NIC
NATIONAL INSURANCE COMPANY

Serving You Serving The Nation

2018 ANNUAL REPORT

NIC General Insurance Co. Ltd

Serving You, Serving the Nation

Contents

ABOUT NIC Group

The National Insurance Co. Ltd and NIC General Insurance Co. Ltd were set up by the Government of Mauritius and licensed by the Financial Services Commission in 2015 to conduct long term and general insurance business respectively.

Operating under the purpose-driven brand name of "NIC", they are amongst the leading insurance players in Mauritius providing a broad range of innovative products and services for protection, savings, pensions, financing and general insurance for both the individual and corporate markets. NIC holds strong insurance capabilities to serve, protect and empower the nation at large through its insurance solutions and services with an ultimate objective of "Serving You, Serving the Nation" with passion and excellence.

The NIC Group comprises of the National Insurance Co. Ltd ("NIC Life"), NIC General Insurance Co. Ltd ("NIC General"), NIC Healthcare Co. Ltd and NIC Services Co. Ltd. The NIC Group is ultimately owned by the Government of Mauritius and held through the National Property Fund Ltd. NIC Life has also set up a Trust ("NIC Multi-Employer Pension Scheme") to promote and manage private pension schemes for the SMEs and large Corporates.

LIFE Insurance

For Personal Needs
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For Corporate Needs
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For Personal Needs
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- Motor Policy
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For Corporate Needs
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For Personal Needs
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For Corporate Needs
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For Personal Needs
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Serving You Serving The Nation

OUR MISSION

We adopt a sustainable approach to doing business and play a broad economical and societal role, by serving our customers, business partners, employees, salesforce, shareholders, local communities and the nation, at large.

We contribute to their financial security, protection, prosperity, empowerment and success, through a culture of elevated care and service, innovative and personalised products & services, and community outreach programmes.

OUR VISION

We aim to be the company of choice for insurance and other financial products and services on the local and regional markets, and a meaningful contributing partner for the prosperity of all stakeholders.

OUR DNA

Our DNA defines who we are and what makes us different. It encompasses our core values and behaviour which we live through our 5Rs organisational culture built around Respect, Relationship, Responsibility, Rigour and Results. These principles guide our thoughts, decisions and actions in our mission to Serve, Protect and Empower our customers, business partners, salesforce, shareholders, community and other stakeholders.

BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2018

DIRECTORS' PROFILES FOR THE YEAR ENDED JUNE 2018

1. Mr. Tamanah Appadu (date of cessation 14 May 2019)

Mr. Tamanah Appadu is the Permanent Secretary at the Prime Minister's Office (Home Affairs Division). He holds an MSc in Public Sector Management and is a member of the Chartered Institute of Logistics and Transport. He is also holder of a Diploma in Public Administration and Management from the University of Mauritius, a Diploma in Journalism and a Diploma in Advanced Business English. He started his career in the public service in December 1975 and has been serving in different grades and in various ministries and departments.

2. Mr. Jean Daniel Henry

Mr. Jean Daniel Henry is an appointed Director of the Heritage City Project, and a Director of Development Bank of Mauritius Ltd. He holds a Diploma in Project Management, a Diploma in Advance Technical Training from University Tamil Nadu, Chennai and a certificate in Investment in Excellence. He also has some 7 years of experience in the construction sector.

3. Dr. Daneshwar Doobree

Dr. Daneshwar Doobree is presently a Management Consultant and an adjunct Senior Lecturer in Financial Management, Human Resources Management, Good Governance & Corporate Ethics and Research Methodology. He holds a B.A. (Hons) in Economics, M.B.A. (Finance) from University of Delhi (India), MSc (Human Resources) from University of Surrey (U.K.) and Doctor in Business Administration (DBA) from University of S. Queensland (Australia). He started his career at the Bank of Mauritius as a Clerical Officer in 1976 and served for 35 years in different grades of Research Officer, Senior Research Officer, Assistant Director - Administration and Head – Banking and Currency before retiring in 2015. He has also been an adjunct Lecturer/Senior Lecturer in modules related to Human Resource Management/Business Administration as well as Banking and Finance at the post-graduate, graduate and undergraduate level at the University of Mauritius and the Open University of Mauritius for the past twenty-five years. He is a Rotarian and is engaged in a number of philanthropic and social activities.

4. Mr. Vidianand Luchmeepersad (date of cessation 29 May 2019)

Mr. Vidianand Luchmeepersad is a member of the Institute of Chartered Secretaries and Administrators and holds also a Masters in Business Administration (MBA) with specialisation in Marketing. He is presently Senior Chief Executive at the Ministry of Housing and Lands (previously the Permanent Secretary of Ministry of Finance and Economic Development). He is a member of the Board of Landscope (Mauritius) Ltd, NIC Healthcare Ltd, SBM Holdings Ltd and various other companies. He has a rich career in Public Administration and Management. He has worked for PriceWaterHouse, International (UK) on the Public Sector Management and Improvement Programme (PSMIP), where he was fully involved in the reforms that have been initiated in the Public Sector in the 1980's. Since 1989, he has toured several Ministries. As Administrative Officer at the Prime Minister's Office, he carried out a survey on various Parastatal Bodies and provided reports on the basis of which the Government took policy decisions for the redeployment of man-power within the Public Service. He has also headed the Health Infrastructure Planning Section of the Ministry of Health and Quality of Life where he was in charge of the Project of Mediclinics and Polyclinics and for the processing of the issue of Health Development Certificates to Private Promoters in the 1980's. He has been representing the Government on a number of Boards and Committees.

5. Mr. Sameer Udhin Chitbahal (date of cessation 6 May 2019)

Mr. Sameer Udhin Chitbahal is a qualified accountant registered with Mauritius Institute of Professional Accountants. He is a Fellow of the Association of Chartered Certified Accountants with more than thirteen years of experience in accounting and audit in the private sector. He has been working at Ernst & Young and BDO & Co in the audit and advisory departments for seven years, where he worked on several assignments across different industries including the Insurance sector. He later joined the non-banking and leasing sector as Accountant for four years. He is presently working as Head of finance in a private company.

DIRECTORS' PROFILES FOR THE YEAR ENDED JUNE 2018 (CONTINUED)

6. Mr. Joseph Benoit Mamet

Mr. Benoit Mamet is an experienced professional with business, consulting and insurance background. He is a Consultant in insurance claims. He studied towards a B. Com at UNISA and holds a Diploma in Business and Financial Management. He also has long standing experience in cross-industry sectors.

7. Dr. Arty Rambharush

Mrs. Arty Rambharush is a full-time educator at the New Educational College with 23 years of service. She is an author and a registered artist. She holds a Master in philosophy from Kurukshetra University, an MSC in Educational leadership and management from University of Technology, a BA (Hons) in Philosophy from The University of London, a Diploma in Business English from London and a Diploma in Vocal Hindustani.

8. Mr. Chettandeo Bhugun (up to 27 November 2017)

Mr. Chettandeo Bhugun is the Permanent Secretary at the Ministry of Financial Services and Good Governance. He was also at the Ministry for Foreign Affairs, Regional Integration and International Trade, Ministry of Public Infrastructure and Land Transport, Ministry of Arts and Culture, the Public Service Commission, Ministry of Health and Quality of Life and the Prime Minister's Office. He is holder of MBA (Human Resources) from Indira Gandhi National Open University, India, holds a Post Graduate Diploma in Administrative Leadership from University of New England, Armidale, Australia and a Diploma in Public Administration and Management (University of Mauritius).

9. Mr. Dhanunjaye Gaoneadry - Chairman (date of cessation 7 February 2019)

Mr. Dhanunjaye Gaoneadry is the Permanent Secretary at the Ministry of Financial Services, Good Governance and Institutional Reforms. He holds a diploma in Public Administration and has almost 40 years of experience having served at different levels in various Ministries.

10. Mr. Shastree Ramodhin (date of appointment 29 December 2017)

Mr. Shastree Ramodhin is self-employed and has been an active member on the social front. He was a previous Member of the Young Farmers Federation Eastern Section and Bramsthan Social Welfare Centre. years of experience having served at different levels in various Ministries.

11. Mr. Oodaye Prakash Issary - Chairman (date of appointment 19 February 2019)

Mr. Oodaye Prakash Issary is currently the Chief Executive Officer of the National Property Fund Ltd, the holding company of NIC General. He is a Fellow of the Association of Chartered Certified Accountants (FCCA). With his background in accounting, audit and advisory practice, he has international industry experience and cumulates over 19 years in senior leadership roles with resort destination expertise within the luxury hospitality segment. With proven success in leading multiple stakeholders across various functions at all levels, he has also been highly involved in the implementation of business strategy, championing operational efficiency and continuous improvement in bottom line.

12. Dr. Sudhirsen Kowlessur (date of appointment 12 June 2019)

Dr. Sudhirsen Kowlessur is presently the Chief Health Promotion and Research Coordinator at the Ministry of Health and Quality of Life. He has also been the Head of NCD and Health Promotion Unit at the same Ministry. He holds a MA in Health Promotion and Communication from Middlesex University, UK and a Doctorate in Philosophy in Epidemiology and Health Statistics from Nanjing Medical University, China.


In recognition of the impact of our health campaigns in Mauritius, we were recognised as a "Socially Responsible Organisation" in the **Africa Leadership Awards.**

SENIOR MANAGEMENT

FOR THE YEAR ENDED 30 JUNE 2018

SENIOR MANAGEMENT'S PROFILES FOR THE YEAR ENDED 30 JUNE 2018

1. Mr. Anil Sewpaul – Chief Executive Officer

Mr. Sewpaul, Chartered Insurer, has over 40 years of experience in the insurance sector. He joined SICOM in 1981 and has managed different departments of the company and eventually retired as Group Senior Manager. He was also a Director on the Board of SICOM, National Housing Development Co. Ltd, State Property Development Co. Ltd and Cotton Bay Hotel. He was appointed Chief Executive Officer of National Insurance Co. Ltd and NIC General Insurance Co. Ltd as from 20 April 2015.

2. Mr. Oumeshsingh Sookdawoor – Chief Operating Officer

Mr. Sookdawoor holds a Masters in Business Administration (MBA), a Masters in Science (MSc) in Information Systems and is a Fellow of BCS, the Chartered Institute for IT (UK). He holds 20 years of experience at management level in cross industries including financial services, technology and services. He is multi-skilled and steered several key strategic projects including large business setups (locally and overseas), mergers & acquisitions and operations management. He held various senior positions in private companies during his career including Professional Services Executive, Group Head of Information Systems and Senior Vice President at Corporate Office levels. He was appointed Chief Executive Officer of BAI Co (Mtius) Ltd between November 2009 and June 2015. In July 2015, he was appointed the Chief Operating Officer of National Insurance Co. Ltd and NIC General Insurance Co. Ltd, two entities that were set up to take over the life and general insurance businesses of BAI Co (Mtius) Ltd. He served as Director of regulated entities in different jurisdictions including EU & Africa. He also fulfilled the role of the Chairperson of BCS, The Chartered Institute for IT (Mauritius Branch), and Vice Chair (Life) of the Insurers Association.

3. Mr. Shakeel Summun – Chief Financial Officer

Mr. Summun is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a CFA Charterholder. He cumulates over 15 years of professional experience in the Financial Services sector. He is the Chief Financial Officer of the National Insurance Co. Ltd and NIC General Insurance Co. Ltd. He is also the Chairperson of the Investment Management Committee. He was a former Panel Network Member of ACCA Mauritius. He has been in practice as auditor with Deloitte Mauritius and Ernst & Young as well as worked in the offshore sector as Client's Accountant. He has held several C-Level positions in the Insurance Industry and assisted on international projects. He was also a former board member, as an Independent Non-Executive Director, of the SBM Bank (Mauritius) Ltd. In 2014, he was awarded the "Young Achiever Award 2014" by the Africa Leadership Awards.

4. Mrs. Chitra Devi Moonoosamy – Chief Services Officer

Mrs. Moonoosamy holds a BSc (Hons) in Economics and a Bachelor (Hons) in Law. She is a Fellow Member of the Governance Institute (FCIS) and a Fellow Member of the Institute of Directors. She is the Chief Services Officer at the National Insurance Co. Ltd and NIC General Insurance Co. Ltd and is presently in charge of the Legal & Compliance, Human Resources, Information Technology, Customer Service, Marketing, Procurement and Facilities Management. She also fulfils the roles of Chairperson in the Board of Trustees of the NIC Multi-Employer Pension Scheme and (Alternate) Money Laundering Reporting Officer. She has held various strategic positions for over 20 years and has cross-industry experience notably in Insurance, Financial Services, Business Process Outsourcing, Healthcare Services and Retail markets.

SENIOR MANAGEMENT'S PROFILES FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

5. Mr. Shafique Bhunnoo – Chief Actuarial Officer

Mr. Bhunnoo is a Fellow of the Institute and Faculty of Actuaries (UK) and has over 25 years of industry experience. He was appointed Chief Actuarial Officer at the National Insurance Co. Ltd and NIC General Insurance Co. Ltd in July 2015 and is in charge of Actuarial, Pensions, Reinsurance, Investments, Statistics and Analytics. He is a member of several management committees and is the Chairperson of the Product & Pricing Committee. As an experienced actuary he has worked in Pensions, General Insurance, Health and Life Insurance for both global insurers and reinsurers in the UK, UAE and Mauritius. He is the President of the local Actuarial Society in Mauritius and has presented at a number of international conferences in Africa and the UK.

6. Mr. Pershing Rughooputh – Chief Technical Officer

Mr. Rughooputh holds an Executive MBA, Diploma in Insurance from the Chartered Insurance Institute UK. He is a Fellow Certified Insurance Professional of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF), a Fellow Member of the Institute of Sales and Marketing Management UK and a Certified Canfield Trainer. He cumulates over 20 years of professional experience in the life insurance industry. He is presently the Chief Technical Officer at National Insurance Co. Ltd (NIC) in charge of the Life Insurance Operations, leading inter alia, Underwriting, Claims, Benefits Processing, Portfolio Maintenance, Loan Operations, and as well as Registry & Mailing as shared support functions for NIC General Insurance Ltd. He also fulfilled the roles of Project Manager – New Life Operations System, Operations Manager, Vice President – Technical Services, Senior Vice President – Business and Channel Development at BAI Co (Mtius) Ltd. In 2012, he was seconded to Bramer Life - Botswana as Deputy CEO/Principal Officer and was responsible for the implementation of the Business Plan for the setting up and running of the life insurance operations until June 2015. Since July 2015, he has been fulfilling the duties of the Chief Technical Officer at NIC. He was a finalist for Sales Director of the Year in the British Excellence Sales and Marketing Award (BESMA) in 2010.

7. Mr. Saratchandran Sridharan – Head of General Insurance Operations

Mr. Sridharan is a licentiate of the Insurance Institute of India and holds a Masters Degree in Social work and a BSc in Mathematics and Chemistry with over 30 years of professional experience in the General Insurance Industry. He joined the New Assurance Company in June 1983 as a directly recruited Assistant Administrative Officer in Class I Cadre in the All India Service Recruitment, where he worked up to May 2002 in various senior capacities, before joining Jubilee Insurance as Country Head from June 2002 to April 2006.

8. Mr. Jacques Dany Tong Sam – Head of Customer Service *(Also fulfils the role of Risk Officer & Complaints Coordinator)*

Mr. Tong Sam is a Fellow of the Association of Chartered Certified Accountants (FCCA). He also holds a BA (Hons) Accounting and Finance, MBA (Financial Management) and followed a specialised course on Business Continuity Management from the BCM Institute Singapore. He has over 15 years of professional experience in Accounting & Financial Management, Operations & Risk Management, Corporate Finance, Customer Relations and Insurance Operations (Underwriting & Claims Management) in the financial services and insurance sectors amongst others.

9. Mr. Upendra Ramjutton – Head of Business Development (General Insurance)

Mr. Ramjutton holds an MBA and has over 15 years of professional experience. He has in the past, whilst working at BAI Co (Mtius) Ltd, held the position of Head of Financial Planning and headed the Sales and Marketing Department supervising over 600 Insurance Advisors.

SENIOR MANAGEMENT'S PROFILES FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

10. Mr. Kavidutt Dinand – Head of Finance

Mr. Dinand is a Fellow of the Association of Chartered Certified Accountants. He has over 20 years of professional experience in the Financial Services Sector. He has during his career also been on overseas assignment namely, in Malta for GlobalCapital Plc, where he was seconded to assist in the Finance Department and due diligence exercises.

11. Mr. Laxman Mewasingh – Head of Legal & Compliance (Also fulfils the role of Anti-Money Laundering Officer)

Mr. Mewasingh holds an LLM in International Business Law and an LLB (Hons) and cumulates over 15 years of professional experience. He has, in the past, worked in the Global Business sector, namely for the Federal Trust (Mauritius) Ltd as Manager – Trust and Company Administration and Mauritius International Trust Company Ltd as Trust and Company Administrator.

12. Mr. Kailash Moloye – Head of Human Resources & Corporate Services *(Also fulfils the role of Secretary to Board Committees)*

Mr. Moloye is a Fellow of the Governance Institute (UK), the holder of a BSc (Hons) in Management and a Diploma in Business Administration with over 15 years of sound business and corporate governance experience in the financial services sector. His experience also encompasses portfolio management of offshore and domestic companies, including small private, large private/public and public listed companies. He is also member of the Mauritius Institute of Directors and ICSA (Mauritius) respectively.

13. Mr. Pawan Kumarsingh Canhye – Manager, Internal Audit

Mr. Canhye is a Member of the Association of Chartered Certified Accountants and Member of the Institute of Internal Auditors. He cumulates over 15 years of professional work experience, including over 10 years within the Internal Control and Audit fields. Mr. Canhye, has prior to his appointment as Internal Auditor at National Insurance Co. Ltd and NIC General Insurance Co. Ltd, successively held the posts of Internal Control Officer and Assistant Manager-Internal Control and Manager-Internal Audit, respectively.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2018

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2018

NIC General Insurance Co. Ltd (the "Company') is a public interest entity, as defined by law, and is licensed by the Financial Services Commission as an Insurer to carry out general insurance business. The Company has always been committed to observing high standards of Corporate Governance, promoting corporate transparency and enhancing shareholder value.

The Company's objective is to comply with all the principles and guidelines set out in the newly introduced National Code of Corporate Governance for Mauritius (2016) ("the Code") which brings considerable changes, from the corporate governance reporting perspective. This report outlines the Company's corporate governance processes, its compliance to all the Principles contained in the Code, and provides explanations for any deviation.

GOVERNANCE STRUCTURE

"All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified."

The Company is led and controlled by a Board of suitably qualified and experienced professionals. The Board is ultimately responsible for providing effective leadership and is responsible and accountable for the affairs of the Company.

The Board assumes broad and diverse responsibilities encompassing the setting out of the long term vision, providing strategic direction, overseeing the implementation of strategic projects and business plans, overseeing the financial and investment affairs, corporate governance, risk management, regulatory and compliance matters, internal control and service standards amongst others.

The Board also fulfils a strategic mission, as set out by the shareholder, through the Company and in the best interests of its policyholders and other key stakeholders.

The Board considers its fiduciary responsibilities with great care and diligence. Directors are appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the affairs of the organisation for it to prosper and serve the best interests of all its stakeholders.

The Board has adopted a Board Charter, Board Committee Charters and Code of Ethics (as approved in September 2019) for the organisation to further supplement its existing terms of reference, operating guidelines and governance structures and practices. The Board has established appropriate job descriptions of the key senior governance positions.

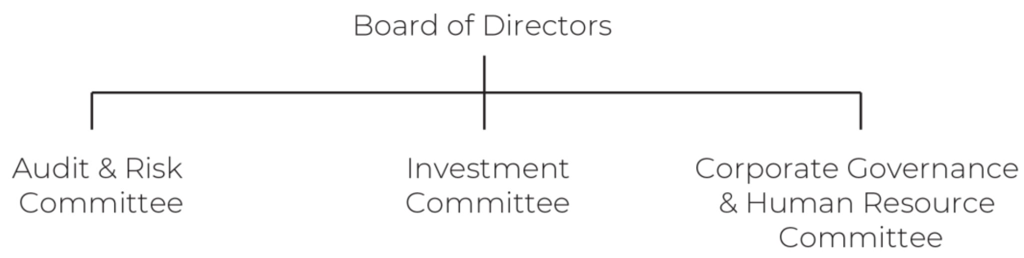
The Company has not adopted a Constitution and is governed by the Companies Act 2001.

The following information are available at the registered address of the Company and published on the NIC Group's website (www.nicl.mu):

- Governance Statement
- Compliance Statement
- Shareholding Information
- Board Charter
- Board Committee Charters
- Composition of the Board
- Board Committees and their roles
- Key Management Team
- Organisation's Code of Ethics
- Financial Statements
- Corporate Social Responsibility

Board Governance Structures

The Board has structured itself in a way that it can provide its focus and attention to the key areas of the business through established Board Committees with clear terms of reference. The delegation of authority to any Board Committee does not discharge the responsibility of the Board as regards to actions and decisions of such Committees.



Five Board Committees were set up in May 2015 namely, the Corporate Governance Committee, the Audit Committee, the Risk Management Committee, the Investment Committee and the Human Resource Committee. These were streamlined and reconstituted into three Board Committees in September 2015, comprising of the Corporate Governance & Human Resource Committee, the Audit & Risk Committee and the Investment Committee respectively.

Key Governance Responsibilities and Accountabilities

The Board has ensured that the key governance positions within the organisation are matched with the corresponding accountabilities. The Directors are aware of their legal duties and responsibilities in line with the Companies Act 2001, Insurance Act 2005, Financial Services Act 2007, and other applicable laws and guidelines.

Key Governance Positions

Chairperson of the Board

The Chairperson of the Board is responsible for the activities of the Board and its committees. He acts as spokesperson for the Board and is the principal Board contact for the Management team. The Chairperson of the Board and the Management team meet regularly. The Chairperson of the Board presides over the meetings of shareholders.

The Chairperson ensures that:

(i) The Board fulfils its duties;
(ii) Board Members, when appointed, participate in an induction program and, if needed, in supplementary training programs;
(iii) Members receive all the information necessary for them to perform their duties;
(iv) The agenda of Board meetings are determined;
(v) The Board meetings are chaired in an effective manner;
(vi) The Board has sufficient time for deliberation and decision-making;
(vii) Minutes of Board and committee meetings are properly recorded and stored;
(viii) The Committees function properly;
(ix) Consultations are held with external advisors appointed by the Board;
(x) The performance of the Board Members is evaluated regularly;

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

Key Governance Positions (Continued)

(xi) Problems related to the performance of individual Board Members are addressed;
(xii) Internal disputes and conflicts of interest concerning individual Board Members, including the possible resignation of such Members as a result, are addressed; and
(xiii) The Board has proper contact with the Management team.

Chairperson of the Audit & Risk Committee

The Chairperson of the Audit & Risk Committee works in close collaboration with and provides support and advice to the Chairperson of the Board. He has the following responsibilities, amongst others:

- To provide risk expertise to the Committee;
- To ensure the financial statements comply with the appropriate accounting standards;
- To guide and advise the Board on an appropriate risk management framework; and
- To report the deliberations of the Audit & Risk Committee to the Board.

The Audit and Risk Committee was chaired by Mr. S. Chitbahal as at 30 June 2018.

Chairperson of the Investment Committee

The Chairperson of the Investment Committee works in close collaboration with, and provides support and advice to, the Chairperson of the Board. The Chairperson of the Committee has the following responsibilities, amongst others:

- To formulate and review the investment strategies and policies of the Company; and
- To monitor the investment processes of the Company in order to ensure compliance with such strategies and policies and with the overall risk profile of the Company.

The Investment Committee was chaired by Mr. V. Luchmeepersad as at 30 June 2018.

Chairperson of the Corporate Governance & Human Resource Committee

The Chairperson of the Corporate Governance and Human Resource Committee works in close collaboration with, and provides support and advice to, the Chairperson of the Board. He has the following responsibilities, amongst others:

- To provide expertise in the areas of corporate governance and human resource;
- To ensure that the Board is up to standard with the Code;
- To report the deliberations of the Corporate Governance and Human Resource Committee to the Board;
- To consider and recommend major Human Resource matters to the Board;
- To provide direction with regards to the Human Resource strategy including key objectives, plans and workforce requirements;
- To consider succession planning for Officers, Senior Officers and Executives, taking into account the challenges and opportunities facing the Company, and the skills/expertise needed in relation thereto; and
- To oversee any major change in organisational and employee benefits structures across the Company.

The Corporate Governance & Human Resource Committee was chaired by Mr. T. Appadu as at 30 June 2018.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

Key Governance Positions (Continued)

The Company Secretary

The Company Secretary is appointed by the Board. The role of the Company Secretary is to ensure that Board Members have the proper advice and resources to perform their duties to shareholders under the relevant legal frameworks. The Company Secretary is also responsible for the organisation and co-ordination of the Board and Committee meetings, and ensuring that the records, or minutes of those meetings, reflect the proper exercise of those duties.

Prime Partners Ltd is the Company Secretary of the Company for the year ended 30 June 2018. Prime Partners Ltd is a wholly owned subsidiary of The State Investment Corporation Limited and is actively involved in the provision of statutory corporate secretarial services and registrar & transfer office services to Domestic Companies/Trusts/Mutual Funds registered in Mauritius.

Other Key Governance Responsibilities and Accountabilities - Senior Management

The profiles of the following key officers and senior management members are found on pages 11 to 13.

Mr. Anil Sewpaul
Chief Executive Officer

- Provides strategic & executive leadership
- Acts as the main point of contact between Board of Directors and the Management team and directs the implementation of the Board's mandates
- Responsible for the overall management of the business

Mr. Oumeshsingh Sookdawoor
Chief Operating Officer

- Provides strategic leadership, directs and leads the implementation of key business strategies
- Responsible for the overall business operations
- Assists the Chief Executive Officer on matters pertaining to the implementation of the Board's mandates

Mr. Shakeel Summun
Chief Financial Officer

- Provides strategic leadership and oversees the implementation of the functional strategies
- Responsible for the finance operations, premium management and recovery

Mrs. Chitra Devi Moonoosamy
Chief Services Officer

- Provides strategic leadership and oversees the implementation of the functional strategies
- Responsible for the Shared Services functions comprising of Customer Service, HR, IT, Legal & Compliance, Marketing & Communications, Facilities & Logistics and Procurement

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

Other Key Governance Responsibilities and Accountabilities - Senior Management (Continued)

Mr. Shafique Bhunnoo
Chief Actuarial Officer

- Provides strategic leadership and oversees the implementation of the functional strategies
- Responsible for the Actuarial, Reinsurance, Statistics and Investment functions

Mr. Pershing Rughooputh
Chief Technical Officer

- Provides strategic leadership and oversees the implementation of the functional strategies
- Responsible for Support Service functions including Registry

Mr. Saratchandran Sridharan
Head of General Insurance Operations

- Provides functional leadership and implements strategies to attain business objectives
- Responsible for day to day operations of the general insurance activities including underwriting and claims management for non-health insurance classes

Mr. Jacques Dany Tong Sam
Head of Customer Service *(Also fulfils the role of Risk Officer & Complaints Coordinator)*

- Provides functional leadership and implements strategies to attain business objectives
- Responsible for day to day customer service function
- Responsible for risk management function

Mr. Upendra Ramjutton
Head of Business Development (General Insurance)

- Provides functional leadership and implements business development strategies to attain business objectives and targets
- Responsible for channel and business development function
- Oversees the health insurance operations

Mr. Kavidutt Dinand
Head of Finance

- Provides functional leadership and implements strategies to attain business objectives
- Responsible for finance and accounting functions

Mr. Laxman Mewasingh
Head of Legal & Compliance *(Also fulfils the role of Anti-Money Laundering Reporting Officer)*

- Provides functional leadership and implements strategies to attain business objectives
- Responsible for legal and compliance functions
- Responsible for Anti-Money Laundering (AML) function

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

Other Key Governance Responsibilities and Accountabilities - Senior Management (Continued)

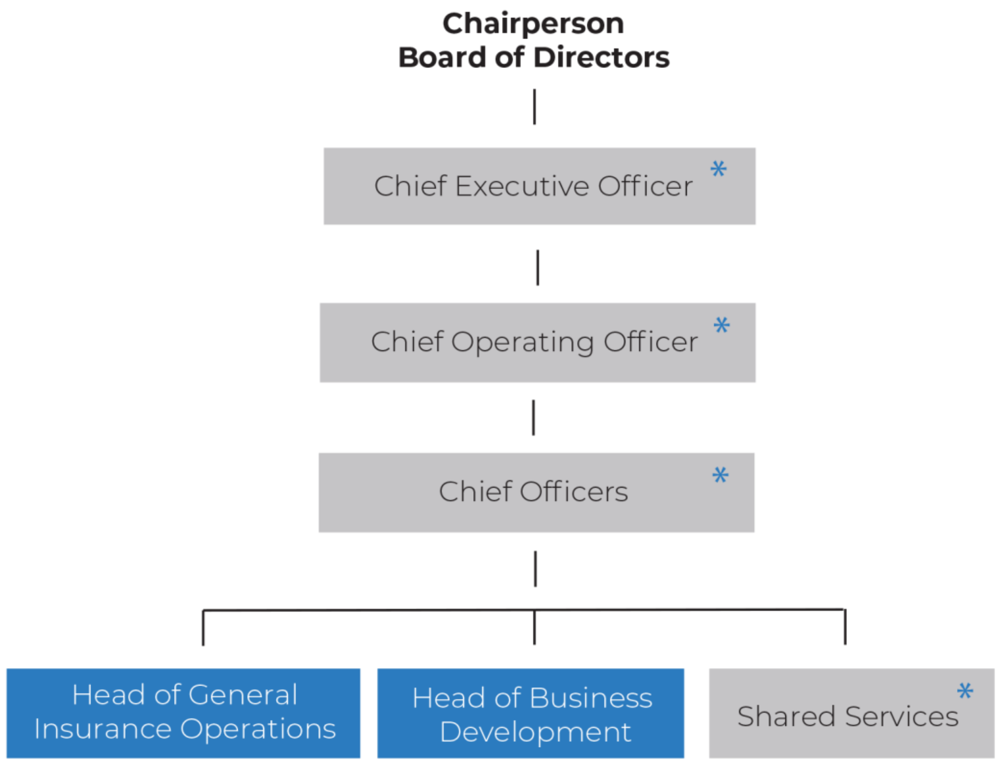
Mr. Kailash Moloye
Head of Human Resources & Corporate Services *(Also fulfils the role of Secretary to Board Committees)*

- Provides functional leadership and implements strategies to attain business objectives
- Responsible for human resources, payroll and corporate services functions
- Provides Corporate Secretarial services to Board Committees

Mr. Pawan Kumarsingh Canhye
Manager - Internal Audit

- Provides internal audit services to assess internal control, business and risk management processes
- Responsible for reporting of audit findings and recommendations to the Audit & Risk Committee

Organisation Chart



* Also fulfils a shared role across NIC Group

The Company is structured in a way that blends direct accountability of core functional responsibilities as well as optimises its specialist and support resources in a "Shared Services Model" serving the entire business requirements of the National Insurance Co. Ltd, NIC General Insurance Co. Ltd and NIC HealthCare Ltd as follows:

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

Organisation Chart (Continued)

1. The Chief Officers having broad responsibility of leadership and accountability of Strategic and Shared Services functions across the NIC Group. The Shared Services functions comprises of:

    - Finance
    - Investment
    - Actuarial & Reinsurance
    - Customer Service
    - Sales & Branch Operations
    - Marketing & Communications
    - Human Resources
    - Legal & Compliance
    - Information Technology
    - Internal Audit
    - Support Services including Procurement and Registry & Facilities Management

2. The core functional responsibilities and day to day operations of Business Development, Underwriting, Claims & Recovery operations, for the various classes of general insurance business, fall under the respective Heads.

3. The Risk Management and Internal Audit functions operate independently and reports to the Chairperson of the Audit & Risk Committee for matters governing the business.

STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES

"The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties."

Board Structure and Composition

Pursuant to the provisions of Section (30)(2) of the Insurance Act 2005, the Company has for the purpose of the composition of its Board of Directors, at least 7 natural persons of which at least 30 percent (30%) are independent Directors. The Company complies with the statutory number of directors required. The Board has a unitary structure and its size, which is considered optimal for the effective execution of its responsibilities, has been determined on the basis of the Company's present size, spread of operations and activities.

STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Board Structure and Composition (Continued)

The following Directors held office during the year ended 30 June 2018 and unless otherwise stated, up to the date of signing the financial statements:

No.	Name of Directors	Date of appointment	Date of Cessation	Classification
1.	Mr. Tamanah Appadu	21 April 2016	14 May 2019	Non-Independent & Non-Executive
2.	Mr. Jean Daniel Henry	23 May 2017	-	Independent & Non-Executive
3.	Dr. Daneshwar Doobree	22 May 2017	-	Non-Independent & Non-Executive
4.	Mr. Vidianand Luchmeepersad	22 May 2017	29 May 2019	Non-Independent & Non-Executive
5.	Mr. Sameer Udhin Chitbahal	05 June 2017	06 May 2019	Independent & Non-Executive
6.	Mr. Joseph Benoit Mamet	22 May 2017	-	Independent & Non-Executive
7.	Dr. Arty Rambharush	26 May 2017	-	Independent & Non-Executive
8.	Mr. Chettandeo Bhugun –*(Chairperson from 14 June 2017 to 27 November 2017)*	03 May 2017	27 November 2017	Non-Independent & Non-Executive
9.	Mr. Dhanunjaye Gaoneadry – *(Chairperson from 18 December 2017 to 07 February 2019)*	18 December 2017	07 February 2019	Non-Independent & Non-Executive
10.	Mr. Shastree Ramodhin	29 December 2017	-	Independent & Non-Executive

Subsequent appointments:

11.	Mr. Oodaye Prakash Issary– *(Chairperson from 20 February 2019)*	19 February 2019	-	Non-Independent & Non-Executive
12.	Dr. Sudhirsen Kowlessur	12 June 2019	-	None Independent & Non-Executive

The existing Directors, who are all resident in Mauritius, have expertise in various domains including Insurance, Business, Finance, Accounting and Administration. Their appointments to hold office as Directors of the Company have been formalised following approval of the Financial Services Commission. Only Board Members attend Board Meetings. Management and other subject matter experts attend the meeting or part thereof on invitation of the Chairperson. A clear division of responsibilities at Board level ensures that no one Director has unfettered powers in decision making.

The Chairperson of the Board and the Chairperson of the Board Committee are all carefully selected on the basis of their relevant knowledge and experience in these key governance roles.

The Board has a sufficient number of directors who do not have relationship with the organisation. A sufficient number of directors does not have relationship with the majority shareholder.

STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Gender Balance

The Company promotes gender balance and equal opportunity at every level of its operating and governance structures. As at 30 June 2018, the Company's Board comprised one female director.

Directorship

Executive Director

As at 30 June 2018, the Company did not have any Executive Director.

The Board is of the opinion that it is appropriately constituted for the execution of its responsibilities. The day to day management of the operations of the Company are performed by the Chief Executive Officer who reports directly to the Chairperson of Board. Moreover, other members of the Senior Management team are, as and when required, pertaining to business matters and functions under their purview, in attendance during deliberation of the Board.

Director's Independence Review

The Board is determined to ensure that on an annual basis, and as and when the circumstances require, whether or not a Director is independent. Additionally, review will be conducted and particular consideration given to Directors serving on the Board for a long period of time, from the date of their first election.

Notwithstanding the above, the Board recognises that over time independent Directors develop significant insights in the Company's business and operations and can contribute objectively to the Board as a whole. In circumstances where a Director has served as an Independent Director for over nine years, the Board will perform a review of their continuing contribution and independence. The Board considers that additional Directors may need to be appointed, particularly Independent Directors so as to ensure gender diversity.

Non-Executive Directors

The Non-Executive Directors constructively challenge and help develop proposals on strategy, review the performance of management in attainting goals and objectives and monitor the reporting of performance. The Non-Executive independent Directors meet and/or hold discussions regularly without the presence of Management.

Powers of the Board

The Board is aware of its key roles and responsibilities and ensures that the Company adheres to all relevant legislations such as the Companies Act 2001, the Insurance Act 2005 and the Financial Services Act 2007. The Board also follows the principles of good corporate governance as recommended in the Code.

STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Board Meetings

The Board met fifteen (15) times during the financial year ended 30 June 2018. The Board deliberated on a range of issues including:

(a) The review and resolution of the issues pertaining to the Transfer of Undertaking in consultation with key stakeholders;
(b) The setting out of key strategic measures with a view to transform the business and create value for its key stakeholders as well as exploring strategic partnership options in the shareholding of the Company;
(c) The examination and endorsement of the recommendations of various Board Committees;
(d) The reviews of tenders for allocation of contracts to service providers;
(e) The reviews of employee job grading, benefit structures and other conditions of employment;
(f) The formalisation of employee pension contributions;
(g) The reviews of marketing plans and corporate positioning;
(h) The review of Branch Operations and outlets;
(i) The recruitment and selection processes for open positions;
(j) The investment decisions and returns thereof;
(k) The valuation of properties and other assets; and
(l) The major legal affairs and undertakings, including litigation cases.

Board Committees for the year ended 30 June 2018

The Board has carefully considered the work that it needs to carry out to be effective and in order to implement the Company's strategy. The governance structure of the Company provides for delegation of authority. As at 30 June 2018, the following Board Committees were in place with clearly defined mandates:

(a) Audit & Risk Committee
(b) Corporate Governance & Human Resource Committee
(c) Investment Committee

The objectives of these Committees are as follows:

- To bring focus and appropriate expertise and specialisation to the consideration of specific Board issues;
- To enhance Board efficiency and effectiveness;
- To enable key issues to be studied in depth prior the Board's consideration; and
- To make recommendations pertaining to their specific areas of responsibility to the Board.

The Board Committees have established their respective Charters, embodying their key roles and responsibilities which were endorsed by the Board in 2019. The Board ensures that the Company is being managed in line with its objectives through deliberations and reporting of its various Committees.

STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Board Committees for the year ended 30 June 2018 (Continued)

Audit & Risk Committee

The Audit & Risk Committee is governed by its Charter, which will be reviewed on an annual basis in line with the provisions of the Code.

As at 30 June 2018, the Audit & Risk Committee constituted of seven [7] members namely, Mr. S. Chitbahal (Chairperson), Mr. T. Appadu, Dr. D. Doobree Mr. B. Mamet, Dr. A. Rambharush, Mr. S. Ramodhin and Mr. V. Luchmeepersad.

The Board considers the members of the Audit & Risk Committee as appropriately qualified to discharge the responsibilities of the Audit & Risk Committee.

The Audit & Risk Committee has the explicit authority to investigate any matter within its terms of reference. In addition, the Audit & Risk Committee has full access to and co-operation of Management as well as full discretion to invite any Director to attend its meetings.

The duties of the Audit & Risk Committee include amongst others:

- Examining and reviewing the quality and integrity of the financial statements of the Company including its annual report;
- Compliance with International Financial Reporting standards and legal requirements;
- Keeping under review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- Reviewing the annual compliance work plan and other reports from the Compliance function;
- Ensuring the Internal Auditor has direct access to the Board Chairperson and to the Committee Chairperson;
- Considering and making recommendations to the Board, to be put to shareholders for approval at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditor; and
- Making recommendations to the Board as it deems appropriate, on any area within its remit where action or improvement is needed.

In performing its function, the Audit & Risk Committee meets regularly with the internal and external auditors. Where necessary, separate meetings are held without the presence of Management. The internal and external auditors have unrestricted access to the Audit & Risk Committee.

Investment Committee

The Investment Committee is governed by its Charter, which will be reviewed on an annual basis in line with the provisions of the Code.

As at 30 June 2018, the Investment Committee constituted of six [6] members namely, Mr. V. Luchmeepersad (Chairperson), Mr. T. Appadu, Mr. S. Chitbahal, Mr. B. Mamet, Mr. S. Ramodhin and Dr. D. Doobree.

The duties of the Investment Committee include, amongst others, the following:

- To formulate and review the investment strategies and policies of the Company; and
- To monitor the investment performance and processes of the Company in order to ensure compliance with such strategies and policies and with the overall risk profile of the Company.

STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Board Committees for the year ended 30 June 2018 (Continued)

Corporate Governance & Human Resource Committee

The Corporate Governance & Human Resource Committee is governed by its Charter, which will be reviewed on an annual basis in line with the provisions of the Code.

The Corporate Governance & Human Resource Committee is constituted of five [5] members namely, Mr. T. Appadu (Chairperson), Dr. D. Doobree, Dr. A. Rambharush, Mr. V. Luchmeepersad, and Mr. J. D. Henry.

The Corporate Governance & Human Resource Committee is a useful mechanism for making recommendations to the Board on various corporate governance and human resource matters so that the Board remains effective and complies with good governance principles.

The duties of the Corporate Governance & Human Resource Committee include, amongst others, the following:

- To provide expertise in the areas of corporate governance and human resource;
- To ensure that the Board is up to standard with the Code;
- To report the deliberations and recommendations of the Corporate Governance and Human Resource Committee to the Board;
- To provide direction with regards to the Human Resource strategy including key objectives, plans and workforce requirements;
- To consider succession planning for Officers, Senior Officers and Executives, taking into account the challenges and opportunities facing the Company, and the skills/expertise needed in relation thereto;
- To oversee any major change in organisational and employee benefits structures across the Company; and
- Oversee the implementation of the corporate governance framework.

STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Board & Board Committee Attendance

The detailed attendance of members of the Board and Board Committees at meetings during the financial year ended 30 June 2018 was as follows:

Directors	Board Meetings (15)	Corporate Governance & Human Resource Committee Meetings (1)	Audit & Risk Committee Meetings (6)	Investment Committee (2)
Mr. Chettandeo Bhugun (appointed on 03 May 2017 up to 27 November 2017)	4/5	N/A	N/A	N/A
Mr. Tamanah Appadu (appointed on 21 April 16)	6/15	1/1	3/6	1/2
Mr. Dhanunjaye Gaoneadry (appointed on 18 December 2017)	9/10	N/A	N/A	N/A
Mr. Jean Daniel Henry (appointed on 23 May 2017)	10/15	0/1	N/A	N/A
Dr. Daneshwar Doobree (appointed on 14 22 May 2017)	14/15	1/1	6/6	2/2
Mr. Vidianand Luchmeepersad (appointed on 22 May 2017)	7/15	1/1	6/6	2/2
Mr. Sameer Udhin Chitbahal (appointed on 05 June 2017)	14/15	N/A	6/6	2/2
Mr. Joseph Benoit Mamet (appointed on 22 May 2017)	14/15	N/A	6/6	2/2
Dr. Arty Rambharush (appointed on 26 May 2017)	15/15	1/1	6/6	N/A
Mr. Shastree Ramodhin (appointed on 29 December 2017)	9/9	N/A	1/1	N/A

STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONTINUED)

Directorships of Directors in other related Companies

Name of Director	Name of Company	Designation Chairman / Director
Dr. Arty Rambharush	National Insurance Co. Ltd	Independent & Non-Executive Director
Dr. Daneshwar Doobree	National Insurance Co. Ltd	Non-Independent & Non-Executive Director
Mr. Jean Daniel Henry	National Insurance Co. Ltd	Independent & Non-Executive Director
	Development Bank of Mauritius Ltd	Independent & Non-Executive Director
	DBM Financial Services Ltd	Chairman - Independent & Non-Executive Director
Mr. Benoit Mamet	National Insurance Co. Ltd	Independent & Non-Executive Director
	National Property Fund Ltd	Independent & Non-Executive Director
Mr. Shastree Ramodhin	National Insurance Co. Ltd	Independent & Non-Executive Director
Mr. Vidianand Luchmeepersad	SBM Holdings Ltd	Non-Independent & Non-Executive Director
	The State Investment Corporation Limited	Non-Independent & Non-Executive Director
	NIC Healthcare Co. Ltd	Chairman- Non-Independent & Non-Executive Director
	National Insurance Co. Ltd	Non-Independent & Non-Executive Director *(up to 29 May 2019)*
	Mauritius Technologies Holdings Ltd	Chairman- Non-Independent & Non-Executive Director
	National Property Fund Ltd	Non-Independent & Non-Executive Director *(up to 29 May 2019)*
	National Day Celebrations Co. Ltd	Non-Independent & Non-Executive Director
	Landscope (Mauritius) Ltd	Non-Independent & Non-Executive Director
	Mauri-Facilities Management Company Ltd	Chairman- Non-Independent & Non-Executive Director
	National Housing Development Co Ltd	Non-Independent & Non-Executive Director
	Mauritius Housing Company Ltd	Non-Independent & Non-Executive Director
Mr. Tamanah Appadu	National Insurance Co. Ltd	Non-Independent & Non-Executive Director *(up to 14 May 2019)*
Mr. Sameer Udhin Chitbahal	National Insurance Co. Ltd	Independent & Non-Executive Director *(up to 06 May 2019)*
	National Property Fund Ltd	Independent & Non-Executive Director *(up to 06 May 2019)*
Mr. Dhanunjaye Gaoneadry	National Insurance Co. Ltd	Chairman-Non-Independent & Non-Executive Director *(up to 07 February 2019)*
	National Property Fund Ltd	Chairman-Non-Independent & Non-Executive Director

Name of Director	Name of Company	Designation Chairman / Director
Mr. Chettandeo Bhugun	National Insurance Co. Ltd	Chairman-Non-Independent & Non-Executive Director *(up to 27 November 2017)*

DIRECTORS' APPOINTMENT PROCEDURES

"There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of Directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard to the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders."

Appointment of Directors

The Board carefully considers the needs of the Company in appointing Board Members. The following factors are considered:

- Skills, knowledge and expertise required on the Board;
- Skills, knowledge and expertise of the proposed Director;
- Previous experience as a Director;
- Specific roles required on the Board such as Chairperson of a Committee;
- Balance required on the Board such as gender and age;
- Independence where required;
- Fit & proper;
- Amount of time the proposed director is able to devote to the business of the Board; and
- Conflicts of interests.

The Board assumes the responsibilities for the appointment of new directors to the Board and their proper induction to governance structures, terms of reference, and the affairs of the Company.

As per the Charter of the Corporate Governance and the Human Resources Committee, the role of the said Committee in respect of nomination of Directors include the following:

- To keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace; and
- To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise.

The proposed appointee is required to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.

The Board considers its succession very carefully and assumes responsibility for succession planning. The Corporate Governance and the Human Resources Committee is responsible to give consideration to succession planning for directors and other senior executives in the course of their work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.

The profiles of the current directors have been provided on pages 7 to 8.

DIRECTORS' APPOINTMENT PROCEDURES (CONTINUED)

Professional Development

The Board has reviewed the professional development and on-going education of Directors. During the Board evaluation exercise, the Board Members are invited to indicate any training development programme they require. The needs of the Directors are taken into account with regards to training and continuous professional development.

The following information is provided on the Company's website:

- Details of the nomination and appointment process;
- Profiles of directors including their experience, skills, expertise and continuing professional development; and
- Short profile of the Company Secretary including its experience, skills and expertise.

DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

"Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives."

Legal Duties

All Directors are fully aware of their fiduciary duties. The duties of directors are listed in the Companies Act 2001, but other legal obligations are contained in other relevant and applicable legislations. Directors are required to exercise that degree of care, skill and diligence which a reasonably prudent and competent director in his or her position would exercise.

Code of Ethics

The Code of Ethics, as approved by the Board in 2019, is published on the Company's website.

Conflict of Interest

Board Members have a fiduciary duty to conduct themselves without conflict of the interests of the Company. In their capacity as Board Members, they must subordinate personal individual business, third-party and other interests to the welfare and best interests of the Company.

A conflict of interest occurs when a present transaction or relationship might conflict with a Board Member's obligations owed to the Company and the Board Member's personal, business or other interests.

The Company ensures that Directors declare any interest and report to the Chairman and Company Secretary any related party transactions.

The Company Secretary records appropriate disclosures as part of its secretarial duties. Any such records are available to the shareholder(s) upon request. The Company Secretary maintains a register of Directors' interests. Conflicts of interest and related party transactions have been dealt with relevant governance policies and frameworks.

DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Information, IT and Information Security Governance

The Board of Directors ensures that appropriate resources are allocated for the implementation of an information and IT security framework. The Company has a set of information technology and information security guidelines supported by policies, which are reviewed regularly to ensure that data is safeguarded both within its premises as well as those hosted on the server including access rights granted only to authorised personnel and the implementation of password expiry and complexity policy, and backups of digital information. Backups are held securely off-site. Testing of backups of the systems are conducted on a regular basis by the IT department. The Company plans to implement a comprehensive Disaster Recovery Plan which will ensure that in the event of a major disaster causing the site to be unavailable, systems and business operations will be promptly restored at a backup site. To ensure user awareness and compliance across the organisation, an Information Security Charter has been developed for deployment.

The Board oversees the information governance through regular reviews of the inputs received from the internal and external auditors, risk officer, information control processes and reports, and where required, issues directives or guidelines for improvement. The exchange of key and sensitive information between the Company and external service providers is generally governed through Non-Disclosure Agreements. The employees and the members of the salesforce are contractually bound by confidentiality clauses forming part of their contracts of services.

Investment in latest information technology systems and their ongoing support and maintenance are reviewed as part of the Company's:

- Medium to long term Business Plans set out for implementation
- Annual budgetary exercise
- Overall strategic review exercises undertaken on a regular basis

On a regular basis, the Board considers and approves key recommendations for investments in technology systems and software for the proper running of the operations and safeguarding of its information assets.

Directors & Officers Liability Insurance

The Company has contracted with Allianz for a Directors & Officers Liability Insurance policy in respect of legal action or liability that can arise against its Directors and Officers. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.

Board Evaluation

The Company will establish a system of Board Appraisal to assess the effectiveness/ performance of the Board and sub-committees, focusing on the following major governance issues relevant to the Board:

- Objectives and Strategy;
- Performance Measurement;
- Relationships with key stakeholders;
- Propriety, Fraud and Other Leakage;
- Project Management;
- Risk Management;
- Oversight of Management;
- The Audit Committee, Internal Audit and Corporate Reporting;
- Composition of the Board; and
- Conduct of Board Meetings.

DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Board Evaluation (Continued)

As at 30 June 2018, the Board and Board Committees have not carried out a formal documented evaluation. However, the respective Chairpersons undertake on a regular basis continual appraisal discussions with the members of the Board and Board Committees with a view to improve the overall effectiveness in decision making and governance.

The formal Board evaluation will be led by the Chairperson of the Board rather than being outsourced to an independent facilitator in view of the size of the Company.

Statement of Remuneration Philosophy

The Directors are remunerated for their knowledge, experience, insights and their collective contribution towards achievement of the Company's objectives. The remuneration of Directors is based on the remuneration policy established and approved by the Shareholder and is aligned to similar state owned companies.

The total fees earned by the different classification of directors during the year under review, are as follows:-

No	Directors Classification	Remuneration (MUR)
1.	Non-Executive Directors	2,349,818
2.	Executive Directors	Nil

The Board had also mandated the study of a comprehensive review of salaries and benefits of the employees, management and senior executives of the Company through an independent Salary Commissioner. The Board is guided by the remuneration structure of the Salary Commissioner Report for the remuneration of the Company's senior executives, management and staff. The Board has reviewed the adequacy of directors' and senior management remuneration as well as for its employees and also undertakes such exercises on a regular basis.

The proportions of fixed and variable remuneration of directors' fees are as follows:

- Fixed : 99% (Retainer Fees)
- Variable: 6% (Adhoc Committees & Meetings)

The Company does not have any long-term incentive plans apart from the pension benefits provided to its eligible employees.

Non-executive directors have not received any remuneration in the form of share options or bonuses associated with organisational performance.

RISK GOVERNANCE & INTERNAL CONTROL

"The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system."

The Board of directors is responsible for determining the overall strategic direction and the proper risk management strategy and policies of the Company. It sets the appropriate risk level and tolerance of the Company. The risk strategy covers all the major risk areas in which the Company has significant exposure. The Company, through its Risk Officer is responsible for implementing the risk strategy and policies approved by the Board of Directors. It oversees the day-to-day risk management issues in line with the approved strategy, policies and procedures.

The Audit & Risk Committee and the Board evaluate on a regular basis the Company's strategic risk, financial risk, compliance and operational risk.

Assurance on risk management processes

The Board relies on the risk management, internal and external audit functions to report on any weaknesses and to make recommendations via the Audit & Risk Committee, the objective being to ensure the effective and efficient use of available resources and ascertaining the accuracy of information used in the preparation of financial statements.

The Risk Officer, internal and external auditors report directly to the Audit & Risk Committee on a regular basis for identification of any deficiency noted in internal processes and controls, compliance issues and any material misstatements noted in the financial reports.

The principal risks faced by the Company and the way in which each is managed are as follows:

The Company's policy on risk management encompasses all significant business risks including physical, operational, human resources, technology, business continuity, financial, compliance and reputational which could influence the achievement of the Company's objectives.

(a) *The risk management mechanisms in place include*:

- A system for the ongoing identification and assessment of risks;
- Development of strategies in respect of risks and definition of acceptable and non-acceptable levels of risk;
- The communication of risk management policies to all levels of the organisation as appropriate, and methods to ensure commitment, both by managers and by other employees, to the process;
- The implementation of a documented system of internal control that closely aligns the control effort to the nature and importance of the risk; and
- Processes to reduce or mitigate identified risks and maintain them within the levels of risk tolerance defined by the Board and Management.

(b) *Structures and processes for identification of risks and risk management*

There is clear accountability for risk management, which is a key performance area of line managers throughout the Company. Each manager is required to document how these risks will be managed and what mitigating activities have been put in place in respect of each significant risk.

RISK GOVERNANCE & INTERNAL CONTROL (CONTINUED)

The principal risks faced by the Company and the way in which each is managed are as follows: (Continued)

(c) *Integration of internal control and risk management*
The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Company's business objectives will be achieved within the risk tolerance levels defined by the Board. The effectiveness of the internal control systems is reviewed regularly by the Committee and the review covers all internal control systems including financial, operational, compliance and risk management.

(d) *Assurance on the effectiveness of the risk management process*
Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of Board's assurance. The Finance Department provides confirmation that financial and accounting control frameworks have operated satisfactorily. The Board also receives assurance from the Audit & Risk Committee, which derives its information, in part, from regular internal and external audit reports on risks and internal control throughout the Company.

(e) *Management of key risks identified*
Within the Company, the risk elements are viewed under the following headings:

- Physical risks: Losses due to torrential rainfall, flood, fire, cyclones, riots, etc.;
- Operational risks: Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events;
- Human resources risks: Losses arising from attrition, talent scarcity, health and safety laws, personal injury claims and acts inconsistent with employment, etc.;
- Technology risks: Includes hardware and software failures, system development and support and maintenance aspects. The scalability of the legacy system to cover all classes of insurance and innovative products has been identified as an area of improvement. The implementation of a major state of the art system will be undertaken to provide enhanced scalability, integration, security, mobility and customer experience;
- Business continuity risks: Losses from inaccessible systems and worksites arising from major natural disasters and system failures. Accordingly, the organisation will review its disaster recovery infrastructure to mitigate any such risks;
- Financial risks: The identification and management of these risks are further discussed in Note 5 to the Financial Statements;
- Compliance risks: Losses arising from failure to comply with regulations governing the conduct of an organisation's business in the countries in which it operates. It is a composite risk made up of the risk of legal or regulatory sanctions, financial loss, or loss of reputation. The organisation is in the process of attending to the requirements of implementing the Insurance (Risk Management) Rules 2016; and
- Reputational risks: Losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product or adverse publicity.

In conducting its annual review of the effectiveness of risk management, the Board considers the key findings from the ongoing monitoring and reporting processes, management assertions and independent assurance reports. The Board also takes account of material changes and trends in the risk profile and considers whether the control system, including reporting, adequately supports the Board in achieving its risk management objectives.

During the course of the year, the Board considered the Company's responsiveness to changes within its business environment including any change brought through statutes and regulations. The Board is satisfied that there is an ongoing process, which has been operational throughout the year.

RISK GOVERNANCE & INTERNAL CONTROL (CONTINUED)

Internal Audit and Compliance

Internal audit is an independent objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit activities are conducted by the Internal Audit Department under the supervision of the Internal Auditor. This falls under the aegis of the Risk and Audit Committee with a direct independent reporting line on all affairs relating to internal audits, controls and risk management.

The main objectives of internal audit are:

(a) Evaluating control systems;
(b) Ensuring compliance to rules, procedures and regulations;
(c) Evaluating organisational efficiency and effectiveness;
(d) Assessing accuracy and reliability of Departments' reporting processes;
(e) Evaluating effectiveness of Departments' accountability framework, and the extent of adherence to ethical standards; and
(f) Ensuring audit findings and recommendations add value to the organisations and provide an independent opinion whether the organisational goals and objectives have been achieved in an economic, efficient and effective manner.

Frameworks and processes for the sound management of risk and Internal Controls

The Audit & Risk Committee has appointed an independent Internal Auditor for reviewing the effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems. This ensures that appropriate frameworks and effective processes are in place for a sound management of risk.

Management is, through the Risk Officer, responsible for the implementation of internal control and risk management systems under the supervision of the Audit & Risk Committee which ensures that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented.

The Internal Auditor covers all key areas of activities, including IT. Any deviation in policies and non-performance of internal control are duly reported and discussed at large at Management and Audit & Risk Committee levels. Corrective actions are promptly taken, and regular follow ups are done. This enables the Board to derive assurance that the internal control systems are effective.

There has been no identification of any significant areas which was not covered by the Internal Auditor during the year. Based on the internal audit report, no major risk or deficiency has been found in the Company's system of internal controls that have been left unattended for remedial action. The Company has acquired an enterprise-wide software system for the general insurance operations, which is presently being implemented. The Company is also in the process of replacing obsolete end-user equipment and is presently evaluating the proposals for overhauling the ICT infrastructure.

Whistle-blowing rules and procedures

For any suspicious or illegal transactions or behaviour, officers and directors are encouraged to lodge reports promptly with the Money Laundering Reporting Officer as per the Financial Intelligence and Anti Money Laundering Act and Prevention of Corruption Act.

REPORTING WITH INTEGRITY

"The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report"

The Board is responsible for the preparation of accounts that fairly present the state of affairs of the Company and the results of its operations and that comply with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the Companies Act.

The Annual Report of the Company include its Financial Statements and its Corporate Governance Report which provide comprehensive details on all of the Company's financial, environmental, social and governance position as well as its performance for the financial year under consideration. The financial statements and other key corporate governance related information of the Company is published in full on the Company's website.

Health, Safety, Social and Environmental Policies

The Company has developed and implemented social, safety, health and environmental policies and practices that in all material respects comply with the Occupational Safety and Health Act 2005 and other statutory and regulatory frameworks.

The Company ensures social harmony through its employment policies and it follows non-discriminatory policies in recruitment and promotion. It adopts a transparent and merit-based procedure.

Given the nature of its activities, the Company's operations do not cause significant adverse impact on environment. The Company operates its day-to-day activities in a way that is aligned as far as possible with green, environmentally-friendly and energy-saving principles. Furthermore, in view to minimise carbon emissions, e-filing, e-mails, scanning of documents and file sharing are being heavily encouraged. In this spirit, the Company has been using Gargantua, an electronic Content and Document Management System, for managing its insurance policies online. Along similar lines, the Company has implemented digital platforms supporting SMS communications to its clients. The Company has also implemented the option of e-policies for its client portfolio.

Corporate Social Responsibility and Donations

The Company has adopted the 3rd Global Sustainable Development Goal of the United Nations, **"Good Health and Well Being"**. The Company has devised its own Corporate Social Responsibility Programme *(GetHealthy)*. Spearheaded by NIC's health caravan and a strong pool of professional service providers, the *GetHealthy on Route8* is a programme hosted in key locations of Mauritius and has been supporting the social cause of Healthy Living and raising healthcare awareness across the Mauritian population.

The programme has also been extended to allow the participation in pre-primary school curriculums through fun events on healthy eating and activities *(GetHealthy Kids)*.

There was no donation made during the year (2017 – MUR 11,500).

AUDIT

"Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's auditors"

Internal Audit

The role of Internal Audit is to provide independent and objective assurance to management and the Board of Directors through the Audit and Risk Committee. By following a systematic and disciplined approach, Internal Audit helps to accomplish the Company's objectives by evaluating and recommending improvements to operations, internal controls, risk management systems, and governance processes.

The Internal Audit Department is adequately staffed and is headed by the Internal Auditor, Mr. Pawan Kumarsing Canhye. He is assisted by a Manager qualified in law and experienced in field audits as well a senior resource with long standing auditing expertise. The Department also conducts internal audits for its subsidiary, National Insurance Co. Ltd.

The internal audit is performed on the basis of an established and approved Internal Audit Plan and the progress thereon are reported to the Audit & Risk Committee on a regular basis. The Internal Audit Plan covers all key aspects of the business including sales, receipting, cashiering, banking, posting, underwriting, claims assessment, recovery and payment as well as other areas regarding systems and control processes. During the year ended 30 June 2018, internal audits were conducted on branch operations, recovery processes for health and motor & non-motors, processing of applications for health and ICT backup and access rights.

The Internal Auditor reports directly to the Audit & Risk Committee, has unrestricted access to review all activities and transactions undertaken within the Company and to appraise and report thereon. There was no restriction placed over the right of access by internal audit to the records, management or employees of the organisation.

External Audit

The Company has appointed Moore Stephens (Mauritius) as external auditors for the financial year ended 30 June 2018.

The Audit & Risk Committee will ensure that the external auditor is rotated at least every 7 years. The approach to appointing external auditor is done through a tendering process. The last tender for appointment of Moore Stephens (Mauritius) was conducted in 2018 in replacement of the previous external auditor Ernst & Young.

AUDIT (CONTINUED)

Meeting with Audit & Risk Committee and Key Audit Issues

The External Auditors have met with the Audit & Risk Committee whereby the financial statements of the Company, timeline of the audit, the audit approach, the accounting principles and critical policies adopted are discussed. The External Auditors have regularly been appraising the Audit & Risk Committee and Board members, through attendance and presentation at such instances, of key audit matters pertaining to the business and necessitating the attention of the directors. The External Auditors have also had meetings with key stakeholders without Management being present.

The significant issues that the Audit & Risk Committee considered in relation to the financial statements regard the challenges emanating from the Transfer of Undertaking registered in 2016, which includes the valuation of and encumbrances on certain transferred assets and the valuation of transferred policyholders' liabilities pertaining to the NIC Group. These were the main challenges that delayed the timely completion of the audit exercises. These issues were gradually addressed through remedial measures taken by the Management, Board and through the intervention of the shareholder where applicable. Any gap in assets and Minimum Capital Requirements were addressed through capital injection by the shareholder prior to the signature of the audited financial statements in 2019.

Evaluation of the Auditors

The Audit & Risk Committee will evaluate the external auditor in fulfilling their duty annually, to make an informed recommendation to the Board for the reappointment of the auditors. The Audit & Risk Committee assesses the qualifications and performance of the auditor, the quality of the auditors' communications with the Audit & Risk Committee and the auditors' independence, objectivity and professional scepticism.

Information on non-audit services

The Company has used Moore Stephens (Mauritius) for tax compliance services.

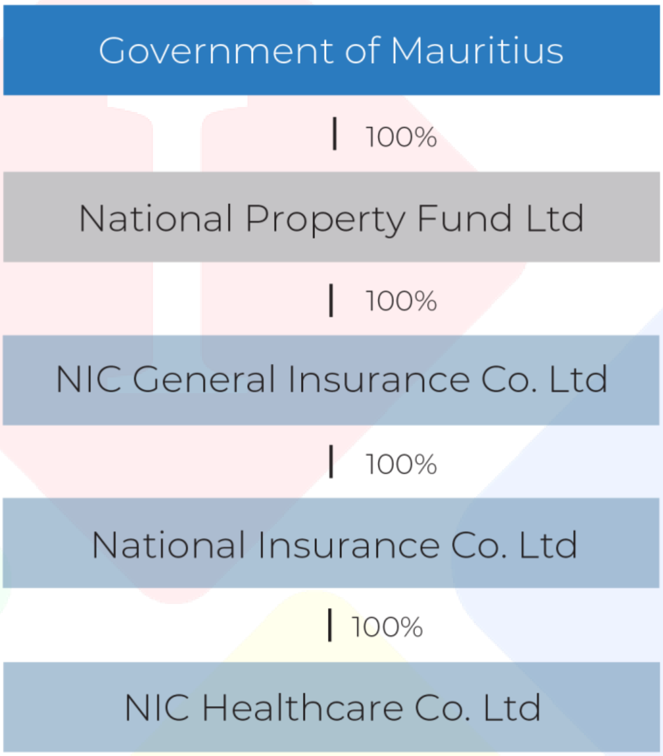
The audit and tax department of Moore Stephens (Mauritius) are two separate departments and the manager and signing partner for the provision of the respective services are different persons.

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

"The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose"

Holding Structure

The Holding structure of the Company as at 30 June 2018 was as follows:



Except for the above, no person has reported any material interest of 5% or more of the equity share capital of the Company.

Dividend Policy

The Board has not established a formal dividend policy. However, the Board endeavours to authorise distributions in the light of the Company's profitability, cash flow requirements and planned capital expenditure in due course.

Relations with Shareholder

The Shareholder is convened to attend Annual Meetings for the purpose of adoption of the Financial Statements, receiving the Auditor's Report and consideration of the Annual Report. Notice of Annual Meeting of Shareholders is sent within the prescribed statutory timeframe. The Shareholder is also encouraged to ask questions at the Annual Meeting.

Moreover, other decisions pertaining to Shareholder matters are also taken by way of written resolution in lieu of holding Meetings of the Shareholder in conformity with Section 117 of Companies Act 2001, given the that there is a sole Shareholder.

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

Relations with Shareholder (Continued)

The Company ensures that there is regular contact and dialogue with the sole shareholder to keep the latter informed on material events affecting the Company including its performance and outlook. The Chairperson, through the assistance of the Company Secretary, is available to answer any query from the shareholder. Where and when required, appropriate papers and reports pertaining to the critical business affairs are shared between the Company and the Shareholder, and representatives of the Ultimate Shareholder for appropriate consideration and support.

The Company's website is used to provide relevant information and open lines of communication are maintained to ensure transparency and optimal disclosure.

Company Key Stakeholders

Regulator & Authorities

Relationships with the regulators, mainly the Financial Services Commission, the Registrar of Companies, Financial Reporting Council and the Mauritius Revenue Authority are considered as critical for good running of the Company. The Company maintains relationship with its regulator and authorities through written communications, meetings, filing of returns and financial reports, participation in forums, conferences and workshops as well as compliance with relevant legislation.

These relationships are viewed as strategic partnerships to ensure that the Company upholds and maintains best practices with full transparency.

Calendar of Important Events

The key milestones of important events during the financial year are as follows:

December	Annual Meeting of Shareholder
June	Financial Year End

STATEMENT OF COMPLIANCE

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

Name of PIE: NIC General Insurance Co. Ltd
Reporting period: 30 June 2018

We, the Directors of NIC General Insurance Co. Ltd, the "Company" confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance except for the following section:

Reasons for non-compliance with the sections of the Code:

Governance Structure
Statement of Accountabilities - The Board, Board Committees and other key governance roles have been operating according to their respective terms of reference. These terms of references were formalised as Board and Board Committee Charters and duly approved by the Board in September 2019.

A Code of Ethics for the organisation was also formally approved by the Board in September 2019.

The Structure of the Board and its Committees
Composition of the Board - The recommendation of the Code is to have at least two Executive Directors. As at 30 June 2018, the Company did not have any Executive Director. The Board is of the opinion that it is appropriately constituted for the execution of its responsibilities. The day to day management of the operations of the Company are performed by the Chief Executive Officer, who reports directly to the Chairperson of Board. Moreover, other members of the Senior Management team are, as and when required, pertaining to business matters and functions under their purview, in attendance during deliberation of the Board.

Directors Duties, Remuneration and Performance
Board Evaluation - As at 30 June 2018, the Board and Board Committees have not carried out a formal documented evaluation. However, the respective Chairpersons undertake on a regular basis continual appraisal discussions with the members of the Board and Board Committees with a view to improve the overall effectiveness in decision making and governance.

Signed on behalf of the Board of Directors:

....	....
Mr. Oodaye Prakash Issary	**Dr. Daneshwar Doobree**
Chairman	Director

Date: 28 September 2019

NIC GENERAL INSURANCE CO. LTD

SECRETARY'S CERTIFICATE FOR THE YEAR ENDED 30 JUNE 2018

We confirm that, based on the records and information made available to us by the Directors and Shareholder of NIC General Insurance Co. Ltd, the Company has filed with the Registrar of Companies, for the year ended 30 June 2018, all such returns as are required under Section 166(d) of the Companies Act 2001, save and except the audited financial statements for the year ended 30 June 2018, which are now being filed.

....

Prime Partners Ltd
Corporate Secretary
Per Gopal Bullyraz

Date: 28 September 2019

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NIC GENERAL INSURANCE CO. LTD

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of **NIC General Insurance Co. Ltd** ("the Company") set out on pages 53 to 109, which comprise the statement of financial position as at 30 June 2018 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year 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 the Company as at 30 June 2018 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.

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.

Emphasis of matter

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in notes 37 and 38 concerning the Company's ability to continue as a going concern and non-compliance with the Insurance (General Insurance Business Solvency) Rules 2007 under the Insurance Act 2005 respectively. The Company reported a revenue deficit of MUR 22,963,406 (2017: MUR 47,997,114) and had a total equity of MUR 7,036,594 (2017: Shareholder's deficit of MUR 17,997,114) as at 30 June 2018. Subsequent to the reporting date, there has been an injection of capital by the shareholder (as disclosed under note 39), which has addressed the issue of going concern and non- compliance with the Insurance Act 2005, in respect of Minimum Capital Requirements. Our report is not qualified on this matter.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NIC GENERAL INSURANCE CO. LTD

Report on the audit of the financial statements (continued)

Key Audit Matters (continued)

1. Valuation of outstanding claims ("OC") including claims Incurred But Not Reported ("IBNR")

Key audit matter

As at 30 June 2018, the Company had outstanding claims ("OC") including claims incurred but not reported ("IBNR") as disclosed in note 17(b) to the financial statements.

We focused on this area because the valuation of OC including claims IBNR are 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 17(b), note 3.14(iii) (accounting policies) and note 6.1 (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.
- 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 tests 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").

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NIC GENERAL INSURANCE CO. LTD

Report on the audit of the financial statements (continued)

Key Audit Matters (continued)

2. Insurance receivables and Reinsurance assets

Key audit matter

As at 30 June 2018, the Company had insurance receivables and reinsurance assets as disclosed in notes 10 and 13(c) respectively in the financial statements. Significant judgement is required to assess the credit risk attached to these receivables. The net carrying amount of insurance receivables and reinsurance assets are measured at amortised cost less any provision for impairment. Provision for impairment is based on objective evidence of default.

Insurance receivables: The Company's assessment of the recoverability of its insurance receivables is based on historical data, which involves an analysis and examination of the credit history of its customers.
Reinsurance assets: The carrying value of the reinsurance assets in respect of the ceded part of the insurance liabilities, as detailed in note 13(d), requires judgement to reflect the credit risk exposure attached to the assets. Irrecoverable balances are assessed and provided for.

Related disclosures

Refer to notes 10, 13(c), notes 3.6 and 3.14(ii) (accounting policy) and notes 6.1 and 6.2 (critical accounting estimates) of the accompanying financial statements.

Audit response

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NIC GENERAL INSURANCE CO. LTD

Report on the audit of the financial statements (continued)

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Certificate from the Company Secretary, or any other information. The other information does not include the financial statements and our auditors' report thereon.

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

Directors' responsibility for the financial statements

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.

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NIC GENERAL INSURANCE CO. LTD

Report on the audit of the financial statements (continued)

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

- 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

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

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

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

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

Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the principles of the Code.

The directors have given satisfactory explanations on the principles of the Code which have not been complied with. In our opinion, the disclosure in the annual report, including explanations on the reasons for non-compliance, is consistent with the principles of the Code.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NIC GENERAL INSURANCE CO. LTD

Report on other legal and regulatory requirements (continued)

Insurance Act 2005

The financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission ("FSC"), except for non-compliance with the requirements of the Insurance (General Insurance Business Solvency) Rules 2007 under the Insurance Act 2005 in respect of Minimum Capital Requirements as at reporting date.

Subsequent to the reporting date, there has been an injection of capital in September 2019 (as disclosed under note 39) which has addressed the non-compliance issue.

MOORE STEPHENS
Chartered Accountants

Arvin ROGBEER, FCA, FCCA
Licensed by FRC

Port Louis
Republic of Mauritius

Date: 28 September 2019

Moi, Vanisha, mo kontan lanbians travay NIC. Ena enn solidarite ar bann koleg et enn bon lespri lekip.

Vanisha Devi Ramsurrun,
Registry & Mailing Department

Being a staff and in the customer service department, I witness every single day NIC's efforts in trying to bring happiness and peace of mind to people; staffs and customers alike

Preeti Chooramun,
Customer Service Department

Mo kontan sa bon lantant ar bann koleg ek lankourazman nou management. Nou kouma enn sel gran fami. Li bien rar lor marse travay.

Jean Leriche,
Facilities and Logistics Department

J'ai l'agréable devoir d'exprimer ma sincère gratitude à la compagnie d'être toujours à l'écoute. Avec notre motto 'We Can We Will' c'est sûr et certain que nous continuerons à donner le meilleur des services.

Parrveez Sheik Dawood,
Underwriting (Motor & Non Motor) Department

NIC is a workplace with a homely atmosphere. Over the years, I particularly enjoyed working with the most dedicated colleagues, team members and managers. I feel inspired to be proactive and creative every day. I am given the opportunity to grow in my professional role which has been made possible through the supportive culture at NIC.

Koomeshlall Harree,
Claims Health Department

In recognition of our efforts to create an engaging and inclusive work culture and environment, we were awarded the **Africa best employer brand 2015.**

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

The Directors have the pleasure of submitting the Annual Report of **NIC General Insurance Co. Ltd** (the "Company"), together with the audited financial statements for the year ended 30 June 2018.

1. PRINCIPAL ACTIVITIES

The Company is engaged in general insurance business.

2. RESULTS FOR THE YEAR

The statement of profit or loss and other comprehensive income for the year is shown on page 54.

3. DIRECTORS

The directors of the Company are as follows:

	Date of appointment	Date of resignation
Non-Executive Chairman		
Mr. Dhanunjaye Gaoneadry	18-Dec-17	7-Feb-19
Mr. Oodaye Prakash Issary	19-Feb-19	-
Mr. Chettandeo Bhugun	3-May-17	27-Nov-17
Independent and Non-Executive Director		
Mr. Jean Daniel Henry	23-May-17	-
Mr. Sameer Udhin Chitbahal	5-Jun-17	6-May-19
Mr. Joseph Benoit Mamet	22-May-17	-
Dr. Arty Rambharush	26-May-17	-
Mr. Shastree Ramodhin	29-Dec-17	-
Non-Executive Director		
Mr. Tamanah Appadu	21-Apr-16	14-May-19
Dr. Daneshwar Doobree	22-May-17	-
Mr. Vidianand Luchmeepersad	22-May-17	29-May-19
Dr. Sudhirsen Kowlessur	12-Jun-19	-
Executive Director		
None		

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors had any contract of service with the Company during the year.

5. DIRECTORS' SHARE INTEREST

The Directors, both past and present, do not hold any share in the Company nor do they have any dealings in those shares.

6. CONTRACT OF SIGNIFICANCE

None of the Directors had any contract of significance with the Company during the year.

7. DIRECTORS' REMUNERATION

	2018	2017
	MUR	MUR
Directors' remuneration	**2 349 818**	1 894 273

There was no executive director during the year ended 30 June 2018 and year ended 30 June 2017.

8. DONATION

The Company made no donation during the year ended 30 June 2018 (2017: Nil).

9. AUDITORS' REMUNERATION

	2018		2017	
	AUDIT	**OTHERS**	AUDIT	OTHERS
	MUR	**MUR**	MUR	MUR
Moore Stephens (Mauritius)	**605 000**	**-**	605 000	-
Ernst & Young (Mauritius)	**-**	**-**	-	98 900

Moore Stephens (Mauritius) are the current external auditors for these financial statements. Ernst & Young (Mauritius) were initially appointed as external auditors, but after a mutual agreement with the Company, their contract was terminated and no signed audit report was issued by them on these financial statements.

On behalf of the Board of Directors

Mr. Oodaye Prakash Issary
Chairman

Dr. Daneshwar Doobree
Director

Date: 28 September 2019

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018	2017
		MUR	MUR
ASSETS			
Non-current assets			
Plant and equipment	7	**49 163**	-
Investment property	8	**43 000 000**	43 000 000
Investment in subsidiary	9	**1**	1
Investment in financial assets	10	**44 775 834**	44 700 550
Deferred tax assets	18	**9 284 178**	6 019 829
		97 109 176	93 720 380
Current assets			
Insurance receivables	11	**74 390 991**	74 968 116
Other receivables	12	**15 410 547**	4 483 790
Reinsurance assets	13(c)	**36 555 444**	11 200 959
Current tax asset	21(a)	**191 587**	294 050
Cash and cash equivalents	14	**10 999 876**	9 445 344
		137 548 445	100 392 259
TOTAL ASSETS		**234 657 621**	194 112 639
EQUITY AND LIABILITIES			
Equity			
Stated capital	15	**30 000 000**	30 000 000
Reserves	16	**(22 963 406)**	(47 997 114)
Total equity		**7 036 594**	(17 997 114)
Technical provisions			
Insurance contract liabilities	17(a)	**109 803 765**	91 049 495
Outstanding claims	17(b)	**51 719 126**	23 215 251
Expense reserve	17(c)	**-**	54 248 249
		161 522 891	168 512 995
Non-current liabilities			
Retirement benefit obligations	19	**1 341 000**	877 000
		1 341 000	877 000
Current liabilities			
Trade and other payables	20	**64 757 136**	42 719 758
		64 757 136	42 719 758
TOTAL EQUITY AND LIABILITIES		**234 657 621**	194 112 639

These financial statements have been approved for issue by the Board of Directors on 28 September 2019

Mr. Oodaye Prakash Issary
Chairman

Dr. Daneshwar Doobree
Director

Date: 28 September 2019

The notes on pages 57 to 109 form an integral part of these financial statements.
Auditors' report on pages 43 to 48.

	Notes	2018	2017
		MUR	MUR
Revenue			
Gross premiums	22	**241 617 674**	197 209 970
Premiums ceded to reinsurers	23	**(77 310 986)**	(15 358 301)
Net premiums		**164 306 688**	181 851 669
Claims, reserves and commissions			
Gross claims paid	27	**(179 016 482)**	(164 622 552)
Movement in outstanding claims	28	**(28 503 875)**	(3 239 538)
Claims ceded to reinsurers	31	**58 288 087**	6 969 495
Gross change in insurance contract liabilities	17(a)	**(18 754 270)**	(35 553 074)
Change in contract liabilities ceded to reinsurers	13(d)	**19 417 180**	4 320 200
Change in expense reserve	17(c)	**43 754 200**	44 651 102
Commissions paid	30	**(12 108 852)**	(7 686 217)
Net claims, reserves and commissions		**(116 924 012)**	(155 160 584)
UNDERWRITING RESULTS		**47 382 676**	26 691 085
Investment and other income	24	**3 806 848**	(1 515 141)
Fees and commission income	25	**4 704 124**	2 705 946
Realised/unrealised gains	26	**-**	51 908
Other revenue		**8 510 972**	1 242 713
Other operating and administrative expenses	29	**(33 882 289)**	(26 066 969)
Profit before taxation		**22 011 359**	1 866 829
Income tax	21(b)	**3 264 349**	5 969 279
PROFIT FOR THE YEAR		**25 275 708**	7 836 108
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit obligations		**(242 000)**	232 000
Items that may be reclassified subsequently to profit or loss		**-**	-
Other comprehensive income for the year/period, net of tax		**(242 000)**	232 000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**25 033 708**	8 068 108

The notes on pages 57 to 109 form an integral part of these financial statements.
Auditors' report on pages 43 to 48.

	Stated capital MUR	RESERVES Revenue deficit MUR	Total equity MUR
Balance as at 01 July 2016	30 000 000	(56 065 222)	(26 065 222)
Profit for the year	-	7 836 108	7 836 108
Other comprehensive income	-	232 000	232 000
Total comprehensive income for the year	-	8 068 108	8 068 108
BALANCE AS AT 30 JUNE 2017	**30 000 000**	**(47 997 114)**	**(17 997 114)**
Balance as at 01 July 2017	**30 000 000**	**(47 997 114)**	**(17 997 114)**
Profit for the year	**-**	**25 275 708**	**25 275 708**
Other comprehensive loss	**-**	**(242 000)**	**(242 000)**
Total comprehensive income for the year	**-**	**25 033 708**	**25 033 708**
BALANCE AS AT 30 JUNE 2018	**30 000 000**	**(22 963 406)**	**7 036 594**

The notes on pages 57 to 109 form an integral part of these financial statements.
Auditors' report on pages 43 to 48.

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	Notes	2018	2017
		MUR	MUR
Cash generated from operations			
Profit before taxation		**22 011 359**	1 866 829
Adjustments for:			
Movement in fair value of financial asset	10	**(75 284)**	3 212 782
Movement in retirement benefit obligations	19	**222 000**	772 000
Depreciation	7	**9 832**	-
		22 167 907	5 851 611
Changes in working capital:			
Change in insurance receivables		**577 125**	(9 958 112)
Change in other receivables		**(10 632 706)**	(1 192 892)
Change in reinsurance assets		**(25 354 485)**	(11 053 306)
Change in insurance contract liabilities	17(a)	**18 754 270**	35 553 074
Change in outstanding claims	17(b)	**28 503 875**	3 239 539
Change in expense reserve	17(c)	**(54 248 249)**	(54 000 000)
Change in trade and other payables		**22 037 377**	22 295 551
Cash flows generated from / (used in) operating activities		**1 805 114**	(9 264 535)
Tax paid		**(191 587)**	(511 711)
NET CASH FLOWS GENERATED FROM / (USED IN) OPERATING ACTIVITIES		**1 613 527**	(9 776 246)
Cash flows from investing activity			
Acquisition of plant and equipment	7	**(58 995)**	-
Net cash used in investing activity		**(58 995)**	-
MOVEMENT IN CASH AND CASH EQUIVALENTS		**1 554 532**	(9 776 246)
Cash and cash equivalents			
At 01 July		**9 445 344**	19 221 590
Movement		**1 554 532**	(9 776 246)
AT 30 JUNE	14	**10 999 876**	9 445 344

The notes on pages 57 to 109 form an integral part of these financial statements.
Auditors' report on pages 43 to 48.

1. GENERAL INFORMATION

NIC General Insurance Co. Ltd (the Company) is a public company incorporated in Mauritius. Its registered office is situated at NIC Centre, 217 Royal Road, Curepipe, Mauritius (previously located at 15th Floor, Air Mauritius Centre, 6 President John Kennedy Street, Port Louis). The Company is engaged in general insurance business.

These financial statements are submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

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

2.1 Standards, Amendments to published Standards and Interpretations effective in the reporting period

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS adopted in the year commencing 01 July 2017:

Amendments	Effective for accounting period beginning on or after
IAS 7 Disclosure Initiative - Amendments to IAS 7	01 January 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12	01 January 2017
IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 2	01 January 2017

The adoption of the above amended standards did not have a material impact on the Company's financial statements.

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Company has not early adopted them. The Company intends to adopt these standards, amendments and interpretation when they become effective.

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Company when applicable, its impact is described below:

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

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective (Continued)

New or revised standards	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments (deferral available to insurance companies up to January 2022)	01 January 2018
IFRS 15 Revenue from Contracts with Customers	01 January 2018
IFRS 16 Leases	01 January 2019
IFRS 17 Insurance Contracts	01 January 2021
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
Amendments	
Transfers of Investment Property (Amendments to IAS 40)	01 January 2018
Prepayment Features with Negative Compensation - Amendments to IFRS 9	01 January 2019
IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring	01 January 2018
investees at fair value through profit or loss is an investment - by - investment choice	
Classification and Measurement of Share-based Payment Transactions	01 January 2018
(Amendments to IFRS 2)	
Clarifications to IFRS 15 ‘Revenue from Contracts with Customers’	01 January 2018
Applying IFRS 9 ‘Financial Instruments’ with IFRS 4 ‘Insurance Contracts’	01 January 2018
(Amendments to IFRS 4)	
IFRS 1 First-time Adoption of International Financial Reporting	01 January 2018
Standards - Deletion of short-term exemptions for first-time adopters	
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	01 January 2019

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

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective (Continued)

IAS 12 – Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 23 – Borrowing Costs – Borrowing costs eligible for capitalisation	01 January 2019
IFRS 11 – Joint Arrangements – Previously held interests in joint	01 January 2019

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition

IFRS 9 Financial Instruments was issued in July 2014 and has an effective date of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, introducing new requirements for the classification and measurement of financial instruments, the recognition and measurement of credit impairment provisions, and providing for a simplified approach to hedge accounting.

The changes in measurement arising on initial application of IFRS 9 will be incorporated through an adjustment to the opening reserves and retained earnings position as at 01 July 2018. Although IFRS 9 will be retrospectively applied, the Company is only permitted to restate comparatives if, and only if, it is possible without the use of hindsight. The Company does not consider it possible to restate comparatives for impairment without the use of hindsight. The Company will apply the new rules from 01 July 2018, however, comparatives for previous years will not be restated.

(a) Classification and measurement of financial assets

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

IFRS 9 will require financial assets to be classified on the basis of two criteria:

1) The business model within which financial assets are managed; and

2) Their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest').

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

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

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective (Continued)

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election for non-traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition and impairment is not recognised in profit or loss.

The accounting for financial liabilities is largely unchanged.

An assessment of potential changes to financial assets has been conducted, including an assessment of business models across various portfolios, and a review of contractual cash flow features for complex financial assets.

The initial application of the Company's new classification and measurement policies on July 1, 2018 is expected to result in material changes to the measurement of the Company's financial assets, specifically for all the debt instruments where the Company shall assess the impact of Expected Credit Loss (ECL) that was not required under IAS 39 and financial liabilities.

(b) Impairment

IFRS 9 introduces a revised impairment model which requires entities to recognise Expected Credit Losses ('ECL') based on unbiased forward-looking information. This replaces the existing IAS 39 incurred loss model which only recognises impairment if there is objective evidence that a loss is already incurred and would measure the loss based on the most probable outcome. The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. This presents a change from the scope of the IAS 39 impairment model which excludes loan commitments and financial guarantee contracts (these were covered by IAS 37: Provisions, Contingent Liabilities and Contingent Assets).

The measurement of expected credit loss will involve increased complexity and judgement including estimation of probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing increases in credit risk.

Exposures would be divided into 3 stages as follows:

Stage 1: The 12 months ECL is calculated as the portion of long-term ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure at Default (EAD) and multiplied by the expected Loss Given Default (LGD) and discounted by an approximation to the original Effective Interest Rate (EIR).

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

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective (Continued)

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the long-term ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but Probabilities of Default (PDs) and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Debt instruments measured at fair value through OCI (FVOCI):

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets.

Expected impact:

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The de-recognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments, measured at FVOCI, lease receivables, loan commitments and certain financial guarantee contracts.

The revised impairment model is expected to have a material financial impact on the recognition of impairment losses going forward, as well as existing impairment provisions previously recognised in terms of the requirements of IAS 39. Impairment provisions are expected to increase from IAS 39 provisioning as a result of:

- The removal of the emergence period that was necessitated by the incurred loss model of IAS 39. All stage 1 assets will carry a 12 months expected credit loss provision. This differs from IAS 39 where unidentified impairments were typically measured with an emergence period of between 3 to 12 months.

- The provisioning for lifetime expected credit losses on stage 2 assets; where some of these assets would not have attracted a lifetime expected credit loss measurement per IAS 39.

- The implementation of a default definition for exposures that are more than 90 days past due, as well as for certain indicators that an exposure or obligor is unlikely to pay.

- The inclusion of forecasted macroeconomic scenarios into the expected credit losses of a portfolio.

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

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective (Continued)

- The inclusion of expected credit losses on items that typically would not have been impaired under IAS 39, such as loan commitments.

The Company's equity instruments that are currently classified as available-for-sale will satisfy the conditions for classification as at FVOCI and hence there will be no change to the measurement for these assets.

The other financial assets held by the Company include:

- Equity instruments currently classified as Available-for Sale for which a FVOCI election is available;

- Investment in mutual funds currently classified as Available-for-sale for which FVTPL is available; and

- Government bonds currently classified as held-to-maturity and deposits classified as loan receivables and measured at amortised cost which meet the conditions for classification at amortised cost under IFRS 9.

Accordingly, the Company does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The Company will apply the new rules from 01 July 2018, however, comparatives for previous years will not be restated.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;

- Identify the performance obligations in the contract;

- Determine the transaction price;

- Allocate the transaction price to the performance obligations in the contracts; and

- Recognise revenue when (or as) the entity satisfies a performance obligation.

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

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective (Continued)

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Given insurance contracts are scoped out of IFRS 15, it will not have any impact of the performance of the Company for fee and commission income relating to insurance contracts. For other income in respect of management fees and administration fees, the company will be assessing the impact of the application of IFRS 15 and intends to adopt when it becomes effective.

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. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment -related service contracts, and the premium allocation approach mainly for short - duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, Remeasured 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 policy holder 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

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

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective (Continued)

- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, 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 company of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach

The Company 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 profit and total equity together with presentation and disclosure.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

Temporary exemption from IFRS 9

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: Recognition and Measurement while they defer the application of IFRS 9 until 01 January 2022 at the latest. Predominance must be initially assessed at the annual reporting date that immediately precedes 01 April 2016 and before IFRS 9 is implemented. Also the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures.

The overlay approach

The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income (OCI) for designated financial assets.

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

2.2 Standards, Amendments to published Standards and Interpretations issued but not yet effective (Continued)

An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in OCI.

The Company has made an assessment on its financial position at 30 June 2018 and concluded that the predominance criteria was not met and concluded that the Company qualifies for deferral in application of IFRS 9.

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. This new standard is not expected to have a material impact as the company is a lessor, however the Company expects an impact on the additional level of disclosures that will be required to be provided.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements of **NIC General Insurance Co. Ltd** comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements are presented in Mauritian Rupee (MUR).

The financial statements are prepared under the historical cost convention, except that:

(i) investment property is stated at fair value; and

(ii) financial assets and financial liabilities are stated at their fair values or carried at amortised cost.

3.2 Exemption from presenting consolidated financial statements

The financial statements are the separate financial statements which contain information about NIC General Insurance Co Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company has taken advantage of the exemption under IFRS 10 paragraph 4, "Consolidated Financial Statements", from the requirement to prepare group financial statements, as its holding company, National Property Fund Ltd, a company incorporated in the Republic of Mauritius, shall prepare group financial statements in accordance with International Financial Reporting Standards and shall be available for public use at the registered office of the holding company, 6 President John Kennedy Street, 15th Floor, Air Mauritius Centre, Port Louis, Mauritius.

3.3 Investment in subsidiary

Separate financial statements

Subsidiaries are entities over which the Company has control. The Company controls an entity if and only if it has power over the entity and when it is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect those returns. The Company will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investment in subsidiary is stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. On disposal of such investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Revenue recognition

Premiums written on General Insurance Business are accounted for when the policies incept.

Provision for unearned premium has been made in respect of the General Insurance Business represent the proportion of premium written in the year which relate to the unexpired terms of policies in force at the reporting date, calculated on the basis of the 365th method.

Investment and other income comprises mainly of dividend, interest and rent receivable for the year. Dividend is accounted for when received. Interest income is recognised using the effective interest method.

Rental income, fees and commissions are accounted on an accrual basis.

3.5 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupee (MUR), the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in Mauritian rupee, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

3.6 Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: "held-to-maturity" investments, financial assets at "fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Except where stated separately, the carrying amounts of the Company's financial assets approximate their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the Company. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months to the end of the reporting period.

The Company has not designated any debt investment as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed. Subsequently these financial assets are measured at fair values.

Dividends from such investments are recognised in profit or loss as long as they represent a return on investment.

Held-to-maturity investments

Debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment.

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 receivable. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial assets (Continued)

Insurance and other receivables

Insurance and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of insurance and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognized in the profit or loss.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.7 Financial liabilities and equity instruments

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(c) Financial liabilities

Financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Subsequently they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial liabilities and equity instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(d) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expenses will not be offset in the profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

3.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years but it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

(b) Deferred tax

Deferred taxation is provided in full using the liability method. Deferred tax liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Taxation (Continued)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is possible that taxable profit will be available against which the deductible temporary differences can be utilised.

The principal temporary difference arises from depreciation on plant and equipment, retirement benefit assets/obligations, revaluation reserve, fair value gains/losses on investment property and Company's accumulated tax losses.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdraft and short terms deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are shown in current liabilities in the statements of financial position.

3.11 Retirement benefit obligations

(i) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

(ii) Defined Benefit Plan

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Retirement benefit obligations (Continued)

The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

(iii) State plan

Contributions to the National Pension Scheme are expensed to the profit or loss in the period in which they fall due.

3.12 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period. Provisions are reviewed at end of reporting period and adjusted to reflect the current best estimate

3.13 Impairment of financial assets

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

For all financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counter party; or
- Default or delinquency in interest or principal payments; or
- Becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as insurance receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of insurance receivables where the carrying amount is reduced through the use of an allowance account. When an insurance receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been, had the impairment not been recognised.

3.14 Insurance contracts

(i) Insurance contracts – classification

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights 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. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

The Company considers that virtually all its short term products are insurance contracts.

Short term insurance contracts are in respect of the following classes of business: (i) accident and health and (ii) others (motor, engineering, liability, property, transportation, guarantee and miscellaneous). These contracts provide compensation following damage to or loss of property, goods, equipment, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the events insured against.

(ii) Reinsurance contracts

Reinsurance contracts entered into by the Company are either of proportional or non-proportional type. Under a proportional treaty, the premiums and claims are apportioned between the Company and the reinsurer in agreed proportions. Proportional reinsurance may be either in the form of a quota share whereby the proportion of each risk reinsured is fixed, or in the form of surplus whereby the Company can retain a part of a risk within a fixed limit, and the reinsurer accepts part of the risk as a multiple of the Company's retention. Under the non-proportional type of reinsurance, the Company uses the Excess of Loss treaty whereby in consideration for a premium, the reinsurer agrees to pay claims in excess of a specified amount (the retention), up to a specified maximum amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Insurance contracts (Continued)

The Company reinsures either on a treaty basis, with all risks falling within the treaty terms, conditions and limits being reinsured automatically, or on a facultative basis. Under facultative reinsurance, risks are offered to the reinsurer or an individual basis and can be accepted or rejected by the reinsurer.

Short-term balances due from reinsurers are classified within insurance and other receivables and amounts that are dependent on the expected claims and benefits arising under the related reinsurance contracts are classified under reinsurance assets. 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 contract.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. Any gains or losses on buying reinsurance contracts are recognised immediately in the profit or loss and are not subject to amortisation.

Impairment of reinsurance assets

Reinsurance assets are reviewed for impairment. 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 to it 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. If reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognises that impairment loss in the profit or loss.

(iii) Claims expenses and outstanding claims provisions

Claims incurred

Claims incurred comprise claims and claims handling costs paid in the year and changes in the provision of outstanding claims including provision for claims incurred but not reported (IBNR) and related expenses together with any adjustments to claims of prior years. Claims handling costs include costs incurred in connection with the negotiation and settlement of claims.

Outstanding claims provision

Outstanding claims provision represents the estimated ultimate cost of settling all claims arising from events which have occurred up to the end of the reporting period, including provision for claims incurred but not reported (IBNR). It includes related expenses and a deduction for the expected value of salvage and subrogation. The Company does not discount its liabilities for unpaid claims.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Insurance contracts (Continued)

Significant delays can be expected in the notification and settlement of certain claims, especially in respect of liability class of business, the ultimate cost of which cannot therefore be known with certainty at the end of the reporting period. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure and that the provision is determined using best estimates of claims development patterns, forecast inflation and settlement of claims.

However, given the uncertainty in establishing claims provision, it is likely that the outcome will prove to be different from the original liability established. Differences between the estimated cost and subsequent settlement of claims are recognized in profit or loss in the year in which they are settled or in which the provisions for claims outstanding are re-estimated.

Salvage and subrogation reimbursements

Salvage is the equitable right of the Company to the residual value of property for which it has paid a total loss. When the Company compensates an insured due to a loss caused by a third party, it is subrogated to the right of the insured to be compensated by that third party.

Estimates of salvage and subrogation are taken into consideration while calculating provisions for outstanding claims. The salvage property and subrogation reimbursements are recognised in other assets when the liabilities are settled. Allowance for salvage is the amount that can reasonably be recovered from the disposal of property whereas the subrogation allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(iv) Liability adequacy test

At the end of the reporting period, a liability adequacy test is performed to ensure the adequacy of the contract liabilities. In performing the test, current best estimates of future contractual cash flows (including claims handling and administration expenses) and expected investment returns on assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss and a provision is established for losses arising from liability adequacy test (the unexpired risk provision).

3.15 Leasing

The Company as lessor

Operating lease

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Investment property

Property held to earn rentals and/or for capital appreciation and not occupied by the Company is stated at its fair value at the end of the reporting period, representing Sales Comparison Approach determined by independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

3.17 Expense reserve

The Company has established a high-level approach to set up an expense reserve for the health business, based on a report prepared by an Actuary appointed by the then Special Administrator. The reserve has been determined as the present value of the expenses expected to be incurred over the first three years of operation.

The Company identifies the actual expenses incurred during each relevant period/year relating to expenses incurred for the health business in that year and matches those expenses to the expense reserve. Any variations between the provisioned amount and the amounts actually incurred are accounted for in the profit or loss.

3.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared.

3.19 Related parties

Parties are considered to be related if one party has control, joint control or exercises significant influence over the other party or is a member of the key management personnel of the other party.

3.20 Commissions paid

Commissions consist of payment made to sales persons, agents and brokers incurred for selling insurance policies. These costs are recognised in the profit or loss in the period in which they are incurred.

3.21 Plant and equipment

All plant and equipment are stated at historical cost/deemed cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of the assets or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost or revalued amounts of each asset to their residual values over their estimated useful life as follows:

Computer hardware	- 20% per annum

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Plant and equipment (Continued)

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to profit or loss.

The residual values and useful lives of the assets are reviewed, and adjusted prospectively if appropriate, at the end of each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of plant and equipment are determined by comparing the proceeds with the carrying amount and are included in the profit or loss.

4. INSURANCE RISKS

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

Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the policyholder. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The main risk that the Company faces under its insurance contracts is that actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This may occur if the frequency or severity of 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.

4.1 Insurance liabilities

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 typically required to settle some claims.

4. INSURANCE RISKS (CONTINUED)

4.1 Insurance liabilities (Continued)

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. Performance of individual insurance policies are reviewed by management and the Company reserves the right not to renew individual policies. It can impose deductibles and has the right to reject the payment of a fraudulent claim. Where relevant, the Company may sue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are regularly monitored.

The reinsurance arrangements of the Company include proportional, excess-of-loss and as such the maximum loss that the Company may suffer is pre-determined.

4.2 Concentration of insurance risk

The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

	2018			
	Outstanding Claims			
Class of Business	**No. of claims**	**Gross liabilities**	**Reinsurance of liabilities**	**Net**
		MUR	**MUR**	**MUR**
Motor	**359**	**13 461 160**	**(7 884 111)**	**5 577 049**
Property	**13**	**5 339 000**	**(4 286 300)**	**1 052 700**
Accident and Health	**3 817**	**28 957 172**	**-**	**28 957 172**
Engineering	**3**	**1 020 000**	**(500 000)**	**520 000**
Liability	**22**	**99 994**	**-**	**99 994**
Incurred but not reported (IBNR)		**2 841 800**	**-**	**2 841 800**
	4 214	**51 719 126**	**(12 670 411)**	**39 048 715**

	2017			
	Outstanding Claims			
Class of Business	No. of claims	Gross liabilities	Reinsurance of liabilities	Net
		MUR	MUR	MUR
Motor	297	5 532 538	(3 914 202)	1 618 336
Property	2	50 000	(2 818 905)	(2 768 905)
Accident and Health	3 046	15 189 604	-	15 189 604
Engineering	1	25 000	-	25 000
Incurred but not reported (IBNR)	-	2 418 109	(416 083)	2 002 026
	3 346	23 215 251	(7 149 190)	16 066 061

4. INSURANCE RISKS (CONTINUED)

4.3 Sources of uncertainty

Claims on short-term insurance contracts are payable on a claims occurrence basis for motor and liability business and on a claims made basis for non-motor. Under the claims 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 a larger element of the claims provision relates to incurred but not reported claims (IBNR). For the claims made basis, the Company is liable only if the claims are reported within the specific underwriting year, based on the terms of the contract.

The estimated costs of claims include direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries. The Company ensures 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 from as wide a range of sources as possible and combining these to form the best overall estimates. However, given the uncertainty in claims provisions, it is very probable that estimated costs and subsequent settlement amounts would differ.

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims.

	Change in assumptions	Impact on gross liabilities	Impact on reinsurance share of liabilities	Impact on profit before taxation	Impact on equity
		MUR	MUR	MUR	MUR
2018					
Average claim cost	**10%**	**1 227**	**301**	**(926)**	**(926)**
2017					
Average claim cost	**10%**	**694**	**214**	**(480)**	**(480)**

4. INSURANCE RISKS (CONTINUED)

4.4 Claims development tables

The table below illustrates the claims development pattern for the Accident and Health Insurance and Motor Insurance businesses. For other lines of business there is no sufficient historical data for claims development pattern to be produced.

2018 Gross Claims Paid Development

Accident and Health Insurance and Motor Insurance		Development Quarter					
		0	1	2	3	4	5
First Quarter Loss	2014	-	-	-	-	-	299 961
	2015	-	10 973 286	3 890 639	1 692 931	774 583	175 837
	2016	75 643 695	27 338 878	2 749 674	1 058 398	349 937	503 405
	2017	111 279 106	52 237 846	4 355 209	1 344 745	(1 198 619)	(533 713)
	2018	99 192 172	47 540 264	6 859 776	(233 821)	-	-

2018 Gross Claims Paid Development

Accident and Health Insurance and Motor Insurance		Development Quarter					
		6	7	8	9	10	Total
First Quarter Loss	2014	11 461	-	175 000	-	-	486 422
	2015	45 065	-	-	-	1 164	17 553 505
	2016	119 080	24 900	7 021	-	-	107 794 988
	2017	3 700	-	-	-	-	167 488 274
	2018	-	-	-	-	-	153 358 391

5. FINANCIAL RISKS

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

The main risks to which the Company is exposed are as follows:

5.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuation in foreign currency exchange rates, interest rates and equity prices.

5.1.1 Foreign currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a monetary financial instrument will fluctuate because of changes in foreign exchange rates. Most of the Company's financial instruments are denominated in its functional currency. The Company's financial instruments which are exposed to currency risk consist mainly of reinsurance payables. Management monitors the Company's currency position on a regular basis. The carrying amounts of the Company's financial assets and liabilities at the reporting date are as follows:

	2018	2017
Financial assets	**MUR**	MUR
MUR	**160 098 383**	137 961 801
USD	**12 670 411**	6 733 107
EUR	**3 851**	3 851
TOTAL	**172 772 645**	144 698 759
Financial liabilities		
MUR	**202 105 326**	152 480 288
USD	**23 756 122**	4 490 540
EUR	**418 579**	13 676
TOTAL	**226 280 027**	156 984 504

Financial assets exclude prepayments of MUR 9,360,047 (2017: MUR 100,000)
Financial liabilities exclude expense reserve of MUR Nil (2017: MUR 54,248,249).

Consequently, the Company is exposed to risks that the exchange rate relative to these currencies may change in a manner which has an effect on the reported value of that portion of the Company's assets and liabilities which are denominated in currencies other than the Mauritian Rupee.

5. FINANCIAL RISKS (CONTINUED)

5.1.1 Foreign currency risk (Continued)

Sensitivity analysis

The following table details the Company's sensitivity to a change of 5% of the Mauritian Rupee against foreign currencies.

Impact on profit or loss and equity	**2018**	2017
	MUR	MUR
USD	**(554 286)**	112 128
EUR	**(20 736)**	(491)

5.1.2 Interest rate risk

The Company is exposed to interest rate fluctuations on the domestic market. The Company monitors interest rate trends and related impact on investment income for performance evaluation and better management.

Interest rate risk arises from the Company's bank balances which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is observed through a monitoring of assets and liabilities. The impact of exposure to sustained low interest rates is also monitored.

Short term insurance liabilities are not directly sensitive to the level of market interest rates as they are undiscounted and contractually non-interest bearing. However, due to the time value of money and the impact of interest rates on the level of bodily injury related claims incurred by certain insurance contract holders, a reduction for interest rates would normally produce a higher insurance liability. The Company reviews its estimation in respect of these claims on a regular basis and ensures that adequate cash flow is available.

The interest rate profile was:

	2018	2017
Financial assets	**MUR**	MUR
Cash at bank	**4 028 663**	2 140 926

The following table details the sensitivity to a 1% change of the rate of interest of financial assets:

	2018	2017
Change of 1% in interest rate	**MUR**	MUR
Impact on results	**40 287**	21 409

The movement in the interest rate sensitivity is due to fluctuations in interest rates on savings accounts at year end.

5. FINANCIAL RISKS (CONTINUED)

5.1.3 Equity price risk

The Company is subject to price risk due to changes in the market values of its equity securities portfolio. Equity price risk is managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risks, catastrophes risks and reinsurance ceded.

Sensitivity

The impact on the Company's profit or loss and equity had the equity market values changed by 10% with other assumptions left unchanged would have been as follows:

	2018		2017	
	Impact on profit or loss and equity		Impact on profit or loss and equity	
	+10% **MUR**	**-10%** **MUR**	+10% MUR	-10% MUR
Financial assets at fair value through profit or loss (FVTPL)	**4 477 583**	**(4 477 583)**	4 470 055	(4 470 055)

5.2 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 assets.

The Company is exposed to daily payments of claims 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 monitoring forecast and actual cash flows and matching profiles of financial assets.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

<u>Maturities of financial assets and liabilities:</u>

At 30 June 2018	**< 1 year**	**1 to 5 years**	**> 5 years**	**No maturity dates**	**Total**
	MUR	**MUR**	**MUR**	**MUR**	**MUR**
<u>Financial assets</u>					
Investment in financial asset	**-**	**-**	**-**	**44 775 834**	**44 775 834**
Reinsurance assets	**36 555 444**	**-**	**-**	**-**	**36 555 444**
Insurance receivables	**74 390 991**	**-**	**-**	**-**	**74 390 991**
Other receivables	**6 050 500**	**-**	**-**	**-**	**6 050 500**
Cash and cash equivalents	**10 999 876**	**-**	**-**	**-**	**10 999 876**
	127 996 811	**-**	**-**	**44 775 834**	**172 772 645**

Financial assets exclude prepayments of MUR 9,360,047.

5. FINANCIAL RISKS (CONTINUED)

5.2 Liquidity risk (Continued)

At 30 June 2018	**< 1 year**	**1 to 5 years**	**> 5 years**	**No maturity dates**	**Total**
	MUR	**MUR**	**MUR**	**MUR**	**MUR**
Financial liabilities					
Insurance contract liabilities	**109 803 765**	**-**	**-**	**-**	**109 803 765**
Trade and other payables	**64 757 136**	**-**	**-**	**-**	**64 757 136**
Outstanding claims	**51 719 126**	**-**	**-**	**-**	**51 719 126**
	226 280 027	**-**	**-**	**-**	**226 280 027**

At 30 June 2017	< 1 year	1 to 5 years	> 5 years	No maturity dates	Total
	MUR	MUR	MUR	MUR	MUR
Financial assets					
Investment in financial asset	-	-	-	44 700 550	44 700 550
Reinsurance assets	11 200 959	-	-	-	11 200 959
Insurance receivables	74 968 116	-	-	-	74 968 116
Other receivables	4 383 790	-	-	-	4 383 790
Cash and cash equivalents	9 445 344	-	-	-	9 445 344
	99 998 209	-	-	44 700 550	144 698 759

Financial assets exclude prepayments of MUR 100,000.

At 30 June 2017	< 1 year	1 to 5 years	> 5 years	No maturity dates	Total
	MUR	MUR	MUR	MUR	MUR
Financial liabilities					
Insurance contract liabilities	91 049 495	-	-	-	91 049 495
Trade and other payables	42 719 758	-	-	-	42 719 758
Outstanding claims	23 215 251	-	-	-	23 215 251
	156 984 504	-	-	-	156 984 504

Financial liabilities exclude expense reserve of MUR 54,248,249.

5. FINANCIAL RISKS (CONTINUED)

5.3 Credit risk

Credit risk is a risk that a counterparty will be unable to pay an amount in full when fall due. The Company's credit risk is primarily attributable to its reinsurance assets, insurance, other receivables and bank balances. The amounts presented in the statement of financial position are net of allowances for doubtful receivables based on prior experience and the current economic environment. The Underwriting department assesses the creditworthiness of potential policy holders before issuing any new business.

The Company provides payment facilities to clients and there is a credit risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

	2018	2017
	MUR	MUR
Financial assets		
Reinsurance assets	**36 555 444**	11 200 959
Insurance receivables	**74 390 991**	74 968 116
Other receivables	**6 050 500**	4 383 790
Cash and cash equivalents	**10 999 876**	9 445 344
	127 996 811	99 998 209

Financial assets exclude prepayments of MUR 9,360,047 (2017: MUR 100,000)

5.4 Reinsurers' default

The Company is exposed to the possibility of default by its reinsurers for their share of insurance liabilities and refunds in respect of claims already paid. The Company monitors the financial strength of its reinsurers.

5.5 Capital risk management

The main objectives of the Company when managing capital are:

- to keep and maintain at all times a solvency margin in accordance with the Insurance (General Insurance Business Solvency) Rules 2007 as follows:

  (a) The solvency margin shall at all times be at least 100% of the minimum capital requirement.
  (b) The capital requirement ratio shall at all times be at the target level of at least 150%.

- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for the shareholder and benefits for other stakeholders; and

- to provide an adequate return to shareholder by pricing insurance contracts and other services commensurately with the level of risk.

5. FINANCIAL RISKS (CONTINUED)

5.5 Capital risk management (Continued)

The Company's capital and solvency margins are below the minimums required by the Insurance Act 2005 as at reporting date. The Board has escalated the issue to the ultimate Shareholder, the Government of Mauritius, to ensure that urgent measures are taken to meet the capital and solvency requirements. Subsequent to the reporting date, there has been an injection of capital in September 2019 (as disclosed under note 39) which has addressed the minimum capital requirements.

5.6 Categories of financial instruments

	2018	2017
Financial assets	**MUR**	MUR
Investment in financial assets	**44 775 834**	44 700 550
Reinsurance assets	**36 555 444**	11 200 959
Insurance receivable	**74 390 991**	74 968 116
Other receivables	**6 050 500**	4 383 790
Cash and cash equivalents	**10 999 876**	9 445 344
	172 772 645	144 698 759
Financial Liabilities		
Insurance contract liabilities	**109 803 765**	91 049 495
Trade and other payables	**64 757 136**	42 719 758
Outstanding claims	**51 719 126**	23 215 251
	226 280 027	156 984 504

5.7 Fair value measurement recognised in the statement of financial position

The following table provides an analysis of investment in financial assets that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. FINANCIAL RISKS (CONTINUED)

5.7 Fair value measurement recognised in the statement of financial position (Continued)

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	MUR	**MUR**	**MUR**	**MUR**
Investment in financial assets (note 10)	**-**	**-**	**44 775 834**	**44 775 834**

	2017			
	Level 1	Level 2	Level 3	Total
	MUR	MUR	MUR	MUR
Investment in financial assets (note 10)	-	-	44 700 550	44 700 550

6. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS IN APPLYING ACCOUNTING ESTIMATES

Estimates, judgements and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

6.1 Insurance contracts

The uncertainty inherent in the financial statements of the Company arises in respect of insurance liabilities, which include liabilities for unearned premiums and outstanding claims provision (including IBNR). 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. Similar cases, historical claims payment trends, judicial decisions and economic conditions are also relevant and are taken into consideration.

6. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS IN APPLYING ACCOUNTING ESTIMATES (CONTINUED)

6.1 Insurance contracts (Continued)

Sensitivity

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

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

6.2 Reinsurance

The Company is exposed to disputes on, and defect in, contract wording and the possibility of default by its reinsurers. The Company monitors the financial strength of its reinsurers. Allowance is made as required in the financial statements for non-recoverability due to reinsurers default.

6.3 Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

6.4 Impairment of financial assets

The Company follows the guidance of IAS 39 on determining when an investment is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee.

6.5 Held-to-maturity investments

The Company applies IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

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

6. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS IN APPLYING ACCOUNTING ESTIMATES (CONTINUED)

6.6 Revaluation of investment property

The Company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The valuer used the comparative method of valuation.

The determined fair value of the investment property is most sensitive to comparable sales market price per square metre. The key assumptions used to determine the fair value of the investment property, is further explained in Note 8.

6.7 Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 19.

7. PLANT AND EQUIPMENT

	Computer hardware MUR
Cost	
At 01 July 2017	-
Additions	58 995
At 30 June 2018	58 995
Accumulated depreciation	
At 01 July 2017	-
Charge for the year	9 832
At 30 June 2018	9 832
Net book value	
At 30 June 2018	49 163

8. INVESTMENT PROPERTY

	2018	2017
	MUR	MUR
At 30 June	**43 000 000**	43 000 000

The fair values of the Company's investment property as at 30 June 2018 and 30 June 2017 have been arrived at on the basis of a valuation carried out by an independent Chartered Valuation Surveyor. The fair values were determined based on the Sales Comparison Approach.

The investment property of the Company has generated rental income of MUR 2,678,562 (2017: MUR 880,347) for the year which is included in investment and other income under Note 24. The direct operating expenses for the Company incurred during the year amounted to MUR 221,235 (2017: MUR 222,131).

The Company owns two portions of freehold land situated at Labourdonnais Street Port Louis, which are solely used for rental.

The Company's land is measured at fair value and the information about the fair value hierarchy is as follows:

	2018		2017	
	MUR Level 2	**MUR Level 3**	MUR Level 2	MUR Level 3
Freehold Land	**43 000 000**	**-**	43 000 000	-

9. INVESTMENT IN SUBSIDIARY

	2018	2017
Unquoted shares	**MUR**	MUR
At 30 June	**1**	1

As part of a Group restructuring exercise, the Government of Mauritius has, on 08 March 2016, transferred its investment in National Insurance Co. Ltd to NIC General Insurance Co. Ltd for an amount of MUR 1. The investment in subsidiary has been kept at cost. The directors consider that there is no impairment on this investment based on a letter of guarantee provided by the Government of Mauritius.

9. INVESTMENT IN SUBSIDIARY (CONTINUED)

Details of investment:

Name of subsidiary	Principal activity	Classes of Shares	Country of incorporation & operation	% Holding
National Insurance Co. Ltd	Long Term insurance	Ordinary	Mauritius	100

10. INVESTMENT IN FINANCIAL ASSETS

	2018	2017
	MUR	MUR
Unquoted shares		
Investment in financial asset at fair value through profit or loss (FVTPL)	**44 775 833**	44 700 549
Debt instrument		
Held-to-maturity	**1**	1
	44 775 834	44 700 550

Details of investment in unquoted shares:

Name of investee company	Principal activity	Classes of Shares	Country of incorporation & operation	% Holding
Flic en Flac Ltd (Villas Caroline)	Hospitality	Ordinary	Mauritius	28.58

The Company does not have significant influence on the financial and operational decisions of the investee company and the investment has accordingly been designated as financial asset at fair value through profit or loss (FVTPL).

Details of investment in debt instrument:

100,000 unsecured redeemable debentures of MUR 1,000 each were issued by Bramer Banking Corporation Ltd (BBCL) to BAI Co (Mtius) Ltd. The debentures were transferred from BAI Co (Mtius) Ltd (Special Administrator appointed) to the Company for an amount of MUR 104,956,164 as per the deed registered and transcribed in May 2016.

BBCL was under special administration up to 07 May 2018 when the Commercial Court of the Supreme Court of Mauritius ordered that BBCL be wound up.

The Company has accordingly fair valued the investment in the debt instrument from MUR 104,956,164 to MUR 1 as part of the IFRS 3 adjustment in the period ended 30 June 2016.

10. INVESTMENT IN FINANCIAL ASSETS (CONTINUED)

Financial assets are analysed as follows:

Non-Current	**2018** **Fair value through profit or loss**	**Held-to-maturity**	**Total**
	MUR	**MUR**	**MUR**
At 01 July 2017	**44 700 549**	**1**	**44 700 550**
Fair Value adjustment	**75 284**	**-**	**75 284**
At 30 June 2018	**44 775 833**	**1**	**44 775 834**

<u>Fair value hierarchy of financial assets</u>	**2018** **Level 1**	**Level 2**	**Level 3**	**Total**
	MUR	**MUR**	**MUR**	**MUR**
At 01 July 2017	**-**	**-**	**44 700 550**	**44 700 550**
Fair Value adjustment	**-**	**-**	**75 284**	**75 284**
At 30 June 2018	**-**	**-**	**44 775 834**	**44 775 834**

Non-Current	2017 Fair value through profit or loss	Held-to-maturity	Total
	MUR	MUR	MUR
At 01 July 2016	47 913 331	1	47 913 332
Fair Value adjustment	(3 212 782)	-	(3 212 782)
At 30 June 2017	44 700 549	1	44 700 550

<u>Fair value hierarchy of financial assets</u>	2017 Level 1	Level 2	Level 3	Total
	MUR	MUR	MUR	MUR
At 01 July 2016	-	-	47 913 332	47 913 332
Fair Value adjustment	-	-	(3 212 782)	(3 212 782)
At 30 June 2017	-	-	44 700 550	44 700 550

11. INSURANCE RECEIVABLES

	2018	2017
	MUR	MUR
Accident and health	**71 397 289**	72 974 655
Others	**2 993 702**	1 993 461
	74 390 991	74 968 116

(a) Analysis of the age of insurance receivables is as follows:

	2018	2017
Up to 60 days	**15 091 995**	13 580 006
Between 60 days and one year	**54 716 046**	56 764 335
Above one year	**4 582 950**	4 623 775
	74 390 991	74 968 116

(b) The carrying amounts of insurance receivables approximate their fair values.

(c) There is no material impairment as at the reporting date.

12. OTHER RECEIVABLES

	2018	2017
	MUR	MUR
Advances and prepayments (note (b))	**9 360 047**	100 000
Others	**6 050 500**	4 383 790
	15 410 547	4 483 790

(a) The carrying amounts of other receivables approximate their fair values.
(b) An amount of MUR 9,260,047 (2017: MUR Nil) paid in respect of the future implementation of an IT software is included under advances and prepayments.
(c) As part of the Transfer of Undertakings, a cash and bank balance of MUR 55,000,000 was expected to be received from the Special Administrator. This amount has not been recovered till date.

13. REINSURANCE ASSETS

(a) Claims	**2018**		
	Gross	**Reinsurance**	**Net**
	MUR	**MUR**	**MUR**
At 01 July 2017	**23 215 251**	**(7 149 189)**	**16 066 062**
Claims incurred during the year	**207 520 358**	**(58 288 087)**	**149 232 271**
Claims settled during the year	**(179 016 483)**	**52 766 865**	**(126 249 618)**
At 30 June 2018	**51 719 126**	**(12 670 411)**	**39 048 715**
At 01 July 2017	**-**	**-**	**-**
Recognised Notified Claims	**48 877 326**	**(12 670 411)**	**36 206 915**
Incurred but not reported	**2 841 800**	**-**	**2 841 800**
At 30 June 2018	**51 719 126**	**(12 670 411)**	**39 048 715**
Movement in outstanding claims during the year recognised in the profit or loss (note 28)	**(28 503 875)**		

	2017		
	Gross	Reinsurance	Net
	MUR	MUR	MUR
At 01 July 2016	19 975 712	-	19 975 712
Claims incurred during the year	167 862 089	(6 969 495)	160 892 594
Claims settled during the year	(164 622 550)	(179 694)	(164 802 244)
At 30 June 2017	23 215 251	(7 149 189)	16 066 062
At 01 July 2016	-	-	-
Recognised Notified Claims	20 797 142	(6 733 106)	14 064 036
Incurred but not reported	2 418 109	(416 083)	2 002 026
At 30 June 2017	23 215 251	(7 149 189)	16 066 062
Movement in outstanding claims during the year recognised in the profit or loss (note 28)	(3 239 538)		

13. REINSURANCE ASSETS (CONTINUED)

(b) Provision for unearned premiums

	2018 Gross	2018 Reinsurance	2018 Net
	MUR	**MUR**	**MUR**
At 01 July 2017	**82 932 370**	**(4 051 770)**	**78 880 600**
Premium written during the year	**241 617 674**	**(77 310 986)**	**164 306 688**
Premium earned during the year	**(219 182 275)**	**57 477 723**	**(161 704 552)**
At 30 June 2018	**105 367 769**	**(23 885 033)**	**81 482 736**

	2017 Gross	2017 Reinsurance	2017 Net
	MUR	MUR	MUR
At 01 July 2016	55 102 511	(147 653)	54 954 858
Premium written during the year	197 209 970	(15 358 301)	181 851 669
Premium earned during the year	(169 380 111)	11 454 184	(157 925 927)
At 30 June 2018	82 932 370	(4 051 770)	78 880 600

(c) Reinsurance assets

	2018	2017
	MUR	MUR
At 01 July	**11 200 959**	147 653
Net movement in claims	**5 521 222**	7 149 189
Net movement in provision for unearned premiums	**19 833 263**	3 904 117
At 30 June	**36 555 444**	11 200 959

(d) Change in contract liabilities ceded to reinsurers

	2018	2017
	MUR	MUR
Claims incurred but not reported	**416 083**	(416 083)
Premium written during the year	**(77 310 986)**	(15 358 301)
Premium earned during the year	**57 477 723**	11 454 184
	(19 417 180)	(4 320 200)

14. CASH AND CASH EQUIVALENTS

	2018	2017
	MUR	MUR
Cash at Bank	10 999 876	9 445 344

15. STATED CAPITAL

	2018	2017
	MUR	MUR
Issued and paid		
3,000,000 Ordinary shares	30 000 000	30 000 000

Each ordinary share carries one voting right and rights to dividends. The above ordinary shares are at no par value and fully paid.

16. RESERVES

	Revenue deficit
	MUR
At 01 July 2016	(56 065 222)
Profit for the year	7 836 108
Other comprehensive income for the year	232 000
At 30 June 2017	(47 997 114)
At 01 July 2017	**(47 997 114)**
Profit for the year	**25 275 708**
Other comprehensive income for the year	**(242 000)**
At 30 June 2018	**(22 963 406)**

17. TECHNICAL PROVISIONS

	2018	2017
	MUR	MUR
(a) Insurance contract liabilities		
As at 01 July	**91 049 495**	55 496 421
Movement for the year	**18 754 270**	35 553 074
As at 30 June	**109 803 765**	91 049 495

Analysed as follows:

	2018	2017
	MUR	MUR
Unearned premium reserve	**105 367 769**	82 932 370
Additional unexpired risk reserve	**3 105 110**	7 487 925
Claims handling expense reserve	**1 330 886**	629 200
	109 803 765	91 049 495

	2018	2017
(b) Outstanding claims		
As at 01 July	**23 215 251**	19 975 712
Movement for the year	**28 503 875**	3 239 539
As at 30 June	**51 719 126**	23 215 251

	2018	2017
(c) Expense reserve		
As at 01 July	**54 248 249**	108 248 249
Credited as change in expense reserve in the profit or loss	**(43 754 200)**	(44 651 102)
Credited to staff cost in the profit or loss	**(10 494 049)**	(9 348 898)
As at 30 June	**-**	54 248 249

At the time of the transfer of undertaking, an expense reserve of MUR 162,748,249 was recommended to be provided for by an Actuary appointed by the then Special Administrator. The high-level approach taken to establishing the expense reserve for the health business which did not exist in the past has been determined as the present value of the expenses expected to be incurred up to 30 June 2018.

Variations between the provisioned amount and the amounts incurred during the period under review have been accounted for in the profit or loss.

18. DEFERRED TAX

(a) Deferred taxes are calculated on all temporary differences under the liability method at 15%. The movement on deferred tax account is as follows:

	2018	2017
	MUR	MUR
As at 01 July	6 019 829	50 550
Credited to profit or loss (note 21)	3 264 349	5 969 279
Other comprehensive income (below note (c))	-	-
As at 30 June	9 284 178	6 019 829

(b) Deferred tax assets and liabilities are offset when the income taxes relate to the same fiscal authority on the same entity.

The following amounts are shown in the statement of financial position:

	2018	2017
	MUR	MUR
Deferred tax assets	9 284 178	6 019 829
Deferred tax liabilities	-	-
Net deferred tax	9 284 178	6 019 829

(c) Deferred tax assets credited to the statement of profit or loss and other comprehensive income are attributable to the following items:

2018

	At 01 July 2017	Movement in profit or loss	Movement in other comprehensive income	At 30 June 2018
Deferred tax assets	MUR	MUR	MUR	MUR
Retirement benefit obligations	131 550	69 600	-	201 150
Accelerated tax depreciation	-	-	-	-
Assessed losses and provisions	-	-	-	-
Tax losses	5 888 279	3 194 749	-	9 083 028
	6 019 829	3 264 349	-	9 284 178

2017

	At 01 July 2016	Movement in profit or loss	Movement in other comprehensive income	At 30 June 2017
Deferred tax assets	MUR	MUR	MUR	MUR
Retirement benefit obligations	50 550	81 000	-	131 550
Tax losses	-	5 888 279	-	5 888 279
	50 550	5 969 279	-	6 019 829

19. RETIREMENT BENEFIT OBLIGATIONS

NIC General Insurance Co. Ltd participates in a new Multi-Employer Scheme. Its contributions for Defined Contribution (DC) employees are expensed to the profit or loss and amounted to MUR 222,000 for the year ended 30 June 2018.

BAI Co (Mtius) Ltd (Special Administrator appointed) contributed to a Defined Benefit (DB) pension plan (BAI Group Pension Fund) which is administered by National Insurance Co. Ltd. The Company has recognised a net defined benefit liability of MUR 8,000 as at 30 June 2018 in respect of the transfer values for ex-DBBA members who are now employed by the Company (2017: MUR 2,000).

In addition, the Company has recognised a defined benefit liability of MUR 1,333,000 in its statement of financial position as at 30 June 2018 (2017: MUR 875,000) in respect of any additional residual retirement gratuities or full retirement gratuities that are expected to be paid out of the Company's cash flows to its employees under the Employment Rights Act (ERA) 2008.

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk: The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The Company has a residual obligation imposed by ERA 2008 on top of its DC plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year except for the past service cost due to transfer of employees from one entity to another and data adjustments.

19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

DBBA Pension Scheme

	2018	2017
	MUR	MUR
Reconciliation of net defined benefit liability/(asset)		
Opening balance	2 000	-
Amount recognised in profit or loss	1 000	-
Amount recognised in other comprehensive income	5 000	2 000
Less employer contributions	-	-
Closing balance	8 000	2 000
Reconciliation of fair value of plan assets		
Opening balance	2 356 000	-
Interest income	188 000	89 000
Employer contributions	-	-
Employee contributions	-	-
(Benefits paid)	-	2 269 000
Exchange differences	-	-
Effect of business combination/disposal	-	-
Return on plan assets excluding interest income	(5 000)	(2 000)
Closing balance	2 539 000	2 356 000
Reconciliation of present value of defined benefit obligation		
Opening balance	2 358 000	-
Current service cost	-	-
Employee contributions	-	-
Interest expense	189 000	89 000
Past service cost	-	-
Settlement (gain)/loss	-	-
(Benefits paid on settlement)	-	-
(Other benefits paid)	-	2 269 000
Exchange differences	-	-
Effect of business combination/disposal	-	-
Liability experience (gain)/loss	-	-
Liability (gain)/loss due to change in demographic assumptions	-	-
Liability (gain)/loss due to change in financial assumptions	-	-
Closing balance	2 547 000	2 358 000
Reconciliation of the effect of the asset ceiling		
Opening balance	-	-
Amount recognised in profit or loss	-	-
Amount recognised in other comprehensive income	-	-
Closing balance	-	-
Components of amount recognised in profit or loss		
Current service cost	-	-
Past service cost	-	-
Settlement (gain)/loss	-	-
Service cost	-	-
Net interest on net defined benefit liability/(asset)	1 000	-
Total	1 000	-

19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	2018	2017
	MUR	MUR
Components of amount recognised in other comprehensive income		
Return on plan assets (above)/ below interest income	**5 000**	2 000
Liability experience (gain)/loss	**-**	-
Liability (gain)/loss due to change in demographic assumptions	**-**	-
Liability (gain)/loss due to change in financial assumptions	**-**	-
Change in effect of asset ceiling	**-**	-
Total	**5 000**	2 000

Allocation of plan assets at end of year	**%**	%
Equity - Overseas quoted	**3.0**	3.0
Equity - Overseas unquoted	**1.0**	1.0
Equity - Local quoted	**20.0**	20.0
Equity - Local unquoted	**-**	-
Debt - Overseas quoted	**-**	-
Debt - Overseas unquoted	**-**	-
Debt - Local quoted	**-**	-
Debt - Local unquoted	**8.0**	8.0
Property - Overseas	**-**	-
Property - Local	**4.0**	4.0
Investment Funds	**28.0**	28.0
Cash and other	**36.0**	36.0
Total	**100.0**	100.0

Allocation of plan assets at end of year	**%**	%
Reporting entity's own transferable financial instruments	**-**	-
Property occupied by reporting entity	**-**	-
Other assets used by reporting entity	**-**	-

Principal assumptions used at end of year		
Discount rate	**8.0%**	8.0%
Rate of pension increases	**0.0%**	0.0%
Average retirement age (ARA)	**60**	60
Average life expectancy for:		
Male at ARA	**19.5**	19.5
Female at ARA	**24.2**	24.2

Sensitivity Analysis on defined benefit obligation at end of year		
Increase due to 1% decrease in discount rate	**N/A**	N/A
Decrease due to 1% increase in discount rate	**N/A**	N/A

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would show smaller variations in the defined benefit obligation.

19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Future cashflows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.

	2018	2017
Expected employer contribution for the next year	**8 000**	8 000
Weighted average duration of the defined benefit obligation	**1 year**	1 year

Retirement Gratuities

	2018	2017
	MUR	MUR
Reconciliation of net defined benefit liability/(asset)		
Opening balance	**875 000**	337 000
Amount recognised in profit or loss	**221 000**	772 000
Amount recognised in other comprehensive income	**237 000**	(234 000)
Less employer contributions	**-**	-
Closing balance	**1 333 000**	875 000
Reconciliation of present value of defined benefit obligation		
Opening balance	**875 000**	337 000
Current service cost	**118 000**	18 000
Employee contributions	**-**	-
Interest expense	**58 000**	24 000
Past service cost	**45 000**	730 000
Settlement (gain)/loss	**-**	-
(Benefits paid on settlement)	**-**	-
(Other benefits paid)	**-**	-
Exchange differences	**-**	-
Effect of business combination/disposal	**-**	-
Liability experience (gain)/loss	**321 000**	(253 000)
Liability (gain)/loss due to change in demographic assumptions	**-**	-
Liability (gain)/loss due to change in financial assumptions	**(84 000)**	19 000
Closing balance	**1 333 000**	875 000
Components of amount recognised in profit or loss		
Current service cost	**118 000**	18 000
Past service cost	**45 000**	730 000
Settlement (gain)/loss	**-**	-
Service cost	**163 000**	748 000
Net interest on net defined benefit liability/(asset)	**58 000**	24 000
	221 000	772 000
Components of amount recognised in other comprehensive income		
Liability experience (gain)/loss	**321 000**	(253 000)
Liability (gain)/loss due to change in demographic assumptions	**-**	-
Liability (gain)/loss due to change in financial assumptions	**(84 000)**	19 000
	237 000	(234 000)
Principal assumptions used at end of period		
Discount rate	**6.35%**	6.5%
Rate of salary increases	**4.5%**	5.0%
Average retirement age (ARA)	**60**	60

19. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis on defined benefit obligation at end of year

	2018	2017
Increase due to 1% decrease in discount rate	**599**	445
Decrease due to 1% increase in discount rate	**259**	166

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would shown smaller variations in the defined benefit obligation.

Future cashflows

The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.

	2018	2017
Expected employer contribution for the next year	**-**	-
Weighted average duration of the defined benefit obligation	**16 years**	16 years

20. TRADE AND OTHER PAYABLES

	2018	2017
	MUR	MUR
Other payables	**22 903 649**	22 834 824
Payable to ultimate shareholder	**1**	1
Reinsurance payables	**21 032 351**	4 504 215
Amount due to subsidiary	**20 821 135**	15 380 718
	64 757 136	42 719 758

(a) The carrying amounts of trade and other payables approximate their fair values.

(b) The amount due to subsidiary is unsecured, interest free and repayable on demand.

21. INCOME TAX

Income Tax

Income tax is calculated at the rate of 15% on the profit for the year as adjusted for income tax purposes.

	2018	2017
(a) Statement of financial position	**MUR**	MUR
Tax (asset)/liability		
At 01 July	**-**	217 661
Income tax charge for the year	**-**	-
Amount paid during the year	**-**	(259 831)
Payment under Advance Payment System (APS)	**(64 957)**	(194 871)
Tax deducted at source	**(126 630)**	(57 009)
At 30 June	**(191 587)**	(294 050)

21. INCOME TAX (CONTINUED)

(b) Statement of profit or loss

	2018	2017
Current tax on the adjusted profit for the period at 15%	-	-
Deferred tax (note 18)	3 264 349	(5 969 279)
Release	3 264 349	(5 969 279)

(c) Tax reconciliation

	2018	2017
Profit before taxation	22 011 359	1 866 829
Tax calculated at rate of 15%	3 301 704	280 025
Income not subject to tax	(6 574 423)	(6 697 665)
Expenses not deductible for tax purposes	77 970	529 361
Deferred income tax asset recognised on tax losses	3 194 749	5 888 279
Tax charge for the year	-	-

22. GROSS PREMIUMS

	2018	2017
	MUR	MUR
Accident and health	171 745 095	163 412 659
Others	69 872 579	33 797 311
	241 617 674	197 209 970

23. PREMIUMS CEDED TO REINSURERS

	2018	2017
	MUR	MUR
Accident and health	60 676 343	199 214
Others	16 634 643	15 159 087
	77 310 986	15 358 301

24. INVESTMENT AND OTHER INCOME

	2018	2017
	MUR	MUR
Rental income	2 678 562	880 347
Bank interest and others	17 916	35 642
Fair value gains and losses	75 284	(3 212 782)
Others income	1 035 086	781 652
	3 806 848	(1 515 141)

25. FEES AND COMMISSION INCOME

(i) Fees

	2018	2017
	MUR	MUR
Accident and health	782 430	602 950
Others	1 232 534	477 334
	2 014 964	1 080 284

(ii) Commission income		
Accident and health	402 631	74 705
Others	2 286 529	1 550 957
	2 689 160	1 625 662
Total	4 704 124	2 705 946

26. REALISED/UNREALISED GAINS

	2018	2017
	MUR	MUR
Realised currency gains	-	51 908

27. GROSS CLAIMS PAID

	2018	2017
	MUR	MUR
Accident and health	143 050 246	150 591 507
Others	35 966 236	14 031 045
	179 016 482	164 622 552

28. MOVEMENT IN OUTSTANDING CLAIMS

	2018	2017
	MUR	MUR
Accident and health	12 210 554	(3 256 515)
Others	16 293 321	6 496 053
	28 503 875	3 239 538

29. OTHER OPERATING AND ADMINISTRATIVE EXPENSES

	2018	2017
	MUR	MUR
Staff and related costs	19 846 623	16 219 595
Director fees and expenses	2 349 818	1 894 273
Accommodation costs	4 059 700	3 428 554
Office service costs	3 324 930	3 308 992
Legal and professional fees	3 203 765	680 086
Depreciation	9 832	-
Others	1 087 621	535 469
	33 882 289	26 066 969

Staff and related costs are analysed as follows:

	2018	2017
	MUR	MUR
Wages and salaries	25 743 867	21 827 828
Pension	2 185 032	2 331 742
Social Security	832 635	841 595
Employee development	352 018	123 465
Expense reserves (note 17(c))	(10 494 049)	(9 348 898)
Other costs	1 227 120	443 863
	19 846 623	16 219 595

	2018	2017
Number of employees at year end	49	48

30. COMMISSIONS PAID

	2018	2017
	MUR	MUR
Accident and health	6 892 256	5 822 489
Others	5 216 596	1 863 728
	12 108 852	7 686 217

31. CLAIMS CEDED TO REINSURERS

	2018	2017
Accident and health	42 225 427	-
Others	16 062 660	6 969 495
	58 288 087	6 969 495

32. RELATED PARTY DISCLOSURES

2018

Relationship	Remuneration and benefits	Sales of goods or services	Purchase of goods or services	Net amount payable to related parties	Net amount receivable from related parties
	MUR	MUR	MUR	MUR	MUR
Ultimate shareholder	-	-	-	1	-
Holding company	-	689 226	-	-	-
Subsidiaries	-	15 100 001	4 735 310	20 821 135	1 360 143
Key management personnel	2 237 695	-	-	-	-
	2 237 695	**15 789 227**	**4 735 310**	**20 821 136**	**1 360 143**

Key management personnel	**MUR**
- Short-term employee benefits	**2 071 581**
- Post-employment benefits	**166 114**
	2 237 695

2017

Relationship	Remuneration and benefits	Sales of goods or services	Purchase of goods or services	Net amount payable to related parties	Net amount receivable from related parties
	MUR	MUR	MUR	MUR	MUR
Ultimate shareholder	-	-	-	1	-
Holding company	-	85 220	-	-	-
Subsidiaries	-	13 689 256	3 269 970	15 380 718	1 259 751
Key management personnel	1 985 473	-	-	-	-
	1 985 473	13 774 476	3 269 970	15 380 719	1 259 751

Key management personnel	MUR
- Short-term employee benefits	1 843 448
- Post-employment benefits	142 025
	1 985 473

The transactions from related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables and payables. At each financial year, an assessment of provision for impairment is undertaken.

33. CAPITAL COMMITMENTS

Capital commitments as at the reporting date amounted to MUR 21,525,975 representing the implementation of a new General Insurance Policy Administration System. An amount of MUR 9,260,047 has already been paid as at 30 June 2018 and accounted under other receivables as advance payment.

34. SHARED SERVICE ARRANGEMENT

The Company has entered into a "shared service arrangement " with its subsidiary, National Insurance Co. Ltd for the apportionment of common costs including usage of space of its subsidiary's property. The transaction is considered at arm's length.

35. HOLDING COMPANY AND ULTIMATE BENEFICIAL OWNER

The Directors regard the National Property Fund Ltd as its holding company which is ultimately wholly owned by the Government of Mauritius.

On incorporation date, the Company's shareholder was the Government of Mauritius. The shares were thereafter transferred to the National Property Fund Ltd on 08 March 2016.

36. CONTINGENT LIABILITIES

The Company may face litigations arising in the normal course of the insurance business. The directors are of the opinion that these litigations will not have a material impact on the financial position or results of the Company, as the insurance contract liabilities consider potential claims related to these litigations in their estimation.

As at 30 June 2018, there were contingent liabilities amounting to MUR 2,978,000.

37. COMPLIANCE WITH INSURANCE ACT 2005

The Company's capital and solvency margins are below the minimums required by the Insurance Act 2005 as at reporting date. The Board has escalated the issue to the ultimate Shareholder, the Government of Mauritius, to ensure that urgent measures are taken to meet the capital and solvency requirements. Subsequent to the reporting date, there has been an injection of capital in September 2019 (as disclosed under note 39) which has addressed the non-compliance issue.

38. GOING CONCERN

As per the Statutory Actuary's report, it is noted that the Minimum Capital Requirement as per the Insurance (General Insurance Business Solvency) Rules 2007 under the Insurance Act 2005 has not been met as at 30 June 2018.

Following capital injection of MUR 150,000,000 in September 2019, the Minimum Capital Requirement as per the Insurance Act 2005 has been addressed. The financial statements of the Company have therefore been prepared on a going concern basis.

39. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the shareholder has, in September 2019, injected an amount of MUR 150,000,000 in the Company. The increase in capital has addressed the non-compliance with the Insurance (General Insurance Business Solvency) Rules 2007 under the Insurance Act 2005.

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