

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 2020

**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., which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 2 to 23.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The New India Assurance Company (T&T) Limited. as at 31 December 2020, and 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 Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Those Charged with Governance for the Financial Statements**

The Directors/Management is responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error. The Directors/Management is responsible for overseeing the financial reporting process.

In preparing the financial statements, the Directors/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 the Directors either intend to liquidate the Company or 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.



## **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 misstatements, whether due to fraud or error, and to issue an auditor's 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 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 judgment and maintain professional scepticism throughout the planning and performance of 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 omission, misrepresentations, or the override of internal controls,
- 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 entity's internal controls,
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 identified during our audit.



**Report on Other Legal and Regulatory Requirements**

The financial statements comply with the requirements of the Companies Act 1991.

The Insurance Act 2016 came into effect in 2018 Refer to Note 14.

TSD LAL & CO

TSD LAL & CO.  
Chartered Accountants

Date: April 28, 2021

77 Brickdam,  
Stabroek,  
Georgetown.

**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 2020**

	Note	<u>2020</u> G\$'000	<u>2019</u> G\$'000
Insurance contracts premium revenue	4	58,387	64,803
Reinsurers' share of insurance contracts premium revenue		<u>(42,140)</u>	<u>(45,067)</u>
<b>Net insurance contracts premium revenue</b>		16,246	19,736
Net change in unearned premium provision and unexpired risks		<u>3,357</u>	<u>(3,787)</u>
<b>Net insurance revenue</b>		19,603	15,949
Reinsurance commission received		8,385	8,842
Investment and other income	4	<u>845</u>	<u>1,067</u>
<b>Total revenue</b>		28,834	25,858
Gross claims incurred		(109,117)	(6,596)
Reinsurers' share of gross claim incurred		<u>96,518</u>	<u>53</u>
<b>Net insurance claims incurred</b>		(12,599)	(6,543)
Agents and brokers commissions		(11,054)	(11,813)
Other operating and administrative expenses		<u>(21,449)</u>	<u>(27,676)</u>
<b>Total claims incurred and other expenses</b>		(45,103)	(46,032)
Net loss before taxation		<u>(16,269)</u>	<u>(20,174)</u>
Taxation		(250)	-
Net loss after taxation		<u><u>(16,519)</u></u>	<u><u>(20,174)</u></u>

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 2020**

	<b>Head Office Account</b>	<b>Accumulated losses</b>	<b>Total</b>
	<u>G\$'000</u>	<u>G\$'000</u>	<u>G\$'000</u>
<b>At 1 January 2019</b>	115,182	(77,430)	37,752
Net loss for the year	(20,174)	-	(20,174)
Transaction with Head office	<u>(7,141)</u>	<u>77,430</u>	<u>70,289</u>
<b>At 31 December 2019</b>	87,867	-	87,867
Net loss for the year	(16,519)	-	(16,519)
Transaction with Head office	<u>28,796</u>	<u>-</u>	<u>28,796</u>
<b>At 31 December 2020</b>	<u><u>100,144</u></u>	<u><u>-</u></u>	<u><u>100,144</u></u>

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



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

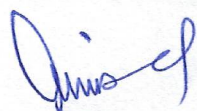
**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2020**

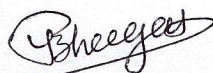
	Notes	<u>2020</u> G\$'000	<u>2019</u> G\$'000
<b>ASSETS</b>			
Tax recoverable		-	250
Trade and other receivables	5	11,988	8,584
Reinsurance assets	8	115,021	25,546
Term deposits	6	49,771	56,777
Cash and cash equivalents		62,351	40,490
<b>Total Assets</b>		<b>239,131</b>	<b>131,647</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Head office account	7	100,144	87,867
		100,144	87,867
<b>LIABILITIES</b>			
Insurance contracts	8	137,804	43,299
Trade and other payables		1,183	481
		138,987	43,780
<b>Total Equity and Liabilities</b>		<b>239,131</b>	<b>131,647</b>

These financial statements were approved by the Board of Directors on April 28, 2021

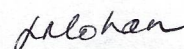
Signed on behalf of the Board



**Amit Misra**  
Managing Director



**Yogesh Bhagat**  
General Manager



**Lutchmin Mohan**  
Accounts Manager

"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 2020**

	<u>2020</u>	<u>2019</u>
	G\$'000	G\$'000
Cash Flows from the operating activities:		
Premium received from policyholders, including advance receipts	57,850	60,936
Payments of direct claims	(9,173)	(4,839)
Payments of commission and brokerage	(11,054)	(11,813)
Payments of other operating expenses	(22,936)	(27,571)
Net cash flow from operating activities	14,686	16,713
Cash flows from investing activities:		
Purchases of investments	(8,259)	(56,776)
Sales of investments	15,265	55,591
Rents/Interests/ Dividends received	169	1,268
Net cash flow from investing activities	7,175	82
Net increase in cash and cash equivalents:	21,861	16,795
Cash and cash equivalents at the beginning of the year	40,490	23,695
Cash and cash equivalents at the end of the year	62,351	40,490
Cash & cash equivalent consist of:		
Cash in hand	-	222
Cash at bank	62,351	40,268
	62,351	40,490

"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

<b>New and Amended Standards</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IFRS 3, 'Business combinations'	
– Definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8 – Definition of material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	
– Interest rate benchmark reform	1 January 2020
Amendments to the Conceptual framework	1 January 2020

##### 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 amended definition is: 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole.



# THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED

## (GUYANA BRANCH)

### NOTES ON THE ACCOUNTS

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

##### Amendments to IAS 1 and IAS 8 – Definition of material – cont'd

The amendment also clarifies the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

##### Amendments to the Conceptual framework

The IASB has revised its Conceptual Framework. The Framework is not an IFRS standard and does not override any standard. The revision will not result in any immediate change to IFRS however the revised Framework will be used in future standard-setting decisions. Preparers may also use the framework to develop accounting policy where an issue is not addressed by an IFRS.

None of the above new and amended standards and interpretations had a significant effect on the financial statements of the Company.

##### Pronouncements effective in future periods available for early adoption

<b>New and Amended Standards</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IFRS 16 – Covid-19-related Rent Concessions	1 June 2020
Amendments to IAS 16 – Proceeds before intended use	1 January 2022
Amendments to IFRS 3 – Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Amendments to IAS 1 – 'Presentation of financial statements' on classification of liabilities	1 January 2023
IFRS 17, 'Insurance contracts'	1 January 2023
Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely

The Company has not opted for early adoption.

None of the foregoing standards and amendments that are expected to have a material impact on the Company's policies when adopted.



# THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED

## (GUYANA BRANCH)

### NOTES ON THE ACCOUNTS

#### 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 profit or loss and other comprehensive income.

##### (c) *Insurance receivables*

Insurance receivables are recognized when due and measured at amortised cost. 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 profit or loss and other comprehensive income.

##### (d) *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.

##### (e) *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.

##### (f) *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.



# THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED

## (GUYANA BRANCH)

### NOTES ON THE ACCOUNTS

#### *(g) Claims*

Reported outstanding general insurance claims comprise the estimated costs of all claims incurred but not settled at the statement of financial position date. 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 profit or loss and other comprehensive income in the year the claims are settled.

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.

#### *(h) 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

##### (i) *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 statement of profit or loss and other comprehensive income 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.

##### (j) *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.

##### (k) *Measurement of financial assets and liabilities*

All financial assets and liabilities are measured at amortised costs.

##### (l) *Revenue recognition*

###### Premium and reinsurance income

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

###### 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 statement of profit or loss and other comprehensive income as the service is provided over the term of the contract. Initiation and other front-end fees are also deferred and recognized over the term of the contract.



# THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED

## (GUYANA BRANCH)

### NOTES ON THE ACCOUNTS

#### 3. Statement of Accounting Policies- cont'd

(m) *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.

(n) *Other income and expenditure*

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

(o) *Reinsurance*

The company transfers some of its insurance risk to other insurers through reinsurance overseas. The reinsurers assume part of the risk and part of the premium originally taken by the company. Reinsurer reimburses the company for claims paid to policyholders according to various standing agreements reached. The company has treaty reinsurance.

Under a treaty each party automatically accepts specific percentage of the insurers' business.

Reinsurance premium paid and reinsurance recoveries that are set-off against claims are accounted for in the statement of profit or loss and other comprehensive income.

Reinsurance recoveries on outstanding claims are shown as an asset in the statement of financial position.

#### 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:



**THE NEW INDIA ASSURANCE COMPANY (T&T) LIMITED**

**(GUYANA BRANCH)**

**NOTES ON THE ACCOUNTS**

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

Key sources of estimation uncertainty- cont'd

(i) Impairment of financial assets

Expected credit losses for financial assets are based on assumptions about risk of default and expected loss rates. Management uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(ii) 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.



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

**NOTES ON THE ACCOUNTS**

	<u>2020</u> G\$'000	<u>2019</u> G\$'000
<b>4 Premium and other income</b>		
Premium income	<u>58,387</u>	<u>64,803</u>
Interest income	<u>845</u>	<u>1,067</u>
<b>5 Trade and Other Receivables</b>		
Insurance receivables	10,134	8,037
Other receivables	<u>1,854</u>	<u>547</u>
	<u>11,988</u>	<u>8,584</u>
<b>6 Term Deposit</b>		
This amount represent statutory deposit pledged with the Bank of Guyana.	<u>49,771</u>	<u>56,777</u>
<b>7 Equity</b>		
Head Office Account	<u>2020</u> G\$'000	<u>2019</u> G\$'000
At 01 January	87,867	115,182
Net loss	(16,519)	(20,174)
Transaction with Head Office	28,796	(7,141)
At 31 December	<u>100,144</u>	<u>87,867</u>
This amount represents the set-up cost for Guyana office, retained earnings and transactions between the branch and head office.		

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

**NOTES ON THE ACCOUNTS**

**8 Insurance contract liabilities / (reinsurance assets)**

	2020		2019	
	Insurance Contract Liabilities G\$'000	Reinsurance Share of Liabilities G\$'000	Insurance Contract Liabilities G\$'000	Reinsurance Share of Liabilities G\$'000
Provision for claims reported by policyholder	85,574	(76,299)	2,287	-
Provision for claims incurred but not reported (IBNR)	17,115	(15,260)	457	-
	102,689	(91,558)	2,744	-
Provision for unearned premiums	31,923	(21,330)	36,868	(23,224)
	3,192	(2,133)	3,687	(2,322)
Provision for unexpired risk	137,804	(115,021)	43,299	(25,546)
			22,782	17,753
			9,275	2,287
			1,855	457
			11,130	2,744
			10,593	13,644
			1,059	1,365
			22,782	17,753



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

**NOTES ON THE ACCOUNTS**

	<u>2020</u>	<u>2019</u>
	G\$'000	G\$'000
<b>9(a) Claims unpaid</b>		
Claims unpaid	85,574	2,287
Reinsurance recoveries	(76,299)	-
	<u>9,275</u>	<u>2,287</u>

**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 subsidiary. The top half of each table below illustrates how the Company estimate of total claims outstanding for each reporting year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position.

Reporting Year	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
	G\$'000	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	6,412	88,101	735,433
One year later	634,638	3,495	4,299	10,818	-	653,250
Two years later	633,309	3,495	4,299	-	-	641,102
Three years later	633,309	3,495	-	-	-	636,804
Four years later	633,309	-	-	-	-	633,309
Five years later	-	-	-	-	-	-
Current estimate of cumulative claims cost	633,309	3,495	4,299	10,818	88,101	740,021
Cumulative payments	(633,309)	(3,495)	(4,299)	(5,818)	(7,527)	(654,448)
Outstanding claims recognised in the statement of financial position	-	-	-	5,000	80,574	85,574

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

**NOTES ON THE ACCOUNTS**

**9 Insurance contract liabilities**

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

	2020		2019	
	Insurance Contract Liabilities G\$'000	Reinsurance Share of Liabilities G\$'000	Insurance Contract Liabilities G\$'000	Reinsurance Share of Liabilities G\$'000
At 1 January	2,744	-	987	(15)
Claims incurred	109,117	(96,518)	6,596	(53)
Claims paid during the year	(9,173)	4,960	(4,839)	68
At 31 December	102,688	(91,558)	2,744	-
				(4,771)
				6,543
				972
				2,744

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

	2020		2019	
	Insurance Contract Liabilities G\$'000	Reinsurance Share of Liabilities G\$'000	Insurance Contract Liabilities G\$'000	Reinsurance Share of Liabilities G\$'000
At 1 January	36,868	(23,224)	34,312	(24,111)
Premium written in the year	58,387	(34,340)	64,803	(45,067)
Premium earned during the year	(63,333)	36,233	(62,247)	45,636
At 31 December	31,922	(21,331)	36,868	(23,542)
				10,201
				19,736
				(16,611)
				13,326



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

**NOTES ON THE ACCOUNTS**

**9 Insurance contract liabilities**

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

	2020			2019		
	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	3,687	(2,322)	1,365	3,431	(2,411)	1,020
Net incurred	(495)	189	(306)	255	57	312
At 31 December	<u>3,192</u>	<u>(2,133)</u>	<u>1,059</u>	<u>3,686</u>	<u>(2,354)</u>	<u>1,332</u>

**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 branch's only (2019- 1) key management personnel comprise its branch manager.

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

	2020	2019
Short term employee benefits	<u>G\$'000</u> 4,746	<u>G\$'000</u> 6,527

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

**NOTES ON THE ACCOUNTS**

**11 Analysis of financial assets and liabilities by measurement basis**

	Financial assets and liabilities at <u>amortised cost</u> G\$'000	<u>Total</u> G\$'000
<b>2020</b>		
<u>Assets</u>		
Trade and other receivables	11,988	11,988
Reinsurance asset	115,021	115,021
Term deposit	49,771	49,771
Cash and cash equivalents	62,351	62,351
	<u>239,131</u>	<u>239,131</u>
 <u>Liabilities</u>		
Trade payables and other payables	1,183	1,183
Insurance contracts	137,804	137,804
	<u>138,987</u>	<u>138,987</u>
 <b>2019</b>		
<u>Assets</u>		
Taxation recoverable	250	250
Trade and other receivables	8,584	8,584
Reinsurance asset	25,546	25,546
Term Deposits	56,777	56,777
Cash and cash equivalents	40,490	40,490
	<u>131,647</u>	<u>131,647</u>
 <u>Liabilities</u>		
Trade and other payables	481	481
Insurance contracts	43,299	43,299
	<u>43,780</u>	<u>43,780</u>



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

**NOTES ON THE ACCOUNTS**

**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 or 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 instruments at 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 changes 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 2020 would increase/decrease by G\$248,853 (2019- G\$283,885). This is mainly attributable to the branch exposure to interest rate on its term deposits.

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

**NOTES ON THE ACCOUNTS**

**12 Financial risk management - cont'd**

**Interest rate risk**

	Average Interest rate %	Maturing		
		2020		
		<u>1 year</u> G\$'000	<u>Non-interest bearing</u> G\$'000	<u>Total</u> G\$'000
<b>Assets</b>				
Trade and other receivables		-	11,988	11,988
Reinsurance asset		-	115,021	115,021
Term deposit	1.31	49,771	-	49,771
Cash and cash equivalents		-	62,351	62,351
		<u>49,771</u>	<u>189,361</u>	<u>239,131</u>
<b>Liabilities</b>				
Trade payables and other payables		-	1,183	1,183
Insurance contract		-	137,804	137,804
		<u>-</u>	<u>138,987</u>	<u>138,987</u>
Interest sensitivity gap		<u>49,771</u>		

	Average Interest rate %	Maturing		
		2019		
		<u>1 year</u> G\$'000	<u>Non-interest bearing</u> G\$'000	<u>Total</u> G\$'000
<b>Assets</b>				
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
		<u>56,777</u>	<u>74,870</u>	<u>131,647</u>
<b>Liabilities</b>				
Trade payables and other payables		-	481	481
Insurance contract		-	43,299	43,299
		<u>-</u>	<u>43,780</u>	<u>43,780</u>
Interest sensitivity gap		<u>56,777</u>		



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

**NOTES ON THE ACCOUNTS**

**12 Financial risk management - cont'd**

(iii) Currency risk

The company is not exposed to significant risks related to foreign currency translation/ transaction.

(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.

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 its 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	
	2020	
	Within 1 year	Total
	Due 3- 12 mths	
	G\$'000	G\$'000
<b>Liabilities</b>		
Trade payables and other payables	1,183	1,183
Insurance contract	137,804	137,804
	138,987	138,987

	Maturing	
	2019	
	Within 1 year	Total
	Due 3- 12 mths	
	G\$'000	G\$'000
<b>Liabilities</b>		
Trade and other payables	481	481
Insurance contracts	43,299	43,299
	43,780	43,780

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

**NOTES ON THE ACCOUNTS**

**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 capacity 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:

	<u>2020</u>	<u>2019</u>
	G\$'000	G\$'000
Receivables (i)	10,134	8,037
Other receivables (ii)	1,854	547
Reinsurance assets	115,021	25,546
Tax recoverable	-	250
Cash at bank	62,351	40,490
	<u><u>189,361</u></u>	<u><u>74,870</u></u>

The receivable balances above are classified as follows:

Current	11,988	8,584
Past due but not impaired	-	250
	<u><u>11,988</u></u>	<u><u>8,834</u></u>
Aging of past due but not impaired		
Over 120 days	<u><u>11,988</u></u>	<u><u>250</u></u>
Provision for impairment	<u><u>11,953</u></u>	<u><u>17,201</u></u>

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

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



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

**NOTES ON THE ACCOUNTS**

**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 31.12.2020. The rent expenses of G\$5,808,000 paid during 2020 (2019 - G\$5,676,000 is charged to statement of profit or loss and other comprehensive income.

The rental contract was for a period 01 January 2020 to 31 December 2020, hence IFRS 16 treatment for creation of right-of-use asset and lease liability was not done. Management is actually trying to obtain a lease of a different premises.

**14 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.

**15 Approval of financial statements**

The financial statements were approved by the Board of Directors and authorized for issue on April 28, 2021.