



# ioga

INDIAN  
OCEAN GENERAL  
ASSURANCE LTD

LEARNING AND  
**GROWING**  
TOGETHER



Annual  
Report  
**2021**



**GROWING**  
IN AN ASSURED  
ENVIRONMENT



**loga**  
INDIAN  
OCEAN GENERAL  
ASSURANCE LTD

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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](mailto:info@iogaltd.com)  
Web: <https://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

## Branches

Triolet  
Rose Hill  
Riviere du Rempart Flacq  
Port Louis



# 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 2021. The year under review has still been influenced by the outbreak of the Covid-19 pandemic and prolonged travel restrictions. Although most local activities have resumed, borders were closed. This has created a climate of economic uncertainty and bearish environment. The situation is testing the resilience of the hospitality sector and the government is doing its utmost to cushion the sector. We have concerns on our exposure to the hospitality sector and are closely monitoring the matter.

Our staff and agents have put great effort to maintain trusted relationships and have commendably grown our portfolio. This occurred despite changing customer expectations and emerging business models focused on digital technology, cashless and contactless transactions. Our clients have remained loyal and our trusted relationship with them has paid off.

Last year, we launched the first stages of our digital roadmap by kicking off the development of our new MIS. We also started the commissioning process for our online platform and development of our digital ecosystem. Our Board is committed to developing a sustainable growth path and vouches to provide the necessary support and tools to management to achieve this. Such a pathway cannot be achieved without improving our digital agility. Over the next months, we will be implementing a human development plan for development of the company's digital agility. This will not only help us make the most of our new MIS but also provide leverage on new digital tools that we are investing in. Management has come-up with a comprehensive masterplan filled with innovative approaches.

We also have some good news for you in that we have recently welcomed Mr. Noor Hatiff amongst our senior management team. Noor comes with extensive experience in the insurance industry. He has been mandated to develop our distribution channels and grow our presence on the ground. The next few months would prove to be an enriching journey for the company.

Other areas of focus would be gearing up our readiness for regulatory developments linked with IFRS 17 and reviewing our capital management.

I wish to reiterate the Board's commitment to a sustainable growth path. My fellow directors have demonstrated continued support, dedication, and enthusiasm. Our staff have shown dedication and delivered hard work. I wish to thank them for that and assure them that we will endeavour to maintain a good working environment. And to our Clients, I reiterate our gratitude for the trust that you have put in us. Our Company values our relationship and will continue to create value for you.

**Mr P.A Pather**  
Chairman

30th September 2021

## MANAGEMENT REVIEW BY CEO

Dear Shareholders,

I am pleased to provide you my review of our operations. As for the previous year, the year under review has been challenging, still under the influence of Covid-19 and prolonged closure of our frontiers. Our people have had to adapt to a new lifestyle and deal with pressures of prevailing economic uncertainty. We trust that on your side, you and your family are keeping safe. Despite challenging times, our company has performed relatively well with a 9% increase in gross premiums and onboarding of over 1,000 new customers. Management views that the strong relationships that our agents have with their clients have preserved our portfolio and resulted in new client leads. This contrasts with our fears that we would have been negatively impacted by current trends of increasing preference for online and remote distribution channels. This provides some comfort as we move in the next phases of our digital transformation journey.

The world has started its adaptation journey. While many countries have started to see recovery, supported by growth from the US, Mauritius remains in foggy conditions. Our tourism sector is uncertain about its path to recovery, amidst changing consumer patterns in the sector and tougher competition as our main competing destinations revamp their offerings. The main hotel groups have been struggling and are posting lower booking rates than expected. The government is providing sustained financial support through the wage assistance scheme and debt financing through the MIC and recently through recapitalization of our national air-carrier. Local purchasing power has also been impacted with stronger dollar, rising cost of freight and higher input costs. Recent spending patterns indicate that consumers are more conservative and cost conscious. Discretionary spending is being kept under control. We expect customers to be more demanding and choosier.

### PERFORMANCE REVIEW

Over the year under review, at company level, gross premium increased from Rs 67.7 M to Rs 73.5 M representing an increase of 8.6%. Net earned premium went up by Rs. 2.6 M. Net incurred claims remained at same level. The overall loss ratio (net claims/net earned premiums) decreased significantly from 71.1% to 67.6%. Investment and other income amounted to Rs 7.7 M as compared to Rs 8.2 M in 2020, a decrease of 6.1%. This was mainly due to depressed market yields and lower dividend pay-outs in equity markets. Management expenses increased by 3.6% to reach Rs. 19.8 M. The company, otherwise, experienced a positive effect of foreign exchange movements. Overall, Company closed the financial year with a total comprehensive profit of Rs 10.8 M.

Performance on general insurance business bode well with gross premium growing by 9.1% from Rs. 66.2 M to Rs. 72.2 M. Net earned premium however only went up by 5.0%, mainly due to provisioning requirements. The overall loss ratio (net claims/net earned premiums) decreased significantly from 66.1% to 62.9%. Total comprehensive income went up from Rs. 6.1 M to Rs. 7.9 M, representing an increase of 29.5%.

### DIGITAL TRANSFORMATION AND OPERATIONAL PROCESSES REVIEW

I am pleased to inform you that the development of our MIS is well under way. We have completed the first stages and expect to have a first delivery late November this year. The process has allowed us to map and review existing processes. We have been able to streamline numerous processes and we expect to reap benefits of increased productivity once we go live. In the coming months, we will engage in our phase 2 of our digital roadmap with a revamp of our website and a series of digital marketing campaigns. Consideration has also been given to adoption of a mobile application. We are confident that these will empower our sales team.



### **STRATEGIC PLAN FOR BUSINESS DEVELOPMENT**

I am also pleased to inform you that we have recently recruited Mr. Noor Hatiff as business development manager. Noor comes to us with wide experience in the insurance sector. He is currently working on a strategic plan for business development. The plan will look at several growth initiatives and include the consolidation of our existing distribution channels and developing new channels. Product development will be a second priority. In context, we will also be reviewing our pricing policy. We are confident that new initiatives will place us on a higher growth path.

In the coming year, we will continue our initiatives on human development and capacity building. Two areas of focus will be digital agility and selling skills. Our staff must have the required skills to make the most of the new digital tools in which the company is investing. They also need to become brand managers and drive business leads. Management remains committed to a sustainable long-term strategy and believes that with the right team and suitable tools, we can build a strong base for growth.

Finally, I wish to thank our Board of Directors for their continuous support and advice. Thank you to our employees for their hard work and dedication. And to our Clients, thank you for the trust that you have placed in us. We look forward to serving you with passion.

A handwritten signature in black ink, appearing to read 'Natarajen M. Cunden'.

**Natarajen M. Cunden**  
Chief Executive Officer

30th September 2021

# INDIAN OCEAN GENERAL ASSURANCE LTD

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## CORPORATE GOVERNANCE REPORT YEAR 2021

### 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 reviews 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, salesmen 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 intends 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 been 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 are 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, delegating the day-to-day running and operational issues to the Chief Executive Officer and his management team.

## CORPORATE GOVERNANCE REPORT

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

The Board of Directors is appointed by the shareholders based on 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. Mr P A Pather chaired all meetings since election on 27 February 2020.

### Composition of Board

The Board comprises the following members and does ensure a proper gender and residency mix as elaborated under Principle 3:

Mr. P.A. Pather	Chairman & Non-executive
Mr. Natarajen Modeliar. 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	Independent
Mr. J.M. Percy Rose	Executive

### Directors' Interest

The Directors' interests in the ordinary share capital of the Company as at 30 June 2021 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
Mr. Raouf Dusmohamud	3,728	0.149
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

## 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 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 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 the same.

## 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.

## 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 2021:

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

## 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 an 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 was 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.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## 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	8,000
Ms. Analaxmi Cunden	24,000
Mr. Natarajen M. Cunden	32,000
Ms. Shrivana Cunden	Nil
Mr. Raouf Dasmohamud	32,000
Mr. Logonaden Pillay Thandrayen	36,000
Mr. P. A. Pather	360,000
Mr. Karunanidi T Sornum	35,000
Mr. J.M Percy Rose	32,000
Mr. Yuvhen Modelly Cunden	32,000

#### 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.

#### **Board Evaluation**

In accordance with the Board Charter the evaluation process is being conducted by the Company Secretary by way of interviews, questionnaires and online conferences and findings and recommendations will be submitted to the Board on completion.

#### **Information technology and information security policy**

The Company IT department is headed by a 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 complies with the Data Protection Act 2017.

## 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 an 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

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## 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 manages 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, reinsurance 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. Management considers this financial risk 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 counterparty. 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. The Company is not exposed to significant liquidity risk.

### **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:

## 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 in 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, salesmen 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.

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## **CORPORATE GOVERNANCE REPORT**

### **PRINCIPLE 6: Reporting with Integrity (Continued)**

#### **Environment, health and safety**

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.

#### **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 23.

#### **Dividend policy**

The Company does not have a formal dividend policy and did not declare any dividend during the year under review (2020: 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 ensures 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 the 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 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 375,700 (2020: Rs 373,750). 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 2021

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 2021

Shareholder Category	No of shareholders	No of shares	%
Individuals	211	1,214,817	49%
Corporate bodies	24	1,258,395	50%
Others	18	26,788	1%
Total	253	2,500,000	100%

##### Shareholders holding of more than 5% of the share capital as at 30 June 2021 were:

Shareholders	No of shares	%
Promunit Limited	848,219	33.9%
Sam Cunden (Mauritius) Ltd	262,549	10.5%
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:

## 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 and 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 73,500 (2020: 82,625).

### 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 wants 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 staff have a mix of administrative and technical profiles. Company also ensures 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.

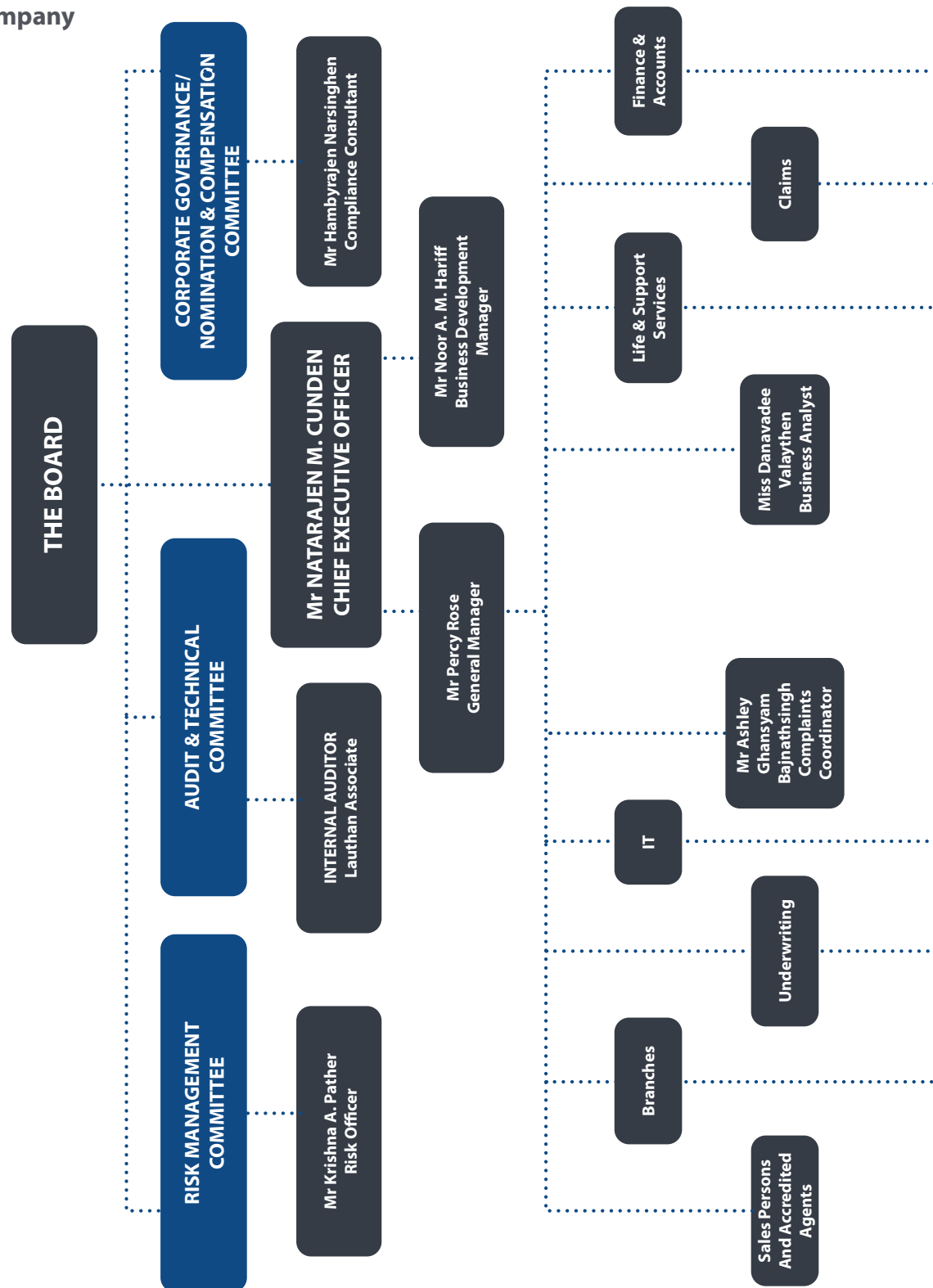
Training of staff is an ongoing process and the Company participates in the upskilling courses of the Insurance Institute of Mauritius.

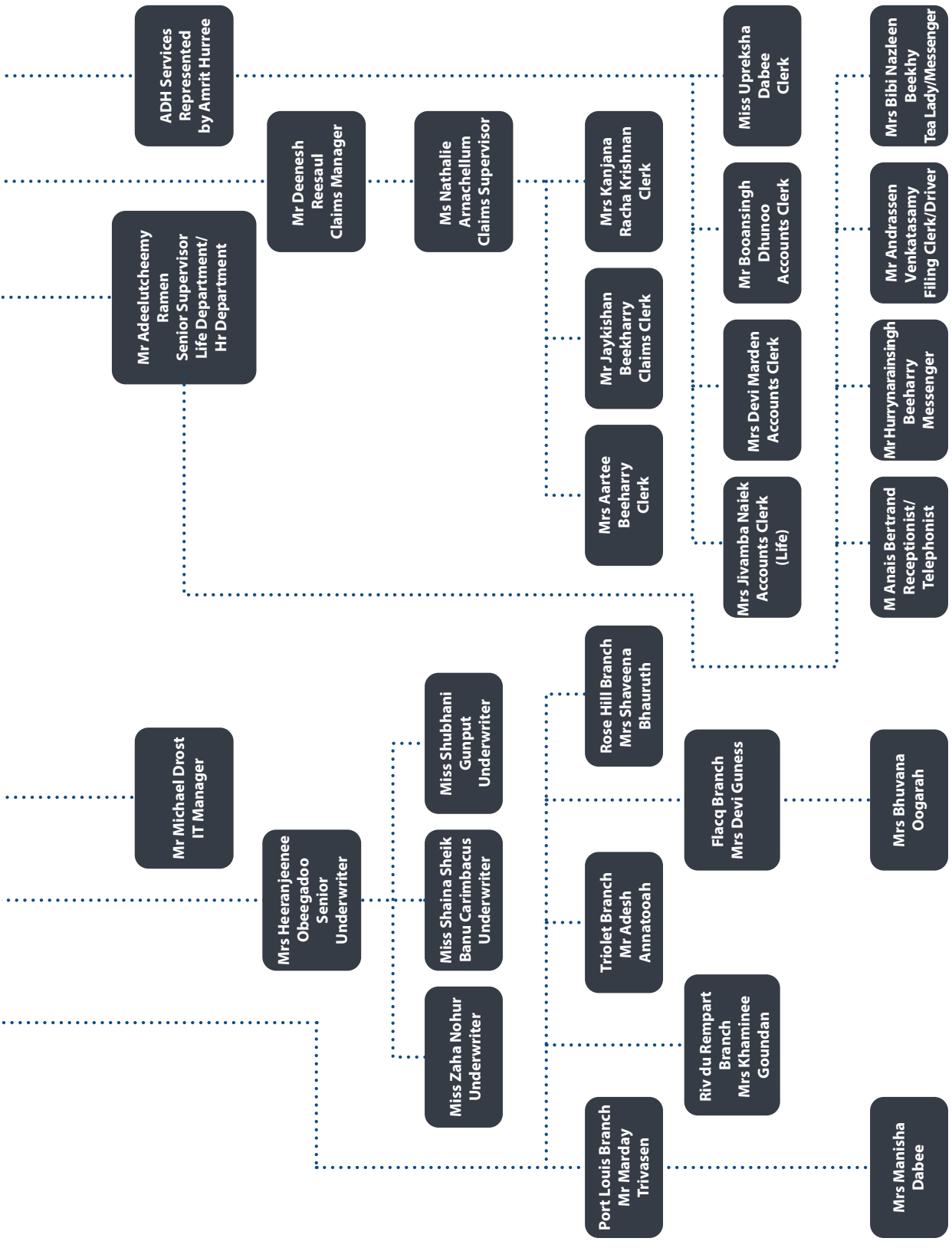
In addition to its staff, the Company uses the services of numerous external consultants, located both locally and abroad.

# 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





## 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.

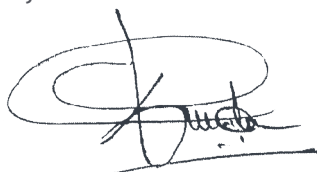
The Directors are also responsible to institute proper systems and procedures to comply with the Financial Intelligence and Anti-Money Laundering Act 2002 (FIAML Act) and the Code on the Prevention of Money Laundering and Terrorist Financing intended for Insurance Entities (the PMLTF code). Management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

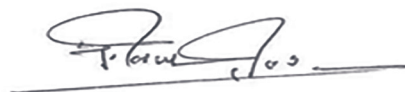
The Board of Directors wishes to thank all stakeholders for their continued cooperation and support. The Board also expresses its appreciation for the valued support, continued trust, and loyalty of its management, staff and customers without whom the objectives of the Board would not have been attained.



**Chairperson**



**Chief Executive Officer**



**Director**

**Date:** 30th September 2021

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## 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 2021

Throughout the year ended 30 June 2021, 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 4

#### Area of non-compliance

The organisation's website should include the following:

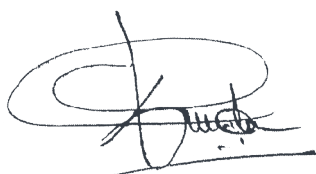
- The Organisation's website did not include complete details of information technology and security policies.

#### Reason

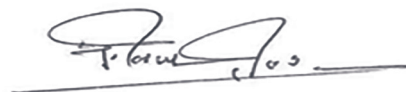
The above statement is missing during the year under review and needful is in process of implementation.



Chairperson



Chief Executive Officer

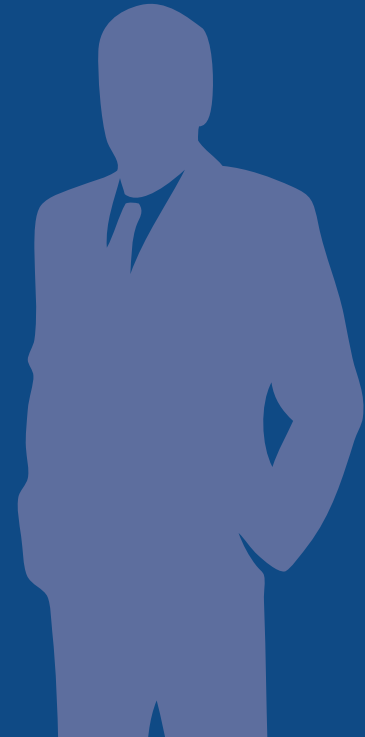


Director

**Date:** 30th September 2021



**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 2021.

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

Date: 30th September 2021

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 37 to 88 which comprise the statement of financial position as at 30 June 2021 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 2021 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 2021, 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.

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

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

#### Key Audit Matters (Continued)

#### 1. Net amount due by reinsurers and Receivable on claim paid and payable (Continued)

##### *Related disclosures*

Refer to note 14, 25, note 3 (accounting policies) and note 4(b) (critical accounting estimates) of the accompanying financial statements.

##### *Audit response*

- We reviewed the methodology and judgement used and tested management's key assumptions used in assessing impairment.
- 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 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.

#### 2. As at 30 June 2021, the Company had outstanding claims which including claims incurred but not reported (IBNR) as disclosed in Note 25 to the financial statements.

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, note 3 (accounting policies) and note 4(a) (critical accounting estimates) 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.
- 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.

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

### **2. As at 30 June 2021, the Company had outstanding claims which including claims incurred but not reported (IBNR) as disclosed in Note 25 to the financial statements. (Continued)**

- 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, Management Review by Chief Executive Officer 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.

#### **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, Financial Reporting Act 2004 and the Insurance Act 2005, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## 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.

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## **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.

### **Report on other legal and regulatory requirements**

#### **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.

#### *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.



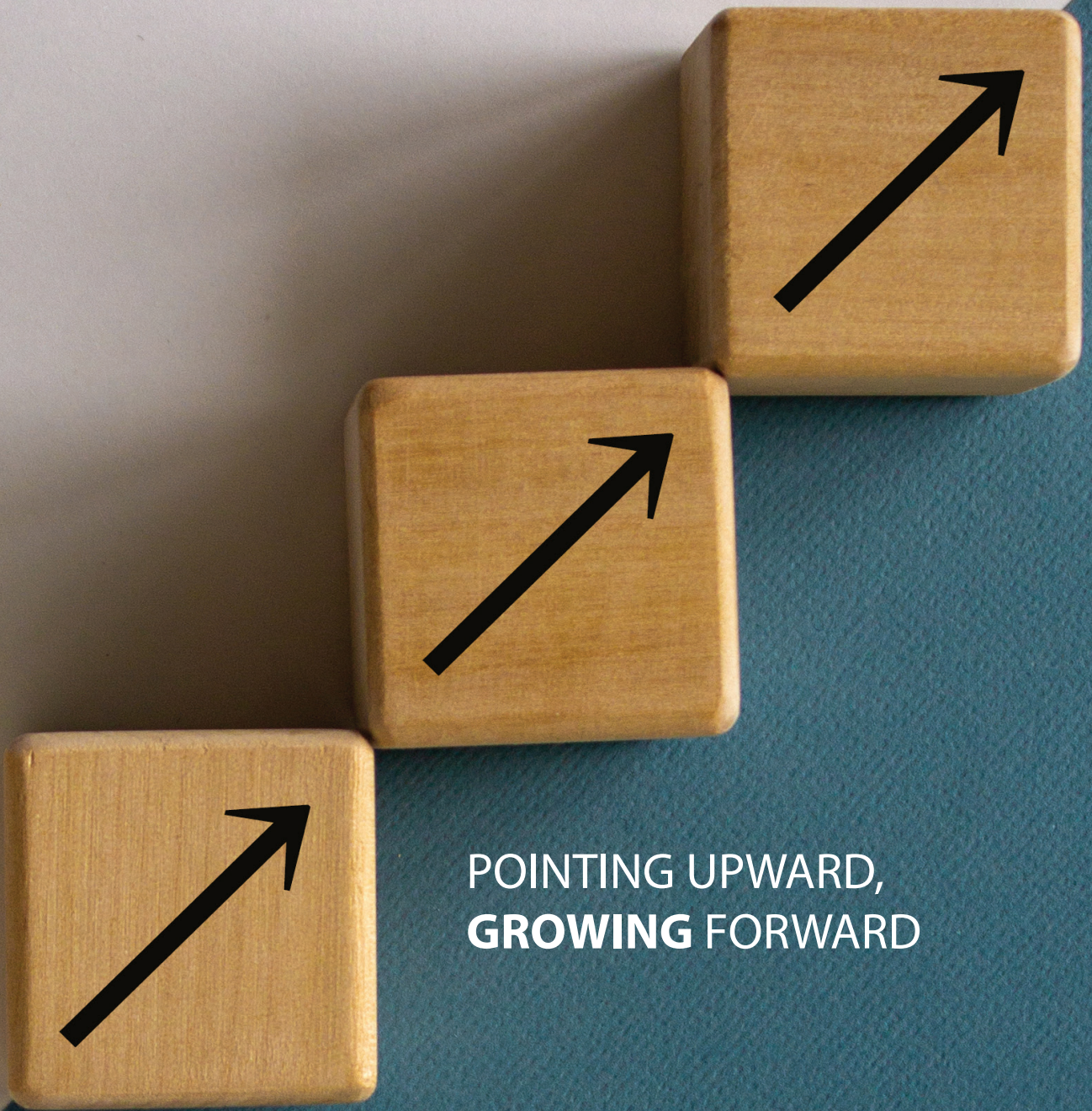
**MOORE**  
Chartered Accountants

**PORT LOUIS**  
**REPUBLIC OF MAURITIUS**



**Arvin Rogbeer, FCA, FCCA**  
Licensed by FRC

**DATE:** 30 September 2021



POINTING UPWARD,  
**GROWING FORWARD**

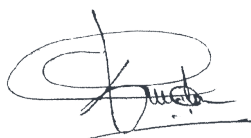
# INDIAN OCEAN GENERAL ASSURANCE LTD

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	Life 2021 Rs	General 2021 Rs	Total 2021 Rs	Life 2020 Rs	General 2020 Rs	Total 2020 Rs
<b>ASSETS</b>							
<b>NON CURRENT ASSETS</b>							
Property, Plant & Equipment	6	2	39,755,774	39,755,776	2	40,844,398	40,844,400
Intangible and Right-of-use assets	7	1	84,387	84,388	1	1,113,390	1,113,391
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	31,910,012	53,857,088	85,767,100	28,948,870	49,066,963	78,015,833
Deposits	11	6,000,000	51,060,950	57,060,950	2,000,000	67,448,450	69,448,450
Investment property	10	1,100,000	-	1,100,000	1,100,000	-	1,100,000
Loans and receivables	12	-	296,805	296,805	-	277,585	277,585
		<b>47,578,765</b>	<b>155,055,004</b>	<b>202,633,769</b>	<b>40,617,623</b>	<b>168,750,786</b>	<b>209,368,409</b>
<b>CURRENT ASSETS</b>							
Loan and Receivable	12	639,560	-	639,560	646,559	310,056	956,615
Receivable and prepayments	13	1,970,884	22,826,386	24,797,270	2,340,225	26,134,379	28,474,604
Net amount due by re-insurers	14	-	7,642,325	7,642,325	-	4,384,474	4,384,474
Receivable on claim paid and payable	25	-	23,544,925	23,544,925	-	29,338,398	29,338,398
Short term deposits	11	-	17,387,500	17,387,500	4,000,000	4,000,000	8,000,000
Cash and cash equivalents	21	5,187,284	129,245,764	134,433,048	7,013,954	116,282,036	123,295,990
		<b>7,797,728</b>	<b>200,646,900</b>	<b>208,444,628</b>	<b>14,000,738</b>	<b>180,449,343</b>	<b>194,450,081</b>
<b>TOTAL ASSETS</b>		<b>55,376,493</b>	<b>355,701,904</b>	<b>411,078,397</b>	<b>54,618,361</b>	<b>349,200,129</b>	<b>403,818,490</b>
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Stated capital	15	-	25,000,000	25,000,000	-	25,000,000	25,000,000
Revaluation reserve	16	20,906,574	50,784,848	71,691,422	17,945,431	45,994,724	63,940,155
Retained earnings		-	134,976,689	134,976,689	-	131,914,996	131,914,996
		<b>20,906,574</b>	<b>210,761,537</b>	<b>231,668,111</b>	<b>17,945,431</b>	<b>202,909,720</b>	<b>220,855,151</b>
<b>LIABILITIES AND TECHNICAL PROVISIONS</b>							
Unearned premium reserves	17	-	33,951,498	33,951,498	-	29,563,721	29,563,721
Premium Deficiency Reserve	33	-	3,187,589	3,187,589	-	5,530,661	5,530,661
Life assurance fund	18	33,142,087	-	33,142,087	34,985,582	-	34,985,582
		<b>33,142,087</b>	<b>37,139,087</b>	<b>70,281,174</b>	<b>34,985,582</b>	<b>35,094,382</b>	<b>70,079,964</b>
<b>NON CURRENT LIABILITIES</b>							
Deferred tax liability	29	-	380,401	380,401	-	380,401	380,401
Leasing liability	34	-	619,301	619,301	-	619,301	619,301
Retirement benefit obligation	19	-	4,211,124	4,211,124	-	3,841,124	3,841,124
		-	<b>5,210,826</b>	<b>5,210,826</b>	-	<b>4,840,826</b>	<b>4,840,826</b>
<b>CURRENT LIABILITIES</b>							
Current tax liabilities	27	(13,607)	856,156	842,549	446,626	1,581,091	2,027,717
Amount due to re-insurers	26	47,526	13,526,922	13,574,448	12,275	9,033,375	9,045,650
Leasing liability	34	-	-	-	-	835,898	835,898
Payables	20	1,293,913	5,426,929	6,720,842	1,228,447	5,706,974	6,935,421
Outstanding claims	25	-	82,780,447	82,780,447	-	89,197,863	89,197,863
		<b>1,327,832</b>	<b>102,590,454</b>	<b>103,918,286</b>	<b>1,687,348</b>	<b>106,355,201</b>	<b>108,042,549</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>55,376,493</b>	<b>355,701,904</b>	<b>411,078,397</b>	<b>54,618,361</b>	<b>349,200,129</b>	<b>403,818,490</b>

These financial statements have been approved by the Board of Directors on 30th September 2021 and signed on its behalf by:

Director



Director



The notes on pages 40 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 2021

	Notes	2021 Rs	2020 Rs
<b>GROSS PREMIUM</b>		<b>73,474,910</b>	67,674,462
Premium Ceded to reinsurers		(13,115,643)	(12,290,729)
<b>NET PREMIUM</b>		<b>60,359,267</b>	55,383,733
Movement in general business fund	17	(4,387,777)	(154,929)
Movement in premium deficiency reserves	33	2,343,072	469,339
<b>NET EARNED PREMIUM</b>		<b>58,314,562</b>	55,698,143
Investment and Interest Income		5,064,558	5,110,962
Net gain on foreign exchange		3,549,139	11,922,078
Other income		2,595,065	3,118,186
		<b>11,208,762</b>	20,151,226
<b>NET INCURRED CLAIMS</b>		<b>(39,442,808)</b>	(39,593,782)
Commission received		1,868,645	2,087,329
Commission paid and payable		(7,486,482)	(6,672,961)
<b>NET COMMISSION</b>		<b>(5,617,837)</b>	(4,585,632)
Management expenses	36	(19,810,340)	(19,127,004)
Depreciation and amortisation		(2,712,167)	(2,861,500)
		<b>67,583,152</b>	66,167,918
<b>PROFIT BEFORE TAX FOR THE YEAR</b>		<b>1,940,172</b>	9,681,451
Less corporation tax		-	(1,974,350)
Add deferred tax		-	54,038
Less Corporate Social Responsibility tax		-	(82,624)
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>1,940,172</b>	7,678,515
Funds attributed to Life fund reserves		1,843,495	(78,411)
Less appropriations: Founder's share commission		(721,974)	(512,271)
<b>NET PROFIT FOR THE YEAR</b>		<b>3,061,693</b>	7,087,833
<b>Other comprehensive income</b>			
<i>Items that cannot be reclassified back to Profit or Loss:</i>			
Net gain on foreign exchange on available for sales financial assets		4,232,381	-
<i>Items that cannot be reclassified back to profit or loss:</i>			
Net fair value loss on available for sales financial assets	16	3,518,886	(1,972,550)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>10,812,960</b>	5,115,283

The notes on pages 40 to 87 form an integral part of these financial statements.

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME GENERAL INSURANCE BUSINESS FOR THE YEAR ENDED 30 JUNE 2021

	Note	<u>2021</u>	<u>2020</u>
		Rs	Rs
<b>GROSS PREMIUM</b>		<b>72,197,437</b>	66,203,754
Premium ceded to reinsurers		<u>(13,074,451)</u>	<u>(12,170,690)</u>
<b>NET PREMIUM</b>		<b>59,122,986</b>	54,033,064
Movement in general business fund	17	<b>(4,387,777)</b>	(154,929)
Movement in premium deficiency reserves	33	<b>2,343,072</b>	469,339
<b>NET EARNED PREMIUM</b>		<u><b>57,078,281</b></u>	<u>54,347,474</u>
Investment and interest income		<b>3,789,878</b>	4,488,706
Net gain on foreign exchange		<b>3,549,139</b>	8,879,977
Other income		<b>2,594,265</b>	3,112,986
		<u><b>9,933,282</b></u>	<u>16,481,669</u>
<b>NET INCURRED CLAIMS</b>	24	<b>(35,902,454)</b>	(35,932,680)
Commission Received		<b>1,864,174</b>	2,073,887
Commission Paid and Payable		<b>(7,481,313)</b>	(6,667,420)
<b>NET COMMISSION</b>		<b>(5,617,139)</b>	(4,593,533)
Management expenses	36	<b>(18,996,136)</b>	(18,314,275)
Depreciation and amortisation		<b>(2,712,167)</b>	(2,861,500)
		<u><b>(63,227,896)</b></u>	<u>(61,701,988)</u>
<b>NET PROFIT BEFORE TAX FOR THE YEAR</b>		<b>3,783,667</b>	9,127,155
Less corporation tax	28(ii)	-	(1,509,562)
Add deferred tax	29	-	54,038
Less Corporate Social Responsibility tax	32	-	(71,527)
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>3,783,667</b>	7,600,104
<b>LESS APPROPRIATIONS</b>			
Founder's share Commission		<u><b>(721,974)</b></u>	<u>(512,271)</u>
<b>NET PROFIT FOR THE YEAR</b>		<b>3,061,693</b>	7,087,833
<b>Other comprehensive income</b>			
<i>Items that cannot be reclassified back to Profit or Loss:</i>			
Net gain on foreign exchange on available for sales financial assets		<b>2,642,731</b>	-
<i>Items that cannot be reclassified back to profit or loss:</i>			
Net fair value gain/(loss) on available for sales financial assets	16	<b>2,147,393</b>	(1,022,420)
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>7,851,817</b></u>	<u>6,065,413</u>

The notes on pages 40 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 2021

	Note	2021	2020
		Rs	Rs
<b>GROSS PREMIUM</b>			
Premium Ceded to reinsurers		1,277,473 (41,192)	1,470,708 (120,039)
<b>NET PREMIUM</b>		1,236,281	1,350,669
Transfer to general business fund		-	-
<b>NET EARNED PREMIUM</b>		1,236,281	1,350,669
Investment and interest income		1,274,680	622,256
Net gain on foreign exchange		-	3,042,104
Other income		800	5,200
		1,275,480	3,669,560
<b>NET INCURRED CLAIMS</b>		(3,540,354)	(3,661,101)
Commission received		4,471	13,442
Commission paid and payable		(5,169)	(5,545)
<b>NET COMMISSION</b>		(698)	7,897
Management expenses	36	(814,204)	(812,729)
Depreciation and amortisation		-	-
		(4,355,256)	(4,465,933)
<b>PROFIT / (LOSS) BEFORE TAX FOR THE YEAR</b>		1,843,495	554,296
Less corporation tax	28(i)	-	(464,788)
Add deferred tax	29	-	-
Less Corporate Social Responsibility tax	32	-	(11,097)
<b>NET PROFIT / (LOSS) AFTER TAX FOR THE YEAR</b>		(1,843,495)	78,411
<i>Other comprehensive income</i>			
Items that can be reclassified back to profit or loss:			
Net gain on foreign exchange on available for sales financial assets		1,589,650	-
Items that cannot be reclassified back to profit or loss:			
Net fair value gain on available for sales financial assets		(1,371,493)	(950,132)
Transfer to life fund	18	1,843,495	(78,411)
<b>TOTAL COMPREHENSIVE INCOME</b>		2,961,143	(950,132)

The notes on pages 40 to 87 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		Rs	Rs
<b>Cash flows from operating activities</b>			
<b>Profit before taxation</b>		1,940,172	9,681,451
<b>Adjustments for:-</b>			
Depreciation / Amortisation		2,712,167	2,861,500
Investment and interest income		(5,065,163)	(5,110,962)
Effect of foreign exchange rate changes		-	(8,397,834)
Founder's Share Commission		(721,974)	(512,271)
Finance cost related to lease of right of use assets		105,502	152,947
Release to general Fund		2,044,705	(314,410)
<b>Operating profit/(loss) before working capital changes</b>		1,015,409	(1,639,579)
Working capital changes:			
Movement in receivables and prepayments		5,734,786	(723,469)
Movement in amount due by reinsurers		(3,257,851)	706,696
Movement in reinsurance contract		5,793,473	(10,798,069)
Movement in payables		(214,579)	3,493,797
Movement in amount due to reinsurers		4,528,798	2,784,790
Movement in retirement benefit obligation		370,000	(227,424)
Movement in outstanding claims		(6,417,416)	16,952,831
<b>Cash generated from operations</b>		7,552,619	10,549,573
Interest and dividend income received		3,007,714	8,098,841
Taxation and corporate social responsibility paid		(1,185,171)	(619,690)
<b>Net cash flows from operating activities</b>		9,375,163	18,028,724
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(594,538)	(764,831)
Decrease in deposits		3,000,000	12,500,000
<b>Net cash flows from investing activities</b>		2,405,462	11,735,169
<b>Cash flows from financing activities</b>			
Lease payments		(941,400)	(807,300)
Net loans received		297,835	329,351
<b>Net cash flows from financing activities</b>		(643,565)	(477,949)
<b>Net movement in cash and cash equivalents</b>		11,137,060	29,285,944
Cash and cash equivalents at the beginning of the year		123,295,990	94,010,046
<b>Cash and cash equivalents at the end of the year</b>	21	134,433,050	123,295,990

The notes on pages 40 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 2021

	Stated Capital	Revaluation Reserve		Total Revaluation Reserve	Retained Earnings	Total Equity
		Freehold Land & Building Revaluation Reserves	Investment Revaluation Reserve			
	Rs	Rs	Rs	Rs	Rs	Rs
At 1 July 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
<b>Other comprehensive income</b>	-	-	-	-	-	-
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
Profit from General Insurance Business for the year	-	-	-	-	3,061,693	3,061,693
<b>Other comprehensive income</b>	-	-	-	-	-	-
Net fair value loss on available for sales financial assets	-	-	7,751,267	7,751,267	-	7,751,267
At 30 June 2021	25,000,000	13,846,034	57,845,388	71,691,422	134,976,689	231,668,111

The notes on pages 40 to 87 form an integral part of these financial statements.



# INDIAN OCEAN GENERAL ASSURANCE LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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 30 September 2021.

### 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. The Company has shown resiliency so far and cannot reasonably estimate the duration and severity of this pandemic, which may have a material adverse impact on its business, results of operations, financial position and cash flows.

### 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.

### 2. Application Of New And Revised International Financial Reporting Standards (IFRSs)

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 2021

##### Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are not relevant to the Company and have no impact on the Company's financial statements.

##### Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

### **2. Application Of New And Revised International Financial Reporting Standards (IFRSs) (Continued)**

#### **New standards and amendments to published standards effective for the year ended 30 June 2021 (Continued)**

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

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

#### **Amendments to References to the Conceptual Framework in IFRS Standards**

The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

#### **Amendments to IFRS 3 Definition of a business**

The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 2. Application Of New And Revised International Financial Reporting Standards (IFRSs) (Continued)

#### New standards and amendments to published standards effective for the year ended 30 June 2021 (Continued)

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 01 January 2020.

#### Amendments to IAS 1 and IAS 8 Definition of material

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

#### New standards and amendments to published standards issued but not yet effective at 30 June 2021

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<b>IFRS 17</b>	Insurance Contracts <i>Effective date: 01 January 2023</i>
<b>IFRS 9</b>	Financial Instruments <i>Effective date: 01 January 2023 on adoption of IFRS 7</i>
<b>IFRS 10 and IAS 28 (amendments)</b>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <i>Effective date: Not yet set by IASB</i>
<b>Amendments to IAS 1</b>	Classification of Liabilities as Current or Non-current <i>Effective date: 01 January 2023</i>
<b>Amendments to IFRS 3</b>	Reference to the Conceptual Framework <i>Effective date: 01 January 2022</i>
<b>Amendments to IAS 16</b>	<i>Property, Plant and Equipment—Proceeds before Intended Use</i> <i>Effective date: 01 January 2022</i>
<b>Amendments to IAS 37</b>	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> <i>Effective date: 01 January 2022</i>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 2. Application Of New And Revised International Financial Reporting Standards (IFRSs) (Continued)

#### New standards and amendments to published standards issued but not yet effective at 30 June 2021 (Continued)

<b>Annual Improvements to IFRS Standards 2018-2020 Cycle</b>	Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards <i>Effective date: 01 January 2022</i>
	IFRS 9 Financial Instruments <i>Effective date: 01 January 2022</i>
	IFRS 16 Leases <i>No effective date is stated</i>
	IAS 41 Agriculture <i>Effective date: 01 January 2022</i>

**IFRS 17** Insurance contracts - In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts. The main features of the new accounting model for insurance contracts under IFRS 17 are, as follows:

- *The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, re-measured every reporting period (the fulfilment cash flows);*
- *A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period);*
- *Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;*
- *The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;*
- *The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;*
- *Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet;*
- *Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;*
- *Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 2. Application Of New And Revised International Financial Reporting Standards (IFRSs) (Continued)

#### New standards and amendments to published standards issued but not yet effective at 30 June 2021 (Continued)

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. The Group plans to adopt the new standard on the required effective date. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on the surplus and life assurance fund together with presentation and disclosure.

**IFRS 9** replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The mandatory application date for the standard was January 1, 2018. However, the Company plan to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contract standard (IFRS 17) of January 1, 2023, opting the temporary exemption from applying IFRS 9 by the amendments to IFRS 4. The temporary exemption from IFRS 9 is available to the companies whose activities are predominantly connected with insurance. Accordingly, the Company, continues to apply IAS 39 Financial Instruments: Recognition and Measurement.

**IFRS 15** Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The application date for the standard was January 1, 2018, The Company, which is applying IFRS 4, is excluded from the scope of the standard.

The directors have not yet assessed the impact that the adoption of the Standards listed above will have on the financial statements of the Company in future periods.

### 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.

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

### **3. Significant accounting policies (Continued)**

#### **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.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 3. Significant accounting policies (Continued)

#### Subsequent costs (Continued)

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

#### 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:

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 3. Significant accounting policies (Continued)

#### Financial instruments (Continued)

##### *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 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.

Dividends on Available-for-sales 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.

##### *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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 3. Significant accounting policies (Continued)

#### Financial instruments (Continued)

##### **Payables**

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 guaranteed 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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 3. Significant accounting policies (Continued)

#### 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.

#### 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 2021 calculated based on 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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 3. Significant accounting policies (Continued)

#### 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 3. Significant accounting policies (Continued)

#### **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.

#### **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 is accrued based on time spent in the organisation in order to recognise for future liabilities already covered. Cost for future benefits is 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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 3. Significant accounting policies (Continued)

#### Retirement Benefit Obligation (Continued)

##### *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

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 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.

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 incidentals 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 3. Significant accounting policies (Continued)

#### Lease (continued)

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 based on 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.

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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 3. Significant accounting policies (Continued)

#### Lease (continued)

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.

- (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) on 30 June 2021. 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 4. Critical Accounting estimates and judgements (Continued)

#### (a) Insurance contracts (continued)

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.

#### (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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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.

#### *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 risk groups, fire, business interruption, cyclone damage and other perils.

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

#### (a) Insurance risk (continued)

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:

	2021			2020		
	No of Policies Unit	GPI Rs	Net Claim Rs	No of Policies Unit	GPI Rs	Net Claim Rs
Motor	15,082	61,775,933	35,745,377	14,449	56,033,138	35,474,216
Accident & Health	62	343,512	35,883	82	991,713	250,122
Engineering	109	2,548,214	(96,209)	82	2,206,266	109,808
Liability	170	2,849,170	233,030	165	1,784,663	30,806
Property	183	1,364,616	(67,584)	203	1,472,793	24,781
Transportation	94	1,626,291	73,836	66	1,176,396	13,366
Guarantee	38	1,452,048	(46,522)	74	1,610,611	33,176
Miscellaneous	36	237,653	24,643	37	928,174	(3,595)
	<b>15,774</b>	<b>66,203,754</b>	<b>35,932,680</b>	<b>15,158</b>	<b>66,203,754</b>	<b>35,932,680</b>

#### 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 2021

Sum Assured	2021 Gross Rs	%	2020 Gross Rs	%
0 - 50,000	45,952	2%	46,064	2%
50,000 - 100,000	92,727	5%	92,614	5%
100,000 - 150,000	139,375	8%	139,000	8%
150,000 - 200,000	200,000	11%	200,000	11%
200,000 - 250,000	240,000	13%	240,000	13%
250,000 - 300,000	300,000	16%	300,000	16%
> 300,000	933,333	45%	825,000	45%
	<b>1,951,387</b>	<b>100%</b>	<b>1,842,678</b>	<b>100%</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

#### (a) Insurance 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 2021.

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

Sensitivity of a 5% change in claim cost		2021 Rs		2020 Rs
Gross Insurance Liabilities	5%	3,910,526	5%	4,224,695
Reinsurance Contracts Receivable	20%	782,105	20%	844,939
Effect on Net Claim incurred	80%	3,128,421	80%	3,379,756
Effect on Net Profit	83%	3,128,421	37%	3,379,756

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 3,128,421 (2020 Rs 3,379,756).

##### 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 2021

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

#### (a) Insurance risk (continued)

Claim development table:

Claims development table- Gross claim incurred

	2016 Rs	2017 Rs	2018 Rs	2019 Rs	2020 Rs	2021 Rs	TOTAL Rs
	45,382,486	45,542,705	45,219,245	47,749,150	52,795,152	49,178,673	
One year later	46,283,732	52,340,792	46,718,595	43,217,383	56,966,614	-	
Two years later	49,821,697	50,378,703	46,663,504	53,178,272	-	-	
Three years later	48,373,167	50,497,596	44,838,515	-	-	-	
Four years later	47,285,183	48,962,308	-	-	-	-	
Five years later	46,595,818	-	-	-	-	-	
Current estimate of cumulative claim cost	46,595,818	48,962,308	44,838,515	53,178,272	56,966,614	49,178,673	
Cumulative payments	42,762,350	42,786,517	38,865,253	43,971,245	40,680,958	23,748,449	
Outstanding claims	3,833,468	6,175,791	5,973,262	9,207,027	16,285,656	25,430,224	66,905,428
Outstanding claims 2016 and prior IBNR							11,305,087
							4,569,932
Total Gross Outstanding claims (note 25)							<b>82,780,447</b>

Claims development table- Reinsurance claim recovered and recoverable

	2016 Rs	2017 Rs	2018 Rs	2019 Rs	2020 Rs	2021 Rs	TOTAL Rs
Estimate of cumulative claims at end of accident year	6,925,971	5,192,402	5,717,165	6,465,619	14,206,907	9,180,032	
One year later	9,771,388	11,379,427	8,401,021	11,582,888	15,196,629	-	
Two years later	12,107,553	12,036,700	9,007,389	13,374,877	-	-	
Three years later	12,031,984	13,684,385	9,206,091	-	-	-	
Four years later	11,970,595	14,248,860	-	-	-	-	
Five years later	11,661,565	-	-	-	-	-	
Current estimate of cumulative claim cost	11,661,565	14,248,860	9,206,091	13,374,877	15,196,629	9,180,032	
Cumulative payments	11,278,910	10,768,674	7,553,859	11,516,639	9,678,868	4,100,454	
Outstanding claims	382,655	3,480,186	1,652,232	1,858,238	5,517,761	5,079,578	17,970,650
Outstanding claims 2015 and prior IBNR							5,574,275
							-
Total Outstanding claims recoverable (note 25)							<b>23,544,925</b>

Claims development table- Net claim incurred

	2016 Rs	2017 Rs	2018 Rs	2019 Rs	2020 Rs	2021 Rs	TOTAL Rs
Estimate of cumulative claims at end of accident year	38,456,515	40,350,303	39,502,080	41,283,531	38,588,245	39,998,641	
One year later	36,512,344	40,961,365	38,317,574	31,634,495	41,769,985	-	
Two years later	37,714,144	38,342,003	37,656,115	39,803,395	-	-	
Three years later	36,341,183	36,813,211	35,632,424	-	-	-	
Four years later	35,314,588	34,713,448	-	-	-	-	
Five years later	34,934,253	-	-	-	-	-	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

#### (a) Insurance risk (continued)

Claims development table- Net claim incurred (Continued)

	2016 Rs	2017 Rs	2018 Rs	2019 Rs	2020 Rs	2021 Rs	TOTAL Rs
Current estimate of cumulative claim cost	34,934,253	34,713,448	35,632,424	39,803,395	41,769,985	39,998,641	
Cumulative payments	31,483,440	32,017,843	31,311,394	32,454,606	31,002,090	19,647,995	
Outstanding claims	3,450,813	2,695,605	4,321,030	7,348,789	10,767,895	20,350,646	48,934,778
Outstanding claims 2014 and prior IBNR							5,730,812 4,569,932
Total Net Outstanding claims (note 25)							<b>59,235,522</b>

#### *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 158 % (146% on 30 June 2020). 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 2021

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

#### (a) Financial Risks (continued)

#### Interest rate risk (Continued)

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

Description	Up to 1 Year Rs	1 - 5 Years Rs	Above 5 Years Rs	Total Rs
<b>As at 30 June 2021</b>				
Statutory Deposits	8,568,750	10,000,000	-	18,568,750
Deposits	8,818,750	60,700,000	4,929,700	74,448,450
Loans and receivables	296,805	639,560	-	936,365
Cash in hand and at bank	134,433,048	-	-	134,433,048
	<b>152,117,353</b>	<b>71,339,560</b>	<b>4,929,700</b>	<b>228,386,613</b>
<b>As at 30 June 2020</b>				
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
	<b>143,142,325</b>	<b>72,475,365</b>	<b>4,929,700</b>	<b>220,547,390</b>

#### Sensitivity

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

	2021 Rs	2020 Rs
Actual Interest Income	2,612,018	4,683,596
Effective interest rate	1%	2%
A 1% point decrease	-	2,205,474
Effect on the result	<u>(2,612,018)</u>	<u>(2,478,122)</u>
A 1% point increase	4,567,732	6,616,422
Effect on the result	<u>1,955,714</u>	<u>1,932,826</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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:

	2021	2020
	Rs	Rs
Deposit with banking institutions	187,412,621	179,073,575
Deposit with other institutions	39,087,500	39,087,500
Reinsurance receivables	31,187,250	33,722,872
Receivables from Policyholders	12,129,939	19,002,094
Receivables from financial and non financial institutions	10,248,359	8,191,513
Loan receivables	936,365	1,234,200
	<b>281,002,034</b>	<b>280,311,754</b>

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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 2021 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
<b>As at 30 June 2021</b>						
<b>From Agents</b>	<b>3,201,606</b>		-	<b>3,201,606</b>	-	<b>3,201,606</b>
<b>From Brokers</b>	<b>1,298,004</b>	<b>1,703,857</b>	<b>4,203,636</b>	<b>7,205,497</b>	<b>(1,800,000)</b>	<b>5,405,497</b>
<b>From Policyholders</b>	<b>770,874</b>	<b>1,161,418</b>	<b>1,449,597</b>	<b>3,381,889</b>	-	<b>3,381,889</b>
<b>From Re Insurers</b>	<b>4,701,978</b>		<b>2,940,347</b>	<b>7,642,325</b>	-	<b>7,642,325</b>
<b>From insurers and reinsurers on claim outstanding and paid</b>	<b>2,561,724</b>	<b>2,517,854</b>	<b>18,465,347</b>	<b>26,392,736</b>	<b>(2,847,811)</b>	<b>23,544,925</b>
	<b>12,534,186</b>	<b>5,383,129</b>	<b>27,058,927</b>	<b>47,824,053</b>	<b>(4,647,811)</b>	<b>43,176,242</b>
<b>As at 30 June 2020</b>						
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	1,423,023	1,520,089	5,063,929	-	5,063,929
From Re Insurers	1,252,177		3,132,297	4,384,474	-	4,384,474
<b>From insurers and reinsurers on claim outstanding and paid</b>	<b>2,250,225</b>	<b>7,467,473</b>	<b>21,227,003</b>	<b>30,944,701</b>	<b>(1,606,303)</b>	<b>29,338,398</b>
	<b>11,906,478</b>	<b>11,958,269</b>	<b>30,371,586</b>	<b>54,236,333</b>	<b>(1,606,303)</b>	<b>52,630,030</b>

### Currency risk

The Company is exposed to currency risk arising from US Dollar currency exposures. 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 has mainly equity securities, bank balances and transaction with foreign reinsurers in US dollar and any fluctuation of the Mauritian Rupee against US dollar will affect the values of these financial instruments. On 30 June 2021, 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 6,453,238 (2020 Rs 5,358,478) respectively higher/ lower mainly resulting from translation of foreign currency account as indicated below:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

#### Currency risk (Continued)

#### Currency sensitivity analysis

		2021	2020
Bank balance	USD	1,050,008	1,033,981
Investment in Equity	USD	1,986,810	1,908,618
Actual exchange rate	Rs/Usd	42.5	36.42
	RS	<u>129,064,765</u>	<u>107,169,456</u>
The effect of a 5% change in rate		6,453,238	5,358,473

The following table show various currencies in which the assets and liabilities were dominated as of 30 June 2021.

The US dollar balances represent only 32% (2020 27%) of total assets while liabilities are denominated in the functional currency.

Financial assets and liabilities spread between different currencies:

At 30 June 2021	MUR Equivalent of USD Rs	MUR Rs	Total Rs
<b>Assets</b>			
Property, plant and equipment	-	39,755,776	39,755,776
Intangible asset	-	84,388	84,388
Statutory deposits	-	18,568,750	18,568,750
Investment property	-	1,100,000	1,100,000
Available-for-sale financial asset	84,439,399	1,327,701	85,767,100
Held-to-maturity investments	-	-	-
Deposits	-	74,448,450	74,448,450
Loans and receivables	-	936,365	936,365
Receivable and prepayments	-	24,797,270	24,797,270
Deferred tax asset	-	-	-
Reinsurance contracts	-	23,544,925	23,544,925
Cash in hand and at bank	44,625,366	89,807,682	134,433,048
	<u>129,064,765</u>	<u>274,371,307</u>	<u>403,436,072</u>
<b>Liabilities</b>			
Deferred tax liability	-	380,401	380,401
Retirement benefit obligation	-	4,211,124	4,211,124
Current tax liabilities	-	842,549	842,549
Amount due to reinsurers	-	13,574,448	13,574,448
Payables	-	6,720,842	6,720,842
Outstanding claims	-	82,780,447	82,780,447
	-	<u>108,509,811</u>	<u>108,509,811</u>

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

At 30 June 2020	MUR Equivalent of USD Rs	MUR Rs	Total Rs
<b>Assets</b>			
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	76,387,710	1,628,123	78,015,833
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	90,133,365	123,295,990
	109,550,335	289,883,681	399,434,016
<b>Liabilities</b>			
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
	-	111,428,176	111,428,176

#### 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:

	2021 Rs	2020 Rs
On reinsurance contract paid	7,642,325	4,384,474
On reinsurance contract unpaid	15,001,490	19,788,552
	<b>22,643,815</b>	<b>24,173,026</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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 2021 for General Insurance Business is as follows:

	2021 Rs	2020 Rs
Total Capital available	170,187,168	162,756,519
Minimum Capital Required (MCR)	28,170,192	26,810,942
Capital Available as a % of MCR	604%	607%

#### 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
<b>Financial liabilities -30 June 2021</b>				
Insurance liabilities	13,574,448	-	82,780,447	96,354,895
Other financial liabilities	6,720,842	842,549	5,210,826	12,774,217
	20,295,290	842,549	87,991,273	109,129,112
<b>Financial liabilities -30 June 2020</b>				
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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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 3,187,589 (2020: Rs 5,530,661).

#### 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:

	2021	2020
	Rs	Rs
Level 1 - Quoted	1,589,077	1,628,123
Level 2 - Unquoted	84,178,023	76,387,710
	<b>85,767,100</b>	78,015,833
	2021	2020
Impact on shareholders equity of a 10% change in market price	<b>8,576,710</b>	7,801,583

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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 2021*

	Level 1 Rs	Level 2 Rs	Level 3 Rs
<b>At 30 June 2021</b>			
Quoted equities	1,589,077		
Unquoted equities		84,178,023	
Investment property			1,100,000
Freehold land			9,240,000
Building			28,645,155
<b>Total</b>	<b>1,589,077</b>	<b>84,178,023</b>	<b>38,985,155</b>
<b>At 30 June 2020</b>			
Quoted equities	1,628,123		
Unquoted equities		76,387,710	
Investment property			1,100,000
Freehold land			9,240,000
Building			29,302,578
<b>Total</b>	<b>1,628,123</b>	<b>76,387,710</b>	<b>39,642,578</b>

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 2021

### 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, resulted in revaluation surplus of Rs 7.44m. on the land and Rs 6.41 m on the building.

	Freehold Land	Building	Furniture & Fittings	Office Equipment	Motor Vehicles	Total
	Rs	Rs	Rs	Rs	Rs	Rs
<b>COST/ VALUATION</b>						
At 1 July 2019 - Cost	1,800,000	26,465,125	1,834,629	3,127,064	3,772,021	36,998,839
At 1 July 2019 - Revaluation	7,440,000	6,406,034	-	-	-	13,846,034
Additions	-	-	42,000	722,831	-	764,831
Revaluation adjustment	-	-	-	-	-	-
At 30 June 2020	9,240,000	32,871,159	1,876,629	3,849,895	3,772,021	51,609,704
<b>Additions</b>	-	-	-	<b>594,538</b>	-	<b>594,538</b>
<b>At 30 June 2021</b>	<b>9,240,000</b>	<b>32,871,159</b>	<b>1,876,629</b>	<b>4,444,433</b>	<b>3,772,021</b>	<b>52,204,242</b>
<b>ACCUMULATED DEPRECIATION</b>						
At 1 July 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
<b>Charge for the year</b>	-	<b>657,423</b>	<b>81,833</b>	<b>368,952</b>	<b>574,954</b>	<b>1,683,162</b>
<b>At 30 June 2021</b>	-	<b>4,226,004</b>	<b>1,813,649</b>	<b>3,218,243</b>	<b>3,190,570</b>	<b>12,448,466</b>
<b>NET BOOK VALUE</b>						
<b>At 30 June 2021</b>	<b>9,240,000</b>	<b>28,645,155</b>	<b>62,980</b>	<b>1,226,190</b>	<b>581,451</b>	<b>39,755,776</b>
At 30 June 2020	9,240,000	29,302,578	144,813	1,000,604	1,156,405	40,844,400

### 7. Intangible assets and right-of use assets

	Right-of-use Assets-Building Rs	Computer Software Rs	Total Rs
<b>COST</b>			
At 1 July 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
Addition	-	-	-
<b>At 30 June 2021</b>	<b>2,109,556</b>	<b>1,713,254</b>	<b>3,822,810</b>
<b>AMORTISATION</b>			
At 1 July 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
Amortisation for the year	<b>1,012,587</b>	<b>16,416</b>	<b>1,029,003</b>
<b>At 30 June 2021</b>	<b>2,025,174</b>	<b>1,713,248</b>	<b>3,738,422</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 8. Available-for-sale financial assets

	Fair value 2021 Rs.	Cost 2021 Rs.	Fair value 2020 Rs.	Cost 2020 Rs.
<b>Available for sale:</b>				
- Listed	1,589,077	187,270	1,628,123	187,270
- Unquoted-Local	74,854,686	9,902,409	67,940,811	9,902,409
- Unquoted-Overseas	9,323,337	1,733,573	8,446,899	1,733,573
<b>At 30 June 2021</b>	<b>85,767,100</b>	<b>11,823,252</b>	78,015,833	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.

	2021 Rs.	2020 Rs.
At 30 June	<b>18,568,750</b>	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.

	2021 Rs.	2020 Rs.
At 30 June	<b>1,100,000</b>	1,100,000

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 11. Deposits

	2021	2020
	Rs.	Rs.
<b>Maturing:</b>		
up to 3 months	3,000,000	3,000,000
3 to 6 months	7,000,000	9,568,750
6 to 12 months	7,387,500	7,000,000
> 12 months	79,629,700	76,448,450
	<b>97,017,200</b>	96,017,200
<b>Analyse as follows:</b>		
Non-current - Statutory deposit (note 9)	18,568,750	18,568,750
Non-current - deposit with financial institutions	57,060,950	69,448,450
Current - deposit with financial institutions	17,387,500	8,000,000
	<b>93,017,200</b>	96,017,200

### 12. Loans and receivables

	2021	2020
	Rs.	Rs.
Mortgage loans	730,478	737,478
Surrender values	12,609	12,609
Other loans	296,805	587,640
Provision for bad debts	(103,527)	(103,527)
	<b>936,365</b>	1,234,200
<b>Analyse as follows:</b>		
Non-current	296,805	277,585
Current	639,560	956,615
	<b>936,365</b>	1,234,200

- (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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 13. Receivables and prepayments

	2021	2020
	Rs.	Rs.
Premium receivables	<b>13,929,939</b>	19,002,094
Provision for doubtful debts	<b>(1,800,000)</b>	-
Net premium receivables	<b>12,129,939</b>	19,002,094
Interest and dividends receivables	<b>10,248,359</b>	8,191,513
Other receivables and prepayments	<b>2,418,972</b>	1,280,998
	<b>24,797,270</b>	28,474,604

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

	2021	2020
	Rs.	Rs.
up to 3 months	<b>3,189,280</b>	6,147,717
3 to 6 months	<b>2,053,547</b>	2,772,955
6 to 12 months	<b>2,678,506</b>	1,941,117
> 12 months	<b>4,208,606</b>	8,140,305
	<b>12,129,939</b>	19,002,094

(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 2021

### 14. Amount due by reinsurers

	2021	2020
	Rs.	Rs.
At 1 July	4,384,474	5,091,170
Movement during the year	3,257,851	(706,696)
<b>At 30 June</b>	<b>7,642,325</b>	4,384,474

### 15. Stated capital

	2021	2020
	Rs.	Rs.
<b>Authorised, Issued and Fully Paid</b>		
1 Founder share of Rs 10 each	10	10
2,499,999 ordinary shares of Rs 10 each	24,999,990	24,999,990
	<b>25,000,000</b>	25,000,000

Note: All above shares are at par value.

Each share carries one voting right and right to dividend.

### 16. Revaluation reserves

	2021	2020
	Rs.	Rs.
At 1 July - Freehold Land	7,440,000	7,440,000
At 1 July - Other Assets	56,500,155	58,472,705
Increase in value - Freehold Land	-	-
Movement in value- Other Assets Life business	2,961,143	(950,132)
Movement in value- Other Assets General business	4,790,124	(1,022,418)
<b>At 30 June</b>	<b>71,691,422</b>	63,940,155

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 17. Unearned premium reserves

<b>Unearned Premium Reserve</b>	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
At 1 July	<b>29,563,721</b>	29,408,792
Movement during the year	<b>4,387,777</b>	154,929
<b>At 30 June</b>	<b>33,951,498</b>	29,563,721

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 1/365<sup>th</sup> method.

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

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Gross Basis</b>		
At 1 July	<b>34,431,995</b>	33,003,488
Movement during the year	<b>4,568,528</b>	1,428,507
<b>At 30 June</b>	<b>39,000,523</b>	34,431,995
<b>Reinsurers Share</b>		
At 1 July	<b>4,868,274</b>	3,594,696
Movement during the year	<b>180,751</b>	1,273,578
<b>At 30 June</b>	<b>5,049,025</b>	4,868,274
<b>Net Basis</b>		
At 1 July	<b>29,563,721</b>	29,408,792
Movement during the year	<b>4,387,777</b>	154,929
<b>At 30 June</b>	<b>33,951,498</b>	29,563,721

### 18. Life assurance fund

	<b>2021</b>	<b>2020</b>
	<b>Rs.</b>	<b>Rs.</b>
At 1 July	<b>34,985,582</b>	34,907,172
Net (deficit)/surplus for the year	<b>(1,843,495)</b>	78,410
<b>At 30 June</b>	<b>33,142,087</b>	34,985,582

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 2021

### 19. Retirement benefit obligation

	2021	2020
	Rs.	Rs.
At 1 July	3,841,124	4,068,548
Charge for the year	370,000	314,864
Paid during the year	-	(542,288)
<b>At 30 June</b>	<b>4,211,124</b>	<b>3,841,124</b>

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

	2021	2020
	Rs.	Rs.
Founder's Share Commission	1,988,812	1,266,838
Accrued Expenses	924,436	1,854,736
Other payables	3,807,594	3,813,847
	<b>6,720,842</b>	<b>6,935,421</b>

### 21. Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

	2021	2020
	Rs.	Rs.
Cash in hand	991,159	1,152,115
Cash at bank	133,441,889	122,143,875
	<b>134,433,048</b>	<b>123,295,990</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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:

	2021	2020
	Rs.	Rs.
<b>Investment income</b>	<b>2,375,857</b>	4,488,706
<b>Dividend income from:</b>		
Quoted companies	26,927	27,254
Unquoted companies	1,387,094	394,477
<b>Included in management expenses are:</b>		
Staff costs	9,360,258	9,342,932
Auditors' remuneration	377,800	373,750
Depreciation and amortisation	2,712,167	1,848,913
Senior management teams remuneration	1,439,351	1,247,787
<b>Directors Remuneration and Benefits</b>		
Executive Director's emoluments	2,261,884	2,116,996
Executive Director's fees	64,000	90,000
Non Executive Director's fees	527,000	579,000

### 23. Dividends

	2021	2020
	Rs.	Rs.
Revenue reserves	134,976,689	131,914,996
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 2021

24. Incurred claims	2021 Rs.	2020 Rs.
<b>Gross Claim Incurred</b>		
Gross claim provision at start	(84,493,901)	(67,748,777)
Paid during the year	52,319,651	40,838,497
Gross claim provision at end	78,210,515	84,493,901
<b>Gross Claim Incurred</b>	<b>46,036,265</b>	<b>57,583,621</b>
<b>Reinsurance contracts recoverable</b>		
Amount recoverable at start	(29,338,398)	(18,540,329)
Amount recovered during the year	15,793,254	11,060,579
Amount recoverable at end	23,544,925	29,338,398
<b>Net amount recoverable</b>	<b>9,999,781</b>	<b>21,858,648</b>
<b>Net Claim Incurred</b>		
Net claim provision at start	(55,155,503)	(49,208,448)
Net Paid during the year	36,526,397	29,777,918
Net claim provision at end	54,665,590	55,155,503
<b>Net Claim Incurred</b>	<b>36,036,484</b>	<b>35,724,973</b>
IBNR movement	(134,030)	207,707
<b>Net Claim Incurred after IBNR</b>	<b>35,902,454</b>	<b>35,932,680</b>

## 25. Outstanding claims and reinsurance contracts

	2021 Rs.	2020 Rs.
<b>Short term insurance contracts:</b>		
Claims reported and loss adjustment expenses	78,210,515	84,493,901
<b>Gross claim outstanding contracts:</b>		
Provision for claims incurred but not reported "IBNR"	4,569,932	4,703,962
Total gross insurance liabilities	<b>82,780,447</b>	<b>89,197,863</b>
<b>Recoverable from insurers and reinsurers</b>	<b>(23,544,925)</b>	<b>(29,338,398)</b>
<b>Net claim outstanding provision</b>	<b>54,665,590</b>	<b>55,155,503</b>
Provision for claims incurred but not reported "IBNR"	4,569,932	4,703,962
Total net insurance liabilities	<b>59,235,522</b>	<b>59,859,465</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 26. Amount due to reinsurers

	2021	2020
	Rs.	Rs.
At 1 July	9,045,650	6,260,860
Movement during the year	4,528,798	2,784,790
<b>At 30 June</b>	<b>13,574,448</b>	<b>9,045,650</b>

### 27. Current tax liabilities

	2021	2020
	Rs.	Rs.
At 1 July :		
General	1,581,091	536,454
Life	446,626	53,976
Charge for the year :		
General	-	1,581,091
Life	-	475,886
Paid during the year :		
General	(724,935)	(536,454)
Life	(460,233)	(83,236)
<b>At 30 June :- General</b>	<b>856,156</b>	<b>1,581,091</b>
<b>Life</b>	<b>(13,607)</b>	<b>446,626</b>
	<b>842,549</b>	<b>2,027,717</b>

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 28. Taxation

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

	2021	2020
	Rs.	Rs.
<b>(i) Life branch: Reconciliation of the effective tax rate:</b>		
Interest, dividends and commissions receivable	1,274,681	622,256
Other Income	5,271	3,060,743
Exempt income	(1,227,570)	(5,310)
Allowable expenses	(819,375)	(818,274)
Underprovision from previous years	-	239,173
Taxable income	(766,993)	3,098,588
Tax thereon at 15%	-	464,788
<b>(ii) General branch: Reconciliation of the effective tax rate:</b>		
Profit before taxation	3,783,667	605,412
Tax thereon at 15%	567,550	90,812
Tax effects on:		
Exempt income	(497,206)	(4,088)
Other taxable income	-	1,331,997
Annual Allowance	(266,920)	(263,434)
Other allowable deductions	(211,918)	(76,841)
Non-allowable expenses	273,586	277,337
Tax credit for the year	(134,908)	1,355,783
Government Assistance Wages scheme refund	-	153,779
<b>Total tax payable</b>	<b>-</b>	<b>1,509,562</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 29. Deferred tax Liability

Deferred taxation is calculated on all temporary differences under the liability method at the rate of 15% (2020: 15%). The movement on deferred tax account is as follows:

	2021	2020
	Rs.	Rs.
At 1 July :- General	380,401	434,439
Life	-	-
Transfer to retained earnings		
Charge for the year: Life	-	-
Charge for the year: General	-	(54,038)
<b>At 30 June</b>	<b>380,401</b>	380,401
The deferred tax balances comprise the following:		
Accelerated capital allowances	380,401	380,401

### 30. Related party transactions

The Company entered 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 2021

### 30. Related party transactions (continued)

Related party transactions during the year:

	2021	2020
	Rs	Rs
<b><i>Payable to related parties:</i></b>		
Founder Share Commission to Promunit Ltd	1,988,812	1,257,875
<b><i>Receivable from related parties:</i></b>		
Outstanding insurances balances due from directors and related parties	52,794	54,365
Loan to director	-	155,400
<b><i>Sale of service to:</i></b>		
Directors and key management personnel Insurance contracted	652,923	264,067
<b><i>Remuneration of key management personnel:</i></b>		
Senior management teams remuneration	1,439,351	1,247,787
Directors emoluments and short term benefits	2,852,884	2,758,996
Founder Share Commission to Promunit Ltd	721,974	512,271

### 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.

	2021	2020
	Rs	Rs
Net profit from General Insurance business for the year	3,061,693	7,087,834
Number of ordinary share in issue	2,500,000	2,500,000
Earnings per share	1.22	2.84

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 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.

	2021	2020
	Rs.	Rs.
General branch	71,527	71,527
Life branch	11,097	11,097
	<b>82,624</b>	82,624

### 33. Premium Deficiency Reserve

	2021	2020
	Rs.	Rs.
At 1 July	5,530,661	6,000,000
Movement subsequent to Actuarial revaluation	(2,343,072)	(469,339)
<b>At 30 June</b>	<b>3,187,589</b>	5,530,661

Following actuarial report, the latter has revised the reserve balance to Rs 3,187,589.

### 34. Lease Liabilities

	2021	2020
	Rs.	Rs.
<b>COST</b>		
<b>At June 30, 2020</b>	<b>1,455,199</b>	-
Additions	-	2,109,556
Interest expense	105,502	152,943
Lease payments	(941,400)	(807,300)
<b>At June 30, 2020</b>	<b>619,301</b>	1,455,199
<b>Analysed as follows :</b>		
-Current	619,301	835,898
-Non-Current	-	619,301
	<b>619,301</b>	1,455,199

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 34. Lease Liabilities (Continued)

*(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. 105,502 (2020: Rs 152,943) for the Company and the total cash outflows for leases in 2021 was Rs 941,400 (2020: Rs 807,300)*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 36. Management expenses

	2021	2020
	Rs	Rs
Staff costs	9,360,258	9,342,932
Rent & rates	239,366	344,826
Professional and consultancy fees	1,317,466	1,802,631
Maintenance / Repairs Expenses	1,326,950	737,414
Printing & Stationery	582,617	688,896
Directors Fees	595,350	677,750
Actuarial fee	(53,956)	789,852
Telephone & telex	641,924	506,849
Electricity	475,042	443,594
Advertising	369,261	346,843
Motor Expenses	304,307	277,101
Audit fees	377,800	373,750
Licence	295,276	550,526
Subscription fees	434,814	428,550
Bank charges	257,357	193,450
Staff welfare	230,296	156,009
Retirement benefit obligations	370,000	314,864
Mess Expenses	192,493	138,771
Secretary fees	207,000	172,500
Insurance	55,957	189,673
Postage and Stamps	133,163	103,559
Legal Fees	69,000	69,000
Business Trip-Travelling abroad	-	118,000
Training & development	30,000	46,000
Office Expenses	11,500	76,799
Water	9,480	16,014
Entertainment Business Lunch	41,330	20,510
Penalty	2,596	-
Travelling Expenses-Local	694	12,910
Donations	27,500	4,888
Agent Expenses	-	26,300
Sundry Expenses	-	3,303
Bad debt Written off	1,800,000	-
Finance cost	105,502	152,943
	<b>19,810,343</b>	<b>19,127,007</b>
General insurance business	<b>18,996,136</b>	<b>18,314,275</b>
Life insurance business	<b>814,204</b>	<b>812,729</b>
	<b>19,810,340</b>	<b>19,127,004</b>

# INDIAN OCEAN GENERAL ASSURANCE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 37. Financial Summary

	2021	2020	2019	2018	2017
	Rs.	Rs.	Rs.	Rs.	Rs.
Share Capital	<b>25,000,000</b>	25,000,000	25,000,000	25,000,000	25,000,000
Revenue reserves	<b>134,976,689</b>	131,914,996	124,827,162	123,955,308	122,546,745
Revaluation reserves	<b>13,846,034</b>	13,846,034	13,846,034	5,200,000	5,200,000
Fair value reserve	<b>57,845,388</b>	50,094,121	52,066,671	56,757,796	61,860,057
Profit / (Loss) before taxation	<b>3,783,667</b>	9,127,155	8,273,986	(6,077,906)	(85,031)
Profit / (Loss) after taxation	<b>3,783,667</b>	7,600,104	7,626,413	(5,497,270)	(1,040,714)
Profit for the year	<b>3,061,693</b>	7,087,834	6,871,846	396,862	2,370,445
Total comprehensive income (loss)	<b>7,851,817</b>	6,065,414	12,878,547	(1,253,707)	(1,549,515)
Dividend	-	-	-	-	-
Earning per share	<b>1</b>	3	3	0	1

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

	TOTAL	Motor	Accident & Health"	Engineering	Liability	Property	Transportation	Guarantee	Miscellaneous
	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000
<b>Gross premium on direct business</b>	72,197	61,776	344	2,548	2,849	1,365	1,626	1,452	238
Net premium written	59,123	56,855	53	429	507	149	534	517	80
Net earned premium	57,078	55,667	90	(85)	257	195	391	424	141
Net claims incurred	35,902	35,745	36	(96)	233	(68)	74	(47)	25
Net commission paid	(5,617)	(7,194)	78	495	196	342	224	215	28
Management expenses	21,708	18,575	103	766	857	410	489	437	71
<b>UNDERWRITING LOSS</b>	(6,150)	(5,848)	28	(260)	(637)	193	52	249	73
Investment and other income	9,933	8,499	47	351	392	188	224	200	33
<b>TECHNICAL PROFIT BEFORE TAX</b>	3,784	2,652	76	90	(245)	381	276	449	106

# ***INDIAN OCEAN GENERAL ASSURANCE LTD***

## **NOTES**

OVER  
**50**  
**YEARS**  
SERVING  
MAURITIANS

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**ioga**  
INDIAN  
OCEAN GENERAL  
ASSURANCE LTD

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