THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED – GUYANA BRANCH

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 AN INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED

(GUYANA BRANCH)

ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of The New India Assurance Company (T&T) Limited (Guyana Branch) which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 27.

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of The New India Assurance Company (T&T) Limited (Guyana Branch) as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards for Accountants Code that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of those Charged with Governance for the Financial Statements

The Directors/ Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the audit of the Financial Statements

The objectives of our audit 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 auditor's report that includes our opinion.

Auditor's Responsibilities for the audit of the Financial Statements – cont'd

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 auditor's 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 auditor's 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 those charged with governance 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 Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 199[illegible].

The Insurance Act 2016 came into effect in 2018 refer to Note 15.

TSD Lal & Co.

TSD LAL & CO.
CHARTERED ACCOUNTANTS

Date: June 5, 2020

77 Brickdam,
Stabroek, Georgetown,
Guyana

THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED
(GUYANA BRANCH)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		G$'000	G$'000
Insurance contracts premium revenue		64,803	64,164
Reinsurers' share of insurance contracts premium revenue		(45,067)	(42,227)
Net insurance contracts premium revenue		19,736	21,937
Net change in unearned premium provision and unexpired risks		(3,787)	1,132
Net insurance revenue		15,949	23,069
Reinsurance commission		8,842	9,802
Investment and other income	4	1,067	295
Total revenue		25,858	33,166
Gross claims incurred		(6,596)	(2,802)
Reinsurers' share of gross claim incurred		53	3,113
Net insurance claims incurred		(6,543)	311
Agents and brokers commissions		(11,813)	(13,449)
Other operating and administrative expenses		(27,676)	(30,238)
Total claims incurred and other expenses		(46,032)	(43,376)
Net loss for the year		(20,174)	(10,210)

The accompanying notes form an integral part of these financial statements.

THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED
(GUYANA BRANCH)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Head Office Account	Accumulated losses	Total
	G$'000	G$'000	G$'000
At 1 January,2018	115,182	(67,220)	47,962
Net loss for the year	-	(10,210)	(10,210)
At 31 December,2018	115,182	(77,430)	37,752
Net loss for the year	(20,174)	-	(20,174)
Transaction with Head office	(7,141)	77,430	70,289
At 31 December 2019	87,867	-	87,867

The accompanying notes form an integral part of these financial statements.

THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED
(GUYANA BRANCH)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 G$'000	2018 G$'000
ASSETS			
Property, plant and equipment	5	-	4,920
Tax recoverable		250	250
Trade and other receivables	6	8,584	4,661
Reinsurance assets		25,546	26,537
Term Deposits	7	56,777	55,591
Cash and cash equivalents		40,490	23,696
Total Assets		131,647	115,655
EQUITY AND LIABILITIES			
EQUITY			
Head Office Account	8	87,867	37,752
		87,867	37,752
LIABILITIES			
Insurance contracts	9	43,299	38,730
Trade and other payables		481	39,173
		43,780	77,903
Total Equity and Liabilities		131,647	115,655

These financial statements were approved by the Board of Directors on June 05, 2020

Signed on behalf of the Board

Amit Misra
Managing Director

"The accompanying notes form an integral part of these financial statements."

THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED
(GUYANA BRANCH)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 G$'000	2018 G$'000
Cash Flows from the operating activities:		
Premium received from policyholders, including advance receipts	60,936	71,364
Payments of direct claims	(4,839)	(5,791)
Payments of commission and brokerage	(11,813)	(13,449)
Payments of other operating expenses	(27,571)	(29,573)
Net cash flow from operating activities	16,712	22,551
Cash flows from investing activities:		
Purchase of fixed assets	-	(55)
Purchases of investments	(56,776)	(55,591)
Sales of investments	55,591	40,535
Rents/Interests/ Dividends received	1,268	82
Net cash flow from investing activities	82	(15,029)
Net increase in cash and cash equivalents:	16,794	7,521
Cash and cash equivalents at the beginning of the year	23,696	16,175
Cash and cash equivalents at the end of the year	40,490	23,696

"The accompanying notes form an integral part of these financial statements"

THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED

(GUYANA BRANCH)

NOTES ON THE ACCOUNTS

1. Incorporation and activities

The New India Assurance Company (Trinidad and Tobago) Limited (the Company) is incorporated in the Republic of Trinidad and Tobago and is a subsidiary of The New India Assurance Company Limited, Mumbai, India. The Company carries on general insurance business in Trinidad and Tobago, Dominica, St. Lucia, St. Maarten, Anguilla and Guyana. The Company also maintains run-off portfolios in the islands of Antigua, and Barbados. The registered office and principal place of business is located at 6A Victoria Avenue, Port of Spain.

The company was registered in Guyana on April 27, 2015 to carry out class 1 (Accident & Liability), class 2 (Auto) and class 4 (Fire) insurance.

2. New and amended standards and interpretations

Amendments effective for the current year end

	Effective for annual periods beginning on or after
New and Amended Standards	
IFRS 16 Leases	1 January 2019
New and revised interpretations	
IFRIC 23, 'Uncertainty over income tax	1 January 2019

<u>IFRS 16 Leases</u>

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets, however, this exemption can only be applied by lessees.

IFRS 16's approach to lessor accounting is substantially unchanged from its predecessor, IAS 17.

2. New and amended standards and interpretations – cont'd

Annual improvements 2015-2017

Standard/Interpretation	Amendment
IFRS 3, 'Business combinations'	The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.
IFRS 11, 'Joint arrangements'	The amendments clarify that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation.
IAS 12, 'Income taxes'	The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognized in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.
IAS 23, 'Borrowing costs'	The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

IFRIC 23 Uncertainty over Income Tax

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatment should be considered collectively;
- Assumptions for taxation authorities examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- The effect of changes in facts and circumstances.

None of the foregoing had an impact on the financial statements.

2. New and amended standards and interpretations cont'd

Pronouncements effective in future periods available for early adoption

New and Amended Standards	Effective for annual periods beginning on or after
Amendments to IAS 1 and IAS 8 – Definition of material	1 January 2020
Amendments to the Conceptual framework	1 January 2020
IFRS 17, 'Insurance contracts'	1 January 2021

The Company has not opted for early adoption.

The standards and amendments that are expected to have a material impact on the Company's accounting policies when adopted are explained below.

Amendments to IAS 1 and IAS 8 – Definition of material

The amendment to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies', changes in accounting estimates and errors', and other consequential amendments to other IFRSs:

i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
ii) Clarify the explanation of the definition of material; and
iii) Incorporate some of the guidance in IAS 1 about immaterial information.

The amendments clarify the definition of material and make IFRSs more consistent, but are not expected to have a significant impact on the preparation of financial statements.

Amendments to the Conceptual framework

The IASB has revised its Conceptual Framework. This will not result in any immediate changes to IFRS however the revised framework will be used in future standard setting decisions. It is therefore helpful for stakeholders to understand the concepts in the framework and the potential ways in which they may impact future guidance. Preparers might also use the framework to develop accounting policy where an issue is not addressed by an IFRS.

IFRS 17, 'Insurance contracts'

On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting

2. New and amended standards and interpretations cont'd

IFRS 17, 'Insurance contracts' -cont'd

by all entities that issue insurance contracts and investment contracts with discretionary participation features.

On transition to IFRS 17, an entity applies IFRS 17 retrospectively to groups of insurance contracts, unless it is impracticable. In this case, the entity is permitted to choose between a modified retrospective approach and the fair value approach.

3. Statement of accounting policies

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board.

(b) Foreign currency

Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Guyana dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided at rates sufficient to write-off the cost of the assets over their estimated useful lives.

The rates and methods used are as follows:

Motor vehicles	20 - 25% on cost
Office equipment	10 - 25% on reducing balance

The asset's residual value, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

3. Statement of accounting policies- cont'd

(e) Insurance receivables

Insurance receivables are recognized when due and measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of income.

(f) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of change in value. These are shown at cost.

(g) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

(h) Capital reserve

All unrealized gains and losses arising from the revaluation of available-for-sale investments are recognized as part of shareholders equity in the capital reserve.

(i) Product classification

Insurance contracts

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract. The significance of insurance risk is dependant on both the probability of an insured event and the magnitude of its potential effect.

Property insurance contracts provide coverage to the policy holders property damage or loss of property. These contracts are issued for both commercial property and homeowners' property. Motor insurance provides coverage for damage, theft and personal accident.

(j) Claims

Reported outstanding general insurance claims comprise the estimated costs of all claims incurred but not settled at the statement of financial position date, less any reinsurance recoveries. In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from adjusters and information on the cost of settling claims with similar characteristics in previous periods. Provision is made for claims incurred but not reported until after the statement of financial position date. Differences between the provisions for outstanding claims and subsequent revisions and settlement are included in the statement of comprehensive income in the year the claims are settled.

THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED

(GUYANA BRANCH)

NOTES ON THE ACCOUNTS

3. Statement of accounting policies- cont'd

(j) Claims- cont'd

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claims has happened.

(k) Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and 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 in Guyana at the end of each reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED

(GUYANA BRANCH)

NOTES ON THE ACCOUNTS

3. Statement of Accounting Policies- cont'd

(l) Insurance contract liabilities

General insurance contract liabilities

General insurance contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not. Significant delays can be experienced in the notification and settlement of certain type of general insurance claims, therefore the ultimate cost of which cannot be known with certainty at the statement of financial position date.

Provision for unearned premiums

The proportion of written premiums attributable to subsequent periods is deferred as unearned premium. The change in the provision for unearned premium is taken to the income statement in the order that revenue is recognized over the period of risk.

Provision for unexpired risks

Provision for unexpired risks represents the amount set aside at the end of the year in respect of subsequent risks to be borne by the company under contracts of insurance in force at the end of the year and are computed as a percentage of the provision for unearned premiums at the end of the year.

(m) Provision for other insurance financial liabilities

A provision is recognised when the Company has a present legal or constructive obligation, as a result of past events, which it is probable, will result in an outflow of resources and when a reliable estimate of the amount of the obligation can be made.

(n) Measurement of financial assets and liabilities

All financial assets and liabilities are measured at amortised costs.

(o) Revenue recognition

Premium income

Premiums written are recognized on policy inception and earned on a pro rata basis over the term of the related policy coverage.

(p) Revenue recognition

Commission income

The fee is recognized as revenue in the period in which it is received unless these relate to service to be provided in future periods. If the fees are for services to be provided in future periods, these are deferred and recognized in the income statement as the service is provided

3. Statement of Accounting Policies- cont'd

(p) Revenue recognition- cont'd

Commission income- cont'd

over the term of the contract. Initiation and other front-end fees are also deferred and recognized over the term of the contract.

Realised gains and losses recorded in the income statement

Realised gains and losses on the sale of property and equipment and of available for sale financial assets are calculated as the difference between net sales proceeds and the original cost. Realised gains and losses are recognized in the statement of comprehensive income when the sale transaction occurs.

(q) Expenses of management

Expenses of management are apportioned to the various business segments on the basis of gross premium income written for each class of business.

(r) Other income and expenditure

Other income and expenditure items are accounted for on the accrual basis.

3 (a) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

(i) Useful lives of property, plant and equipment

Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives of these assets should remain the same.

3 (a) Critical accounting judgments and key sources of estimation uncertainty- cont'd

Key sources of estimation uncertainty- cont'd

(ii) Trade receivables and other receivables

On a regular basis, management reviews trade receivables and other receivables to assess impairment. Based on the information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for impairment.

(iii) Ultimate liability arising from claims made under insurance contract

The ultimate liability arising from claims made under insurance contract is likely to be different from initial estimates. Both the timing of settlement and the ultimate liability are subject to uncertainty.

	2019 G$'000	2018 G$'000
4 Investment and other income		
Interest income	1,067	295

5 Property, Plant and Equipment

	Leasehold Improvements	Office Equipment & Motor Vehicles	Total
	G$'000	G$'000	G$'000
Cost/valuation			
At 1 January 2018	492	9,760	10,252
Additions	-	55	55
At 31 December 2018	492	9,815	10,307
Transferred to head office	(492)	(9,815)	(10,307)
At 31 December 2019	-	-	-
Depreciation			
At 1 January 2018	213	2,442	2,655
Charge for the year	92	2,640	2,732
At 31 December 2018	305	5,082	5,387
Transferred to head office	(305)	(5,082)	(5,387)
At 31 December 2019	-	-	-
Net book values :			
At 31 December,2018	187	4,733	4,920
At 31 December,2019	-	-	-

As at 31 Decemeber, 2019 New India Assurance Company (T&) Limited transferred all property plant and equipment to its Head Office at Trinidad to simplify the consolidation process of financial statements at Company level.

6 Trade and Other Receivables

	2019 G$'000	2018 G$'000
Insurance receivables	8,037	3,556
Other receivables	547	1,105
	8,584	4,661

NOTES ON THE ACCOUNTS

	2019 G$'000	2018 G$'000
7 Term Deposit	56,777	55,591

This amount represent statutory deposit pledged with the Bank of Guyana.

8 Equity

	2019 G$'000	2018 G$'000
Head Office Account	87,867	37,752

This amount represents the set-up cost for Guyana office.

9 Insurance contract liabilities

	2019			2018		
	Insurance Contract Liabilities G$'000	Reinsurance Share of Liabilities G$'000	Net G$'000	Insurance Contract Liabilities G$'000	Reinsurance Share of Liabilities G$'000	Net G$'000
Provision for claims reported by policyholder	**2,287**	-	**2,287**	823	(13)	810
Provision for claims incurred but not reported(IBNR)	457	-	457	165	(3)	162
	2,744	-	2,744	988	(16)	972
Provision for unearned premiums	36,868	(23,224)	13,644	34,311	(24,110)	10,201
Provision for unexpired risk	3,687	(2,322)	1,355	3,431	(2,411)	1,020
	43,299	**(25,546)**	17,753	**38,730**	**(26,537)**	12,193

NOTES ON THE ACCOUNTS

	2019	2018
	G$'000	G$'000
9(a) Claims unpaid		
Claims unpaid	2,287	823
Reinsurance recoveries	-	(13)
	2,287	810

9(b) Claims development table

Development of claims tables provides a measure of the Company's ability to estimate the ultimate value of claims for its general insurance subsidary. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each reporting year has changed at successive year-ends. The bottom half of the table reconciles the cummulative claims to the amount appearing in the consolidated statement of financial position.

Reporting Year	2016	2017	2018	2019	Total
	G$'000	G$'000	G$'000	G$'000	G$'000
Net estimate of cumulative claims cost					
At the end year of claim	632,973	3,503	4,445	6,459	647,380
One year later	634,618	3,495	4,299	-	-
Two years later	633,309	3,495	-	-	-
Three years later	633,309	-	-	-	-
Four years later	-	-	-	-	-
Five years later	-	-	-	-	-
Current estimate of cummulative claims cost	633,309	3,495	4,299	6,459	647,562
Cummulative payments	(633,309)	(3,495)	(4,299)	(4,172)	(645,275)
Outstanding claims recognised in the statement of financial position	-	-	-	2,287	2,287

NOTES ON THE ACCOUNTS

9 Insurance contract liabilities

(a) Provision for claims reported by policyholders may be analysed as follows:

	2019			2018		
	Insurance Contract Liabilities G$'000	Reinsurance Share of Liabilities G$'000	Net G$'000	Insurance Contract Liabilities G$'000	Reinsurance Share of Liabilities G$'000	Net G$'000
At 1 January	987	(15)	972	3,977	65	4,042
Claims incurred	6,596	(53)	6,543	2,801	(3,112)	(311)
Claims paid during the year	(4,839)	68	(4,771)	(5,791)	3,032	(2,759)
At 31 December	**2,744**	**-**	**2,744**	**987**	**(15)**	**972**

(b) The provision for unearned premiums may be analysed as follows:

	2019			2018		
	Insurance Contract Liabilities G$'000	Reinsurance Share of Liabilities G$'000	Net G$'000	Insurance Contract Liabilities G$'000	Reinsurance Share of Liabilities G$'000	Net G$'000
At 1 January	34,312	(24,111)	10,201	39,121	(27,891)	11,230
Premium written in the year	64,803	(45,057)	19,736	64,164	(42,227)	21,937
Premium earned during the year	(62,247)	45,636	(16,611)	(68,973)	46,007	(22,966)
At 31 December	**36,868**	**(23,542)**	**13,326**	**34,312**	**(24,111)**	**10,201**

9 Insurance contract liabilities

(c) The provision for unexpired risk may be analysed as follows:

	2019			2018		
	Insurance Contract Liabilities	Reinsurance Share of Liabilities	Net	Insurance Contract Liabilities	Reinsurance Share of Liabilities	Net
	G$'000	G$'000	G$'000	G$'000	G$'000	G$'000
At 1 January	3,431	(2,411)	1,020	3,912	(2,789)	1,123
Net incurred	255	57	312	(481)	378	(103)
At 31 December	3,686	(2,354)	1,332	3,431	(2,411)	1,020

10 Related party transactions, balances and other disclosures.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Key management personnel

Compensation

The branchs 1 (2018- 2) key management personnel comprise its branch manager.

The remuneration paid to key management personnel for the year was as follows:

	2019	2018
	G$'000	G$'000
Short term employee benefits	6,527	7,327

NOTES ON THE ACCOUNTS

11 Analysis of financial assets and liabilities by measurement basis

	Receivables	Financial assets and liabilities at amortised cost	Total
	G$'000	G$'000	G$'000
2019			
Assets			
Taxation recoverable	-	250	250
Trade and other receivables	8,584	-	8,584
Reinsurance asset	-	25,546	25,546
Term deposit	-	56,777	56,777
Cash and cash equivalents	-	40,490	40,490
	8,584	123,063	131,647
Liabilities			
Trade payables and other payables	-	481	481
Insurance contract	-	43,299	43,299
	-	43,780	43,780
2018			
Assets			
Trade and other receivables	250	-	250
Reinsurance asset	-	26,537	26,537
Term Deposits	-	4,661	4,661
Cash and cash equivalents	-	55,591	55,591
Taxation recoverable	-	23,696	
	250	110,485	110,485
Liabilities			
Trade and other payables	-	39.173	39.173
Insurance contracts	-	38,730	38,730
	-	77,903	77,903

12 Financial risk management

Financial risk management objectives

The company's management monitors and manages the financial risks relating to the operations of the company. These risks include market risk (currency risk,interest rate risk),credit risk and liquidity risk.

The company seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk,interest rate risk and credit risk which are approved by the board of directors.

The company's management reports monthly to the board of directors on matters relating to risk and management of risk.

(a) Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The company is exposed to various risks that are associated with the effects of variations in interest rates.This impacts directly on its cash flows.

The company's management continually monitors and manages these risks through the use of appropriate tools and implements relevant strategies to hedge against any adverse effects.

(ii) Interest rate sensitivity analysis.

The sensitivity analysis below has been determined based on the exposure to interest rates for all financial instruments at the end of the reporting period.The analysis is prepared assuming the amounts of the financial instrumentsat the end of the reporting period were in existence throughout the whole year.A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible charges in interest rates

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit/(loss) for the year ended 31 December,2019 would increase/decrease by G$283,885(2018- G$277,955).This is mainly attributable to the branch exposure to interest rate on its reinsurance liabilities.

12 Financial risk management - cont'd

Interest rate risk

	Average Interest rate %	Maturing 2019			
		1 year G$'000	2 - 5 years G$'000	Non-interest bearing G$'000	Total G$'000
Assets					
Tax recoverable		-	-	250	250
Trade and other receivables		-	-	8,584	8,584
Reinsurance asset		-	-	25,546	25,546
Term deposit	1.38	56,777	-	-	56,777
Cash and cash equivalents		-	-	40,490	40,490
		56,777	-	74,870	131,647
Liabilities					
Trade payables and other payables		-	-	481	481
Insurance contract		-	-	43,299	43,299
		-	-	43,780	43,780
Interest sensitivity gap		56,777	-		

	Average Interest rate %	Maturing 2018			
		1 year G$'000	2 - 5 years G$'000	Non-interest bearing G$'000	Total G$'000
Assets					
Tax recoverable		-	-	250	250
Trade and other receivables		-	-	4,661	4,661
Reinsurance asset		-	-	26,537	26,537
Term deposit	1.38	55,591	-	-	55,591
Cash and cash equivalents		-	-	23,696	23,696
		55,591	-	50,233	105,824
Liabilities					
Trade payables and other payables		-	-	39,173	39,173
Insurance contract		-	-	38,730	38,730
		-	-	77,903	77,903
Interest sensitivity gap		55,591	-		

12 Financial risk management - cont'd

(iii) Currency risk

The Company's exposure to the effects of fluctuation in foreign currency exchange rates arise mainly from foreign payables.

The currency which the Company is mainly exposed to is United States Dollar.

The aggregate amounts of assets and liabilities denominated in currency other than Guyana dollars are as shown:

	Total US$'000	Total G$'000
2019		
Assets	-	-
2018		
Assets	187	39,052

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 2.5% increase and decrease in the Guyana dollar (GYD) against the United States dollar (US$'000).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period ended for a 2.5% change in foreign currency rates. A positive number indicates an increase in profit where the US$'000 strengthens 2.5% against the GY$'000 for a 2.5% weakening of the US$'000 against G$'000 there would be an equal and opposite impact on the profit/(loss), and the balance below would be negative.

	2019 G$'000	2018 G$'000
Profit/(loss)	-	976

(iv) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimise the risk.

The Company is not significantly exposed to other price risks.

NOTES ON THE ACCOUNTS

12 Financial risk management - cont'd

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The company manages it's liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. The information given below relates to the major liabilities based on the remaining period at 31 December or the contractual maturity dates.

	Maturing 2019		
	Within 1 year		Total
	On demand	Due 3- 12 mths	
	G$'000	G$'000	G$'000
Liabilities			
Trade payables and other payables	-	481	481
Insurance contract	-	43,299	43,299
	-	43,780	43,780

	Maturing 2018		
	Within 1 year		Total
	On demand	Due 3- 12 mths	
	G$'000	G$'000	G$'000
Liabilities			
Trade and other payables	-	39,173	39,173
Insurance contracts	-	38,730	38,730
	-	77,903	77,903

12 Financial risk management - cont'd

(c) Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer to meet its obligations under a contract.In the case of the company,this arises principally from receivables and cash resource holdings.

Cash and bank includes balances held at financial institutions. These banks have been assessed by the Directors as being creditworthy,with very strong capcity to meet their obligation as they fall due.The related risk is therefore considered very low.

The company's exposure to credit risk is continuously monitored to ensure that amounts are recovered. Management monitors the analysis of credit risk portfolio on an ongoing basis. The company does not have any significant credit risk exposure to any single counterparty or any group counterparties having similar characteristics.

The Company's maximum exposure to credit risk is stated below:

	2019 G$'000	2018 G$'000
Receivables (i)	8,037	3,556
Other receivables (ii)	547	1,105
Reinsurance assets	25,546	26,537
Tax recoverable	250	250
Cash at bank	40,490	23,696
	74,870	**55,144**

The receivable balances above are classified as follows:

	2019	2018
Current	8,584	4,661
Past due but not impaired	250	250
	8,834	**4,911**
Aging of past due but not impaired		
Over 120 days	250	250
Provision for impairment	17,201	17,201

(i) Receivables includes amount due from brokers and reinsurer.

(ii) Other receivables includes interest accrued on securities ,Paye and premium tax adjustments.

13 Lease recognition

The office premises at 58 B, Brickdam, Stabroek, Georgetown, Guyana has been used by the Guyana office of the Company on short term lease which expired on 31.12.2019. The rent expenses of G$5,676,000 paid during 2019 is charged to statement of profit or loss and other comprehensive income.

The rental contract was not renewed as at 31 December 2019, hence IFRS 16 treatment for creation of right-of-use asset and lease liability was not done.

14 Reclassification

Certain reclassification have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statement of financial position, statement of changes in equity and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items relassified were as follows:

	Previously reported 2018 G$'000	After reclassification 2019 G$'000
Insurance contracts liability	12,193	38,730
Reinsurance assets		(26,537)
Capital	115.182	
Retained earnings	(27,315)	
Headoffice Account		87,867

Insurance contract liability and reinsurance assets separated to show correctly as required by IFRS.
Retained earnings also transferred to Head office at Trinidad to simplify consolidation process of financial statements and maintain reserve at one place.

THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED
(GUYANA BRANCH)

NOTES ON THE ACCOUNTS

15 Insurance Act 2016

The Insurance Act 2016 became effective in 2018. Part XIV section 171 of the Act relates to the statutory fund and refers to the Regulations made under the Insurance Act 2016, which also became effective in 2018. The areas of non-compliance are as listed:

Part 4- Investments (Related Party Transactions)
"40.3 As a minimum, these policies must-
(a) make it clear that to the extent possible the insurer will avoid related party transactions when reasonable alternatives are available, and
(b) establish criteria that will be met in cases when related party transactions are being proposed."

Management is currently in the process of formulating a related party policy to resolve this issue.

16 Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on June 5, 2020.