regulatory and compliance costs. Besides a new digitalization roadmap, steps will be taken over the next months to revamp the business development function. On operations side, we will continue our efforts to encourage sound management practice and operations. During the year under review, we have successfully completed an internal audit exercise and worked on a new framework for debtors' management. The Board will continue to monitor the progress of such initiatives.

Another area on which we wish to focus is investment in our human capital. We have a relatively young team both internally and across our distribution channels. Our staff and agents are our ambassadors and through the relationships that they have built with our clients constitute our unique selling proposition. We find it crucial to help them in their task. A human resource development plan is under construction to that effect. As one strong team, we should be able to travel long ahead.

I wish to reiterate the Board's commitment to a sustainable growth path. I thank my fellow directors for the continued support, dedication, and enthusiasm. To our staff, thank you for your dedication and hard work. We will endeavour to live up to your expectations. And to our Clients, thank you for the trust that you have put in us. Our Company values our relationship and will strive to create value for you. Last but not least, to all healthcare professionals and front liners who have helped us live through the current pandemic, our Board sends our warm

appreciation.

Mr P. A. Patil
Chairman

30th November 2020

MANAGEMENT REVIEW BY CEO



Dear Shareholders,

It is with pleasure that we meet once again to review our Company's operations. I trust that you and your family are keeping safe and hope that recent lockdown conditions have not been too hard. FY20 presented challenging market conditions and unprecedented economic uncertainty following the outbreak of the COVID-19 pandemic. We have started to feel the short-term effects and are yet to see its impact in the long term. Recovery will likely be a long process and we will need to be resilient.

The world has changed. Supply chains have experienced global shocks. Consumer patterns have shifted. All these will lead to a new economic landscape at a global level. The recent US elections and global political scene have also challenged the balance of powers. It is still unsure on how these will impact our country. Our tourism industry will be the first to bear the brunt. The construction industry will also be facing tough times with anticipated price hikes of up to 25% on raw materials. Prices of imported consumer goods have also gone up drastically. The way that people do their business and shopping has also changed. There is now preference for online and distant interaction models. Our business models must be ready to support such changes.

Performance review

Over the year under review, gross premium went down Rs 70.0 M to Rs 67.7 M representing a decrease of 3.3%. This was mainly due the loss of an important corporate mandate, notwithstanding which we would have seen some minor improvement in turnover. On the other hand, the net earned premium increased by 5.5%. This rise in net earned premium has been mainly due to a decrease in reinsurance premium and a release from the general business fund contrary to the previous year. Net incurred claims followed the way and rose by 7.9% from Rs 36.7 M to Rs 39.6 M. The overall loss ratio (net claims/net earned premiums) rose slightly from 69.5% to 71.1%.

Investment and interest rate and other income amounted to Rs 8.2 M compared to Rs 12.0 M in 2019, a sharp decrease of 31.6%. This was mainly due to depressed market yields and changing dividend policy in equity markets. Management expenses increased by 11.1% due to some unexpected and unavoidable commitments. The company, otherwise, experienced a positive effect of foreign exchange movements. Thus, the Company closed the financial year with a total comprehensive profit of Rs 6 M.

COVID-19

The global corona virus disease (COVID-19) pandemic is impacting our everyday lives and our families, as well as where we work, how we work and how we interact with one another. As COVID-19 began its worldwide spread, IOGA took quick and appropriate actions to protect the health and safety of our employees while continuing to support our customers. I am pleased to inform you that we have been able to mitigate any negative impacts. Our staff have shown great dedication and worked hard to that effect. We did not experience any major decrease in our renewal rates. We however drew important lessons and have taken these into consideration in formulating our new business plan and setting out our digitalization masterplan.

Digital transformation

COVID-19 has changed the business and market requirements with new business processes and model. It has emphasized the urgency for digital transformation. The Board has decided to move forward with the implementation of a new information system. This will be coupled with the creation of a new online and digital platform that will also support mobile applications. The new digital technology into all areas of the business will fundamentally change how we operate and the delivery of value to customers. We are confident that these will provide the right tools to our sales ambassadors to continue serving our customers and grow our business.

In the coming year, we will resume our initiatives on human development and capacity building. The Board remains committed to a sustainable long-term strategy and believes the recent changes to the operating model will allow the Company to build a strong base and return to a path with commendable growth.

I wish to thank our Board of Directors for their wise counsel, support, and commitment. Thank you to our employees for their support, dedication, and enthusiasm. And to our Clients, thank you for the privilege of serving you and we look forward to being there for you in the times that matter most. Last but not least, I wish to extend my deepest gratitude to the healthcare professionals, along with all other workers on the front lines who have helped us kept our livelihood through the outbreak of COVID-19 pandemic.



Natarajen M. Cunden
Chief Executive Officer

30th November 2020

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

Compliance Statement

Indian Ocean General Assurance Ltd, hereafter referred to as “the Company” is a Public Interest Entity as defined by the Financial Reporting Act 2004. 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, gender equality and professionalism as recommended by the National Code of Corporate Governance (2016) (“the Code”). The Company strives to ensure that all the activities are conducted in such a way so as to ensure high ethical standards that have the characteristics of good governance namely: discipline, transparency, accountability, responsibility, fairness and social responsibility. The Company operates in the insurance industry and complies with the Code. The Company has adopted all the eight principles of the Code as far as is reasonably possible and practical.

PRINCIPLE 1: Governance Structure

In line with principle 1 of the Code the Board is responsible to establish policies, procedures and strategies to enhance the ultimate value of the business for all its stakeholders and shareholders. The Board review the Company performances through quarterly management accounts and performances reports.

Charters and Code of Ethics: The Board has approved a Board Charter and the organisation's code of Ethics and Practice for its directors, officers, employees, agents, salesman and brokers. The board embraces a policy of high standards of conduct and ethical behaviour which is fundamental to the reputation of the Company and intend to review its Charters every five years.

Statement of Accountabilities and Organisation Chart: The Board is fully committed to maintain a high standard of good corporate governance and operates within a well-structured and defined framework. The Board is fully aware of its role and responsibilities and where appropriate can delegate that authority while remaining in control. The Board established a well-defined Organisation Chart as set out on page 21. Key Senior Position has defined with the reporting lines well established and a clear job description and accountability.

The Board of Directors has set up a Corporate Governance Committee, an Audit Committee and a Risk Management 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.

PRINCIPLE 2: The Structure of the Board and its Committees

In accordance with principle 2 the Company is headed by a unitary Board composed of ten Directors, two of whom are executives, three are non-executives and five independent Directors. The Board met on six 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,

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CORPORATE GOVERNANCE REPORT

PRINCIPLE 2: The Structure of the Board and its Committees (Continued)

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. Dr. Soopramanien M. Cunden resigned as Chairman on 27 February 2020 and Mr P A Pather was elected as Chairman on same date.

Composition of Board

The Board comprises the following members and does ensure a proper gender and residency mix as elaborated in note 4:

Mr. P.A. Pather	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 & Vice-chairman
Mr. Karunanidi Teeroovengadam Sornum	Independent
Mr. Yuvhen Modelly Cunden	Independent
Dr. Soopramanien Modeliar. Cunden	Non-executive
Mr. J.M. Percy Rose	Executive

Directors' Interest

The Directors' interests in the ordinary share capital of the Company as at 30 June 2020 are as follows:

	Ordinary share of Rs. 10 each	
	2020	%
Ms. Analaxmi Cunden	116,662	4.666
Mr. Natarajen Modeliar Cunden	126,662	5.066
Ms. Shrivana Cunden	116,562	4.656
Dr. Soopramanien Modeliar Cunden	116,477	4.659
Mr. Raouf Dusmohamud	728	0.029
Mr. P. A. Pather	728	0.029
Mr. Jean Marie Percy Rose	482	0.019
Mr. Karunanidi Teeroovengadam Sornum	400	0.016
Mr. Logonaden Pillay Thandrayen	100	0.004

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CORPORATE GOVERNANCE REPORT

PRINCIPLE 2 : The Structure of the Board and its Committees (Continued)

Committees of the Board of Directors

In compliance with the principles 2 of Good Governance, the Board of Directors has set up three Board Sub Committees, namely: Corporate Governance Committee, Audit Committee and Risk Management Committee.

1 Corporate Governance Committee

The Corporate Governance Committee is composed of four non-executive independent Directors namely Mr. Logonaden Pillay Thandrayen (Chairman), Mr. Raouf Dasmohamud, Mr. Yuvhen M. Cunden and Miss Analaxmi 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; and
- 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 throughout the Company and ensuring that the reporting requirements on Corporate Governance are made in accordance with the principles enunciated in the Code.

2 Audit Committee

The Audit Committee comprises Mr. Karunanidi T. Sornum (Chairman), Dr. Soopramanien M. Cunden and Mr. P. A. Pather. The technical aspect is reviewed by Mr. Jean Marie Percy Rose and external auditors attend the meeting when invited. The Audit 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 Committee oversees the management's financial stewardship of the Company and also the performance of the external audit functions.

The Audit 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; and
- taking cognizance of the auditors' report and actuaries' report before these are taken to the Board.

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CORPORATE GOVERNANCE REPORT

PRINCIPLE 2 : The Structure of the Board and its Committees (Continued)

Committees of the Board of Directors (Continued)

2 Audit Committee (Continued)

Terms of Reference

Financial Reporting

- Provide assurance that financial disclosures made by management reasonably portray the Company financial conditions, results of operations and long term commitments;
- Review critically the draft financial and interim reports and other financial documents;
- Consider the appropriateness of the accounting policies applied and whether they are prudent and consistent with prior practice and comply with regulations and legal requirements;
- Consider the validity of any changes in accounting treatment or disclosure by comparing with previous year;
- Review critical accounting issues;
- Review significant estimates based on judgment which are included in the financial statements;
- Review adequacy of provisions including provision for credit impairment losses;
- Consider any difference of opinion between auditors and management on the level of provisions, on accounting treatment or on disclosure;
- Consider the quality of financial information disclosed to the shareholders and other stakeholders; and
- Review the financial reporting process with a view to ensuring the company's compliance with accounting standards and financial matters and the applicable laws and regulations.

External Audit

- Make recommendations for the appointment and retention of the external auditors;
- Review and discuss the scope of the audit and audit plan;
- Consider differences of opinion between management and the external auditors;
- Evaluate the performance, objectivity and independence of the external auditors;
- Review the nature and extent of non-audit services provided by the external auditors; and
- Obtain assurance from the auditors that adequate accounting records are maintained.

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

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CORPORATE GOVERNANCE REPORT

PRINCIPLE 2 : The Structure of the Board and its Committees (Continued)

Committees of the Board of Directors (Continued)

2 Audit Committee (Continued)

Internal Control Systems

- Review the systems of internal controls to ascertain its adequacy and effectiveness;
- Review and discuss any previously identified material weaknesses in controls and deficiencies in the system;
- If considered necessary, recommend additional procedures to enhance the system of internal controls;
- Review external auditors' reports (management letter) and management's responses thereto and consider status of actions taken by management; and
- Identify any change necessary to the agreed audit scope or to other services as a result of any weaknesses or deficiencies revealed.

Whistleblowing

- To review the arrangements for employees to raise concerns in confidence and ensure that the arrangements allow proportionate and independent investigation of possible wrongdoing and appropriate follow-up action.

Evaluating performance

- To evaluate the Committee's own performance both of individual members and collectively, on a regular basis and provide for ongoing training needs;
- To assess the achievements of the responsibilities specified in the terms of reference and report the findings to the board;
- Independence of management; and
- Integrity.

Focus on the year ahead

- Continue to monitor the maturity of internal financial controls;
- Continue to monitor key financial accounting and reporting developments that are likely to impact on the Company;
- Continue to monitor the activities of external audit, compliance and financial crime control as they pertain to the regulatory and internal control environment of the Company;
- Continue to monitor regulatory developments, feedback from the Company's response to interaction with regulators;
- Review reports relating to financial crime, material incidents, mitigations strategies and remedial actions; and
- Review reports from management.

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CORPORATE GOVERNANCE REPORT

PRINCIPLE 2 : The Structure of the Board and its Committees (Continued) Committees of the Board of Directors (Continued)

3 Risk Committee

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

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 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.

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 2020:

	Board of Directors	Corporate Governance Committee	Audit Committee	Risk Management Committee
No. of meetings held	6	1	1	1
Dr. Soopramanien M. Cunden	2	Nil	Nil	Nil
Ms. Analaxmi Cunden	4	1	Nil	Nil
Mr. Natarajen M. Cunden	6	Nil	Nil	1
Ms. Shrivana Cunden	Nil	Nil	Nil	Nil
Mr. Raouf Dusmohamud	4	1	Nil	Nil
Mr. P. A. Pather	6	Nil	1	1
Mr. Karunanidi T Sornum	6	Nil	1	Nil
Mr. J.M Percy Rose	6	Nil	Nil	1
Mr. Yuvhen Modelly Cunden	5	1	Nil	Nil
Mr. L Pillay Thandrayen	6	1	Nil	1

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CORPORATE GOVERNANCE REPORT

PRINCIPLE 3: Directors appointment

In line with principle 3 The Board acknowledges responsibility for the appointment of Directors in accordance with the constitution of the Company and the Company ensures that a mix profile of directors be appointed taking into consideration experience, gender, independence and skills. Compliant to the principle a nomination policy is adopted by the board for election and re-election at annual meeting by ordinary resolution. Any new directors to be appointed is presented with a package of information that empower the director to take cognisance of the company in terms of the Company's Constitution and Board Charter, Companies Act 2001;the Companies Code of Ethics and Practice, Organisation Chart and Annual Reports.

The Board assumes full responsibility for the succession planning when there is need for.

PRINCIPLE 4 : Directors' duties, remuneration and performance

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 Indian Ocean General Assurance 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. He is a citizen and resident of Mauritius.

Mr Logonaden Pillay Thandrayen - also known as Raj Pillay - 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. He is a citizen and resident of Mauritius.

Mr Karunanidi Teeroovengadam Sornum - Non-Executive Director

Mr Karunanidi Teeroovengadam 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. He is a citizen and resident of Mauritius.

Miss Analaxmi Cunden - Non-Executive Director

Miss Analaxmi Cunden was appointed as a Director in 2002. She is working as Corporate Secretary for Aviva Group Luxembourg. She has also exposure in General Banking, Accounting, Company Secretarial Practice and Human Resources Management. She is a citizen and non-resident of Mauritius.

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CORPORATE GOVERNANCE REPORT

PRINCIPLE 4 : Directors' duties, remuneration and performance (Continued)

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's degree in management from the University of Mauritius. He is a citizen and resident of Mauritius.

Miss Shrivana Cunden - Non-Executive Director

Miss Shrivana Cunden was appointed as Director in 1998 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.

She is a citizen and non-resident of Mauritius.

Dr Soopramanien M. Cunden - Non-Executive Director

Dr Soopramanien M. Cunden joined the Board in 2008 and was appointed Chairman in 2011. His resignation was approved by the board on 27 February 2020. 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. He is a citizen and resident of Mauritius.

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). He is a citizen and resident of Mauritius.

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. He was appointed Chairman on 27th February 2020. He is a citizen and resident of Mauritius.

Mr Jean Marie Percy Rose - General Manager and 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. He is a citizen and resident of Mauritius.

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CORPORATE GOVERNANCE REPORT

PRINCIPLE 4 : Directors' duties, remuneration and performance (Continued)

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 and in compliance with principle 4 of the code.

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

Directors	Rs
Dr. Soopramanien M. Cunden	60,000
Ms. Analaxmi Cunden	38,000
Mr. Natarajen M. Cunden	45,000
Ms. Shrivana Cunden	Nil
Mr. Raouf Dasmohamud	45,000
Mr. Logonaden Pillay Thandrayen	189,000
Mr. P. A. Pather	157,000
Mr. Karunanidi T Sornum	45,000
Mr. J.M Percy Rose	45,000
Mr. Yuvhen Modelly Cunden	45,000

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's 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) - Accountant

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.

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CORPORATE GOVERNANCE REPORT

PRINCIPLE 4: Directors' duties, remuneration and performance (Continued)

Mr Krishna Arnasala Pather (appointed in January 2017)- Risk Officer

Mr Krishna Arnasala Pather holds a Bachelor of Business Science in Actuarial Science, University of Cape Town, South Africa. He has more than 15 years of experience in financial services sector including insurance Investment management, banking and leasing.

He was appointed Risk Officer as from 17 January 2017.

Mr Hambyrajen Narsinghen LLB (Hons), LLM, PhD (reg) (appointed in June 2018) Compliance Officer

Mr Hambyrajen Narsinghen completed his PhD Reg at University of Bordeaux and was appointed as consultant for compliance matters starting June 2018. As the compliance and regulatory consultant of IOGA, he oversees all the major departments including the work of the board of directors to ensure compliance with insurance and company laws, principles of good governance, money laundering and ethics issues with close collaboration with the money laundering reporting officer of the Company.

Company Secretary

Mr. V.K.Dwarka SA

Mr Vijay Kumar Dwarka started his legal career since 1973, he is a professionally Qualified Attorney at Law (Solicitor) of the Supreme Court of Mauritius (1973)

Appointed Company Secretary of the Company since 2005. He manages all Board proceedings and meetings. He provides guidance to the board members as to how their responsibilities should be discharged. He remains the focal point of contact between all parties concern. He has a service agreement as approved by the Board.

Interest register is available for inspection on appointment with the Secretary

Information technology and information security policy

The Company IT department is headed by competent IT manager that has input adequate security and has subscribed to antivirus software to ensure safeguard and security of data. The Management Information System is safeguarded within industry norms. The Company also comply with the Data Protection Act 2017.

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

PRINCIPLE 5 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:

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.

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.

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

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

PRINCIPLE 5 Risk Management and Internal Control System (Continued)

unfavourable market conditions. 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.

Claims Management Risk

Claims handling are closely monitored 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.

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.

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.

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.

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.

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:

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

PRINCIPLE 5 Risk Management and Internal Control System (Continued)

Operational Risks (Continued)

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.

PRINCIPLE 6: Reporting with Integrity

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.

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, agents, salesman and brokers. There is a two-way communication within the Company.

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.

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

PRINCIPLE 6: Reporting with Integrity (Continued)

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.

Website

The Company website at <https://www.ioga.mu> is always kept up to date and concise and is in line with the corporate governance principles except for a few disclosures that are still being implemented. The Board has acknowledged departure from this principle as set on page 25.

Dividend policy

The Company does not have a formal dividend policy and did not declare any dividend during the year under review (2019: NIL).

PRINCIPLE 7: Audit

Internal Audit

The Board of Directors has considered the role of an internal auditor in the Company. A part time internal auditor has been appointed in the Company to assess the system of Internal Control. Responsibilities and duties of the officers are clearly defined and regulated. This ensure proper checks and authorisation over the 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 Committee and the key management personnel regularly receive reports from various departments and review same.

External Auditors

The external auditors are invited to attend on an annual basis meeting of directors and are given the opportunity to explain any area of concern. The external auditors have been in office since for the last 5 years. The directors will consider a rotation of External Auditors in due course. The audit fees accrued to the auditors, MOORE Mauritius, amount to Rs 373,750 (2019: Rs 350,000). Their audit report has been published on page 25 to 30.

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

PRINCIPLE 8 : Relation with Shareholders and other key stakeholders

The Company's Share Capital stands at 2,500,000 shares at Rs 10 each Rs 25,000,000.

Share ownership profile

Analysis of shareholders as at 30 June 2020

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%

Shareholders category as at 30 June 2020

Shareholder Category	No of shareholders	No of shares	%
Individuals	213	1,331,294	53%
Corporate bodies	24	1,141,918	46%
Others	18	26,788	1%
Total	255	2,500,000	100%

Shareholders holding of more than 5% of the share capital as at 30 June 2020 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%
Miss Dhanaletchunee Arnasala Pather	136,411	5.45%
Natarajen M. Cunden	126,662	5.06%

Shareholder's agreement

The directors are not aware of any shareholder's agreement.

Shareholders meeting

Annual shareholders meeting is held every year as prescribed by the Companies Act 2001. This is the main communication platform and shareholders are given the right to vote on the Company's affairs. Notice of meeting are sent within prescribed delays by the Company Secretary.

Other Key Stakeholders

The table below indicate the main partners and the response and engagement that the company undertake with each group:

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

PRINCIPLE 8 : Relation with Shareholders and other key stakeholders (Continued)

Stakeholders	Communication and performance
Employees, Salesman Agents and Brokers	Emails; letters, monthly, meetings Assessment reviews and end of year gathering and above all training and continuous professional development education
Insurers and reinsurers	Meeting; emails; agreement and negotiations for better placement and response.
Bankers Suppliers	These are prime supporters that ensure diligent undertaking of supplies of services that bring satisfaction to our customers
Regulators Government and other institution	Compliance reporting and meeting when required
Customers	Office hours throughout our branches ,Website and targeted advertising campaign

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. The company has published its code of ethics and conduct on its website.

Donations and Sponsorship

The Company contributed towards the Corporate Social Responsibility fund, set up by the Government of Mauritius, amount to Rs 82,624 (2019: NIL)

Related party transactions

The details in respect of related party transactions have been disclosed in Note 30 of the financial statements.

Organisation Structure and Human Resource Development

The fact that the Company want to become one of the leading insurance company brands in the industry in Mauritius, makes it highly necessary for the organisation to deliberately build a well-structured business.

The Company currently has a medium aged staff profile with most members having over ten years' work experience in the insurance industry. The staffs have a mix of administrative and technical profiles. Company also ensure a proper mix in gender equality among its staff members.

The Company will soon set up a dedicated business development function that will be composed of marketing personnel, relationship officers and sales officers. The new team will coordinate business development initiatives and strive to develop sound relationships with direct clients.

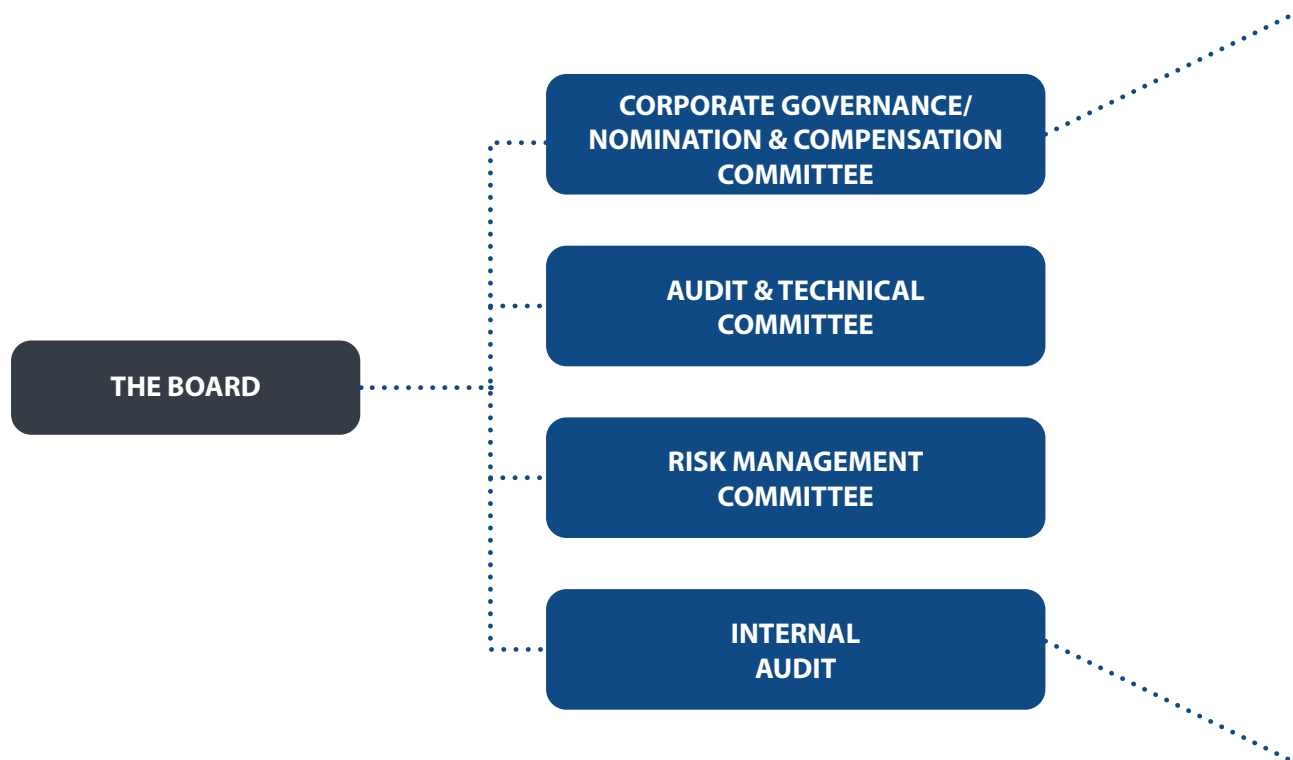
Training of staff is an ongoing process and the Company participate in the upskilling courses of the Insurance Institute of Mauritius.

In addition to its staff, the Company uses the services of numerous external consultants, located both locally and abroad.

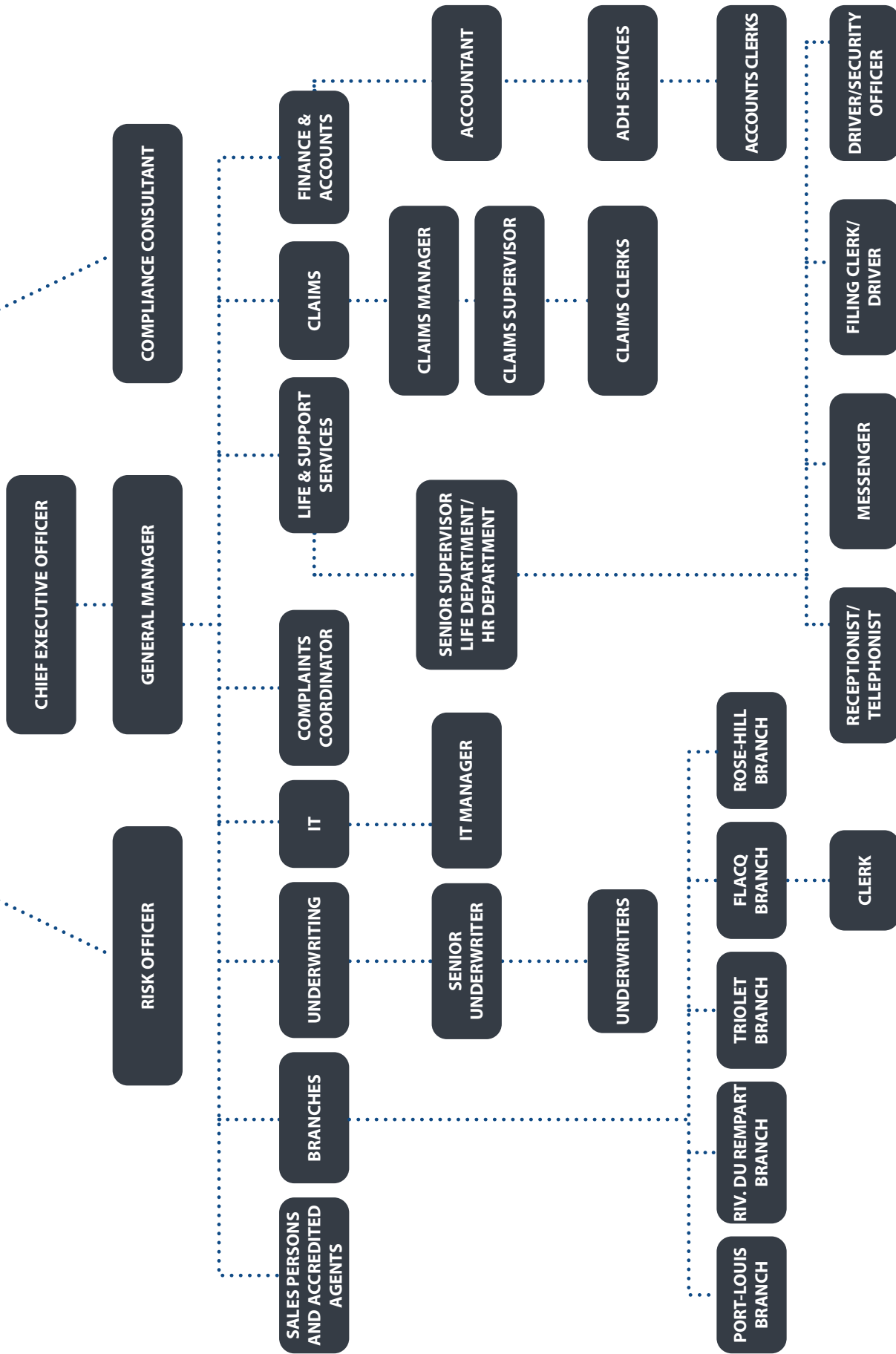
INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

PRINCIPLE 8 : Relation with Shareholders and other key stakeholders (Continued)
Organisation Structure and Human Resource Development (Continued)
Organigram of the Company



INDIAN OCEAN GENERAL ASSURANCE LTD



INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

12. Statement of Directors' responsibilities in respect of the financial statements Internal Control and Risk Management

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.

Acknowledgement

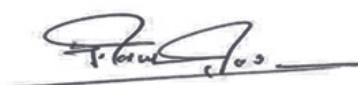
The Board of Directors wishes to thank all stakeholders for their continued cooperation and support. The Board also expresses its appreciation for the valued support, continued trust, and loyalty of its management, staff and customers without whom the objectives of the Board would not have been attained.



Chairperson



Chief Executive Officer



Director

Date: 30th November 2020

INDIAN OCEAN GENERAL ASSURANCE LTD

CORPORATE GOVERNANCE REPORT

STATEMENT OF COMPLIANCE

(Section 75(3) of the Financial Reporting Act)

Name of Public Interest Entity : Indian Ocean General Assurance Ltd

Reporting period : Year ended 30 June 2020

Throughout the year ended 30 June 2020 to best of the Board's knowledge the Indian Ocean General Assurance Ltd has not complied with all principles of the Code of Corporate Governance for Mauritius (2016)

The areas of non-compliance are :

Principle 1

Area of non-compliance

The organisation's website should include the following:

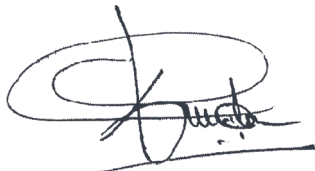
- Appropriate job descriptions of the key senior governance positions
- A statement of major accountabilities within the organisation
- The organisation's constitution

Reason

The above statement is missing during the year under review and needful is in process of implementation.



Chairperson



Chief Executive Officer

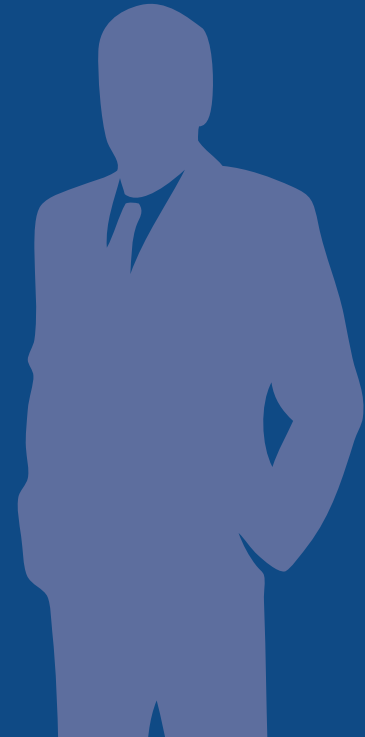


Director

Date: 30th November 2020



Ioga
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 2020.

Secretary
Vijay Kumar Dwarka

Date: 30th November 2020

Address:
Descoins Street
Long Mountain
Mauritius

INDIAN OCEAN GENERAL ASSURANCE LTD

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 31 to 88 which comprise the statement of financial position as at 30 June 2020 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 2020 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 period. 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.

1. Net amount due by reinsurers and Receivable on claim paid and payable

As at 30 June 2020, the Company had net amount due by reinsurers and receivable on claim paid and payable as disclosed in notes 14 and 25 respectively. Significant judgement is required to assess the credit risk attached to these financial assets. The net carrying amount of amount due by reinsurers and receivable on claim paid and payable are measured at amortised cost less any provision for impairment. Provision for impairment is based on objective evidence of default.

The Company's assessment of the recoverability of its receivables is based on historical data, which involves an analysis and examination of the credit history of its counter parties.

INDIAN OCEAN GENERAL ASSURANCE LTD

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

Report on the Audit of the financial statements (Continued)

Related disclosures

Refer to note 14 and 25 of the accompanying financial statements.

Audit response

- We tested the design, implementation and operating effectiveness of key controls over the identification of impaired assets and reviewed the model governance framework underpinning the impairment process.
- We reviewed the methodology and judgement used and tested management's key assumptions used in assessing impairment.
- We tested the design and operating effectiveness of key controls over the reinsurance asset measurement and valuation process.
- We sought external confirmation of the outstanding amount from counterparties, and performed alternative procedures to ensure existence and accuracy of those receivables where response rates were below our tolerable threshold.
- We reviewed the correspondence with the re-insurers and the conservator as a means to gauge recoverability.
- We tested management's key assumptions in estimating credit risk and reviewed the methodology used for credit risk appraisal. A benchmarking exercise was performed which entailed a comparison of the underlying credit ratings for key reinsurance counterparties to independent sources.
- We also considered the consistency of the approach with prior years, and enquired about any major variations and changes in key assumptions.

2. As at 30 June 2020, the Company had outstanding claims which including claims incurred but not reported (IBNR) as disclosed in Note 25 to the financial statements.

We focused on this area because the valuation of outstanding claims ("OC") including claims IBNR is significant in magnitude and requires the use of judgements, estimates and the use of actuarial and statistical projections. OC including claims IBNR are estimated for settlement of claims in future which are impacted by a number of factors which include the trends in severity of historical claims, frequency of historical claims, and changes in Laws and Regulations. In particular, the claims arising from death or disability covered under motor insurance contracts involve complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact on the valuation of these liabilities.

Related disclosures

Refer to note 25 of the accompanying financial statements.

Audit response

- We assessed and tested the design and operating effectiveness of selected key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claims' estimates recorded.
- We performed substantive tests on the amounts recorded for a sample of claims notified, focusing on those with most significant impact on the financial statements, to assess whether claims are appropriately estimated and recorded.

INDIAN OCEAN GENERAL ASSURANCE LTD

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

**2. As at 30 June 2020, the Company had outstanding claims which including claims incurred but not reported (IBNR) as disclosed in Note 25 to the financial statements.
(Continued)**

- We evaluated the competence, objectivity and independence of the independent actuary appointed by management of the Company to review the adequacy of OC including claims IBNR.
- We tested the completeness, accuracy and integrity of the underlying insurance data provided by management to the independent actuary to estimate the IBNR provisions. We focused our test of key controls over management's collection, extraction and data validation processes.
- We critically appraised the reasonableness of assumptions used in the actuarial report, especially around mortality, disability, morbidity, expenses and risk discount rates, through a combination of analytical procedures and benchmarking against market trends as well as regulatory and reporting requirements for consistency.
- We assessed the adequacy of the Company's related disclosures by reference to International Financial Reporting Standards (IFRSs)

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.

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code and satisfactory explanations disclosed on the principles of the Code which have not been complied with.

Responsibilities of directors and those charged with governance 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, 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.

INDIAN OCEAN GENERAL ASSURANCE LTD

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

Responsibilities of directors and those charged with governance for the financial statements (Continued)

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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.
- 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.

INDIAN OCEAN GENERAL ASSURANCE LTD

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 in the FSC Rules and Guidelines of the Financial Services Commission.



MOORE MAURITIUS
Chartered Accountants

PORT LOUIS
REPUBLIC OF MAURITIUS



Arvin Rogbeer, FCA, FCCA
Licensed by FRC

DATE: 30 November 2020

LIGHTING UP THE
WAY FORWARD
TO **GROW BIGGER**



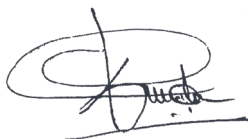
INDIAN OCEAN GENERAL ASSURANCE LTD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	Life 2020 Rs	General 2020 Rs	Total 2020 Rs	Life 2019 Rs	General 2019 Rs	Total 2019 Rs
ASSETS							
NON CURRENT ASSETS							
Property, Plant & Equipment	6	2	40,844,398	40,844,400	2	41,912,062	41,912,064
Intangible and Right-of-use assets	7	1	1,113,390	1,113,391	1	32,839	32,840
Statutory deposits	9	8,568,750	10,000,000	18,568,750	8,568,750	10,000,000	18,568,750
Available-for-sale financial assets	8	28,948,870	49,066,963	78,015,833	26,856,898	44,733,651	71,590,549
Deposits	11	2,000,000	67,448,450	69,448,450	-	68,948,450	68,948,450
Investment property	10	1,100,000	-	1,100,000	1,100,000	-	1,100,000
Loans and receivables	12	-	277,585	277,585	-	916,992	916,992
		40,617,623	168,750,786	209,368,409	36,525,651	166,543,994	203,069,645
CURRENT ASSETS							
Loan and Receivable	12	646,559	310,056	956,615	646,560	-	646,560
Receivable and prepayments	13	2,340,225	26,134,379	28,474,604	3,514,555	27,224,459	30,739,014
Net amount due by re-insurers	14	-	4,384,474	4,384,474	-	5,091,170	5,091,170
Receivable on claim paid and payable	25	-	29,338,398	29,338,398	-	18,540,329	18,540,329
Short term deposits	11	4,000,000	4,000,000	8,000,000	6,000,000	15,000,000	21,000,000
Cash and cash equivalents	21	7,013,954	116,282,036	123,295,990	8,248,432	85,761,614	94,010,046
		14,000,738	180,449,343	194,450,081	18,409,547	151,617,572	170,027,119
TOTAL ASSETS		54,618,361	349,200,129	403,818,490	54,935,198	318,161,566	373,096,764
EQUITY AND LIABILITIES							
EQUITY							
Stated capital	15	-	25,000,000	25,000,000	-	25,000,000	25,000,000
Revaluation reserve	16	17,945,431	45,994,724	63,940,155	18,895,561	47,017,144	65,912,705
Retained earnings		-	131,914,996	131,914,996	-	124,827,162	124,827,162
		17,945,431	202,909,720	220,855,151	18,895,561	196,844,306	215,739,867
LIABILITIES AND TECHNICAL PROVISIONS							
Unearned premium reserves	17	-	29,563,721	29,563,721	-	29,408,792	29,408,792
Premium Deficiency Reserve	33	-	5,530,661	5,530,661	-	6,000,000	6,000,000
Life assurance fund	18	34,985,582	-	34,985,582	34,907,172	-	34,907,172
		34,985,582	35,094,382	70,079,964	34,907,172	35,408,792	70,315,964
NON CURRENT LIABILITIES							
Deferred tax liability	29	-	380,401	380,401	-	434,439	434,439
Leasing liability	34	-	619,301	619,301	-	-	-
Retirement benefit obligation	19	-	3,841,124	3,841,124	-	4,068,548	4,068,548
		-	4,840,826	4,840,826	-	4,502,987	4,502,987
CURRENT LIABILITIES							
Current tax liabilities	27	446,626	1,581,091	2,027,717	53,976	536,454	590,430
Amount due to re-insurers	26	12,275	9,033,375	9,045,650	12,828	6,248,032	6,260,860
Leasing liability	34	-	835,898	835,898	-	-	-
Payables	20	1,228,447	5,706,974	6,935,421	1,065,661	2,375,963	3,441,624
Outstanding claims	25	-	89,197,863	89,197,863	-	72,245,032	72,245,032
		1,687,348	106,355,201	108,042,549	1,132,465	81,405,481	82,537,946
TOTAL EQUITY AND LIABILITIES		54,618,361	349,200,129	403,818,490	54,935,198	318,161,566	373,096,764

These financial statements have been approved by the Board of Directors on 30th November 2020 and signed on its behalf by:

Director



Director



The notes on pages 33 to 87 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 2020

	Note	2020	2019
GROSS PREMIUM		67,674,462	69,965,145
Premium Ceded to reinsurers		(12,290,729)	(14,008,838)
NET PREMIUM		55,383,733	55,956,307
Movement in general business fund	17	(154,929)	(3,152,168)
Movement in premium deficiency reserves	33	469,339	-
NET EARNED PREMIUM		55,698,143	52,804,139
Investment and Interest Income		5,110,962	9,848,564
Net gain on foreign exchange		11,922,078	3,737,200
Other income		3,118,186	2,182,125
		20,151,226	15,767,889
NET INCURRED CLAIMS		(39,593,782)	(36,695,346)
Commission received		2,087,329	1,890,398
Commission paid and payable		(6,672,961)	(5,595,937)
NET COMMISSION		(4,585,632)	(3,705,539)
Management expenses	36	(19,127,004)	(17,797,766)
Depreciation and amortisation		(2,861,500)	(2,714,098)
		(66,167,918)	(60,912,749)
PROFIT BEFORE TAX FOR THE YEAR		(9,681,451)	7,659,279
Less corporation tax		(1,974,350)	(619,691)
Add deferred tax		54,038	69,884
Less Corporate Social Responsibility tax	32	(82,624)	-
PROFIT AFTER TAX FOR THE YEAR		7,678,515	7,109,472
Less appropriations: Founder's share commission		(512,271)	(754,567)
NET PROFIT FOR THE YEAR		7,166,244	6,354,905
Other comprehensive income			
<i>Items that cannot be reclassified back to Profit or Loss:</i>			
Net fair value loss on available for sales financial assets	16	(1,972,550)	(4,691,125)
Gain on property revaluation		-	8,646,034
Transfer to life fund and revaluation reserve		871,720	2,568,733
TOTAL COMPREHENSIVE INCOME		6,065,414	12,878,547

The notes on pages 33 to 87 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 2020

	Note	2020 Rs	2019 Rs
GROSS PREMIUM		66,203,754	68,356,233
Premium ceded to reinsurers		<u>(12,170,690)</u>	<u>(13,976,950)</u>
NET PREMIUM		54,033,064	54,379,283
Movement in general business fund	17	(154,929)	(3,152,168)
Movement in premium deficiency reserves	33	469,339	-
NET EARNED PREMIUM		<u>54,347,474</u>	<u>51,227,115</u>
Investment and interest income		4,488,706	7,551,152
Net gain on foreign exchange		8,879,977	2,780,496
Other income		3,112,986	2,180,525
		<u>16,481,669</u>	<u>12,512,173</u>
NET INCURRED CLAIMS	24	(35,932,680)	(32,206,959)
Commission Received		2,073,887	1,887,238
Commission Paid and Payable		<u>(6,667,420)</u>	<u>(5,585,623)</u>
NET COMMISSION		(4,593,533)	(3,698,385)
Management expenses	36	(18,314,275)	(16,845,860)
Depreciation and amortisation		<u>(2,861,500)</u>	<u>(2,714,098)</u>
		<u>(61,701,988)</u>	<u>(55,465,302)</u>
NET PROFIT BEFORE TAX FOR THE YEAR		9,127,155	8,273,986
Less corporation tax	28(ii)	(1,509,562)	(536,454)
Add deferred tax	29	54,038	(111,119)
Less Corporate Social Responsibility tax	32	<u>(71,527)</u>	<u>-</u>
PROFIT AFTER TAX FOR THE YEAR		7,600,104	7,626,413
LESS APPROPRIATIONS			
Founder's share Commission		<u>(512,271)</u>	<u>(754,567)</u>
PROFIT FOR THE YEAR		7,087,833	6,871,846
Other comprehensive income			
<i>Items that cannot be reclassified back to Profit or Loss:</i>			
Net fair value loss on available for sales financial assets	16	(1,022,420)	(2,639,333)
Gain on property revaluation		<u>-</u>	<u>8,646,034</u>
TOTAL COMPREHENSIVE INCOME		<u>6,065,413</u>	<u>12,878,547</u>

The notes on pages 33 to 87 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 2020

	Note	2020	2019
		Rs	Rs
GROSS PREMIUM		1,470,708	1,608,912
Premium Ceded to reinsurers		(120,039)	(31,888)
NET PREMIUM		1,350,669	1,577,024
Transfer to general business fund		-	-
NET EARNED PREMIUM		1,350,669	1,577,024
Investment and interest income		622,256	2,297,412
Net gain on foreign exchange		3,042,104	956,704
Other income		5,200	1,600
		3,669,560	3,255,716
NET INCURRED CLAIMS		(3,661,101)	(4,488,387)
Commission received		13,442	3,160
Commission paid and payable		(5,545)	(10,314)
NET COMMISSION		7,897	(7,154)
Management expenses	36	812,729	(951,906)
Depreciation and amortisation		-	-
		(4,465,933)	(5,447,447)
PROFIT / (LOSS) BEFORE TAX FOR THE YEAR		554,296	(614,707)
Less corporation tax	28(i)	(464,788)	(83,237)
Add deferred tax	29	-	181,003
Less Corporate Social Responsibility tax	32	(11,097)	-
NET PROFIT / (LOSS) AFTER TAX FOR THE YEAR		78,411	(516,941)
<i>Other comprehensive income</i>			
Items that can be reclassified back to profit or loss:			
Net fair value loss on available for sales financial assets		(950,132)	(2,501,792)
Transfer to life fund	18	(78,411)	516,941
Transfer to revaluation reserve	16	950,132	2,051,792
TOTAL COMPREHENSIVE INCOME		-	-

The notes on pages 33 to 87 form an integral part of these financial statements

INDIAN OCEAN GENERAL ASSURANCE LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Rs	2019 Rs
Cash flows from operating activities			
Profit before taxation		9,681,451	7,659,279
Adjustments for:-			
Depreciation / Amortisation		2,861,500	2,714,098
Investment income		(5,110,962)	(9,848,564)
Effect of foreign exchange rate changes		(8,397,834)	(2,603,680)
Founder's Share Commission		(512,271)	(754,567)
Interest expense related to lease of right of use assets		152,947	-
Release to general Fund		(314,410)	3,152,168
Operating profit before working capital changes		(1,639,579)	318,734
Working capital changes:			
Movement in trade and other receivables		(723,469)	(6,182,722)
Movement in amount due by reinsurers		706,696	(3,933,781)
Movement in reinsurance contract		(10,798,069)	13,819,363
Movement in trade and other payables		3,493,797	(5,342,643)
Movement in amount due to reinsurers		2,784,790	44,013
Movement in retirement benefit obligation		(227,424)	183,804
Movement in outstanding claims		16,952,831	(15,881,731)
Cash generated from/ (absorbed into) operations		10,549,573	(16,974,963)
Interest and dividend income received		8,098,841	8,875,627
Taxation and corporate social responsibility paid		(619,690)	-
Net cash flows from operating activities		18,028,724	(8,099,336)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(764,831)	(267,883)
Purchase of intangible asset		-	(49,258)
Decrease in deposits		12,500,000	53,407,157
Net cash flows from investing activities		11,735,169	53,090,016
Cash flows from financing activities			
Lease payments		(807,300)	-
Net loans received / (granted)		329,351	(370,407)
Net cash flows from financing activities		(477,949)	(370,407)
Net movement in cash and cash equivalents		29,285,944	44,620,273
Cash and cash equivalents at the beginning of the year		94,010,046	49,389,773
Cash and cash equivalents at the end of the year	21	123,295,990	94,010,046

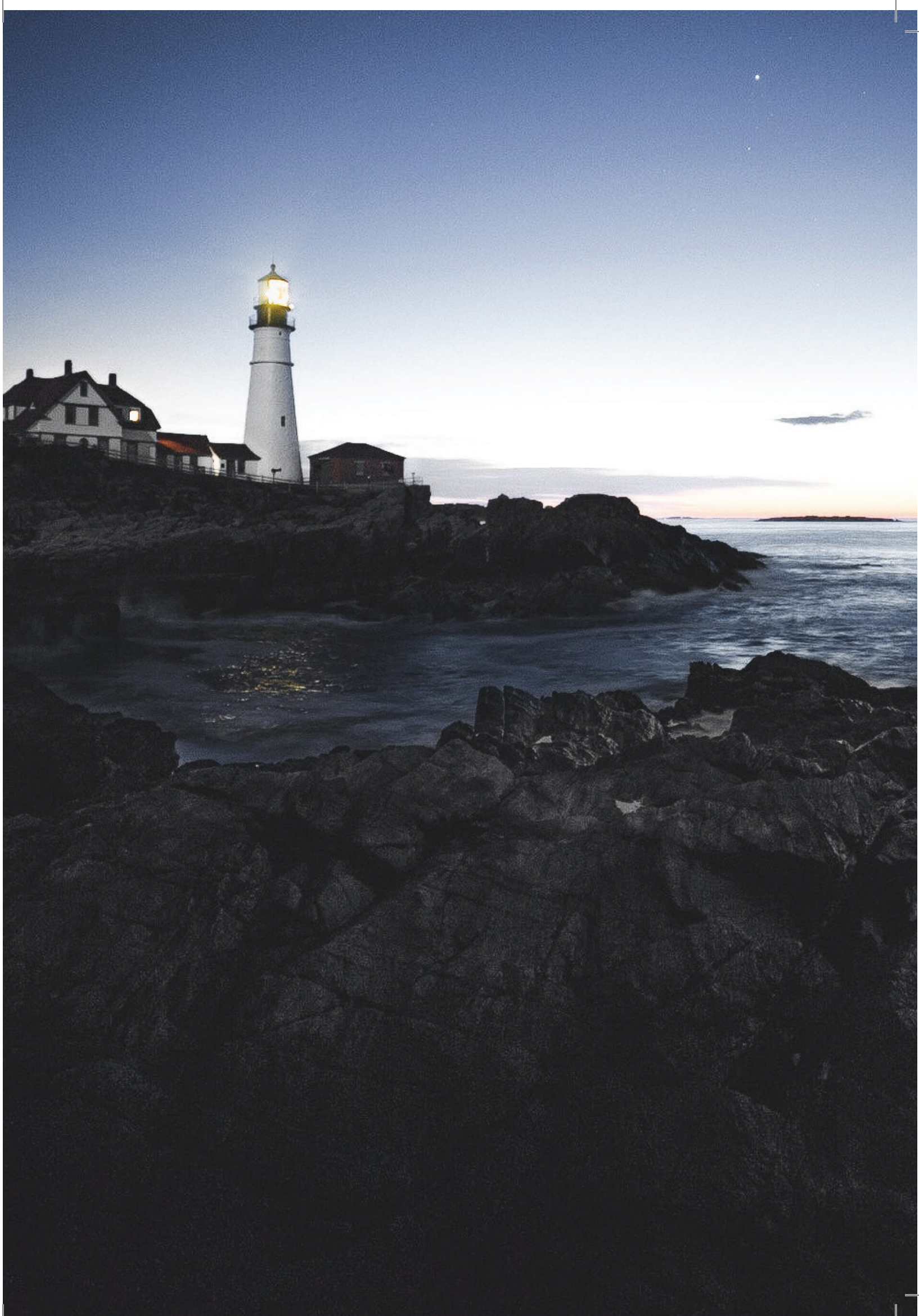
The notes on pages 33 to 87 form an integral part of these financial statements

INDIAN OCEAN GENERAL ASSURANCE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Stated Capital	Freehold Land & Building Revaluation Reserves	Investment Revaluation Reserve	Total Revaluation Reserve	Retained Earnings	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs
At 1 July 2018	25,000,000	5,200,000	56,757,796	61,957,796	119,955,313	206,913,109
Profit from General Insurance Business for the year	-	-	-	-	6,871,850	6,871,850
Transfer to premium deficiency reserve	-	-	-	-	(2,000,000)	(2,000,000)
Other comprehensive income	-	-	-	-	-	-
Revaluation of property	-	8,646,034	-	8,646,034	-	8,646,034
Net fair value loss on available for sales financial assets	-	-	(4,691,125)	(4,691,125)	-	(4,691,125)
At 30 June 2019	25,000,000	13,846,034	52,066,671	65,912,705	124,827,163	215,739,868
Profit from General Insurance Business for the year	-	-	-	-	7,087,833	7,087,833
Other comprehensive income	-	-	-	-	-	-
Net fair value loss on available for sales financial assets	-	-	(1,972,550)	(1,972,550)	-	(1,972,550)
At 30 June 2020	25,000,000	13,846,034	50,094,121	63,940,155	131,914,996	220,855,151

The notes on pages 33 to 87 form an integral part of these financial statements



INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. Reporting entity

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. The Company does not underwrite any new long-term business which is under run off basis.

These financial statements have been authorised for issue by the Board of Directors on November 30th, 2020.

Covid Impact Assessment

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. At this point, the Company cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on its business, results of operations, financial position and cash flows.

2. Compliance with International Financial Reporting standards (IFRSs)

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.

In the current year the Company comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and has applied all the new and revised Standards and Interpretations effective at the start of the reporting period, some either do not have an impact on the Company's reporting or is not applicable.

New standards and amendments to published standards effective for the year ended 30 June 2020

IFRS 16 Leases

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Company has adopted IFRS 16 from 1 July 2019, but has not restated comparatives for 2019, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed under note 35. On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17.

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on July 01, 2019 was 7.25% for land and building. For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Compliance with International Financial Reporting standards (IFRSs) (Continued)

IFRIC Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: Whether tax treatments should be considered collectively. Assumptions for taxation authorities' examinations. The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances.

Prepayment Features with negative compensation (Amendments to IFRS 9)

It amends the existing requirements of IFRS 9 to enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Company's financial statements.

Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28)

It clarifies the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Company's financial statements.

Annual Improvements to IFRSs 2015–2017 Cycle

- IFRS 3 – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 – clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 – clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.)
- IAS 23 – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Company's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The amendment clarifies that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Company's financial statements.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Compliance with International Financial Reporting standards (IFRSs) (Continued) Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) (Continued)

New standards and amendments to published standards issued but not yet effective at 30 June 2020.

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2021 or later periods, but which the Company has not made early adoption.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 17 Insurance contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1st January 2023.

The new standard may have a significant impact on financial statements when it is initially applied which will include changes to measurement of insurance contracts issued and presentation and disclose. The Company is presently carrying out an impact assessment with a view to implement the new standard by 1st January 2023.

Applicable to annual reporting periods beginning on or after 1 January 2023.

Classification of liabilities as current or non-current (Amendments to IAS1)

These amendments issued on 23 January 2020 provide a more general approach to the classification of liabilities under IAS 1 Presentation of Financial Statements based on the contractual arrangements in place at the reporting date.

Applicable to annual reporting periods beginning on or after 1 January 2023

Definition of a Business (Amendments to IFRS 3)

Amendments to clarify definition of a business in business combination

Applicable to annual reporting periods beginning on or after 1 January 2020

Definition of Material (Amendments to IAS 1 and IAS 8)

It clarifies and amend the definition of 'material' and add new aspects to the definition to include obstructing, Could reasonable expect to influence and primary users

Applicable to annual reporting periods beginning on or after 1 January 2020

Property, Plant and Equipment Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Applicable to annual reporting periods beginning on or after 1 January 2022

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Compliance with International Financial Reporting standards (IFRSs) (Continued)

Onerous Contracts – Cost of fulfilling a Contract (Amendments to IAS37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Applicable to annual reporting periods beginning on or after 1 January 2022

Annual Improvements to IFRS Standards 2018–2020

These improvements make amendments to the following standards

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Applicable to annual reporting periods beginning on or after 1 January 2022

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

Applicable to annual reporting periods beginning on or after 1 June 2020

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Applicable to annual reporting periods beginning on or after 1 June 2021

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Significant accounting policies

Basis of preparation

The financial statements have been prepared on historical cost basis except for investment properties which are stated at fair values and financial assets and financial liabilities which are either stated at fair values or at amortised cost, 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 under the note 4.

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.

Foreign currency translation

Transactions in foreign currencies are recorded into the functional currency 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.

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.

Level of fair value hierarchy

Freehold Land and Building are unobservable inputs as per IFRS 13.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. The Company develops unobservable inputs using the best information available in the circumstances, which might include the Company's own data, considering all information about market participants assumptions that is reasonably available.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Significant accounting policies (Continued)

Level of fair value hierarchy (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%
Right-of use Assets -Building	48%

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 considered in determining profit before tax.

Investment Property

Investment Property is held to earn rentals and/or for capital appreciation and is measured initially at cost, including transaction costs. Gains and losses arising from changes in the fair value of investment property will be reclassified to profit or loss in the period when specific conditions are met.

Investment Property represents land acquired from defaulted secured mortgage loans. The loans have been written off and the values of the assets were initially recognised at cost. No valuation has yet been carried out.

Intangible assets

Intangible assets which comprises computer software and developments cost are initially recorded at cost and amortised using the straight-line method over its expected useful life.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Significant accounting policies (Continued)

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.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money or services directly to a debtor with no intention of trading the receivables. They are recognised initially at a fair value plus any directly attributable transaction costs. Subsequently to initial recognition, loans and receivables are measured at amortised costs using the effective interest method, less any impairment. They are included in current assets when maturity is within twelve months after the end of the reporting period or non-current assets for maturities greater than twelve months.

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 or loss while other changes are recognised to equity under investment revaluation reserve.

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

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 term 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.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Deposits

Deposits are term deposits placed with banks and other financial institutions and are measured at amortised cost.

Cash and cash equivalents

These comprise cash at banks and in hand 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 initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

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 : (a) 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. (b) 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.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Significant accounting policies (Continued)

Insurance contracts (Continued)

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.

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 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 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.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Significant accounting policies (Continued)

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.

(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 after 30 June 2020 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.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 considering 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 deaths 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.

Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future profit will be available against which deductible temporary differences can be utilised.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Significant accounting policies (Continued)

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 based on 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. The Company also intend to implement the new provisions introduce under the Act in remitting this fund provided for to the Mauritius Revenue Authority.

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.

Lease

Last year leases were classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they were attributable to qualifying assets in which case, they were capitalised in accordance with the policy on borrowing costs. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From July 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset.
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Significant accounting policies (Continued)

Lease (Continued)

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits. In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee.
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option.
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease,
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove, or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Significant accounting policies (Continued)

Lease (Continued)

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount
- reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

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 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.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

4. Critical Accounting estimates and judgements (Continued)

(a) Insurance contracts (Continued)

(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 2020. 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 few 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 2017.

(ii) Uncertainties and judgement

The uncertainty arising under insurance contracts may be characterised under a few 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; and
- 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 reported. Upon 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) Impairment financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected. 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.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

4. Critical Accounting estimates and judgements (Continued)

(c) 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. 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.

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.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Management of insurance and financial risk (Continued)

(a) Insurance risk (Continued)

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.

Concentration of insurance risks - short term insurance

The table below exhibit the spread of business under various short-term classes:

	2020			2019		
	No of Policies Unit	GPI Rs	Net Claim Rs	No of Policies Unit	GPI Rs	Net Claim Rs
Motor	14,449	56,033,138	35,474,216	16,606	58,674,507	31,669,265
Accident & Health	82	991,713	250,122	125	795,673	485,325
Engineering	82	2,206,266	109,808	80	1,969,285	14,099
Liability	165	1,784,663	30,806	156	1,631,839	(2,933)
Property	203	1,472,793	24,781	193	1,350,543	(17,230)
Transportation	66	1,176,396	13,366	246	2,208,281	73,968
Guarantee	74	1,610,611	33,176	59	1,474,437	-
Miscellaneous	37	928,174	(3,595)	196	251,668	(15,535)
	15,158	66,203,754	35,932,680	17,661	68,356,233	32,206,959

Concentration of insurance risks - Long term insurance

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 on 30 June 2020

Sum Assured	2020 Gross Rs	%	2019 Gross Rs	%
0 - 50,000	46,064	2%	45,877	2%
50,000 - 100,000	92,614	5%	92,268	5%
100,000 - 150,000	139,000	8%	140,000	8%
150,000 - 200,000	200,000	11%	197,500	11%
200,000 - 250,000	240,000	13%	240,000	13%
250,000 - 300,000	300,000	16%	300,000	16%
> 300,000	825,000	45%	825,000	45%
	1,842,678	100%	1,840,645	100%

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

As shown on the Claim Development Table below the Company's average cost of claim varies significantly for both gross claims incurred, and net claim incurred The impact of a sensitive increase in cost of claim will depend on the reinsurance structure and effectiveness of the treaty cover to ensure a healthy financials position at 30 June 2020.

Below is the result of a 5% change in cost and basis of claim provisioning

Sensitivity of a 5% change in claim cost	%	2020 Rs	2019 Rs
Gross Insurance Liabilities	5%	4,224,695	3,612,252
Reinsurance Contracts Receivable	20%	844,939	722,450
Effect on Net Claim incurred	80%	3,379,756	2,889,802
Effect on Net Profit	37%	3,379,756	2,889,802

The effect of a 5% change in claim provisioning assuming the reinsurance remain at 20% will result in a decrease or increase in net profit by Rs 3,379,759 (2019 Rs 2,889,802).

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 on the next page 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.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Management of insurance and financial risk (Continued)

(a) Insurance risk (Continued)

Claims development table (Continued)

Claims development table- Gross claim incurred

	2015 Rs	2016 Rs	2017 Rs	2018 Rs	2019 Rs	2020 Rs	TOTAL Rs
Estimate of cumulative claims at end of accident year	24,792,804	45,382,486	45,542,705	45,219,245	47,749,150	52,795,152	
One year later	31,857,697	46,283,732	52,340,792	46,718,595	43,217,383	-	
Two years later	30,611,821	49,821,697	50,378,703	46,663,504	-	-	
Three years later	30,335,026	48,373,167	50,497,596	-	-	-	
Four years later	29,947,246	47,285,183	-	-	-	-	
Five years later	29,613,706	-	-	-	-	-	
Current estimate of cumulative claim cost	29,613,706	47,285,183	50,497,596	46,663,504	43,217,383	52,795,152	
Cumulative payments	27,505,429	39,164,041	42,140,502	35,923,557	33,111,080	22,970,452	
Outstanding claims	2,108,277	8,121,142	8,357,094	10,739,947	10,106,303	29,824,700	69,257,463
Outstanding claims 2014 and prior IBNR							15,236,438
Total Outstanding claims (note 25)							<u>4,703,962</u> <u>89,197,863</u>

Claims development table-Reinsurance claim received and recoverable

Estimate of cumulative claims at end of accident year	2,550,327	6,925,971	5,192,402	5,717,165	6,465,619	14,206,907	
One year later	5,843,882	9,771,388	11,379,427	8,401,021	11,582,888	-	
Two years later	5,935,168	12,107,553	12,036,700	9,007,389	-	-	
Three years later	5,191,579	12,031,984	13,684,385	-	-	-	
Four years later	5,334,966	11,970,595	-	-	-	-	
Five years later	6,403,436	-	-	-	-	-	
Current estimate of cumulative claim cost	5,334,966	11,970,595	13,684,385	9,007,389	11,582,888	14,206,907	
Cumulative payments	4,891,376	7,604,435	10,792,294	7,264,441	8,244,262	4,821,413	
Outstanding claims	443,590	4,366,160	2,892,091	1,742,948	3,338,626	9,385,494	22,168,909
Outstanding claims 2013 and prior IBNR							7,169,489
Total Outstanding claims (note 25)							<u>-</u> <u>29,338,398</u>

Claims development table- Net claim incurred

Estimate of cumulative claims at end of accident year	22,242,476	38,456,515	40,350,303	39,502,080	41,283,531	38,588,245	
One year later	26,013,814	36,512,344	40,961,365	38,317,574	31,634,495	-	
Two years later	24,676,653	37,714,144	38,342,003	37,656,115	-	-	
Three years later	25,143,447	36,341,183	36,813,211	-	-	-	
Four years later	24,612,280	35,314,588	-	-	-	-	
Five years later	23,210,270	-	-	-	-	-	
Current estimate of cumulative claim cost	23,210,270	35,314,588	36,813,211	37,656,115	31,634,495	38,588,245	
Cumulative payments	22,614,053	31,559,606	31,348,208	28,659,116	24,866,818	18,149,039	
Outstanding claims	1,664,687	3,754,982	5,465,003	8,996,999	6,767,677	20,439,206	47,088,554
Outstanding claims 2013 and prior IBNR							8,066,949
Total Outstanding claims (note 25)							<u>4,703,962</u> <u>59,859,465</u>

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Management of insurance and financial risk (Continued)

(a) Insurance 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 from its financial assets 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, fixed income securities, banks balances and deposits which are exposed to fluctuations in interest rates. The financial Instruments that guarantee benefits payable to long term life assurance contracts represent 62% (63% on 30 June 2019). 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 2020

5. Management of insurance and financial risk (Continued) (b) Financial risks (Continued)

Interest rate risks

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
As at 30 June 2020				
Statutory Deposits	8,568,750	10,000,000	-	18,568,750
Deposits	11,000,000	61,518,750	4,929,700	77,448,450
Loans and receivables	277,585	956,615	-	1,234,200
Cash in hand and at bank	123,295,990	-	-	123,295,990
	143,142,325	72,475,365	4,929,700	220,547,390

As at 30 June 2019				
Statutory Deposits	8,568,750	10,000,000	-	18,568,750
Deposits	15,000,000	70,018,750	4,929,700	89,948,450
Loans and receivables	916,992	646,560	-	1,563,552
Cash in hand and at bank	94,010,046	-	-	94,010,046
	118,495,788	80,665,310	4,929,700	204,090,798

Sensitivity

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

	2020 Rs	2019 Rs
Actual Interest Income	4,683,596	4,660,507
Effective interest rate	2%	2%
A 1% point decrease	2,205,474	2,040,908
Effect on the result	(2,478,122)	(2,619,599)
A 1% point increase	6,616,422	6,122,724
Effect on the result	1,932,826	1,462,217

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Management of insurance and financial risk (Continued)

Credit risk

Credit risk is the risk of financial loss to the Company if one party or counterparty to a financial instrument fails to meet all or part of his obligations. The Company's credit is primarily attributable to its financial assets, which include bank deposits, fixed income securities and receivables from both policyholders and reinsurers.

Bank deposits are placed with financial institutions of good credit rating and are spread over a few them to avoid undue concentration. The Company is also subject to concentration limit placement as regulated by the Financial Services Commission

Reinsurance arrangements 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.

The Company has always recourse to non-renewal of policy at maturity and withholding any unpaid premium following a claim lodged against the policyholder. The expected loss ratio adopted is nil for these categories

The Company has applied a 25% loss ratio on amount due from local insurers in connection with claim paid. Except for amounts receivable from reinsurers, the Company has no significant concentration of credit risk with exposure spread over many clients, salesman, agents, and brokers.

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.

Maximum Exposure to credit risk of financial assets:

	2020 Rs	2019 Rs
Deposit with banking institutions	179,073,575	148,837,006
Deposit with other institutions	39,087,500	43,087,500
Reinsurance receivables	33,722,872	23,631,499
Receivables from Policyholders	19,002,513	18,952,436
Receivables from financial and non financial institutions	8,191,513	11,179,391
Loan receivables	956,615	916,992
	280,034,169	246,604,824

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Management of insurance and financial risk (Continued) Credit risk (Continued)

The following table provides information regarding the carrying value of the financial assets related to receivables in connection with policy underwritten as of 30 June 2020 that have been impaired and the ageing of the financial assets that are past due but not impaired.

	Less than 60 days Rs	60 days to 1 year Rs	Over 1 year Rs	Total Gross Amount Rs	Impaired Amount Rs	Net Amount Rs
As at 30 June 2020						
From Agents	4,469,603	-	-	4,469,603	-	4,469,603
From Brokers	1,813,657	3,067,772	4,492,197	9,373,626	-	9,373,626
From Policyholders	2,120,817	1,424,023	1,520,089	5,063,929	-	5,063,929
From Re Insurers	1,252,177	-	3,132,297	4,384,474	-	4,384,474
From Insurers and reinsurers on claim outstanding and paid	2,250,225	7,467,473	21,227,003	30,944,701	(1,606,303)	29,338,398
As at 30 June 2020	11,906,478	11,958,268	30,371,586	54,236,333	(1,606,303)	52,630,030
From Agents	4,470,284	-	-	4,470,284	-	4,470,284
From Brokers	2,306,913	6,710,315	(111,509)	8,905,719	-	8,905,719
From Policyholders	1,612,148	2,239,233	1,680,455	5,531,836	-	5,531,836
From Re Insurers	4,383,474	-	-	4,383,474	-	4,383,474
From Insurers and reinsurers on claim outstanding and paid	66,960	391,750	18,081,619	18,540,329	-	18,540,329
As at 30 June 2019	12,840,778	9,341,298	19,650,565	41,832,642	-	41,832,642

Currency risk

The Company is exposed to currency risk arising from mainly US Dollar 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:

The Company had mainly equity securities and bank balance in foreign currencies and do transact with foreign reinsurers in US dollar foreign currency denomination and any fluctuation of the Mauritian Rupee against those foreign currencies will affect the value of the deposits. On 30th June 2020, 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 5,358,478 (2019 Rs 5,145,822) respectively higher/lower mainly resulting from translation of foreign currency account as indicated below:

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Management of insurance and financial risk (Continued)

Currency risk (Continued)

Currency sensitivity analysis

		2020	2019
Bank balances	USD	1,033,981	931,051
Investment in Equity	USD	1,908,618	1,958,359
Actual exchange rate		36.42	35.62
	RS	<u>107,169,456</u>	<u>102,916,435</u>
The effect of a 5% change in rate		5,358,473	5,145,822

The following table show various currencies in which the assets and liabilities were dominated as at 30 June 2020.

The US dollar balances represent only 16% (2019 17%) of total assets while liabilities are denominated in the functional currency.

Financial assets and liabilities spread between different currencies:

At 30 June 2020	MUR Equivalent of USD Rs	MUR Rs	Total Rs
Assets			
Property, plant and equipment	-	40,844,400	40,844,400
Intangible asset	-	1,113,391	1,113,391
Statutory deposits	-	18,568,750	18,568,750
Investment property	-	1,100,000	1,100,000
Available-for-sale financial asset	42,894,617	78,015,833	120,910,450
Held-to-maturity investments	-	-	-
Deposits	-	77,448,450	77,448,450
Loans and receivables	-	1,234,200	1,234,200
Receivable and prepayments	-	28,474,604	28,474,604
Deferred tax asset	-	-	-
Reinsurance contracts	-	29,338,398	29,338,398
Cash in hand and at bank	33,162,625	123,295,990	156,458,615
	<u>76,057,242</u>	<u>399,434,016</u>	<u>475,491,258</u>
Liabilities			
Deferred tax liability	-	380,401	380,401
Retirement benefit obligation	-	3,841,124	3,841,124
Current tax liabilities	-	2,027,717	2,027,717
Amount due to reinsurers	-	9,045,650	9,045,650
Payables	-	6,935,421	6,935,421
Outstanding claims	-	89,197,863	89,197,863
	-	<u>111,428,176</u>	<u>111,428,176</u>

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Management of insurance and financial risk (Continued) Currency risk (Continued)

At 30 June 2020	MUR Equivalent of USD Rs	MUR Rs	Total Rs
Assets			
Property, plant and equipment	-	41,912,064	41,912,064
Intangible asset	-	32,840	32,840
Statutory deposits	-	18,568,750	18,568,750
Investment property	-	1,100,000	1,100,000
Available-for-sale financial asset	43,982,837	71,590,549	115,573,386
Held-to-maturity investments	-	-	-
Deposits	29,187,980	79,329,220	108,517,200
Loans and receivables	-	1,563,552	1,563,552
Receivable and prepayments	-	30,739,014	30,739,014
Deferred tax asset	-	-	-
Reinsurance contracts	-	18,540,329	18,540,329
Cash in hand and at bank	282,032	93,728,014	94,010,046
	73,452,849	357,104,332	430,557,181
Liabilities			
Deferred tax liability	-	434,439	434,439
Retirement benefit obligation	-	4,068,548	4,068,548
Current tax liabilities	-	590,430	590,430
Amount due to reinsurers	-	6,260,860	6,260,860
Payables	-	3,441,624	3,441,624
Outstanding claims	-	72,245,032	72,245,032
	-	87,040,933	87,040,933

Reinsurers' default

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

The table below shows the amount the Company is exposed to these risks on paid and unpaid insurance contracts:

	2020 Rs	2019 Rs
On reinsurance contract paid	4,384,474	5,091,170
On reinsurance contract unpaid	19,788,552	13,662,534
	24,173,026	18,753,704

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Management of insurance and financial risk (Continued)

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 2020 for General Insurance Business is as follows:

	2020 Rs	2019 Rs
Total Capital available	162,756,519	159,713,122
Minimum Capital Required (MCR)	26,810,942	25,144,121
Capital Available as a % of MCR	607%	635%

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 on 30th June 2020.

	1 mth -3 mths Rs	4 mths - 1 year Rs	Repayable on demand Rs	Total Rs
Financial liabilities - 30 June 2020				
Insurance liabilities	9,045,650	-	89,197,863	98,243,513
Other financial liabilities	6,935,421	2,863,615	4,840,826	14,639,862
	15,981,071	2,863,615	94,038,689	112,883,375
Financial liabilities - 30 June 2019				
Insurance liabilities	6,260,860	-	72,245,032	78,505,892
Other financial liabilities	4,032,054	-	4,502,987	8,535,041
	10,292,914	-	76,748,019	87,040,933

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Management of insurance and financial risk (Continued)

Premium risk

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

Actuarial report has confirmed the adequacy of premium policy and brought down the Reserve to Rs 5,530,661 (2019: Rs 6,000,000).

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.

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 to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, policy liabilities risks, catastrophes risk and reinsurance ceded. Investments above a certain concentration limit requires additional capital.

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.

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:

	2020	2019
	Rs	Rs
Level 1 - Quoted	1,628,123	1,839,034
Level 2 - Unquoted	76,387,710	69,751,515
	78,015,833	71,590,549
	2020	2019
Impact on shareholders equity of a 10% change in market price	7,801,583	7,159,055

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

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

Fair value hierarchy as at 30 June 2020

	Level 1 Rs	Level 2 Rs	Level 3 Rs
At 30 June 2020			
Quoted equities	1,628,123		
Unquoted equities		76,387,710	
Investment property			1,100,000
Freehold land			9,240,000
Building			32,871,159
Total	1,628,123	76,387,710	43,211,159
At 30 June 2019			
Quoted equities	1,839,034		
Unquoted equities		69,751,515	
Investment property			1,100,000
Freehold land			9,240,000
Building			32,871,159
Total	1,839,034	69,751,515	43,211,159

There is also no movement in between the levels.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

6. Property, plant and equipment

The freehold land and building situated at 12 Volcy Pougnet Street Port Louis were revalued on 25 September 2019 the land at Rs 9.24m and the building at Rs 29.96m by independent valuers Primepillars Valuation Services Ltd on an open market basis, resulting in revaluation surplus of Rs 2.24m. on the land and Rs 6.41m on the building.

	Freehold Land Rs.	Building Rs.	Furniture & Fittings Rs.	Office Equipment Rs.	Motor Vehicles Rs.	Total Rs.
COST/VALUATION						
At 1 July 2018 - Cost	1,800,000	26,465,125	1,794,494	2,899,316	3,772,021	36,730,956
At 1 July 2013 - Revaluation	5,200,000	-	-	-	-	5,200,000
Additions	-	-	40,135	227,748	-	267,883
Revaluation adjustment	2,240,000	6,406,034	-	-	-	8,646,034
At 30 June 2019	9,240,000	32,871,159	1,834,629	3,127,064	3,772,021	50,844,873
Additions	-	-	42,000	722,831	-	764,831
At 30 June 2020	9,240,000	32,871,159	1,876,629	3,849,895	3,772,021	51,609,704
ACCUMULATED DEPRECIATION						
At 1 July 2018	-	2,381,858	1,360,881	2,069,995	1,465,708	7,278,442
Charge for the year	-	529,300	201,115	348,998	574,954	1,654,367
At 30 June 2019	-	2,911,158	1,561,996	2,418,993	2,040,662	8,932,809
Charge for the year	-	657,423	169,820	430,298	574,954	1,832,495
At 30 June 2020	-	3,568,581	1,731,816	2,849,291	2,615,616	10,765,304
NET BOOK VALUE						
At 30 June 2020	9,240,000	29,302,578	144,813	1,000,604	1,156,405	40,844,400
At 30 June 2019	9,240,000	29,960,001	272,633	708,071	1,731,359	41,912,064

7. Intangible assets and right-of use assets

	Right-of-use Assets-Building Rs	Computer Software Rs	Total Rs
COST			
At 1 July 2018	-	1,663,997	1,663,997
Addition	-	49,257	49,257
At 30 June 2019	-	1,713,254	1,713,254
Addition	2,109,556	-	2,109,556
At 30 June 2020	2,109,556	1,713,254	3,822,810
AMORTISATION			
At 1 July 2018	-	620,683	620,683
Amortisation for the year	-	1,059,731	1,059,731
At 30 June 2019	-	1,680,414	1,680,414
Amortisation for the year	1,012,587	16,418	1,029,005
At 30 June 2020	1,012,587	1,696,832	2,709,419
NET BOOK VALUE			
At 30 June 2020	1,096,969	16,422	1,113,391
At 30 June 2019	-	32,840	32,840

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

8. Available-for-sale financial assets

	Fair value 2020 Rs.	Cost 2020 Rs.	Fair value 2019 Rs.	Cost 2019 Rs.
Available for sale:				
- Listed	1,628,123	187,270	1,839,034	187,270
- Unquoted-Local	67,940,811	9,902,409	62,708,156	9,902,409
- Unquoted-Overseas	8,446,899	1,733,573	7,043,359	1,733,573
At 30 June 2020	78,015,833	11,823,252	71,590,549	11,823,252

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. Unquoted securities are valued at net assets value from the most recent statement of affairs.

9. Statutory deposits

The statutory deposits represent term deposits with local banks and is pledged in favour of the Financial Services Commission.

	2020 Rs.	2019 Rs.
At 30 June	18,568,750	18,568,750

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.

	2020 Rs.	2019 Rs.
At 30 June	1,100,000	1,100,000

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11. Deposits

	2020 Rs.	2019 Rs.
Maturing:		
up to 3 months	3,000,000	2,000,000
3 to 6 months	9,568,750	6,000,000
6 to 12 months	7,000,000	15,568,750
> 12 months	76,448,450	84,948,450
	96,017,200	108,517,200
Analysis as follows:		
Non-current - Statutory deposit (note 9)	18,568,750	18,568,750
Non-current - deposit with financial institutions	69,448,450	68,948,450
Current - deposit with financial institutions	8,000,000	21,000,000
	96,017,200	108,517,200

12. Loans and receivables

	2020 Rs.	2019 Rs.
Mortgage loans	737,478	737,478
Surrender values	12,609	12,609
Other loans	587,640	916,992
Provision for bad debts	(103,527)	(103,527)
	1,234,200	1,563,552
Analysis as follows:		
Non-current	277,585	916,992
Current	956,615	646,560
	1,234,200	1,563,552

- (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 2020

13. Receivables and prepayments

	2020	2019
	Rs.	Rs.
Premium receivables	19,002,094	18,864,659
Provision for doubtful debts	-	-
	19,002,094	18,864,659
Interest and dividends receivables	8,191,513	11,179,391
Other receivables and prepayments	1,280,998	694,964
	28,474,604	30,739,014

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

	2020	2019
	Rs.	Rs.
up to 3 months	6,147,717	6,568,876
3 to 6 months	2,772,955	1,259,140
6 to 12 months	1,941,117	6,132,099
> 12 months	8,140,305	4,904,544
	19,002,094	18,864,659

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

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

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

(e) 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 2020

14. Amount due by reinsurers

	2020	2019
	Rs.	Rs.
At 1 July	5,091,170	449,652
Movement during the year	(706,696)	4,641,518
At 30 June	4,384,474	5,091,170

15. Stated capital

	2020	2019
	Rs.	Rs.
Authorised, Issued and Fully Paid		
1 Founder share of Rs 10 each	10	10
2,499,999 ordinary shares of Rs 10 each	24,999,990	24,999,990
	25,000,000	25,000,000

Note: All above shares are at par value.

Each share carries one voting right and right to dividend.

16. Revaluation reserves

	2020	2019
	Rs.	Rs.
At 1 July - Freehold Land	7,440,000	5,200,000
At 1 July - Other Assets	58,472,705	56,757,796
Increase in value - Freehold Land	-	2,240,000
Movement in value- Other Assets Life business	(1,022,418)	3,766,701
Movement in value- Other Assets General business	(950,132)	(2,051,792)
At 30 June	63,940,155	65,912,705

The reserves under other assets relate to the surplus on revaluation on building 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 2020

17. Unearned premium reserves

Unearned Premium Reserve	2020	2019
	Rs.	Rs.
At 1 July	29,408,792	26,256,624
Movement during the year	154,929	3,152,168
At 30 June	29,563,721	29,408,792

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 based on 1/365th method.

The unearned premium reserves are disclosed net of reinsurances as shown in the table below:

	2020	2019
	Rs.	Rs.
Gross Basis		
At 1 July	33,003,488	30,988,085
Movement during the year	1,428,507	2,015,403
At 30 June	34,431,995	33,003,488
Reinsurers Share		
At 1 July	3,594,696	4,731,461
Movement during the year	1,273,578	(1,136,765)
At 30 June	4,868,274	3,594,696
Net Basis		
At 1 July	29,408,792	26,256,624
Movement during the year	154,929	3,152,168
At 30 June	29,563,721	29,408,792

18. Life assurance fund

	2020	2019
	Rs.	Rs.
At 1 July	34,907,172	35,424,113
Net surplus / (deficit) for the year	78,410	(516,941)
At 30 June	34,985,582	34,907,172

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 2020

19. Retirement benefit obligation

	2020	2019
	Rs.	Rs.
At 1 July	4,068,548	3,884,744
Charge for the year	314,864	183,804
Paid during the year	(542,288)	-
At 30 June	3,841,124	4,068,548

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

	2020	2019
	Rs.	Rs.
Founder Share Commission	1,266,838	745,604
Accrued Expenses	1,854,736	909,644
Other payables	3,813,847	1,786,376
	6,935,421	3,441,624

21. Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

	2020	2019
	Rs.	Rs.
Cash in hand	1,152,115	602,740
Cash at bank	122,143,875	93,407,306
	123,295,990	94,010,046

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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:

	2020	2019
	Rs.	Rs.
Investment income	4,488,706	7,551,152
Dividend income from:		
Quoted companies	27,254	6,813
Unquoted companies	394,477	2,324,998
Included in management expenses are:		
Staff costs	9,342,932	7,219,732
Auditors' remuneration	373,750	350,000
Depreciation and amortisation	1,848,913	2,714,098
Senior management teams remuneration	1,247,787	772,960
Directors Remuneration and Benefits		
Executive Director's emoluments	2,116,996	1,827,358
Executive Director's fees	90,000	70,000
Non Executive Director's fees	579,000	510,000

23. Dividends

	2020	2019
	Rs.	Rs.
Revenue reserves	131,914,996	124,827,162
Dividends paid	-	-
No. of shares in issue	2,500,000	2,500,000
Dividends per share	-	-

No dividend has been proposed and declared during the year.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

24. Incurred claims

	2020 Rs.	2019 Rs.
Gross Claim Incurred		
Gross claim provision at start	(67,748,777)	(83,630,508)
Paid during the year	40,838,497	56,237,474
Gross claim provision at end	84,493,901	67,748,777
Gross Claim Incurred	57,583,621	40,355,743
Reinsurance contracts recoverable		
Amount recoverable at start	(18,540,329)	(27,481,897)
Amount recovered during the year	11,060,579	17,090,352
Amount recoverable at end	29,338,398	18,540,329
Net amount recoverable	21,858,648	8,148,784
Net Claim Incurred		
Net claim provision at start	(49,208,448)	(56,148,611)
Paid during the year	29,777,918	39,147,122
Net claim provision at end	55,155,503	49,208,448
Net Claim Incurred	35,724,973	32,206,959
IBNR movement	207,707	-
Net Claim Incurred after IBNR	35,932,680	32,206,959

25. Outstanding claims and reinsurance contracts

	2020 Rs.	2019 Rs.
Short term insurance contracts:		
Claims reported and loss adjustment expenses	84,493,901	67,748,777
Provision for claims incurred but not reported "IBNR"	4,703,962	4,496,255
Total gross insurance liabilities	89,197,863	72,245,032
Recoverable from insurers and reinsurers	(29,338,398)	(18,540,829)
Net claim outstanding provision	55,155,503	49,208,448
Provision for claims incurred but not reported "IBNR"	4,703,962	4,496,255
Total net insurance liabilities	59,859,465	53,704,703

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

26. Amount due to reinsurers

	2020	2019
	Rs.	Rs.
At 1 July	6,260,860	631,315
Movement during the year	2,784,790	5,629,545
At 30 June	9,045,650	6,260,860

27. Current tax liabilities

	2020	2019
	Rs.	Rs.
General business	1,581,091	536,454
Life business	446,626	53,976
	2,027,717	590,430

28. Taxation

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

	2019	2018
	Rs.	Rs.
Income tax charge for the year at 15%		
Life branch (see note 28 (i))	464,788	83,327
General branch (see note 28 (ii))	1,509,562	536,454
	1,974,350	619,691

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

28. Taxation (Continued)

	2020	2019
	Rs.	Rs.
(i) Life branch: Reconciliation of the effective tax rate:		
Interest, dividends and commissions receivable	622,256	2,297,412
Other Income	3,060,743	961,464
Exempt income	(5,310)	(1,741,745)
Allowable expenses	(818,274)	(962,220)
Underprovision from previous years	239,173	-
Taxable income	3,098,588	554,911
Tax thereon at 15%	464,788	83,237
(ii) General branch: Reconciliation of the effective tax rate:		
Profit before taxation	605,412	5,493,490
Tax thereon at 15%	90,812	824,024
Tax effects on:		
Exempt income	(4,088)	(349,772)
Other taxable income	1,331,997	417,074
Annual Allowance	(263,434)	(316,677)
Other allowable deductions	(76,841)	(113,185)
Non-allowable expenses	277,337	407,115
Accumulated Losses	-	(332,125)
Tax charge for the year	1,355,783	536,454
Government Assistance Wages Assistance Scheme Refund	153,779	-
Total tax payable	1,509,562	536,454

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

29. Deferred tax Liability

Deferred taxation is calculated on all temporary differences under the liability method at the rate of 15% (2019: 15%). The movement on deferred tax account is as follows:

	2020	2019
	Rs.	Rs.
At 1 July :- General	434,439	323,320
Life	-	181,003
Transfer to retained earnings		
Charge for the year: Life	-	(181,003)
Charge for the year: General	(54,038)	111,119
At 30 June	380,401	434,439
The deferred tax balances comprise the following:		
Accelerated capital allowances	380,401	434,439

30. 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 yearend 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.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

30. Related party transactions (continued)

Related party transactions during the year:

	2020	2019
	Rs	Rs
<i>Payable to related parties:</i>		
Founder Share Commission to Promunit Ltd	1,257,875	745,604
<i>Receivable from related parties:</i>		
Outstanding insurances balances due from directors	54,365	55,202
Loan to director	155,400	255,000
<i>Sale of service to:</i>		
Directors and key management personnel Insurance contracted	264,067	1,428,225
<i>Remuneration of key management personnel:</i>		
Senior management teams remuneration	1,247,787	772,960
Directors emoluments and short term benefits	2,758,996	2,407,358
Founder Share Commission to Promunit Ltd	512,271	745,604

31. 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.

	2020	2019
	Rs	Rs
Net profit from General Insurance business for the year	7,087,834	6,871,846
Number of ordinary share in issue	2,500,000	2,500,000
Earnings per share	2.84	2.75

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

32. Corporate Social Responsibility

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 Mauritius Revenue Authority (MRA). The Company has decided to remit the CSR contribution to the MRA upon payment of its Corporate Tax.

	2020	2019
	Rs.	Rs.
General branch	71,527	-
Life branch	11,097	-
	82,624	-

33. Premium Deficiency Reserve

	2020	2019
	Rs.	Rs.
At 1 July	6,000,000	4,000,000
Movement subsequent to Actuarial revaluation	(469,339)	2,000,000
At 30 June	5,530,661	6,000,000

Following actuarial report, the latter has revised the reserve balance to Rs 5,530,661

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

34. Lease Liabilities

	Right-to-Use Building
	Rs
Cost	
At July 1, 2019	-
- Effect of adopting IFRS 16 as at July 01 (note 25)	-
- as restated	-
Additions	2,109,556
Interest expense	152,943
Lease payments	(807,300)
At June 30, 2020	1,455,199
	Total
	Rs
Analysed as follows:	
-Current	835,898
-Non-Current	619,301
	1,455,199

(i) Nature of leasing activities (in the capacity as lessee)

The Company leases a number of properties in Mauritius from which it operates. It is customary in Mauritius for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdictions property leases the periodic rent is fixed over the lease term.

(ii) Variable lease payments

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

	Lease Contracts Number	Fixed payments %	Variable payments %	Sensitivity Rs.
Property leases with fixed payment	2	12%	-	-
Property leases with periodic uplifts to market rentals	2	-	88%	±63,203
	4	12%	88%	±63,203

(iii) There are no extension and termination options in the property leases.

(iv) The total interest relating to lease liabilities included under finance cost amounted to Rs. 152,943 for the Company and the total cash outflows for leases in 2020 was Rs. 807,300

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

35. Changes in accounting policies

Impact on the financial statements - IFRS 16

The Company adopted IFRS 16 with a transition date of 1 July 2019. The Company has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 July 2019) and recognised in the opening equity balances.

Effective 1 July 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- (a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- (c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- (d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Company previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases. However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

35. Changes in accounting policies (Continued)

On adoption of IFRS 16, the Company recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17 : All other operating leases

Right-of-use assets : Office space: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Lease liabilities : Measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 1 July 2019. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 7.25%.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 July 2019:

	Adjustments	30 June 2019 As originally Presented Rs.	IFRS 16 Rs.	1 July 2019 Rs.
Assets				
Right-of-use assets	(a)	-	2,109,556	2,109,556
Liabilities				
Lease liabilities	(b)	-	1,455,199	1,455,199
Equity		-		
Revenue deficit		-	131,914,996	131,914,996

The adjustment to right-of-use assets is as follows:

Adjustment noted in finance type leases (not applicable)
Operating type leases
Right-of-use assets

Rs.
-
2,109,556
2,109,556

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

36. Management expenses

	2020	2019
	Rs.	Rs.
Staff costs	9,342,932	9,038,140
Rent & rates	344,826	1,112,776
Professional and consultancy fees	1,802,631	1,055,534
Maintenance / Repairs Expenses	737,414	704,602
Printing & Stationery	688,896	616,696
Directors Fees	677,750	588,550
Actuarial fee	789,852	530,050
Telephone & telex	506,849	505,237
Electricity	443,594	500,391
Advertising	346,843	437,847
Motor Expenses	277,101	373,474
Audit fees	373,750	350,000
Licence	550,526	308,960
Subscription fees	428,550	236,020
Bank charges	193,450	230,842
Staff welfare	156,009	213,327
Retirement benefit obligations	314,864	183,804
Mess Expenses	138,771	156,665
Secretary fees	172,500	138,000
Insurance	189,673	116,291
Postage and Stamps	103,559	109,887
Legal Fees	69,000	80,950
Business Trip-Travelling abroad	118,000	58,920
Training & development	46,000	55,349
Office Expenses	76,799	37,823
Water	16,014	34,220
Entertainment Business Lunch	20,510	15,485
Penalty	-	4,000
Travelling Expenses-Local	12,910	3,526
Donations	4,888	-
Agent Expenses	26,300	-
Sundry Expenses	3,303	-
Finance Cost	152,943	-
	19,127,007	17,797,766
General insurance business	18,314,275	16,845,860
Life insurance business	812,729	951,906
	19,127,004	17,797,766

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

37. Financial Summary

	2020	2019	2018	2017	2016
	Rs.	Rs.	Rs.	Rs.	Rs.
Share Capital	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Revenue reserves	131,914,996	124,827,162	123,955,308	122,546,745	122,537,543
Revaluation reserves	13,846,034	13,846,034	5,200,000	5,200,000	5,200,000
Fair value reserve	50,094,121	52,066,671	56,757,796	61,860,057	66,271,554
Profit / (Loss) before taxation	9,127,155	8,273,986	(6,077,906)	(85,031)	1,041,445
Profit / (Loss) after taxation	7,600,104	7,626,413	(5,497,270)	(1,040,714)	743,207
Profit for the year	7,087,834	6,871,846	396,862	2,370,445	2,520,277
Total comprehensive income (loss)	6,065,414	12,878,547	(1,253,707)	(1,549,515)	4,682,209
Dividend	-	-	-	-	-
Earning per share	3	3	0	1	1

INDIAN OCEAN GENERAL ASSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

38. Segment information - Revenue statement for General branch by classes of business

	TOTAL Rs. '000	Motor Rs. '000	Accident & Health Rs. '000	Engineering Rs. '000	Liability Rs. '000	Property Rs. '000	Transportation Rs. '000	Guarantee Rs. '000	Miscellaneous Rs. '000
Gross Premium on direct business	66,204	56,033	992	2,206	1,785	1,473	1,176	1,611	928
Net Premium Written	54,033	52,279	411	205	51	139	147	204	598
Net Earned Premium	54,347	52,229	433	28	(33)	142	548	546	454
Net Claims Incurred	35,933	35,474	250	110	31	25	13	33	(4)
Net Commission paid	(4,594)	(6,667)	143	493	427	329	254	347	81
Management Expenses	18,314	15,501	274	610	494	407	325	446	257
UNDERWRITING LOSS	(4,493)	(5,414)	51	(199)	(130)	39	463	414	283
Investment Income	4,489	3,799	67	150	121	100	80	109	63
TECHNICAL PROFIT BEFORE TAX	(4)	(1,615)	119	(49)	(9)	138	543	523	345



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