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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

- Protection Plans
- Savings Plans
- Education Plan

For Corporate Needs

- Group Life Plans

GENERAL Insurance

For Personal Needs

- Accident & Healthcare Policy
- Motor Policy
- Travel Policy
- Home Policy

- For Corporate Needs - Group Healthcare Policy
- Group Personal Accident Policy
- Property Policy
- Motor & Fleet Policy
- Liability Policy
- Guarantee Policy
- Engineering Policy
- Transportation Policy
- Group Travel & Miscellaneous Policy

PENSIONS

For Personal Needs

- Retirement Plan

- Home Loan

LOANS

- Education Loan

For Personal Needs

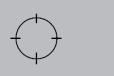
- Policy Loan

For Corporate Needs

- Group Pension Schemes

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

DIRECTORS' PROFILES

1. Mr. Tamanah Appadu

(Ceased on 14 May 2019)

Mr. Tamanah Appadu was 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

(Appointed as from 16 August 2016)

Mr. Jean Daniel Henry is a Director of Development Bank of Mauritius Ltd and is also the Chairman of DBM Financial Services Ltd. He holds an MBA with specialisation in Project Management, a Diploma in Project Management, a Diploma in Advance Technical Training from University Tamil Nadu, Chennai and a certificate in Investment in Excellence. He has over 7 years of experience in the construction sector.

3. Dr. Daneshwar Doobree

(Appointed as from 14 October 2016)

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 the 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 25 years. He is a Rotarian and is engaged in a number of philanthropic and social activities.

4. Mr. Vidianand Luchmeepersad

(Ceased on 29 May 2019)

Mr. Vidianand Luchmeepersad is a fellow of the Institute of Chartered Secretaries and Administrators and holds also a Master of Business Administration (MBA) with specialization in Marketing. He was Senior Chief Executive at the Ministry of Finance and Economic Development (previously the Permanent Secretary) and was posted as Senior Chief Executive at the Ministry of Housing and Lands in 2019. He was 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 PwC 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 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. During his directorship, he was the Chairman of the Public Service Commission (PSC) and the Disciplined Forces Service Commission (DFSC).

5. Mr. Sameer Udhin Chitbahal

(Ceased on 06 May 2019)

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

6. Mr. Joseph Benoit Mamet

(Appointed as from 22 May 2017)

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

(Appointed as from 25 May 2017)

Dr. 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 also holds a Doctor and 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. Dhanunjaye Gaoneadry

(Ceased on 07 February 2019)

Mr. Dhanunjaye Gaoneadry has been the Permanent Secretary at the Ministry of Financial Services and Good Governance up to October 2020. He holds a diploma in Public Administration and has almost 40 years of experience having served at different levels in various ministries.

9. Mr. Shastree Ramodhin

(Ceased on 16 July 2020)

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.

10. Mr. Chettandeo Bhugun

(Ceased on 27 November 2017)

Mr. Chettandeo Bhugun was 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).

11. Late Mr. Oodaye Prakash Issary

(Appointed Director on 19 February 2019 and Chairperson on 20 February 2019 and ceased on 08 December 2019)

Late Mr. Oodaye Prakash Issary was the Chief Executive Officer of the National Property Fund Ltd. He was a Fellow of the Association of Chartered Certified Accountants (FCCA). With his background in accounting, audit and advisory practice, he had international industry experience and cumulated 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 was highly involved in the implementation of business strategy, championing operational efficiency and continuous improvement in bottom line.

12. Dr. Sudhirsen Kowlessur

(Appointed as from 12 June 2019)

Dr. Sudhirsen Kowlessur is presently the Chief Health Promotion and Research Coordinator at the Ministry of Health and Wellness. He is also the Head of Non-Communicable Disease and Health Promotion Unit at the same Ministry. He holds an 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.

13. Mrs. Tej Asha Mudhoo

(Appointed as from 05 December 2019)

Mrs. Tej Asha Mudhoo is currently the Permanent Secretary at the Prime Minister's Office (Private Office). She holds an MBA with specialisation in Human Resource Management, a BSC (Hons) Management with specialisation in Public Administration and Management, and a Diploma in Management with specialisation in Public Administration and Management. She has more than 40 years of experience in the public service. She has also served as Director on various Boards and is, among others, a Director on the Board of the Mauritius Broadcasting Corporation.

14. Mr. Kresh Seebundhun

(Appointed as from 11 December 2019)

Mr. Kresh Seebundhun is currently a Lead Analyst at the Ministry of Finance, Economic Planning and Development (MFEPD). He is a Fellow of the Association of Chartered Certified Accountants (UK) since 1996. He has a long outstanding career in the field of financial management in the public sector since he joined the MFEPD in July 1987. He has been a director on the board of various parastatal bodies and state owned companies. He has also served as Company Secretary for Mauritius Post Ltd and its subsidiary.

15. Mr. Vikash Peerun

(Appointed as Director and Chairperson as from 20 February 2020)

Mr. Vikash Peerun was appointed Chairman of the Board of the National Insurance Co. Ltd and NIC General Insurance Co. Ltd on 20 February 2020. He is currently the Chief Executive Officer of the National Property Fund Ltd, the holding company of the NIC Group. Mr. Peerun holds an MSc International Securities, Investment & Banking from the University of Reading, UK and a BA Dual (Hons) Business Administration & Environment Management from Keele University, UK. He also holds professional membership with the Association of Certified Fraud Examiners, US and is an affiliate of the Association of the Chartered Certified Accountants (ACCA). He has significant experience and expertise in the field of financial services, forensic & money-laundering investigation, compliance & management amongst others. He fulfilled several senior roles both locally and internationally with key institutions including SBM Bank (Mauritius) Ltd, Serious Fraud Office (UK) and Independent Commission against Corruption (Mauritius) amongst others.



SENIOR MANAGEMENT

PROFILES

1. Mr. Anil Sewpaul - Chief Executive Officer

(Ceased on 31 August 2018)

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 -** Officer-In-Charge & Chief Operating Officer (Appointed Officer-In-Charge as from 03 September 2018)

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 over 20 years of experience at management level across industries primarily in Insurance, 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 Ex-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 & NIC General Insurance Co. Ltd, two entities that were set up to take over the life and general insurance businesses of Ex-BAI Co (Mtius) Ltd, before being appointed Officer in Charge in September 2018. 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 Charter holder. He cumulates over 20 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 and is a fellow member of the Mauritius Institute of Directors. 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, a Bachelor (Hons) in Law and an LLM in International Financial and Commercial Law. She is a Chartered Governance Professional and a Fellow Member of The Chartered Governance Institute (FCG), a Chartered Member of the Chartered Institute of Personnel and Development (CIPD) 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 General Insurance Operations, Insurance BPO, Legal & Compliance and Human Resources. She also fulfils the roles of Chairperson in the Board of Trustees of the NIC Multi-Employer Pension Scheme and Alternate to Money Laundering Reporting Officer. She has held various strategic positions in her cross-industry experience of over 25 years notably in Insurance, Financial Services, Business Process Outsourcing, Healthcare Services and Retail markets.

5. Mr. Shafique Bhunnoo - Chief Actuarial Officer

Mr. Bhunnoo is a Fellow of the Institute and Faculty of Actuaries (UK) and has over 30 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 & Statistics, Pensions, Reinsurance, Loan and Procurement & Inventory. 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 UK.

6. Mr. Sorens 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 25 years of professional experience in the life insurance industry. He is presently the Chief Technical Officer at National Insurance Co. Ltd in charge of the Life Insurance Operations, leading inter alia, Underwriting, Claims, Benefits Processing, Portfolio Maintenance and as well as Registry and Facilities Management as shared service functions for NIC General Insurance Co. 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 Group. He was a finalist for Sales Director of the Year in the British Excellence Sales and Marketing Award (BESMA) in 2010.

7. Mr. Jacques Dany Tong Sam – Head of Customer Service

(Also fulfilled the role of Risk Officer & Complaints Coordinator up to October 2019)

Mr. Tong Sam is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Mauritius Institute of Professional Accountants. He holds a BA(Hons) in Accounting in Finance, a Master in Business Administration (MBA) in Financial Management and followed a specialised course on Business Continuity Management from the BCM Institute Singapore. He cumulates over 23 years of professional experience in Accounting and Financial Management, Operations & Risk Management, Corporate Finance, Merger & Aquisition, Banking, Customer Relations and Insurance Operations (Underwriting & Claims Management). He fulfilled the role of Complaints Co-ordinator, Risk Officer and was the Chairperson of the Risk Management Committee and member of the Management Credit Committee. He was a former panel network member of ACCA Mauritius and held the post of Vice Chairperson for one year.

8. Mr. Kavidutt Dinand - Head of Finance

Mr. Dinand is a Fellow of the Association of Chartered Certified Accountants (FCCA). He has over 20 years of professional experience in the Financial Services Sector. He held various positions in his cross-industry experience of over 20 years notably in Insurance, asset management, brokerage services and global business. He has also fulfilled the position of Senior Vice President and Chief Financial Officer at Bramer Asset Management Ltd till May 2017 and assisted on various international projects.

9. Mr. Laxman Mewasingh – Head of Legal & Compliance (Also fulfils the role of Money Laundering Reporting 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.

10. Mr. Kailash Moloye - Head of Human Resources & Corporate Services (Also fulfilled the role of Secretary to Board Committees up to 24 September 2020)

Mr. Moloye is a Chartered Governance Professional and a Fellow Member of The Chartered Governance Institute (UK). He holds a BSc (Hons) in Management and a Diploma in Business Administration and cumulates over 20 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.

11. Mr. Hemraj Pallut - Head of Facilities & Logistics

Mr. Pallut holds a B.Eng. (Hons) Mechanical Engineering from University of Mauritius, a Diplôme d'Etudes Professionnelles Approfondies (DEPA) en Entrepreneuriat from Institut de la Francophonie pour l'Entrepreneuriat (Mauritius), a Diplôme d'Etudes Supérieures Spécialisées (DESS) Création d'Entreprise et Gestion de Projets Innovants from Université Montesquieu - Bordeaux IV (France) and a Project Leadership Certification from the University of Technology, Mauritius. He cumulates over 20 years of professional work experience in various sectors of the economy including services & manufacturing, with extensive experience in investment promotion & facilitation, business development and projects.

12. Mr. Sachin Ashley Mulloo - Head of Pensions

Mr. Mulloo holds a BSc in Actuarial Science from CASS Business School, London and a Diploma in Actuarial Techniques from the Institute and Faculty of Actuaries, UK. He has over 10 years of professional experience in the field of risk management, pension fund administration, product development, product pricing and development, actuarial valuation, analytics and strategic planning.

13. Mr. Pawan Kumarsingh Canhye - Internal Auditor

(Also fulfils the role of Risk Officer as from 15 January 2020)

Mr. Canhye is a Fellow of the Association of Chartered Certified Accountants and a Member of the Institute of Internal Auditors. He cumulates over 15 years of professional work experience, including over 13 years within the Internal Control and Audit fields. Mr. Canhye, has prior to his appointment as Internal Auditor at the National Insurance Co. Ltd, successively held the posts of Internal Control Officer, Assistant Manager-Internal Control and Manager-Internal Audit, respectively. He was appointed Risk Officer in January 2020 and also acts as the Chairperson of the Risk Management Committee.

14. Mr. Ashwin Mussai - Lead-Customer Service

(Also fulfils the role of Complaint Co-ordinator as from 13 January 2020)

Mr. Mussai is a member of the Chartered Professional Accountants order of Québec (CPA). He holds an MBA and a Bachelor of Commerce (Joint Honours Economics and Finance) and cumulates over 20 years of professional work experience. He had been managing the procurement function since July 2015, following which he was appointed as Customer Service Lead in February 2017. Mr. Mussai had also been managing the property development projects under Ex–BAI Co. (Mtius) Ltd, whereby he was a key player in the cost savings project. He has worked for IKEA Canada in successive roles of Financial Controller, Finance & Operations Manager, and Acting CEO and was part of the IKEA North America Financial team (covering Canada and US East regions) from 2002-2009. He has also worked for the Royal Bank of Canada as Business Banking Accounts Manager, as Manager Retail Financial Services at National Bank of Canada and as Financial Advisor for Industrielle Alliance Insurance Group Canada from 1997-2002.



CORPORATE GOVERNANCE REPORT

INTRODUCTION

National 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 long term 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 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 level to all the Principles contained in the Code, and provides explanations for any deviation.

1. PRINCIPLE ONE - 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 & compliance matters, internal control and service standards amongst others.

The Board also fulfils a strategic mission, as set out by the Ultimate 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 October 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 Mauritius Companies Act 2001.

The following information are available at the registered address of the Company and published on the Company's website:

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

1.1 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 actions and decisions of such Committees.



The Internal and External Auditors and the Risk Officer report directly to the Audit & Risk Committee.

1.2 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 Mauritius Companies Act 2001, Insurance Act 2005, Financial Reporting Act 2004 and other applicable law and guidelines.

1.3 Key Governance Positions

1.3.1 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 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 is 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 Board Members is evaluated regularly;
- (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.

The Board was chaired by Mr. D. Gaoneadry as at 30 June 2018.

1.3.2 Chairperson of the Audit & Risk Committee

The Chairperson of the Audit & Risk Committee works in close cooperation 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 and Risk Committee to the Board.

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

1.3.3 Chairperson of the Corporate Governance & Human Resource Committee

The Chairperson of the Corporate Governance & 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.

1.3.4 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.

1.3.5 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 as at 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.

1.4 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 14.

Mr. Anil Sewpaul - Chief Executive Officer

(Ceased on 31 August 2018)

- 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 - Officer-In-Charge & 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 shared service function comprising of 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

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. Sorens Pershing Rughooputh - Chief Technical Officer

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

Mr. Jacques Dany Tong Sam - Head of Customer Service

(Also fulfilled the role of Risk Officer & Complaints Coordinator up to October 2019)

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

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 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

Mr. Kailash Moloye - Head of Human Resources & Corporate Services

(Also fulfilled the role of Secretary to Board Committees up to September 2020)

- 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. Sachin Ashley Mulloo - Head of Pensions

- Provides functional leadership and implements strategies to attain business objectives
- Responsible for the Pensions function

Mr. Pawan Kumarsingh Canhye - Internal Auditor

(Also fulfils the role of Risk Officer as from 15 January 2020)

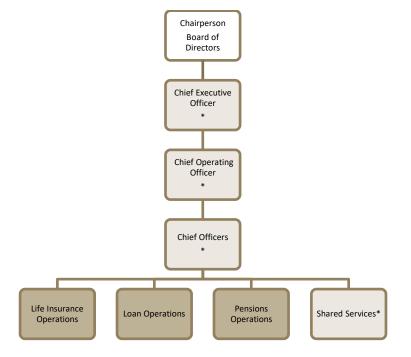
- Provides internal audit services to assess internal control, business and risk management processes
- Responsible for reporting of audit findings and recommendations to the Audit & Risk Committee

Mr. Ashwin Mussai - Lead-Customer Service

(Also fulfils the role of Complaint Co-ordinator as from 13 January 2020)

- Provides functional leadership and implements strategies to attain business objectives
- Responsible for the Customer Service and Complaints functions

1.5 Organisation Chart



* Also fulfils a shared role in the 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 NIC Group (National Insurance Co. Ltd & NIC General Insurance Co. Ltd & NIC Services Co. Ltd) as follows:

- 1. The Chief Officers having broad responsibility of leadership and accountability of Strategic and Shared Services functions across the NIC. The Shared Services functions comprises of:
 - Finance & Accounting
 - 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 the Life Insurance, Loan and Pensions operations fall under the respective Chief Officers.
- 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.

2. PRINCIPLE TWO - STRUCTURE OF THE BOARD & 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."

2.1 Board Structure & 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.

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	16 August 2016	-	Independent & Non-Executive
3.	Dr. Daneshwar Doobree	14 October 2016	-	Non-Independent & Non-Executive
4.	Mr. Vidianand Luchmeepersad	16 May 2017	29 May 2019	Non-Independent & Non-Executive
5.	Mr. Sameer Udhin Chitbahal	16 May 2017	06 May 2019	Independent & Non-Executive
6.	Mr. Joseph Benoit Mamet	22 May 2017	-	Independent & Non-Executive
7.	Dr. Arty Rambharush	25 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	16 July 2020	Independent & Non-Executive

Subsequent appointments:

	Subsequent appointments.				
No.	Name of Directors	Date of appointment	Date of Cessation	Classification	
11.	Mr. Sudhirsen Kowlessur	12 June 2019	-	Non-Independent & Non-Executive	
12.	Late Mr. Oodaye Prakash Issary (Chairperson from 20 February 2019 to 08 December 2019)	19 February 2019	08 December 2019	Non-Independent & Non-Executive	
13.	Mrs. Tej Asha Mudhoo	05 December 2019	-	Non-Independent & Non-Executive	
14.	Mr. Kresh Seebundhun	11 December 2019	-	Non-Independent & Non-Executive	
15.	Mr. Vikash Peerun - (Chairperson from 20 February 2020)	20 February 2020	-	Non-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 Committees 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 do not have relationships with the majority shareholder.

2.2 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 and as at the date of signing the financial statements of two female directors.

2.3 Directorship

2.3.1 Executive Director

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

The Board of Directors is of the opinion that the Board is appropriately constituted for the execution of its responsibilities. The day to day management of the operations of the Company were performed by the Chief Executive Officer, who reported directly to the Board.

2.3.2 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 and to ensure gender diversity.

2.3.3 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.

2.4 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 Board also follows the principles of good corporate governance as recommended in the Code.

2.5 Board Meetings

The Board met sixteen (16) 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 through the appointed Transaction Advisor;
- (c) Employee job grading, benefit structures and other conditions of employment;
- (d) Employee pension related matters;
- (e) Negotiation for removal of encumbrances on assets;
- (f) Risk Management Framework;
- (g) Branch operations and outlets;
- (h) The recruitment and selection processes for open positions;
- (i) The investment decisions and returns thereof including optimisation of the property portfolio;
- (j) The examination and endorsement of the recommendations of various Board Committees;
- (k) The reviews of tenders for allocation of contracts to service providers; and
- (I) The major legal affairs and undertakings, including litigation cases.

2.6 Board Committees

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 October 2019. The Board ensures that the Company is being managed in line with its objectives through deliberations and reporting of its various Committees.

2.6.1 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 was 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 cooperation 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.

2.6.2 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.

As at 30 June 2018, the Corporate Governance & Human Resource Committee was 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 and 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.

2.6.3 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.

2.7 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 (16)	Corporate Governance & Human Resource Committee Meetings	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 2016 up to 14 May 2019)	7/16	1/1	4/6	1/2
Mr. Dhanunjaye Gaoneadry (appointed on 18 December 2017 up to 07 February 2019)	10/11	N/A	N/A	N/A
Mr. Jean Daniel Henry (appointed on 16 August 2016)	8/16	0/1	N/A	N/A
Dr. Daneshwar Doobree (appointed on 14 October 2016)	15/16	1/1	6/6	2/2
Mr. Vidianand Luchmeepersad (appointed on 16 May 2017 up to 29 May 2019)	9/16	1/1	6/6	2/2
Mr. Sameer Udhin Chitbahal (appointed on 16 May 2017 up to 06 may 2019)	15/16	N/A	6/6	2/2
Mr. Joseph Benoit Mamet (appointed on 22 May 2017)	16/16	N/A	6/6	2/2
Dr. Arty Rambharush (appointed on 25 May 2017)	16/16	1/1	6/6	N/A
Mr. Shastree Ramodhin (appointed on 29 December 2017 up to 16 July 2020)	10/10	N/A	1/1	0/2

2.8 Directorships of Directors in other Companies

Name of Director	Name of Company	Designation
Dr. Arty Rambharush	NIC General Insurance Co. Ltd	Director
Dr. Daneshwar	NIC General Insurance Co. Ltd	Director
Doobree		
Mr. Jean Daniel Henry	NIC General Insurance Co. Ltd	Director
	Development Bank of	Director
	Mauritius Ltd	
	DBM Financial Services Ltd	Chairman
Mr. Benoit Mamet	NIC General Insurance Co. Ltd	Director
	National Property Fund Ltd	Director
Mr. Shastree	NIC General Insurance Co. Ltd	Director
Ramodhin		
Mr. Vidianand	SBM Holdings Ltd	Director
Luchmeepersad	The State Investment	Director
	Corporation Limited	
	NIC Healthcare Co. Ltd	Chairman
	NIC General Insurance Co. Ltd	Director
	Mauritius Technologies	Chairman
	Holdings Ltd	
	National Property Fund Ltd	Director
	National Day Celebrations Co.	Director
	Ltd	
	Landscope (Mauritius) Ltd	Director
	Mauri-Facilities Management	Chairman
	Company Ltd	
	National Housing	Director
	Development Co Ltd	
	Mauritius Housing Company	Director
	Ltd	
Mr. Tamanah Appadu	NIC General Insurance Co. Ltd	Director (up to 14 May 2019)
Mr. Sameer Udhin	NIC General Insurance Co. Ltd	Director (up to 06 May 2019)
Chitbahal	National Property Fund Ltd	Director (up to 06 May 2019)
Mr. Dhanunjaye	NIC General Insurance Co. Ltd	Chairman (up to 07 February
Gaoneadry		2019)
	National Property Fund Ltd	Chairman (up to 16 October
		2020)
Mr. Chettandeo	NIC General Insurance Co. Ltd	Chairman <i>(up to 27</i>
Bhugun		November 2017)

3. PRINCIPLE THREE – 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."

3.1 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 & Human Resource 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 & 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 biographies of the current directors have been provided on pages 6 to 9.

3.2 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 biography of the Company Secretary including its experience, skills and expertise.

4. PRINCIPLE FOUR - 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."

4.1 Legal Duties

All Directors are fully aware of their fiduciary duties. The duties of directors are listed in the Mauritius Companies Act 2001, with other legal obligations 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.

4.2 Code of Ethics

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

4.3 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.

4.4 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 and 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.

4.5 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.

4.6 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 and Corporate Reporting;
- Oversight of Management;
- Composition of the Board; and
- Conduct of Board and Board Committee Meetings.

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.

4.7 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)
7.	Non-Executive Directors	2,362,318
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: 93% (Retainer Fees)
- Variable: 7% (Adhoc Committees & Meetings)

The Company does not have any long-term incentive plans apart from the Occupational 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.

5. PRINCIPLE FIVE – 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.

5.1 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.

5.2 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.
- (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 Audit & Risk 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 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.

5.3 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 at the Company by the Internal Audit Department under the supervision of the Internal Auditor. This falls under the aegis of the Audit & Risk 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.

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

The Audit & Risk Committee has appointed an Internal Auditor for independently 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 significant area 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 is in the process of replacing obsolete end-user equipment and is presently evaluating the proposals for overhauling the ICT infrastructure.

5.5 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 (2002).

6. PRINCIPLE SIX: 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 and on its website"

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), the Mauritius Companies Act 2001, Financial Reporting Act 2004 and Insurance Act 2005.

The financial statements of the Company include its Annual Report 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. Information in relation to the financial statements and other key corporate governance of the Company is available on the Company's website.

6.1 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.

6.2 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 preprimary school curriculums through fun events on healthy eating and activities (#GetHealthy Kids).

There was no donation made during the year.

7. PRINCIPLE SEVEN – 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 internal and external auditors"

7.1 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 senior resource with long standing auditing expertise. The Department also conducts internal audits for its holding company, NIC General 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: finance payment process, premium allocation & refund processes, ICT backup and access rights, corporate sales receipt books, branch operations, returned cheques, procurement & supply, recovery process, claims register reconciliation, processing of applications and benefits & claims.

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.

7.2 External Audit

The Company has appointed Moore 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. Moore Mauritius has been appointed as external auditor of the Company for the financial period/years up till 30 June 2020.

7.3 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, excess in assets concentration, asset-liability mix, the valuation of transferred policyholders' liabilities and capital requirements 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 Ultimate Shareholder where applicable. A Letter of Guarantee of up to MUR 6bn was provided by the Government in 2018 to back the business and support its going concern, and a Restructuring Plan was alongside required for implementation so as to transform the business challenges and for the long term sustainability of the Company. The Ultimate Shareholder has agreed to increase the share capital of the Company by MUR 5.7bn post the Balance Sheet date of 30 June 2020. A significant part of the gaps in assets and Minimum Capital Requirements were addressed through capital injection by the Ultimate Shareholder prior to the signature of the audited financial statements in December 2020 (MUR 4bn injected in November 2020 and the remaining MUR 1.7bn is planned to be injected in 2021). A Contingency Plan has been prepared in line with the requirements of the Insurance Act 2005 and submitted along with the signed financial statements for the year ended 30 June 2020.

7.4 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 auditor. The Audit & Risk Committee assesses the qualifications and performance of the auditor, the quality of the auditor's communications with the Audit & Risk Committee and the auditor's independence, objectivity and professional scepticism.

7.5 Information on non-audit services

The Company has used the services of Moore Mauritius for tax compliance.

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

8. PRINCIPLE EIGHT - 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"

8.1 SHARE CAPITAL STRUCTURE

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

Name	Percentage Holding
NIC General Insurance Co. Ltd	100%

The Company is ultimately owned by the Government of Mauritius.

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

8.2 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.

8.3 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.

The Company ensures that there is regular contact and dialogue with the sole shareholder to keep them 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.

8.4 COMPANY KEY STAKEHOLDERS

Regulator & Authorities

Relationships with the regulator and authorities, 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.

8.5 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

9. STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act 2004)

Name of PIE: National Insurance Co. Ltd.

Reporting period: 30 June 2018

We, the Directors of National 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 National Code of Corporate Governance for Mauritius (2016) ("the Code") except for the following section:-

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

Principle 1: 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 October 2019.

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

Principle 2: 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 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.

Principle 4: 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: 22 DEC 2020

Mr. Vikash Peerun

Director

Mr. Kresh Seebundhun



The Directors have the pleasure in submitting the Annual Report of **National 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 long term insurance business.

2. RESULTS FOR THE YEAR

The statement of profit or loss and other comprehensive income for the year is shown on page 66.

3. DIRECTORS

The Directors of the Company are as follows:

	Date of appointment	Date of resignation
Non-Executive Chairman		
Mr. Vikash Peerun (Chairperson from 20 February 2020)	20-Feb-20	-
Late Mr. Oodaye Prakash Issary (Chairperson from 20 February 2019 to 08 December 2019) Mr. Dhanunjaye Gaoneadry	19-Feb-19	08-Dec-19
(Chairperson from 18 December 2017 to 07 February 2019)	18-Dec-17	07-Feb-19
Mr. Chettandeo Bhugun (Chairperson from 14 June 2017 to 27 November 2017)	03-May-17	27-Nov-17
Independent and Non- Executive Director		
Mr. Jean Daniel Henry Mr. Sameer Udhin Chitbahal Mr. Joseph Benoit Mamet Dr. Arty Rambharush Mr. Shastree Ramodhin	16-Aug-16 16-May-17 22-May-17 25-May-17 29-Dec-17	- 06-May-19 - - 16-Jul-20
Non-Executive Director		
Mr. Tamanah Appadu Dr. Daneshwar Doobree	21-Apr-16 14-Oct-16	14-May-19 -
Mr. Vidianand Luchmeepersad	16-May-17	29-May-19
Dr. Sudhirsen Kowlessur Mrs. Tej Asha Mudhoo Mr. Kresh Seebundhun	12-Jun-19 05-Dec-19 11-Dec-19	-
MI. KIESII SEEDUITUITUIT	11-066-13	-

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	2,362,318	2,103,410

There was no executive director for the year ended 30 June 2018 (2017: Nil).

8. DONATION

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

9. AUDITORS' REMUNERATION

	2018		201	2017		
	Audit MUR	Others MUR	Audit MUR	Others MUR		
Moore Mauritius (formerly known as Moore Stephens (Mauritius))	1,065,000		1,065,000	-		

Moore Mauritius, Chartered Accountants, have shown their willingness to continue to act as auditors of the Company. A resolution for their re-appointment in accordance with Section 200 (1) of the Mauritius Companies Act 2001, as auditors of the Company will be proposed at the Annual Ceneral Meeting.

On behalf of the Board of Directors.

Chairman

Mr. Vikash Peerun

Director

Mr. Kresh Seebundhun

Date: 22 DEC 2020



National 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 Shareholders of the Company, the Company has filed with the Registrar of Companies, all such returns as are required under Section 166(d) of the Companies Act 2001, save and except the Annual Reports and Audited Financial Statements for the financial years ended 30 June 2018 and 30 June 2019. The Annual Report and Audited Financial Statements for the financial year ended 30 June 2018 are now being filed.

Prime Partners Ltd Corporate Secretary Per Gopal Bullyraz

Date: 22 DEC 2020





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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF National Insurance Co. Ltd

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of **National Insurance Co. Ltd** ("the Company") set out on pages 65 to 125, 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 then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements give a true and fair view of the financial position of 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, the Financial Reporting Act 2004 and the Insurance Act 2005.

Basis for opinion

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

Emphasis of matter

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in notes 39 and 40 concerning the Company's ability to continue as a going concern and non-compliance with the Insurance (Long-term Insurance Business Solvency) Rules 2007 under the Insurance Act 2005, respectively. After accounting for a goodwill written-off of MUR 4,543,364,079 in 2016, the Company reported a shareholder's deficit of MUR 4,475,768,207 as at 30 June 2018 (2017: MUR 4,545,545,676). For the Company to continue its operations, the ultimate shareholder has provided a letter of guarantee to confirm its financial support. Subsequent to the reporting date, there has been an issue of shares of MUR 5,700,000,000, out of which, MUR 4,000,000,000 have been paid in November 2020 (as disclosed under note 43), which has significantly improved the Company's financial position. As further disclosed under note 39, the Company has prepared a contingency plan to meet the Minimum Capital Requirement and to comply with the Insurance (Long-term Insurance Business Solvency) Rules 2007 under the Insurance Act 2005 by end of financial year ending 30 June 2021. The contingency plan is based on key assumptions and judgement as detailed under note 6.9.

Our report is not qualified on this matter.





Report on the audit of the financial statements (continued)

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

1. Investment properties

Investment properties, which are significant assets on the Company's statement of financial position, are valued at MUR 1.9billion as at 30 June 2018, which represent 55% of the total assets of the Company. The Company measures its investment properties at fair value. The determination of fair value, which is a significant accounting estimate, is dependent on a range of judgemental assumptions. The valuation of investment properties was performed by an independent Chartered Valuation Surveyor. Due to the level of judgement involved and assumptions applied in the valuation of investment properties as well as the significance of these assets to the Company's statement of financial position, this is considered a key audit matter.

Related disclosures

Refer to notes 10, 3.16 (accounting policy) and 6.4 (critical accounting estimates) of the accompanying financial statements.

Audit response

- We assessed the design and operating effectiveness of management controls and systems in place around the valuation of investment properties;
- We appraised the valuation methodologies used and reviewed the appropriateness of the independent Chartered Valuation Surveyor's assumptions by carrying out a benchmarking exercise based on our knowledge of the property industry; and
- We verified on a sample basis the accuracy and relevance of the input data used within the fair value calculations.





Report on the audit of the financial statements (continued)

2. Investments in financial assets at fair value through profit or loss

The Company holds investments in financial assets at fair value through profit or loss amounting to MUR 399.8millions at the reporting date. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date, when assessing the fair value of financial assets. Several of the inputs required can be obtained from readily available liquid market prices and rates. Where observable market data is not available, estimates are developed based on the most appropriate source data and are subject to significant judgement. Given the significance of the above judgement and estimates, we believe that these are Key Audit Matters for our audit.

Related disclosures

Refer to notes 12, 3.7 (accounting policy) and 6.3 (critical accounting estimates) of the accompanying financial statements.

Audit response

- We reviewed the valuation methods used and discussed with management in respect of the reasonableness of the basis and assumptions they used; and
- We assessed the adequacy of the disclosures, including the degree of estimation involved in determining fair values.

3. Mortgage and other loans, insurance receivables and other receivables

As at 30 June 2018, the Company has mortgage and other loans MUR 213.2millions, insurance receivables of MUR 18.9millions and other receivables of MUR 176.7millions. Significant judgement is required to assess the credit risk attached to these financial assets. The net carrying amount of mortgage and other loans, insurance receivables and other receivables are measured at amortised cost less any provision for impairment. Provision for impairment is based on objective evidence of default. The Company's assessment of the recoverability of these financial assets is based on historical data, which involves an analysis and examination of the credit history and repayment ability of the counterparties.

Related disclosures

Refer to notes 13, 16, 17, 3.7 (accounting policy) and 6.8 (critical accounting estimates) of the accompanying financial statements.





Report on the audit of the financial statements (continued)

Key Audit Matters (continued)

3. Mortgage and other loans, insurance receivables and other receivables (continued)

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 measurement and the valuation process;
- We sought external confirmation of the outstanding amount from counterparties and performed alternative procedures to ensure existence and accuracy of those receivables where response rates were below our tolerable threshold;
- We reviewed the correspondence with the counterparties as a means to gauge recoverability; and
- We tested management's key assumptions in estimating credit risk and reviewed the methodology used for credit risk appraisal.

4. Long-term insurance funds

We considered the valuation of long-term insurance funds of MUR 7.2billions to be significant to the audit of the Company due to the complexity and significance in the assessment of estimates determined by projecting expected cash flows over the future. In particular, the actuarial assumptions and methodologies used in the valuation are dependent on the quality, integrity and accuracy of the data used in the valuations. The actuarial methodologies and assumptions are subject to a considerable level of judgements and estimates about future events that may have significant impact on the valuation of liabilities under long-term insurance funds.

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

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





Report on the audit of the financial statements (continued)

Key Audit Matters (continued)

4. Long-term insurance funds (continued)

The assumptions include the likelihood of policyholders ceasing their policies, the incidence of policyholder's sickness or death, future assumed investment return and risk discount rates. These assumptions are used in concurrence with policyholders' details to project the expected future cash flows related to the liabilities over the expected life of the in-force policies.

Data is a crucial input in the valuation process and the calculation of long-term insurance funds has a number of inputs, which are dependent on various processes for accurate and complete data.

Related disclosures

Refer to notes 22, 3.18 (accounting policy) and 6.1 (critical accounting estimates) of the accompanying financial statements.

Audit response

- We assessed the key controls in the long-term insurance funds measurement process. This included controls over the integrity of the base data used in the estimation process. The base data is projected over the expected life of the policy which may be a period of several years.
- We assessed the valuation methodology and assumptions for compliance with the latest actuarial guidance, legislation and approved Company policy;
- We analysed management's key assumptions around mortality, longevity, disability, morbidity and expenses and we assessed the results of management's experience analyses;
- We assessed the reasonableness of key assumptions used and any changes in methodology in line with changes in the industry and the Company's historical claims experience;
- We evaluated, on a sample basis, whether model and methodology changes have been appropriately implemented;
- We considered the level of margins held, management's justification for holding these margins and how these will be released in future; and
- We performed procedures over the Minimum Capital Requirements (MCR) calculation by comparing it with the applicable Solvency Rules and we evaluated management actions under the prevailing market conditions.





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.

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

Corporate Governance Report

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





Report on the audit of the financial statements (continued)

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Insurance Act 2005, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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





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.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the
 disclosures, and whether the financial statements represent the underlying transactions and events
 in a manner that achieves fair presentation.

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





Report on the audit of the financial statements (continued)

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

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

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

Other matter

This report is made solely to the Company's member, 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 member 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 member, 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.





Report on the audit of the financial statements (continued)

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). The non-compliances with the Insurance Act 2005 are disclosed under note 40.

MOORE MAURITIUS

(Previously known as MOORE STEPHENS)

Chartered Accountants

Port Louis

Republic of Mauritius

Arvin ROGBEER, FCA, FCCA Licensed by FRC

Date: 22 December 2020



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MUR		Notes	2018	2017
Non-current assets			MUR	MUR
Property, plant and equipment Intangible assets 8 406,670,114 401,010,494 (aptilation)	ASSETS			
Intangible assets 9	Non-current assets			
Investment properties	Property, plant and equipment	8	406,670,114	401,010,494
Investment in a subsidiary 11 1 399,759,032 353,623,240 Mortgage and other loans 12 399,759,032 353,623,240 Mortgage and other loans 13 206,281,161 200,571,481 2,959,861,464 2,893,793,752 Current assets	Intangible assets	9	6,251,156	9,313,536
investments in financial assets 12 399,759,032 353,823,240 Mortgage and other loans 13 206,281,161 200,571,481 Current assets Use a colspan="2">Use a colspan="2">Us	Investment properties	10	1,940,900,000	1,929,275,000
Mortgage and other loans 13 206,281,161 2.057,481 Current assets Current assets Mortgage and other loans 13 6,938,610 5,349,211 Reinsurance assets 14 928,385 736,854 Reinsurance receivables 15 3,999,259 1,284,617 Insurance receivables 16 18,913,031 18,561,283 Other receivables 17 176,723,685 195,829,387 Short term deposits 18(a) 122,491,080 21,836,000 Cash in hand and at bank 18(b) 226,717,409 149,495,081 Total assets 3,516,482,923 3,286,886,185 EQUITY AND LIABILITIES Equity 4,475,768,207 (4,575,545,676) Total equity 20 (4,505,768,207) (4,575,545,676) Total equity 20 2,723,332,449 7,061,220,567 Total equity 22 7,239,332,449 7,061,220,567 Outstanding claims 22 7,239,332,449 7,061,220,567 Outstanding claims 25 39,88	Investment in a subsidiary	11	1	1
Current assets 2,959,861,464 2,893,793,752 Current assets 13 6,938,610 5,349,211 Reinsurance assets 14 928,385 736,854 Reinsurance receivables 15 3,999,259 1,284,617 Insurance receivables 16 18,913,031 1,8561,283 Other receivables 17 176,723,685 195,829,387 Short term deposits 18(a) 122,491,080 21,836,000 Cash in hand and at bank 18(b) 226,717,409 149,495,081 Total assets 3,516,482,923 3,286,886,185 EQUITY AND LIABILITIES Equity 19 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,575,545,676) Total equity 2 7,239,332,449 7,061,220,567 Technical provisions 2 7,239,332,449 7,061,220,567 Outstanding claims 2 7,233,24,288 7,223,256,580 Non-current liabilities 2 39,880,000 36,993,000 Retirement benefit obligations	Investments in financial assets	12	399,759,032	353,623,240
Current assets Mortgage and other loans 13 6,938,610 5,349,211 Reinsurance assets 14 928,385 736,854 Reinsurance receivables 15 3,909,259 1,284,617 Insurance receivables 16 18,913,031 18,561,283 Other receivables 17 176,723,685 195,829,387 Short term deposits 18(a) 122,491,080 21,836,000 Cash in hand and at bank 18(b) 226,717,409 149,495,081 Total assets 3,516,482,923 3,286,886,185 EQUITY AND LIABILITIES Equity 556,621,459 393,092,433 Stated Capital 19 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,575,545,676) Total equity (4,475,768,207) (4,545,545,676) Technical provisions 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 Total equity 25 39,880,000 36,993,000 Non-current liabilities	Mortgage and other loans	13		
Mortgage and other loans 13 6,938,610 5,349,211 Reinsurance assets 14 928,385 736,854 Reinsurance receivables 15 3,909,259 1,284,617 Insurance receivables 16 18,913,031 18,561,283 Other receivables 17 176,223,685 195,829,387 Short term deposits 18(a) 122,491,080 21,836,000 Cash in hand and at bank 18(b) 226,717,409 149,495,081 Equity 556,621,459 393,092,433 Total assets 3,516,482,923 3,286,886,185 EQUITY AND LIABILITIES 5 4,505,768,207 (4,575,545,676) Equity 9 30,000,000 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,575,545,676) Total equity (4,475,768,207) (4,545,545,676) Technical provisions 22 7,239,332,449 7,061,220,567 Outstanding claims 22 7,239,332,449 7,061,220,567 Outstanding claims 25 39,880,			2,959,861,464	2,893,793,752
Reinsurance assets 14 928,385 736,854 Reinsurance receivables 15 3,909,259 1,284,617 Insurance receivables 16 18,913,031 18,661,283 Other receivables 17 176,723,685 195,829,387 Short term deposits 18(a) 122,491,080 21,836,000 Cash in hand and at bank 18(b) 226,717,409 149,495,081 Equity 556,621,459 393,092,433 Total assets EQUITY AND LIABILITIES Equity Stated Capital 19 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,545,545,676) Total equity (4,475,768,207) (4,545,645,676) Technical provisions Long term insurance funds 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 Non-current liabilities 25 39,880,000 36,993,000 Retirement benefit obligations 25 <	Current assets			
Reinsurance receivables 15 3,909,259 1,284,617 Insurance receivables 16 18,913,031 18,561,283 Other receivables 17 176,723,685 195,829,387 Short term deposits 18(a) 122,491,080 21,836,001 Cash in hand and at bank 18(b) 226,717,409 149,495,081 Total assets 3,516,482,923 3,286,886,185 EQUITY AND LIABILITIES 556,621,459 393,092,433 Equity 554,642,923 3,286,886,185 EQUITY AND LIABILITIES 19 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,575,545,676) Total equity 19 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,545,545,676) Technical provisions 22 7,239,332,449 7,061,220,567 Outstanding claims 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 No	Mortgage and other loans	13	6,938,610	5,349,211
Insurance receivables	Reinsurance assets	14	928,385	736,854
Other receivables 17 176,723,685 195,829,387 Short term deposits 18(a) 122,491,080 21,836,000 Cash in hand and at bank 18(b) 226,717,409 149,495,081 556,621,459 393,092,433 Total assets 3,516,482,923 3,286,886,185 EQUITY AND LIABILITIES 19 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,575,545,676) Total equity (4,475,768,207) (4,545,545,676) Technical provisions 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities 25 39,880,000 36,993,000 Current liabilities 25 39,880,000 36,993,000 Current liabilities 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281 572,182,281	Reinsurance receivables	15	3,909,259	1,284,617
Short term deposits 18(a) 122,491,080 21,836,000 Cash in hand and at bank 18(b) 226,717,409 149,495,081 556,621,459 393,092,433 Total assets 3,516,482,923 3,286,886,185 EQUITY AND LIABILITIES Equity Stated Capital 19 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,575,545,676) Total equity (4,475,768,207) (4,545,545,676) Technical provisions Long term insurance funds 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities 25 39,880,000 36,993,000 Current liabilities 25 39,880,000 36,993,000 Current liabilities 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Insurance receivables	16	18,913,031	18,561,283
Cash in hand and at bank 18(b) 228,717,409 149,495,081 556,621,459 393,092,433 Total assets 3,516,482,923 3,286,886,185 EQUITY AND LIABILITIES Equity 552,621,459 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,575,545,676) Total equity 20 (4,475,768,207) (4,545,545,676) Technical provisions 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities 25 39,880,000 36,993,000 Current liabilities 25 39,880,000 36,993,000 Current liabilities 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281 572,182,281	Other receivables	17	176,723,685	195,829,387
S56,621,459 393,092,433 3,286,886,185 SEQUITY AND LIABILITIES SEQUITY Stated Capital 19 30,000,000 30,000,000 (4,575,545,676) (4,575,545,676) (4,575,545,676) (4,475,768,207) (4,575,545,676) (4,475,768,207) (4,545,545,676) (4,475,768,207) (4,545,545,676) SECTION CONTROL OF A STATE OF A S	Short term deposits	18(a)	122,491,080	21,836,000
Total assets 3,516,482,923 3,286,886,185	Cash in hand and at bank	18(b)	226,717,409	149,495,081
Equity Stated Capital 19 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,575,545,676) Total equity (4,475,768,207) (4,545,545,676) Technical provisions Long term insurance funds 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities Retirement benefit obligations 25 39,880,000 36,993,000 Current liabilities Trade and other payables 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000			556,621,459	393,092,433
Equity Stated Capital 19 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,575,545,676) Total equity (4,475,768,207) (4,545,545,676) Technical provisions Long term insurance funds 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities Retirement benefit obligations 25 39,880,000 36,993,000 Current liabilities 25 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Total assets		3,516,482,923	3,286,886,185
Stated Capital 19 30,000,000 30,000,000 Reserves 20 (4,505,768,207) (4,575,545,676) Total equity (4,475,768,207) (4,545,545,676) Technical provisions Long term insurance funds 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities Retirement benefit obligations 25 39,880,000 36,993,000 Current liabilities Trade and other payables 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	EQUITY AND LIABILITIES			
Reserves 20 (4,505,768,207) (4,575,545,676) Total equity (4,475,768,207) (4,545,545,676) Technical provisions Long term insurance funds 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities Retirement benefit obligations 25 39,880,000 36,993,000 Current liabilities Trade and other payables 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Equity			
Total equity (4,475,768,207) (4,545,545,676) Technical provisions 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities 25 39,880,000 36,993,000 Retirement benefit obligations 25 39,880,000 36,993,000 Current liabilities 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Stated Capital	19	30,000,000	30,000,000
Technical provisions Long term insurance funds 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities 25 39,880,000 36,993,000 Retirement benefit obligations 25 39,880,000 36,993,000 Current liabilities 39,880,000 36,993,000 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Reserves	20	(4,505,768,207)	(4,575,545,676)
Long term insurance funds 22 7,239,332,449 7,061,220,567 Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities 25 39,880,000 36,993,000 Retirement benefit obligations 25 39,880,000 36,993,000 Current liabilities 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Total equity		(4,475,768,207)	(4,545,545,676)
Outstanding claims 23 163,991,839 162,036,013 7,403,324,288 7,223,256,580 Non-current liabilities 25 39,880,000 36,993,000 Retirement benefit obligations 25 39,880,000 36,993,000 Current liabilities 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Technical provisions			
Non-current liabilities 25 39,880,000 36,993,000 Retirement benefit obligations 25 39,880,000 36,993,000 Current liabilities 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Long term insurance funds	22	7,239,332,449	7,061,220,567
Non-current liabilities Retirement benefit obligations 25 39,880,000 36,993,000 39,880,000 36,993,000 Current liabilities Trade and other payables 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Outstanding claims	23	163,991,839	162,036,013
Retirement benefit obligations 25 39,880,000 36,993,000 39,880,000 36,993,000 Current liabilities 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281			7,403,324,288	7,223,256,580
Current liabilities 39,880,000 36,993,000 Current liabilities 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Non-current liabilities			
Current liabilities 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281	Retirement benefit obligations	25	39,880,000	36,993,000
Trade and other payables 21 194,046,842 217,182,281 Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281			39,880,000	36,993,000
Provisions for encumbrances 26 355,000,000 355,000,000 549,046,842 572,182,281				
549,046,842 572,182,281	A CONTRACTOR OF THE PROPERTY O		A STATE OF THE PARTY OF THE PAR	
	Provisions for encumbrances	26		
Total equity and liabilities 3,516,482,923 3,286,886,185			549,046,842	572,182,281
	Total equity and liabilities		3,516,482,923	3,286,886,185

These financial statements have been approved for issue by the Board of Directors on 2.2 DEC 2020 and signed on its tenality:

Mr. Vikash Peerun Chairman

Mr. Kresh Seebundhun Director

	Notes	2018	2017
		MUR	MUR
Revenue			
Gross premiums	28	1,474,333,960	1,417,867,277
Premiums ceded to reinsurers	29	(37,201,234)	(47,560,391)
Net premiums		1,437,132,726	1,370,306,886
Investment and other income	33	90,763,870	79,770,253
Fees and commission income	30	773,171	19,674,491
Other revenue		91,537,041	99,444,744
Total revenue		1,528,669,767	1,469,751,630
Benefits, claims, reserves and acquisition costs			
Benefits and claims	31	(912,734,434)	(1,160,448,907)
Claims ceded to reinsurers		26,738,047	22,694,446
Gross change in long term insurance funds	22	(178,111,882)	96,572,677
Change in long term insurance funds ceded to reinsurers		191,531	285,610
Acquisition costs	32	(132,702,776)	(117,956,650)
Net benefits, claims, reserves and acquisition costs		(1,196,619,514)	(1,158,852,824)
Other operating and administrative expenses	35	(315,818,579)	(279,337,385)
Net realised/unrealised gains / (losses)	34	42,620,309	(2,352,505)
Finance costs		(1,462,659)	(1,450,960)
Other expenses		(274,660,929)	(283,140,850)
Total benefits, claims, reserves, acquisition costs and other expenses		(1,471,280,443)	(1,441,993,674)
Profit before taxation		57,389,324	27,757,956
Income tax	27		
Profit for the year		57,389,324	27,757,956
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of retirement benefit obligations	25	(900,000)	(6,722,000)
Items that may be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment	8	13,288,145	13,195,240
Other comprehensive income for the year, net of tax		12,388,145	6,473,240

		Reserves				
<u>.</u>	Stated capital MUR	Revenue deficit MUR	Actuarial gains MUR	Revaluation reserves MUR	Total reserves MUR	Total equity MUR
Balance as at 01 July 2017	30,000,000	(4,597,034,916)	4,132,000	17,357,240	(4,575,545,676)	(4,545,545,676)
Profit for the year Other comprehensive income	-	57,389,324 -	- (900,000)	- 13,288,145	57,389,324 12,388,145	57,389,324 12,388,145
Total comprehensive income for the year	-	57,389,324	(900,000)	13,288,145	69,777,469	69,777,469
Balance as at 30 June 2018	30,000,000	(4,539,645,592)	3,232,000	30,645,385	(4,505,768,207)	(4,475,768,207)
Balance as at 01 July 2016	30,000,000	(4,624,792,872)	10,854,000	4,162,000	(4,609,776,872)	(4,579,776,872)
Profit for the year Other comprehensive income Total comprehensive income for the year	- - -	27,757,956 - 27,757,956	(6,722,000) (6,722,000)	- 13,195,240 13,195,240	27,757,956 6,473,240 34,231,196	27,757,956 6,473,240 34,231,196
Balance as at 30 June 2017	30,000,000	(4,597,034,916)	4,132,000	17,357,240	(4,575,545,676)	(4,545,545,676)

Notes:

- (i) Actuarial gains relate to movements in retirement benefit obligations recognised through other comprehensive income.
- (ii) Revaluation reserves relate to increase/decrease in land and building following valuation exercise in accordance with IAS 16.

	Notes	2018	2017
	<u>-</u>	MUR	MUR
Cash generated from operations			
Profit before taxation		57,389,324	27,757,956
Adjustments for:			
Depreciation of property, plant and equipment	8	9,501,960	8,118,758
Amortisation of intangible assets	9	7,746,648	6,843,926
Net provisions on mortgage and other loans		7,490,163	(5,846,578)
Change in fair value of financial assets at fair value through profit or loss	34	(31,005,209)	19,968,327
Movement in provision on retirement benefit obligations	25	1,987,000	683,000
Gain on disposal of property, plant and equipment		-	(2,926,584)
Change in fair value of investment properties	10	(11,625,000)	(11,625,000)
Net realised gains on disposal of financial assets	34	-	(3,064,238)
Interest income	-	(16,926,292)	(19,172,147)
		24,558,594	20,737,420
Changes in working capital:			
Change in long term insurance funds	22	178,111,882	(96,572,677)
Change in insurance receivables		(351,748)	222,458
Change in reinsurance receivables		(2,624,642)	(1,284,617)
Change in reinsurance assets		(191,531)	(285,610)
Change in other receivables		19,105,702	42,916,974
Change in outstanding claims	23	1,955,826	24,611,869
Change in trade and other payables	-	(23,135,439)	39,503,722
Cash flows from operating activities		197,428,644	29,849,539
Interest received	-	16,926,291	19,358,191
Net cash flows from operating activities	-	214,354,935	49,207,730
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(1,873,435)	(4,716,712)
Acquisition of intangible assets	9	(4,684,268)	(2,996,016)
Acquisition of financial assets at fair value through profit or loss	12	(20,736,574)	(39,858,001)
Proceeds from disposal property, plant and equipment and intangible ass	et	-	6,981,556
Proceeds from sale of financial assets at fair value through profit or loss		5,605,991	56,004,462
Disbursement of mortgage, policyowner and other loans		(68,237,264)	(44,872,187)
Receipts from repayment of mortgage, policyowner and other loans		53,448,023	35,976,732
Net cash flows (used in) / from investing activities	-	(36,477,527)	6,519,834
Increase in cash and cash equivalents	-	177,877,408	55,727,564
Movement in cash and cash equivalents	=	,,	,,
·			
At 01 July		171,331,081	115,603,517
Movement	-	177,877,408	55,727,564
At 30 June	18	349,208,489	171,331,081

1. GENERAL INFORMATION

National 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 long term 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 January 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 Accounting 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:

New or revised standards	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments (deferral available to insurance companies up to January 2023)	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 2023
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

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

2.2 Accounting Standards and Interpretations issued but not yet effective (Continued)

Amendments (Continued)

	Effective for accounting period
	beginning on or after
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	01 January 2023
(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
IAS 12 – Income Taxes – Income tax consequences of payments on financial	01 January 2019
instruments classified as equity	
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 01 January 2023 (for insurance companies). 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.

(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.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2. (IFRSs) (CONTINUED)

2.2 Accounting Standards and Interpretations issued but not yet effective (Continued)

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

(a) Classification and measurement of financial assets (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 01 July 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).

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%.

- 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)
- 2.2 Accounting Standards and Interpretations issued but not yet effective (Continued)

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

(b) Impairment (Continued)

Debt instruments measured at fair value through other comprehensive income (FVTOCI):

The ECLs for debt instruments measured at FVTOCI 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.

The Company is in the process of assessing the impact of IFRS 9 on the financial statements.

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.

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 fees 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.

${\bf APPLICATION\ OF\ NEW\ AND\ REVISED\ INTERNATIONAL\ FINANCIAL\ REPORTING\ STANDARDS}$

2. (IFRSs) (CONTINUED)

2.2 Accounting Standards and Interpretations issued but not yet effective (Continued)

IFRS 17 Insurance Contracts (Continued)

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 (nondistinct investment components) are not presented in the income statement, but are recognised directly on the statement of financial position
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a 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.

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

2.2 Accounting Standards and Interpretations issued but not yet effective (Continued)

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

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 2023 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.

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 of

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 National Insurance Co. Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRSs) and on a going concern basis (refer to note 39).

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

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

- (i) investment properties are stated at their fair values;
- (ii) financial assets and financial liabilities are stated at their fair values or carried at amortised cost; and
- (iii) land and buildings are measured at revalued amounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 6.

3.2 Exemption from presenting consolidated financial statements

The financial statements are the separate financial statements which contain information about National 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 ultimate 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 a 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 a 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.

3.4 Revenue recognition

Premiums earned on long-term insurance contracts are recognised as income when they become payable by the contract holder. When policies lapse (due to non-receipt of premiums) within two years for unit-linked business and three years for other contracts, the related unpaid premium income due from the date they are deemed to have lapsed is reversed against premiums in the Life Assurance Fund. For contracts that lapse after longer periods, a surrender or paid up value is refunded to contract holders based on the terms of the contracts.

3.4 Revenue recognition (Continued)

Investment and other income comprises mainly of dividend, interest and rent receivable for the year. Dividend is accounted for when the shareholder's right to receive payments is established. Interest income is recognised using the effective interest method.

Fees and commissions are accounted on an accrual basis unless collectability is doubtful.

Rental income from properties is recognised as investment income on a straight-line basis over the term of the lease.

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 Property, plant and equipment

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

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:

		Assets transferred	New acquisitions
Buildings	-	2%	2%
Furniture and fittings	-	25%	12.5%
Office equipment	-	25%	12.5%
Motor vehicles	-	50%	20%
Computer equipment	-	33.3%	20%

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in shareholder's 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 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 property, plant and equipment are determined by comparing the proceeds with the carrying amount and are included in the profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3.7 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.

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.

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 acquisitions and disposals 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

Debt securities 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.

3.7 Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money or services directly to a debtor with no intention of trading the 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.

Insurance and other receivables

Insurance and other receivables are recognised initially at fair value and subsequently measured at amortised 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 recognised in the profit or loss.

Interest income is recognised by applying the effective interest rate.

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.

3.8 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.

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.

3.9 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 current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise 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.

3.10 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 period. 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 realised or the deferred income tax liability is settled.

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 utilized.

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

3.11 Cash and cash equivalents

Cash and cash equivalents comprise of 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 statement of financial position.

3.12 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.

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.

The Company does not operate a defined benefit plan but is exposed to retirement benefit obligations that are defined benefit in nature. These obligations relate to the potential top-ups to the transfer values for exmembers of the ex-BAI Group Pension Fund and the retirement gratuities as per the Employment Rights Act 2008.

(iii) State plan

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

3.13 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.

3.14 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.

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.

3.15 Leasing

The Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognised on a straight-line basis over the lease term.

3.16 Investment properties

Properties held to earn rentals and/or for capital appreciation and not occupied by the Company are stated at their fair values at the end of the reporting period, representing Income Capitalisation, Depreciated Replacement Cost and Sales Comparison approaches determined by independent valuers. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss for the year in which they arise.

3.17 Intangible assets – Computer software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets.

Amortisation 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:

Assets transferred New acquisitions Computer software 33.33% 20%

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.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.18 Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance contracts are derecognised when all rights and obligations are extinguished or expired. Contracts that do not transfer significant insurance risk are investment contracts. The Company considers that all its long term products are a mix of insurance and investment contracts.

Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain event adversely affects the policyholder.

Insurance contracts issued by the Company are classified into the following main categories:

(i) Long-term insurance contracts without fixed terms and with Discretionary Participating Feature (DPF)

This type of contracts entitles the contract holders to a minimum guaranteed amount. The DPF component gives the contract holders contractual rights to bonuses in addition to the minimum guaranteed amounts. A bonus is declared when the actual return on backing assets is higher than the expected return at inception of the contract. The amount and timing of the settlement of the DPF element is however at the discretion of the Company. The bonus is derived from the DPF eligible surplus available arising mainly from upon revaluation of backing assets.

The Company has legal obligation to eventually pay to contract holders at least 90% of the DPF eligible surplus. Any portion of the DPF eligible surplus that is not declared as a bonus rate and not credited to individual contract holders accounts is retained as a liability for the benefit of all contract holders until declared and credited to them individually in future periods. Equity holders' share of the DPF eligible surplus, equal to 10%, is transferred from the Life Assurance Fund to the Proprietors' fund on an annual basis. Other profits are released based on the expected experience and actuarial report.

(ii) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events with human life (for example death or survival) over a long duration. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is based on assumptions such as mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

(iii) Unit-Linked

A unit-linked insurance contract includes an embedded derivative linking payments on the contract to units of investment (unitised) funds set up by the Company with consideration received from contract holders. This embedded derivative meets the definition of an insurance contract and is therefore not accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

3.19 Reinsurance contracts

Contracts entered into by the Company with reinsurers under which it is compensated for losses are classified as reinsurance contracts held. The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in the profit or loss when due.

The Company's reinsurance assets arise from 'First Surplus Obligatory' treaty arrangements. Reinsurance assets are assessed for impairment on a regular basis. If ever there is objective evidence that the assets are impaired, the carrying amounts are reduced to the recoverable amounts and impairments recognised in the Life Assurance Fund

3.20 Liability and related assets under liability adequacy test

Insurance contracts are tested for adequacy by discounting current estimates of all contractual cash flows and comparing this amount to the carrying amount of the liability and any related assets. Where a shortfall is identified, an additional provision is made and the Company recognises the deficiency in profit or loss for the year.

3.21 Dividend distribution

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

3.22 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.

3.23 Acquisition costs

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

4. INSURANCE RISKS

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities.

The Company has developed its insurance underwriting strategy 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.

Insurance contracts

(i) Concentration, frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. Insurance risk is therefore subject to contract holders' behaviours and the impact of contract holders' behaviours have been factored into the assumptions used to measure insurance liabilities.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating items and conditions that reduce the insurance risk accepted.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Company balances death risk and survival risk across its portfolio. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company has defined group-wide retention limit on any single life insured and reinsures the excess of the insured benefit over its retention limit. The Company does not have any reinsurance cover for contracts that insure survival risk.

(ii) Concentration of insurance risk

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

Benefits assured per life assured at the end of 2018

Total benefits insured

	Before reins	Before reinsurance		urance
	MUR	%	MUR	%
0-200	5,750,071,354	17%	5,834,966,318	22%
200-400	10,063,978,025	29%	9,991,404,013	38%
400-800	7,613,981,286	22%	9,286,455,407	35%
800-1000	2,546,949,643	7%	680,361,199	2%
More than 1000	8,580,454,167	25%	724,942,711	3%
Total	34,555,434,475	100%	26,518,129,648	100%

4. INSURANCE RISKS (CONTINUED)

(ii) Concentration of insurance risk (continued)

Benefits assured per life assured at the end of 2017

Total benefits insured

	Before reins	Before reinsurance		urance
	MUR	%	MUR	%
0-200	5,827,876,270	17%	5,953,319,474	23%
200-400	9,975,289,431	30%	10,191,877,581	40%
400-800	7,360,706,229	22%	8,451,065,304	33%
800-1000	2,345,695,036	7%	477,658,118	2%
More than 1000	8,263,619,428	24%	569,739,355	2%
Total	33,773,186,394	100%	25,643,659,832	100%

(iii) Sources of uncertainty in the estimation of future payments and premium receipts

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

The Company uses appropriate base tables of standard mortality according to the type of contract being written and statistical data are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. When data is not sufficient to be statistically credible, the best estimate of future mortality is based on standard industry tables adjusted for the Company's experience.

The Company manages long-term insurance risks through its underwriting strategy and reinsurance arrangements. The Company ensures that risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is included in the Company's underwriting procedures, with premiums varied to reflect the health condition and family medical history of the applicant. Insurance risks may also be affected by the contract holder's behaviour who may decide to amend terms or terminate the contract or exercise a guaranteed annuity option.

The Company has a predetermined retention limit on any single life insured and the Company reinsures the excess of the insured benefit above the retention limit.

Sensitivity analysis

The following table presents the sensitivity of the value of insurance liabilities disclosed to movements in assumptions used in the estimation of insurance liabilities and indicates the level of the respective variables that will trigger an adjustment and the liability adjustment required as a result of a further deterioration of the variable.

	Basic	Total life	Change in	Impact on
2018	liability	fund	basic liability	profit or loss
	MUR	MUR	MUR	MUR
Base run	7,239,332,449	7,239,332,449	-	-
Future mortality 10% worse	7,283,703,714	7,283,703,714	44,371,264	44,371,264
Future lapses 10% higher	7,223,488,566	7,223,488,566	(15,843,884)	(15,843,884)
Future investment returns 1%	7,870,576,644	7,870,576,644	631,244,194	631,244,194
lower				
Future inflation 1% higher	7,284,225,188	7,284,225,188	44,892,738	44,892,738
Future maintenance expense	7,363,189,321	7,363,189,321	123,856,870	123,856,870
10% higher				

4. INSURANCE RISKS (CONTINUED)

(iii) Sources of uncertainty in the estimation of future payments and premium receipts (Continued)

Sensitivity analysis (Continued)

2017	Basic	Total life	Change in	Impact on
2017	liability	fund	basic liability	profit or loss
	MUR	MUR	MUR	MUR
Base run	7,061,220,567	7,061,220,567	-	-
Future mortality 10% worse	7,107,151,005	7,107,151,005	45,930,438	45,930,438
Future lapses 10% higher	7,039,161,480	7,039,161,480	(22,059,087)	(22,059,087)
Future investment returns 1%	7,681,287,584	7,681,287,584	620,067,017	620,067,017
Future inflation 1% higher	7,099,643,658	7,099,643,658	38,423,091	38,423,091
Future maintenance expense 10%	7,185,456,206	7,185,456,206	124,235,638	124,235,638
higher				

(iv) Claims development

The table below illustrates the outstanding claims at the end of the previous years.

2018

	2015	2016	2017	2018
•	MUR	MUR	MUR	MUR
Outstanding claims	79,249,170	137,424,144	162,036,013	163,991,839
2017				
		2015	2016	2017
		MUR	MUR	MUR
Outstanding claims		79,249,170	137,424,144	162,036,013
	,			
Financial liabilities			2018	2017
Long-term insurance contracts			MUR	MUR
No stated Maturity			737,021,239	809,603,384
0 - 1 yr			163,464,933	146,963,396
1 - 2 yrs			235,736,046	183,409,961
2 - 3 yrs			261,907,787	223,747,612
> 3 yrs			5,841,202,444	5,697,496,214
			7,239,332,449	7,061,220,567

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 financial assets at fair value through profit or loss, reinsurance receivables and payables. The Company monitors its 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
<u>Financial assets</u>	MUR	MUR
MUR	787,076,864	619,942,743
USD	267,461,099	225,078,471
GBP	45,252,648	45,506,133
EUR	1	1
ZAR	3,909,259	1,284,617
KES	51,442,459	47,392,982
TOTAL	1,155,142,330	939,204,947

Prepayments amounting to MUR 7,519,322 (2017: MUR 8,082,207) have been excluded from financial assets.

	2018	2017
Einancial liabilities	MUR	MUR
MUR	7,916,930,135	7,758,712,240
USD	161,246	
TOTAL	7,917,091,381	7,758,712,240

Accruals amounting to MUR 35,279,749 (2017: MUR 36,726,621) have been excluded from financial liabilities.

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.

5.1 Market risk (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	Impact on profit or loss
	and equity	and equity
	2018	2017
-	MUR	MUR
USD	13,364,993	11,253,924
GBP	2,262,632	2,275,307
ZAR	195,463	64,231
KES	2,572,123	2,369,649

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 is the risk that the fair value of financial instruments or the future cash flows related to financial instruments will change due to a change in interest rates. The risk is also that there will be insufficient funds to settle the guaranteed benefits payable especially under long term life insurance contracts. Fluctuations in interest rates impact on returns on financial instruments. This is closely monitored by the Company through a well diversified portfolio of fixed income securities and equity investments.

The interest rate risk arises on loan and receivables at amortised cost and interest bearing bank accounts.

The interest rate profile was:

	2018	2017
<u>Financial assets</u>	MUR	MUR
Mortgage and other loans	213,219,771	205,920,692
Interest bearing bank accounts	163,268,102	120,232,264
	376,487,873	326,152,956

The following table details the sensitivity to a 5% increase/decrease of the rate of interest of financial assets:

	2018	2017
Change of 5% in interest rate	MUR	MUR
Impact on results	18,824,394	16,307,648

The movement in the interest rate sensitivity is due to fluctuations in interest rates on mortgage and other loans and interest bearing bank accounts at year end.

5.1 Market risk (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. This risk is moderated, inter alia, through a careful selection of securities, investment diversification and by having investment limits. In addition, local insurance regulations set out investment concentration as part of an overall prudent portfolio investment policy.

The equity price risk arises on the financial instruments held at fair value through profit or loss.

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		201	7
·	Impact on profit or loss and		Impact on pro	fit or loss and
	equity		equ	ity
•	+10%	-10%	+10%	-10%
	MUR	MUR	MUR	MUR
h profit or	39,975,903	(39,975,903)	35,362,324	(35,362,324)

Financial assets at fair value through profit of loss (FVTPL)

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 and benefits to clients and to repayment of financial liabilities.

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

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

Maturities of financial assets and liabilities:

				No maturity	
At 30 June 2018	< 1 year	1 to 5 years	> 5 years	dates	Total
<u>Financial assets</u>	MUR	MUR	MUR	MUR	MUR
Investments in financial assets	-	-	-	399,759,032	399,759,032
Mortgage and other loans	6,938,610	50,800,092	151,266,725	4,214,344	213,219,771
Reinsurance assets	928,385	-	-	-	928,385
Reinsurance receivables	3,909,259	-	-	-	3,909,259
Insurance receivables	18,913,031	-	-	-	18,913,031
Other receivables	169,204,363	-	-	-	169,204,363
Short term deposits	122,491,080	-	-	-	122,491,080
Cash in hand and at bank	226,717,409	-	-	-	226,717,409
TOTAL	549,102,137	50,800,092	151,266,725	403,973,376	1,155,142,330

Prepayments amounting to MUR 7,519,322 have been excluded from financial assets.

5.2 Liquidity risk (Continued)

				No maturity	
At 30 June 2018	< 1 year	1 to 5 years	> 5 years	dates	Total
<u>Financial liabilities</u>	MUR	MUR	MUR	MUR	MUR
Long term insurance funds	-	-	-	7,239,332,449	7,239,332,449
Trade and other payables	158,767,093	-	-	-	158,767,093
Provisions for encumbrances	-	355,000,000	-	-	355,000,000
Outstanding claims	55,213,100	85,288,842	23,489,897	-	163,991,839
TOTAL	213,980,193	440,288,842	23,489,897	7,239,332,449	7,917,091,381

Accruals amounting to MUR 35,279,749 have been excluded from financial liabilities.

				No maturity	
At 30 June 2017	< 1 year	1 to 5 years	> 5 years	dates	Total
•	MUR	MUR	MUR	MUR	MUR
Financial assets					
Investments in financial assets	-	-	-	353,623,240	353,623,240
Mortgage and other loans	5,349,211	42,073,218	153,769,910	4,728,353	205,920,692
Reinsurance assets	736,854	-	-	-	736,854
Reinsurance receivables	1,284,617	-	-	-	1,284,617
Insurance receivables	18,561,283	-	-	-	18,561,283
Other receivables	187,747,180	-	-	-	187,747,180
Short term deposits	21,836,000	-	-	-	21,836,000
Cash at bank	149,495,081	-	-	-	149,495,081
•					
TOTAL	385,010,226	42,073,218	153,769,910	358,351,593	939,204,947

Prepayments amounting to MUR 8,082,207 have been excluded from financial assets.

				No maturity	
At 30 June 2017	< 1 year	1 to 5 years	> 5 years	dates	Total
	MUR	MUR	MUR	MUR	MUR
<u>Financial liabilities</u>					
Long term insurance funds	-	-	-	7,061,220,567	7,061,220,567
Trade and other payables	180,455,660	-	-	-	180,455,660
Provisions for encumbrances	355,000,000	-	-	-	355,000,000
Outstanding claims	60,687,685	19,925,657	61,305,588	20,117,083	162,036,013
TOTAL	596,143,345	19,925,657	61,305,588	7,081,337,650	7,758,712,240
•					

Accruals amounting to MUR 36,726,621 have been excluded from financial liabilities.

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 investments in financial assets, mortgage and other loans, reinsurance assets, insurance and other receivables and cash and cash equivalents. 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.

Mortgage and other loans are financial assets resulting from commitment of the borrower to repay the amount borrowed on a specific date or dates, or on demand usually with interest. IAS 39 prescribes that an asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of event that occurred after the initial recognition of the asset and that loss event has impacted on the estimated future cash flows of the asset. In the recovery process, objective evidence of impairment is recognised at the stage of seizure and sale where the borrower is assumed to have significant financial difficulty to settle his debts.

The carrying amount of mortgage loans recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Since there is objective evidence of impairment at the seizure and sale stages, the amount of the loss is measured as 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. The carrying amount of the asset is reduced through an allowance account and the amount of the loss is recognised in profit or loss. The table below shows the maximum exposure to credit risk for the components of the financial position.

	2018	2017
Financial assets	MUR	MUR
Investments in financial assets	399,759,032	353,623,240
Mortgage and other loans	213,219,771	205,920,692
Reinsurance assets	928,385	736,854
Reinsurance receivables	3,909,259	1,284,617
Insurance receivables	18,913,031	18,561,283
Other receivables	169,204,363	187,747,180
Short term deposits	122,491,080	21,836,000
Cash in hand and at bank	226,717,409	149,495,081
	1,155,142,330	939,204,947

Prepayments amounting to MUR 7,519,322 (2017: MUR 8,082,207) have been excluded from financial assets.

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 maintain at all times the Minimum Capital Requirement as required by the Insurance (Long-Term Insurance Business Solvency) Rules 2007, i.e. as determined by the Company's actuary at the higher of:
 - (a) a stress test requirement determined in accordance with guidelines issued by the Commission or
 - (b) the higher of an amount of MUR 25m or an amount representing 13 weeks' operating expenses.
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

As per the Insurance Act 2005, the Company is required to maintain a minimum surplus of assets over liabilities being the Minimum Capital Requirement (MCR). The MCR needs to be covered by the surplus in the Life Funds that is attributable to shareholders plus shareholder assets in the Company. The Company did not have sufficient surplus assets to cover the MCR as at the reporting date. A Letter of Guarantee of up to MUR 6bn was provided by the Ultimate Shareholder, the Government of Mauritius, to back the business and support its going concern. A Restructuring Plan was alongside required for implementation to transform the business challenges and for the long term sustainability of the company. The Ultimate Shareholder has agreed to increase the share capital of the Company by MUR 5.7bn post the reporting date. A significant part of the gaps in assets and MCR were addressed through capital injection by the Ultimate Shareholder prior to the signature of the audited financial statements in December 2020 (MUR 4bn injected in November 2020 and the remaining MUR 1.7bn is expected to be injected in 2021). A Contingency Plan has been put in place in line with the requirements of the Insurance Act 2005.

5.6 Categories of financial instruments

	2018	2017
<u>Financial assets</u>	MUR	MUR
Investments in financial assets	399,759,032	353,623,240
Mortgage and other loans	213,219,771	205,920,692
Reinsurance assets	928,385	736,854
Reinsurance receivables	3,909,259	1,284,617
Insurance receivables	18,913,031	18,561,283
Other receivables	169,204,363	187,747,180
Short term deposits	122,491,080	21,836,000
Cash in hand and at bank	226,717,409	149,495,081
	4 455 440 000	000 004 047
	1,155,142,330	939,204,947

Prepayments amounting to MUR 7,519,322 (2017: MUR 8,082,207) have been excluded from financial assets.

	2018	2017
Einancial liabilities	MUR	MUR
Long term insurance funds	7,239,332,449	7,061,220,567
Trade and other payables	158,767,093	180,455,660
Provisions for encumbrances	355,000,000	355,000,000
Outstanding claims	163,991,839	162,036,013
	7,917,091,381	7,758,712,240

Accruals amounting to MUR 35,279,749 (2017: MUR 36,726,621) have been excluded from financial liabilities.

The table above only includes financial assets. There was no transfer between level 1 and 2.

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).

		2018				
		Level 1	Level 2	Level 3	Total	
	-	MUR	MUR	MUR	MUR	
	Investments in financial assets (note 12)	125,463,031	272,195,995	2,100,006	399,759,032	
			20	17		
		Level 1	Level 2	Level 3	Total	
	-	MUR	MUR	MUR	MUR	
	Investments in financial assets (note 12)	115,560,809	235,962,425	2,100,006	353,623,240	
5.8	Reconciliation of level 3 fair value measurements Unquoted equities	of financial as	sets -	2018	2017	
	At 01 July Fair value changes		_	MUR 2,100,001 -	MUR 2,100,001 -	
	At 30 June		_	2,100,001	2,100,001	
	Debt instruments					
	At 01 July Fair value changes			. 5 -	5 -	
	At 30 June (note 12)		- -	5	5	

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.

Critical accounting estimates and assumptions

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 long term insurance funds and outstanding claims. 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.

Long-term insurance funds

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

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at each valuation date and form the assumptions used for calculating the liabilities. A margin for risk and uncertainty is added to these assumptions. Assumptions are reconsidered each year based on the most recent operating experience and estimate of future experience and are used to recalculate the liabilities.

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

Sensitivity analysis

The following table presents the sensitivity of the value of insurance liabilities disclosed, to movements in assumptions used in the estimation of insurance liabilities.

Life - GPV sensitivities test

	2018		2017	
	Liability	Difference	Liability	Difference
<u>Variables</u>	MUR	%	MUR	%
Actual reserve	7,239,332,449	0.0%	7,061,220,567	0.0%
Interest rate less 1%	7,870,576,644	8.7%	7,681,287,584	8.8%
Mortality plus 10%	7,283,703,714	0.6%	7,107,151,005	0.7%
Lapse plus 10%	7,223,488,566	-0.2%	7,039,161,480	-0.3%
Expenses plus 10%	7,363,189,321	1.7%	7,185,456,206	1.8%
Inflation plus 1%	7,284,225,188	0.6%	7,099,643,658	0.5%

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 in the financial statements for non-recoverability due to reinsurers default as required.

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 judgements 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 Revaluation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The valuer used the Income Capitalisation, Depreciated Replacement Cost and Sales Comparison Approaches.

The determined fair value of the investment properties is most sensitive to comparable sales market price per square metre. The key assumptions used to determine the fair value of the investment properties, is further explained in Note 10.

6.5 Useful lives and residual values of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Company in order to best determine the useful lives and residual values of property, plant and equipment.

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

6.6 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 25.

6.7 Deferred tax

In accordance with IAS 12, the Company has not provided for any deferred tax asset on tax losses and on timing differences since it is not expected that these will be eligible for offset against future taxable profits.

6.8 Recoverable amount on mortgage and other loans and insurance and other receivables

In preparing these financial statements, the Directors have made estimates of the recoverable amounts of mortgage and other loans and insurance and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involves an assessment of the financial condition of the debtors concerned and estimate of the timing and the extent of cash flows likely to be received by the Company.

6.9 Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in business for the foreseeable future as further described under note 39 wherein the Company has prepared a contingency plan to address the Minimum Capital Requirement by 30 June 2021.

The key estimates and assumptions of the contingency plan are as follows:

- Increase in the share capital of the Company by MUR 5.7bn subsequent to the reporting date, as disclosed under note 43;
- Investment requirements (mix and targeted return) in line with external Actuary recommendation;
- Disposal of vacant investment properties mainly unoccupied lands;
- Removal of all encumbrances on investment properties;
- Cost Optimisation (Restructuring plan) including Mutually Agreed Retirement Scheme for employees and relocation/closure of some branches; and
- Launch of New/Innovative products (Unit linked, microfinance).

7. SEGMENT INFORMATION

The Company is, in itself, an operating segment and strategic business unit of the NIC Group. It carries out exclusively long term insurance business.

8. PROPERTY, PLANT AND EQUIPMENT

			2018	3		
COST OR VALUATION	Freehold land and buildings MUR	Furniture and fittings MUR	Office equipment MUR	Motor vehicles MUR	Computer equipment MUR	Total MUR
At 01 July 2017 Additions Revaluation	400,657,240 - 13,288,145	2,443,173 - -	4,386,749 1,691,229	4,921,456 - -	14,134,303 182,206	426,542,921 1,873,435 13,288,145
At 30 June 2018	413,945,385	2,443,173	6,077,978	4,921,456	14,316,509	441,704,501
ACCUMULATED DEPRE	CIATION					
At 01 July 2017 Charge for the year	8,407,240 4,338,145	2,208,203 49,555	3,374,525 352,491	2,572,883 564,200	8,969,576 4,197,569	25,532,427 9,501,960
At 30 June 2018	12,745,385	2,257,758	3,727,016	3,137,083	13,167,145	35,034,387
NET BOOK VALUE						
At 30 June 2018	401,200,000	185,415	2,350,962	1,784,373	1,149,364	406,670,114
			2017	7		
	Freehold land and buildings	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Total
COST OR VALUATION	MUR	MUR	MUR	MUR	MUR	MUR
At 01 July 2016 Additions Disposals Revaluation	387,462,000 - - 13,195,240	2,424,769 18,426 (22)	3,654,621 732,139 (11)	6,155,378 2,821,000 (4,054,922)	12,989,167 1,145,147 (11)	412,685,935 4,716,712 (4,054,966) 13,195,240
At 30 June 2017	400,657,240	2,443,173	4,386,749	4,921,456	14,134,303	426,542,921
ACCUMULATED DEPRE	CIATION					
At 01 July 2016 Charge for the year Disposals	4,162,000 4,245,240 -	2,140,225 67,978 -	3,206,684 167,841 -	3,077,678 1,522,659 (2,027,454)	4,827,082 4,142,494 -	17,413,669 10,146,212 (2,027,454)
At 30 June 2017	8,407,240	2,208,203	3,374,525	2,572,883	8,969,576	25,532,427
NET BOOK VALUE						
At 30 June 2017	392,250,000	234,970	1,012,224	2,348,573	5,164,727	401,010,494

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

- (i) The Company's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. The land and buildings were revalued in April 2019 by an independent Chartered Valuation Surveyor. The fair value was determined based on the Income Capitalisation and Sales Comparison Approaches.
- (ii) Depreciation charge amounting to **MUR 9,501,960** (2017: MUR 10,146,212) was included in other operating and administrative expenses.
- (iii) If the land and building had been stated at historical cost basis, the carrying amounts would have been as follows:

	2018	2017
	Freehold land and buildings MUR	Freehold land and buildings MUR
Cost Accumulated depreciation	355,375,000 (12,178,500)	355,375,000 (8,119,000)
Carrying amount	343,196,500	347,256,000

Details of the Company's freehold land and buildings measured at fair value and information about the fair value hierarchy as at 30 June 2018 are as follows:

•	2018	3	2017		
	MUR MUR		MUR	MUR	
	Level 2	Level 3	Level 2	Level 3	
Freehold land	175,200,000	-	175,200,000	-	
Buildings	226,000,000	<u>-</u>	217,050,000	-	
	401,200,000	-	392,250,000	-	

The fair value of the freehold land and buildings was derived using the Income Capitalisation and Sales Comparison approach of valuation.

The Income Capitalisation Approach takes a property's forecast net operating income and allocates these future benefits to the mortgage and equity components, based on market rates of return and loan to value ratios. Through a discounted cash flow and income capitalisation procedure, the value of each component is calculated. The total of the mortgage component and the equity component equals the value of the property.

The Sales Comparison Approach estimates the value of a property by comparing it to similar properties recently sold on the open market. For the purpose of this valuation, the Sales Comparison Approach has been used for the Land Element and the Depreciated Replacement Cost Approach has been used for the building and structures standing thereon.

9. INTANGIBLE ASSETS

	2018
	Computer
	Software
COST OR VALUATION	MUR
At 01 July 2017	22,747,238
Additions	4,684,268
Additions	4,004,200
At 30 June 2018	27,431,506
ACCUMULATED AMORTISATION	
At 01 July 2017	13,433,702
Charge for the year	7,746,648
At 30 June 2018	21,180,350
NET BOOK VALUE	
At 30 June 2018	6,251,156
	2017
	Computer
	Software
COST OR VALUATION	MUR
At 01 July 2016	19,751,222
Additions	2,996,016
At 30 June 2017	22.747.220
At 30 June 2017	22,747,238
ACCUMULATED AMORTISATION	
At 01 July 2016	6,589,776
Charge for the year	6,843,926
onal go for the year	
At 30 June 2017	13,433,702
NET BOOK VALUE	
INCT DOOK VALUE	
At 30 June 2017	9,313,536

Amortisation charge amounting to MUR 7,746,648 (2017: MUR 6,843,926) was included in other operating and administrative expenses.

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10. INVESTMENT PROPERTIES

	2018	2017
Fair value	MUR	MUR
At 01 July Revaluation	1,929,275,000 11,625,000	1,917,650,000 11,625,000
At 30 June	1,940,900,000	1,929,275,000

The fair values of the Company's investment properties as at 30 June 2018 and 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 Income Capitalisation, Depreciated Replacement Cost and Sales Comparison Approaches.

The investment properties of the Company have generated rental income of MUR 74,776,921 for the year (2017: MUR 47,234,932) which is included in investment income under note 33. The direct operating expenses incurred during the year amounted to MUR 9,504,916 (2017: MUR 13,087,180).

The Company owns several portions of freehold lands and buildings which are kept for capital appreciation and rentals.

As part of the transfer of undertaking, investment properties were transferred to the Company along with the corresponding pledges in favour of financial and other institutions (e.g. Absa Bank (Mauritius) Limited (ex-Barclays Bank Mauritius Limited), The Mauritius Commercial Bank Limited, SBM Bank (Mauritius) Ltd, ex-Bramer Banking Corporation, Mauritius Revenue Authority and others) for an amount of approximately MUR 2bn. The Company has accordingly recognised a provision for encumbrances of MUR 355,000,000 during the period ended 30 June 2016. In November 2018, the amount of MUR 355,000,000 was paid by the Ultimate Holding Company on behalf of the Company to Absa Bank (Mauritius) Limited to clear charges of MUR 965,350,000.

Details of the Company's land and buildings measured at fair value and information about the fair value hierarchy are as follows:

	2018	2018		2017	
	MUR	MUR MUR		MUR	
	Level 2	Level 3	Level 2	Level 3	
Land	288,450,000	127,900,000	281,725,000	124,500,000	
Buildings	1,432,250,000	92,300,000	1,430,750,000	92,300,000	
	1,720,700,000	220,200,000	1,712,475,000	216,800,000	

The fair value of the investment properties was derived using the Income Capitalisation, Depreciated Replacement Cost and Sales Comparison approach of valuation.

The Income Capitalisation Approach takes a property's forecast net operating income and allocates these future benefits to the mortgage and equity components, based on market rates of return and loan to value ratios. Through a discounted cash flow and income capitalisation procedure, the value of each component is calculated. The total of the mortgage component and the equity component equals the value of the property.

The Sales Comparison Approach estimates the value of a property by comparing it to similar properties recently sold on the open market. For the purpose of this valuation, the Sales Comparison Approach has been used for the Land Element and the Depreciated Replacement Cost Approach has been used for the building and structures standing thereon.

The Depreciated Replacement Cost Approach estimates the value by computing the current cost of replacing a property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence and external (or economic) obsolescence. The value of the land, as though it were vacant and available, is then added to the depreciated value of the premises in order to produce a total value estimate.

11.	INVESTMENT IN A SUBSIDIARY			2018	2017
				MUR	MUR
	At 01 July			1	1
	Acquisition				-
	At 30 June				1
	Details of investment:				
				Country of incorporation	
	Name of subsidiary	Principal activity	Class of Shares	and operation	% Holding
	rame of substately	Health care			
	NIC Healthcare Ltd	services	Ordinary share	Mauritius	100
12	INVESTMENTS IN FINANCIAL AS	SETS		2018	2017
				MUR	MUR
	Equity instruments				
	Investments in financial asset at f	air value through pro	fit or loss (FVTPL)	399,759,027	353,623,235
	Debt instruments			_	-
	Held-to-maturity financial asset			5	5
				399,759,032	353,623,240
	Other financial assets are analys	sed as follows:			
				2018	
			Fair value		
			through profit or	Held-to-	
	Non-Current		loss MUR	maturity MUR	Total MUR
	At 01 July 2017		353,623,235	5	353,623,240
	Additions		20,736,574	-	20,736,574
	Disposals Decrease in fair value		(5,605,991) 31,005,209	-	(5,605,991) 31,005,209
	At 30 June 2018		399,759,027	5	399,759,032
	Analysed as follows:				
	Local				
	Listed		74,020,573	-	74,020,573
	Unlisted		62,118,490	5	62,118,495
			136,139,063		136,139,068
	Overseas		E4 440 400		E4 442 460
	Listed Unlisted		51,442,460 212,177,504	- -	51,442,460 212,177,504
			263,619,964		263,619,964
				2017	
			Fair value		
			through profit or		
	Non-Current		loss MUR	Held-to-maturity MUR	Total MUR
	A+ O1 July 2016		386,673,785	NOR 5	386,673,790
	At 01 July 2016 Additions		39,858,001	-	39,858,001
	Disposals		(52,940,224)	-	(52,940,224)
	Decrease in fair value		(19,968,327)	<u> </u>	(19,968,327)
	At 30 June 2017		353,623,235	5	353,623,240

2. INVESTMENTS IN FINANCIAL ASSETS (CONTINUED)		2017		
		Fair value		
		through profit or	Held-to-	
Analysed as follows:		loss	maturity	Total
Local		MUR	MUR	MUR
Listed		68,167,826	-	68,167,826
Unlisted		62,481,666	5	62,481,671
		130,649,492	5	130,649,497
Overseas				
Listed		47,392,984	-	47,392,984
Unlisted		175,580,759	-	175,580,759
		222,973,743	-	222,973,743
Fair value hierarchy				
		201	8	
Financial assets at FVTPL	Level 1	Level 2	Level 3	Total
	MUR	MUR	MUR	MUR
At 01 July 2017	115,560,809	235,962,425	2,100,001	353,623,235
Additions	-	20,736,574	-	20,736,574
Disposals	-	(5,605,991)	-	(5,605,991
Decrease in fair value	9,902,222	21,102,987	<u> </u>	31,005,209
At 30 June 2018	125,463,031	272,195,995	2,100,001	399,759,027
		201	7	
Financial assets at FVTPL	Level 1	Level 2	Level 3	Total
	MUR	MUR	MUR	MUR
At 01 July 2016	134,835,639	249,738,145	2,100,001	386,673,785
Additions	-	39,858,001	-	39,858,001
Disposals	-	(52,940,224)	-	(52,940,224
Decrease in fair value	(19,274,830)	(693,497)	<u> </u>	(19,968,327
At 30 June 2017	115,560,809	235,962,425	2,100,001	353,623,235

Details of investments in debt instruments:

Issuer	Transfer of undertaking	IFRS 3 adjustments	Fair value
	MUR	MUR	MUR
Bramer Banking Corporation Ltd	160,010,960	(160,010,959)	1
BramCorp SH I Ltd	250,208,680	(250,208,679)	1
BramCorp SH II Ltd	250,208,680	(250,208,679)	1
BramCorp SH III Ltd	250,208,680	(250,208,679)	1
BramCorp SH IV Ltd	250,208,684	(250,208,683)	1_
	1,160,845,684	(1,160,845,679)	5

12. INVESTMENTS IN FINANCIAL ASSETS (CONTINUED)

Details of investments in debt instruments (Continued):

150,000 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 160,010,960 as per the deed of transfer registered and transcribed in May 2016.

250,000,000 unsecured redeemable debentures of MUR 1 each were issued by BramCorp SH I Ltd 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 250,208,680 as per the deed of transfer registered and transcribed in May 2016.

250,000,000 unsecured redeemable debentures of MUR 1 each were issued by BramCorp SH II Ltd 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 250,208,680 as per the deed of transfer registered and transcribed in May 2016.

250,000,000 unsecured redeemable debentures of MUR 1 each were issued by BramCorp SH III Ltd 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 250,208,680 as per the deed of transfer registered and transcribed in May 2016.

250,000,000 unsecured redeemable debentures of MUR 1 each were issued by BramCorp SH IV Ltd 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 250,208,684 as per the deed of transfer 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 investments in the debt instruments from MUR 1,160,845,684 to MUR 5 as part of the IFRS 3 adjustment in the period ended 30 June 2016.

MORTGAGE AND OTHER LOANS		
	2018 MUR	2017 MUR
Mortgage loans	173,721,939	194,410,290
Other loans	39,497,832 213,219,771	11,510,402 205,920,692
(a) Mortgage loans		· ·
(a) Wortgage loans		
At 01 July	194,410,290	179,545,181
Disbursements and capital repayments for the year	(13,115,933)	9,204,581
Net movement in interest arrears	(198,250)	(186,050
Net movement in provisions for the year	(7,374,168)	5,846,578
At 30 June	173,721,939	194,410,290
(b) Other loans		
At 01 July	11,510,402	11,819,528
Disbursements and capital repayments for the year	27,905,175	(309,126
Net movement in interest arrears	82,255	-
At 30 June	39,497,832	11,510,402
(c) Movement in provision for impairment		
At 01 July	(15,022,184)	(20,868,762)
At 30 June	(22,396,352)	(15,022,184)
Net movement for the year	(7,374,168)	5,846,578
(d) Remaining term to maturity		
Less than 1 year	6,938,610	5,349,211
Between 1 and 5 years	50,800,092	42,073,218
More than 5 years	151,266,725	153,769,910
No maturity	4,214,344	4,728,353
	213,219,771	205,920,692
Analysed as follows:		
Non-current	206,281,161	200,571,481
Current	6,938,610	5,349,211
	213,219,771	205,920,692

The mortgage and other loans bear interest at rates varying between **4%-14%** (2017: 4%-14%) per annum and have repayment terms varying between one month to thirty years.

The fair value of the collateral of loans that are past due but not impaired estimated to MUR 5,298,043 (2017: MUR 5,534,326) are considered greater than the carrying value of the loans.

Loans disbursed to related parties during the year and remaining balances as at 30 June 2018 are disclosed under note 36.

14.	REINSURANCE ASSETS		
		2018	2017
	_	MUR	MUR
	At 01 July	736,854	451,244
	Movement for the year	191,531	285,610
	At 30 June	928,385	736,854
	The above reinsurance assets relate to Group Life products only.		
15.	REINSURANCE RECEIVABLES		
	At 01 July	1,284,617	-
	Movement for the year	2,624,642	1,284,617
	At 30 June	3,909,259	1,284,617
16.	INSURANCE RECEIVABLES	_	
	At 01 July	18,561,283	18,783,741
	Movement for the year	502,498	(317,797)
	Net movement in provisions (note 35)	(150,750)	95,339
	At 30 June	18,913,031	18,561,283
	(a) Analysis of the age of insurance receivables is as follows:		
	Up to 60 days	18,913,031	18,561,283
	Between 60 days and one year	-	-
	Above one year	<u> </u>	-
	<u> </u>	18,913,031	18,561,283
	(b) The carrying amounts of insurance receivables approximate their fair values.		
	(c) Analysis of gross amount of insurance receivables at 30 June		
	Gross insurance receivables	27,018,616	26,516,118
	Provision for impairment	(8,105,585)	(7,954,835)
	Net insurance receivables	18,913,031	18,561,283
17.	OTHER RECEIVABLES		
	Amount receivable from National Property Fund Ltd "NPFL" (note (c))	135,675,938	135,675,938
	Amount receivable from NIC General Insurance Co. Ltd	20,627,098	15,380,717
	Amount receivable from BAI Co (Mtius) Ltd (Special Administrator appointed)	1,153,072	21,405,781
	Other receivables and prepayments	19,267,577	23,366,951
	At 30 June	176,723,685	195,829,387

- (a) The carrying amounts of other receivables approximate their fair values.
- (b) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable
- (c) A total amount of MUR 50m and MUR 20m was repaid by NPFL in September and December 2016 respectively. The outstanding balance was cleared against the settlement made by NPFL on behalf of the Company in respect of encumbrances (note 26).

2017

18. CASH AND CASH EQUIVALENTS	2018	2017
(a) Short term deposits	MUR	MUR
Fixed deposit with commercial bank Fixed deposit with SICOM Financial Services Ltd	100,000,000 22,491,080	- 21,836,000
	122,491,080	21,836,000
(b) Cash in hand and at bank		
Cash in hand and at bank	226,717,409	149,495,081
Total cash and cash equivalents	349,208,489	171,331,081

- (a) The fixed deposit with SICOM Financial Services Ltd is pledged in favour of the Financial Services Commission and the rate of interest is **3.0%** (2017: 3.0%) per annum.
- (b) The fixed deposit with commercial bank carries interest at a rate of 2.25% to 3.0% per annum.

19. STATED CAPITAL

	2010	2017
	MUR	MUR
Issued and paid		
3,000,000 Ordinary shares	30,000,000	30,000,000

2010

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

20. RESERVES Revenue Other	er
deficit reserv	es Total
MUR MUI	R MUR
At 01 July 2017 (4,597,034,916) 21,4	89,240 (4,575,545,676)
Profit for the year 57,389,324	- 57,389,324
Other comprehensive income - 12,3	12,388,145
At 30 June 2018 (4,539,645,592) 33,8	(4,505,768,207)
	(4,609,776,872)
Profit for the year 27,757,956	- 27,757,956
Other comprehensive income - 6,4	73,240 6,473,240
At 30 June 2017 (4,597,034,916) 21,4	89,240 (4,575,545,676)
2018	3 2017
21. TRADE AND OTHER PAYABLES MUI	R MUR
Accruals 35,2	279,749 36,726,621
Reinsurance payables 4	05,771 272,229
Other insurance liabilities 2,9	3,716,567
Premium clearing account 53,6	668,693 88,875,792
Other payables 101,7	257,709 87,591,072
194,0	217,182,281

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

22. LONG TERM INSURANCE FUNDS

		2018	
	Insurance contract	Reinsurance of	
	liabilities	liabilities	Net
	MUR	MUR	MUR
Long term business			
Provisions for future non-participating benefits:			
- Linked	1,537,874	-	1,537,874
- Non-linked	7,237,794,575		7,237,794,575
Total insurance contract liabilities	7,239,332,449		7,239,332,449
Contracts due < 1 year	163,464,933	-	163,464,933
Contracts due > 1 year	7,075,867,516	-	7,075,867,516
Total insurance contract liabilities	7,239,332,449		7,239,332,449
		0017	
	Insurance	2017	
	contract	Reinsurance of	
	liabilities	liabilities	Net
	MUR	MUR	MUR
Long term business			
Provisions for future non-participating benefits:			
- Linked	11,415,554	-	11,415,554
- Non-linked	7,049,805,013		7,049,805,013
Total insurance contract liabilities	7,061,220,567		7,061,220,567
Contracts due < 1 year	146,963,396	_	146,963,396
Contracts due > 1 year	6,914,257,171	-	6,914,257,171
Total insurance contract liabilities	7,061,220,567		7,061,220,567
		2018	2017
		MUR	MUR
At 01 July		7,061,220,567	7,157,793,244
Movement during the year		178,111,882	(96,572,677)
At 30 June		7,239,332,449	7,061,220,567

11,415,554

22. LONG TERM INSURANCE FUNDS (CONTINUED)

Long term business

At 30 June 2017

(i) Movement table for insurance provisions

(i) Wovernert table for insurance provisions		2018	
	Insurance	2016	
	contract	Reinsurance of	
	liabilities	liabilities	Net
	MUR	MUR	MUR
Linked			
At 01 July 2017	11,415,554	_	11,415,554
Benefits paid	(9,877,680)		(9,877,680)
At 30 June 2018	1,537,874	-	1,537,874
Non-linked			
At 01 July 2017	7,049,805,013	-	7,049,805,013
Benefits paid	(929,594,802)	-	(929,594,802)
Premiums received	1,518,716,857	-	1,518,716,857
Expenses	(457,938,848)	-	(457,938,848)
Unwinding of discount	126,959,667	-	126,959,667
Difference between actual and expected experience	(70,153,312)	-	(70,153,312)
At 30 June 2018	7,237,794,575		7,237,794,575
			_
	Insurance	2017	
	contract	Reinsurance of	
	liabilities	liabilities	Net
Linked	MUR	MUR	MUR
	22 492 075		22 402 075
At 01 July 2016	23,483,075	-	23,483,075
Benefits paid	(10,028,417)	-	(10,028,417)
Premiums received	(2,039,104)		(2,039,104)

11,415,554

22. LONG TERM INSURANCE FUNDS (CONTINUED)

		2017	
	Insurance		
	contract	Reinsurance of	
	liabilities	liabilities	Net
	MUR	MUR	MUR
Non-linked			
At 01 July 2016	7,134,310,169	-	7,134,310,169
Benefits paid	(1,173,114,936)	-	(1,173,114,936)
Premiums received	1,455,842,456	-	1,455,842,456
Expenses	(406,795,171)	-	(406,795,171)
Unwinding of discount	71,502,368	-	71,502,368
Difference between actual and expected experience	(31,939,873)	-	(31,939,873)
At 30 June 2017	7,049,805,013	-	7,049,805,013

(ii) Assumptions and sensitivities for long term business

For long term insurance contracts, the Company considers on a regular basis whether the estimates of the actuarial liabilities are adequate. The principal assumptions that are considered are investment returns, expenses and mortality. Assumptions also incorporate an allowance for uncertainty.

The bulk of the liabilities of the business is single premium savings business with a small life cover component. The reserves were valued on a policy-by-policy basis based on the discounted value of the guaranteed benefits using realistic current interest rate assumptions plus margins to allow for uncertainty. The actuarial liabilities for the balance of the insurance business are determined on a policy-by-policy basis using a full preliminary term method. Negative reserves are eliminated on a policy-by-policy basis. Realistic assumptions are made as to (i) future investment yields and (ii) mortality and morbidity. Margins are incorporated in the assumptions to allow for uncertainties and to contribute towards expected renewal expenses.

The principal assumptions underlying the calculation of the long term business provision are: $\frac{1}{2} \left(\frac{1}{2} \right) = \frac{1}{2} \left(\frac{1}{2} \right) \left(\frac{1}{2} \right)$

Rate of interest	2018	2017
Term assurance without profit	1.60%	0.91%
Traditional Freelance without profit	1.60%	0.91%
Traditional Homeservice without profit	1.60%	0.91%
Endowment assurance without profit	1.60%	0.91%
Endowment assurance without profit - Individual Pension	1.60%	0.91%
Annuities	2.38%	2.18%

It is also important to maximise the after-tax returns and the Company's strategy seeks to balance these dual objectives. The first objective in these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements. While it is more difficult to measure the interest sensitivity of our assets than those of the related assets, to the extent that we can measure such sensitivities, we believe that interest rate movements will generate asset value changes that substantially offset changes in value of the liabilities relating to the underlying products. Any mismatch between policy liabilities and assets are covered by Shareholder's funds.

Mortality	2018	2017
Assurance without profits	50% SA85/90 and 7.5% HA2	50% SA85/90 and 7.5% HA2
Immediate annuities	a(55)	a(55)

23.	OUTSTANDING CLAIMS		
		2018	2017
		MUR	MUR
	At 01 July	162,036,013	137,424,144
	Movement for the year	1,955,826	24,611,869
	At 30 June	163,991,839	162,036,013

24. DEFERRED TAX

At the end of the reporting period, the Company had unused tax losses amounting to MUR 977,381,153 (2017: MUR 563,778,155). In accordance with IAS 12, the Company has not provided for any deferred tax asset on tax losses and on timing differences since it is not expected that these will be eligible for offset against future taxable profits.

25. RETIREMENT BENEFIT OBLIGATIONS

National Insurance Co. Ltd participates in the NIC Multi-Employer Pension Scheme. Its contributions for Defined Contribution (DC) employees are expensed to the profit or loss and amounted to MUR 2,656,000 for the year ended 30 June 2018 (2017: MUR 5,149,000).

BAI Co (Mtius) Ltd (Special Administrator appointed) contributed to a defined benefit (DB) pension plan which is administered by National Insurance Co. Ltd. The Company has recognised a net defined benefit liability of MUR 16,434,000 as at 30 June 2018 in respect of the shortfall in the transfer values payable from the BAI Group Pension Fund (a DB pension plan administered by the National Insurance Co. Ltd) to ex-DBBA members employed by the Company (2017: MUR 18,567,000).

In addition, the Company has recognised a defined benefit liability of MUR 10,253,000 in its statement of financial position as at 30 June 2018 (2017: MUR 8,594,000) in respect of any additional residual retirement gratuities or full retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Employment Rights Act (ERA) 2008.

The Company has also recognised a net defined benefit liability of **MUR 13,193,000** as at 30 June 2018 (2017: MUR 9,832,000) in respect of pensions to be paid out of the Company's cash flow for some ex-employees.

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 liabilities from the Fund to the Company, transfer of employees from one entity to another and data adjustments.

	Opening	Moven	nent	Closing
	balance	P&L	OCI	balance
2018	MUR	MUR	MUR	MUR
DBBA Pension Scheme	18,567,000	(2,656,000)	523,000	16,434,000
Retirement Gratuities	8,594,000	1,025,000	634,000	10,253,000
Unfunded Pensioners	9,832,000	3,618,000	(257,000)	13,193,000
	36,993,000	1,987,000	900,000	39,880,000
2017				
DBBA Pension Scheme	17,844,000	(5,149,000)	5,872,000	18,567,000
Retirement Gratuities	6,050,000	2,173,000	371,000	8,594,000
Unfunded Pensioners	5,694,000	3,659,000	479,000	9,832,000
	29,588,000	683,000	6,722,000	36,993,000

25. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)		
	2018	2017
DBBA Pension Scheme	MUR	MUR
Reconciliation of net defined benefit liability/(asset)		
Opening balance	18,567,000	17,844,000
Amount recognised in profit or loss	(2,656,000)	(5,149,000)
Amount recognised in other comprehensive income	523,000	5,872,000
Less Employer contributions	<u> </u>	-
Closing balance	16,434,000	18,567,000
Reconciliation of fair value of plan assets		
Opening balance	102,521,000	100,312,000
Interest income	7,455,000	6,894,000
Employer contributions	-	-
Employee contributions	-	-
(Benefits paid)	(4,767,000)	(3,712,000)
Exchange differences	-	-
Effect of business combination/disposal	-	-
Return on plan assets excluding interest income	(1,394,000)	(973,000)
Closing balance	103,815,000	102,521,000
Reconciliation of present value of defined benefit obligation		
Opening balance	121,088,000	118,156,000
Current service cost	, , , -	-
Employee contributions	-	-
Interest expense	8,695,000	7,930,000
Past service cost	(3,896,000)	(6,185,000)
Settlement (gain)/loss	-	-
(Benefits paid on settlement)	-	-
(Other benefits paid)	(4,767,000)	(3,712,000)
Exchange differences	-	-
Effect of business combination/disposal	-	-
Liability experience (gain)/loss	130,000	537,000
Liability (gain)/loss due to change in demographic assumptions	· -	· -
Liability (gain)/loss due to change in financial assumptions	(1,001,000)	4,362,000
Closing balance	120,249,000	121,088,000
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	(3,896,000)	(6,185,000)
Settlement (gain)/loss	(0,000,000)	(0,100,000)
Service cost	(3,896,000)	(6,185,000)
Not interest an not defined benefit liability//accet	4 240 000	1 026 000
Net interest on net defined benefit liability/(asset)	1,240,000	1,036,000
Total	(2,656,000)	(5,149,000)

25. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)		
	2018	2017
	MUR	MUR
Components of amount recognised in other comprehensive income		
Return on plan assets (above)/ below interest income	1,394,000	973,000
Liability experience (gain)/loss	130,000	537,000
Liability (gain)/loss due to change in demographic assumptions	· =	-
Liability (gain)/loss due to change in financial assumptions	(1,001,000)	4,362,000
Change in effect of asset ceiling	-	-
Total	523,000	5,872,000
Allocation of plan assets at end of period	%	%
Equity - Overseas quoted	3	3
Equity - Overseas unquoted	1	1
Equity - Local quoted	20	20
Equity - Local unquoted	-	-
Debt - Overseas quoted	-	-
Debt - Overseas unquoted	-	-
Debt - Local quoted	-	-
Debt - Local unquoted	8	8
Property - Overseas	-	-
Property - Local	4	4
Investment Funds	28	28
Cash and other	36	36
Total	100	100
Allocation of plan assets at end of period	%	%
Reporting entity's own transferable financial instruments	-	-
Property occupied by reporting entity	-	-
Other assets used by reporting entity	-	-
Principal assumptions used at end of period		
Discount rate	5.75% / 8.0%	5.4% / 8.0%
Rate of pension increases	0.5%	0.5%
Average retirement age (ARA)	60 years	60 years
Average life expectancy for:		
Male at ARA	19.5 years	19.5 years
Female at ARA	24.2 years	24.2 years
Sensitivity Analysis on defined benefit obligation at end of period		
Increase due to 1% decrease in discount rate	3,016,000	3,283,000
Decrease due to 1% increase in discount rate	2,533,000	2,735,000

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 have shown smaller variations in the defined benefit obligation.

Future cash flows

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

Expected employer contribution for the next year

Veighted average duration of the defined benefit obligation

1,237,000

2 years

	2018	2017
Retirement Gratuities	MUR	MUR
Reconciliation of net defined benefit liability/(asset)		
Opening balance	8,594,000	6,050,000
Amount recognised in profit or loss	1,025,000	2,173,000
Amount recognised in other comprehensive income	634,000	371,000
Less Employer contributions		-
Closing balance	10,253,000	8,594,000
Reconciliation of present value of defined benefit obligation		
Opening balance	8,594,000	6,050,000
Current service cost	513,000	434,000
Employee contributions	-	-
Interest expense	557,000	424,000
Past service cost	(45,000)	1,315,000
Settlement (gain)/loss	-	-
(Benefits paid on settlement)	-	-
(Other benefits paid)	-	-
Liability experience (gain)/loss	1,277,000	114,000
Liability (gain)/loss due to change in demographic assumptions	-	-
Liability (gain)/loss due to change in financial assumptions	(643,000)	257,000
Closing balance	10,253,000	8,594,000
Components of amount recognised in profit or loss		
Current service cost	513,000	434,000
Past service cost	(45,000)	1,315,000
Settlement (gain)/loss	-	-
Service cost	468,000	1,749,000
Net interest on net defined benefit liability/(asset)	557,000	424,000
Total	1,025,000	2,173,000
Components of amount recognised in other comprehensive income	4 077 000	444.000
Liability experience (gain)/loss	1,277,000	114,000
Liability (gain)/loss due to change in demographic assumptions	- (0.40.000)	-
Liability (gain)/loss due to change in financial assumptions	(643,000)	257,000
Total	634,000	371,000
Principal Assumptions used at end of period		
Discount rate	6.4%	6.5%
Rate of salary increases	4.5%	5.0%
Average retirement age (ARA)	60 years	60 year
Sensitivity analysis on defined benefit obligation at end of period		
Increase due to 1% decrease in discount rate	3,672,000	2,925,000
Decrease due to 1% increase in discount rate	1,772,000	1,241,000

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 cash flows

The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.	
Expected employer contribution for the next year	3,564,000
Weighted average duration of the defined benefit obligation	13 years

	2018	2017
Unfunded Pensioners	MUR	MUR
Reconciliation of net defined benefit liability/(asset)		5 00 4 0
Opening balance	9,832,000	5,694,00
Amount recognised in profit or loss	4,507,000	4,040,00
Amount recognised in other comprehensive income	(257,000)	479,00
Less Employer contributions	(889,000) 13,193,000	(381,00
Closing balance	13,193,000	9,832,00
Reconciliation of present value of defined benefit obligation		
Opening balance	9,832,000	5,694,00
Current service cost	-	-
Employee contributions	-	-
Interest expense	611,000	507,00
Past service cost	3,896,000	3,533,00
Settlement (gain)/loss	-	-
(Benefits paid on settlement)	-	-
(Other benefits paid)	(889,000)	(381,00
Exchange differences	-	-
Effect of business combination/disposal	-	-
Liability experience (gain)/loss	175,000	(835,0
Liability (gain)/loss due to change in demographic assumptions	-	-
Liability (gain)/loss due to change in financial assumptions	(432,000)	1,314,0
Closing balance	13,193,000	9,832,0
Components of amount recognised in profit or loss		
Current service cost	-	-
Past service cost	3,896,000	3,533,0
Settlement (gain)/loss	-	-
Service cost	3,896,000	3,533,0
Net interest on net defined benefit liability/(asset)	611,000	507,0
Total	4,507,000	4,040,0
		,,-
Components of amount recognised in other comprehensive income		
Liability experience (gain)/loss	175,000	(835,0
Liability (gain)/loss due to change in demographic assumptions	-	-
Liability (gain)/loss due to change in financial assumptions	(432,000)	1,314,0
Total	(257,000)	479,0
Principal assumptions used at end of period		
	E 00/	-
Discount rate	5.8%	5.
Rate of salary increases	0.5%	0.9
Average retirement age (ARA)	60 years	60 ye
	2018	2017
	MUR	MUR
Consitiuity analysis on defined benefit obligation at and of period	WIOK	WOK
Sensitivity analysis on defined benefit obligation at end of period	4 000 000	4 044 -
increase due to IV. decrease in discount rate	1,303,000	1,011,00
Increase due to 1% decrease in discount rate Decrease due to 1% increase in discount rate	1,113,000	859,00

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 cash flows

The funding policy is to pay b	enefits out of the reporting entity's cas	h flow as and when due.	
Expected employer contribut	tion for the next year	MUR 893,000	MUR 893,000
Weighted average duration of	of the defined benefit obligation	9 vears	9 years

26. PROVISION FOR ENCUMBRANCES

	2018	2017
	MUR	MUR
Amount payable to Absa Bank (Mauritius) Limited (ex-Barclays Bank		
Mauritius Limited)	355,000,000	355,000,000

The above encumbrance was recognised as a provision in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". The encumbrance was settled in full by the Company's ultimate holding company, NPFL, in November 2018.

Other encumbrances on the Company's investment properties, for which no provision has been recognised, are as follows:

	2018	2017
•	MUR	MUR
SBM Bank (Mauritius) Ltd	288,300,000	288,300,000
The Mauritius Commercial Bank Limited	169,263,000	169,263,000
Ex-Bramer Banking Corporation (MUR 25M and USD 2.5M)	109,163,750	108,102,750
Mauritius Revenue Authority	55,110,625	197,076,699
Syndicat des Coproprietaires Phoenix Les Halles	3,095,214	3,095,214
Anglo Mauritius Insurance Society Company Ltd / Swan Insurance Co. Ltd		3,150,000
	624,932,589	768,987,663

27. 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
At 01 July	(2,525,376)	(73,441)
Tax charge for the year	-	-
Amount paid during the year	-	-
Payment under Advance Payment System (APS)	-	-
Tax deducted at source	(3,922,326)	(2,451,935)
At 30 June	(6,447,702)	(2,525,376)
(b) Statement of profit or loss		
Current tax on the adjusted profit for the year at 15%	-	-
Deferred tax	-	-
		-
(c) Tax reconciliation		
Profit before taxation	57,389,324	27,757,956
Tax calculated at rate of 15%	8,608,399	4,163,693
Income not subject to tax	(213,928,821)	(202,449,480)
Other allowable deductions	(976,017)	(523,218)
Expenses not deductible for tax purposes	144,255,990	153,264,756
Deferred tax asset not recognised	62,040,449	45,544,249
Tax charge for the year		

		2018	2017
		MUR	MUR
28.	GROSS PREMIUMS		
	Life assurance	1,406,426,115	1,297,189,290
	Pension	67,907,845	122,717,090
	Unit linked	 -	(2,039,103)
	Total	1,474,333,960	1,417,867,277
29.	PREMIUMS CEDED TO REINSURERS		
	Life assurance	36,005,913	46,734,311
	Pension	1,195,321	826,080
	Total	37,201,234	47,560,391
30.	FEES AND COMMISSION INCOME		
	Life assurance	730,793	19,621,260
	Pension	42,378	53,231
	Total	773,171	19,674,491
31.	BENEFITS AND CLAIMS		
	Death	73,802,129	76,225,858
	Maturity	141,620,986	202,280,914
	Surrender	177,461,991	324,771,778
	Cash Back	398,023,194	501,919,292
	Others	121,826,134	55,251,065
	Total	912,734,434	1,160,448,907
32.	ACQUISITION COSTS		
	Commissions	70,751,394	65,566,186
	Benefits and allowances	48,266,500	45,378,465
	Others	13,684,882	7,011,999
	Total	132,702,776	117,956,650

		Notes	2018	2017
33.	INVESTMENT AND OTHER INCOME	_	MUR	MUR
	Bank interest and others		1,855,135	1,187,502
	Mortgage, policyholder and other loans interest		15,071,157	17,984,645
	Provision for impairment of loans		(7,374,168)	5,846,578
	Rental income		74,776,921	48,815,764
	Dividend income		10,313	20,385
	Other income	_	6,424,512	5,915,379
		=	90,763,870	79,770,253
34.	NET REALISED / UNREALISED GAINS AND (LOSSES)			
	Net realised (gains) / losses on disposal of financial assets		-	3,064,238
	Net realised gains on disposal of property, plant and equipment		-	2,926,584
	Net unrealised fair value gains / (losses) on financial assets	12	31,005,209	(19,968,327)
	Net unrealised fair value gains on investment properties Foreign exchange loss	10	11,625,000 (9,900)	11,625,000
	Totelgit excitatige loss	_	(3,300)	
		=	42,620,309	(2,352,505)
35.	OTHER OPERATING AND ADMINISTRATIVE EXPENSES			
	Salaries and related costs		194,861,857	174,943,914
	Directors' fees and expenses		2,363,638	2,103,410
	Rental and related costs		38,121,759	42,272,970
	Office service costs		39,682,555	24,875,237
	Depreciation and amortisation		17,248,608	16,990,138
	Travel and entertainment		2,753,108	3,082,629
	Advertising		4,120,912	6,270,925
	Legal and professional fees		13,600,270	6,208,721
	Provision for doubtful debts		150,750	(95,339)
	Other expenses	_	2,915,122	2,684,780
		=	315,818,579	279,337,385
	Salaries and related costs are analysed as follows:			
	Wages and salaries		156,320,345	127,989,748
	Pension		21,537,325	14,482,851
	Social Security		5,336,728	5,433,636
	Employee development		2,568,009	2,513,507
	Other costs	_	9,099,450	24,524,172
		=	194,861,857	174,943,914
	Number of employees at end of the year		311	338
		=		

Net amount

36. RELATED PARTY DISCLOSURES

2018

Remuneration and benefits MUR	Sale of goods or services MUR	Purchase of goods or services MUR	Dividend income MUR	Loans balance MUR	Net amount payable to related parties MUR	receivable from related parties MUR
_	-	-	-	-	_	135,675,938
-	4,117,661	9,457,386	-	-	194,519	20,627,098
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
21,947,304	-	-	-	4,377,137	-	-
21,947,304	4,117,661	9,457,386	-	4,377,137	194,519	156,303,036
	and benefits MUR 21,947,304	and goods or services MUR MUR 4,117,661	and benefits goods or services MUR MUR MUR - - - - 4,117,661 9,457,386 - - - - - - - - - - - - - - - - - - 21,947,304 - -	and benefits goods or services goods or services Dividend income MUR MUR MUR MUR - - - - - 4,117,661 9,457,386 - - - - - - - - - - - - - - - - - - - - - - - - - 21,947,304 - - -	and benefits goods or services Dividend income balance MUR MUR MUR MUR MUR - - - - - - 4,117,661 9,457,386 - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Remuneration and benefits Sale of goods or goods or goods or services Dividend income balance Loans parties MUR M

Key management personnel

- Short-term employee benefits
- Post-employment benefits
- Termination benefits

MUR 20,249,933 1,697,371 -21,947,304

36. RELATED PARTY DISCLOSURES (CONTINUED)

2017

						Net amount	Net amount
	Remuneration	Sale of	Purchase of			payable to	receivable from
	and	goods or	goods or	Dividend	Loans	related	related
	benefits	services	services	income	balance	parties	parties
	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Ultimate holding company	-	-	-	-	-	-	135,675,938
Immediate holding company	-	2,843,452	8,234,226	-	-	353,777	15,380,717
Subsidiaries	-	-	-	-	-	-	-
Fellow subsidiaries	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-
Other related parties	-	-	-	-	-	-	-
Related party with significant influence	-	-	-	-	-	-	-
Key management personnel	18,439,992	-	-	-	4,616,722	-	-
	18,439,992	2,843,452	8,234,226	-	4,616,722	353,777	151,056,655

Key management personnel

- Short-term employee benefits
- Post-employment benefits
- Termination benefits

MUR 17,120,400

1,319,592

18,439,992

37. SHARED SERVICE AGREEMENT

There is a Shared Service Agreement between the Company and its immediate holding company, NIC General Insurance Co. Ltd. The latter is being recharged a proportion of administrative costs incurred by the Company and a rental for occupation of the Company's offices. The amount recharged is at arm's length.

38. COMMITMENTS

(a) Capital Commitments

There was no capital expenditure contracted for at the reporting date.

(b) Operating lease commitments - Company as lessee

The Company has entered into commercial leases on certain properties. These leases have an average life of five years with renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2018	2017
	MUR	MUR
Less than one year	11,911,510	11,361,577
More than one year and less than five years	49,460,366	48,622,204
	61,371,876	59,983,781

During the year, an amount of **MUR 10,116,024** (2017: MUR 10,040,888) was recognised as an expense in profit or loss in respect of operating leases.

39. GOING CONCERN

As per the Insurance Act, the Company is required to maintain a minimum surplus of assets over liabilities being the Minimum Capital Requirement (MCR). The MCR needs to be covered by the surplus in the Life Funds that is attributable to shareholders plus shareholder assets in the Company. As per the Statutory Actuary's report, it is noted that the Company did not have sufficient surplus assets to cover the MCR as at the reporting date. This deficit arose mainly following the fair value of assets and liabilities transferred to the Company in July 2015. The matter was escalated to the Ultimate Shareholder, the Government of Mauritius, for a policy decision to be taken to address the capital and asset related issues of the Company. A Letter of Guarantee of up to MUR 6bn was provided by the Ultimate Shareholder, to back the business and support its going concern. A Restructuring Plan was alongside required for implementation to transform the business challenges and for the long term sustainability of the Company. The Letter of Guarantee will remain valid up to 30 June 2025. Subsequent to the reporting date, the Ultimate Shareholder has agreed to increase the share capital of the Company by MUR 5.7bn. A significant part of the gaps in assets and MCR were addressed through capital injection by the Ultimate Shareholder prior to the signature of the audited financial statements in December 2020 (MUR 4bn injected in November 2020 and the remaining MUR 1.7bn is expected to be injected in 2021). A Contingency Plan has been put in place in line with the requirements of the Insurance Act 2005 and it is expected that the Company's solvency issue will be addressed by 30 June 2021. The financial statements of the Company have therefore been prepared on a going concern basis.

40. COMPLIANCE WITH INSURANCE ACT 2005

As at the reporting date, it is noted that the Company did not have sufficient surplus assets to cover the Minimum Capital Requirements ("MCR") as per the Insurance (Long-Term Insurance Business Solvency) Rules 2007 under the Insurance Act 2005. A Letter of Guarantee, valid up to 30 June 2025, was provided by the Ultimate Shareholder, the Government of Mauritius, to the Company to back the business including compliance with the Insurance Act 2005. Following an increase in the share capital of the Company by MUR 5.7bn post the reporting date, a significant part of the gaps in assets and MCR were addressed through capital injection by the Government of Mauritius prior to the signature of the audited financial statements in December 2020. A Contingency Plan has been put in place in line with the requirements of the Insurance Act 2005 and it is expected that the Company will comply with the Insurance Act 2005 with regards to the MCR by 30 June 2021.

41. HOLDING COMPANIES AND ULTIMATE BENEFICIAL OWNER

The Directors regard NIC General Insurance Co. Ltd as its immediate holding company, the National Property Fund Ltd as its ultimate holding company and the Government of Mauritius as its Ultimate Beneficial Owner. Subsequent to the reporting date, there has been a change in the shareholding structure as described under note 43.

42. CONTINGENT LIABILITIES

In common practice with the insurance industry in general, the Company is subject to litigations arising in the normal course of insurance business. The Directors are of the opinion that these litigations will not have a material effect on the financial position or results of the Company.

As at 30 June 2018, there were contingent liabilities amounting to **MUR 10,000,000** (2017: MUR 2,000,007) in respect of court cases entered by policy holders against the Company.

43. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, the Ultimate Shareholder has agreed for the increase in share capital of the Company by an issue of 570,000,000 ordinary shares to its ultimate holding company, National Property Fund Ltd ("NPFL"), for an amount of MUR 5.7bn (following the approval received from the Financial Services Commission in October 2020). NPFL has paid an amount of MUR 4bn in November 2020 representing 400,000,000 ordinary shares. The unpaid share capital of MUR 1.7bn is expected to be paid in the financial year 2020/21.

Following this new issue of shares, the percentage holding of NIC General Insurance Co. Ltd ("NICG") in the Company has been diluted to 0.52%. NPFL would thereafter be considered as the immediate holding company of the Company.



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