



ANNUAL REPORT

2022

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Corporate Profile

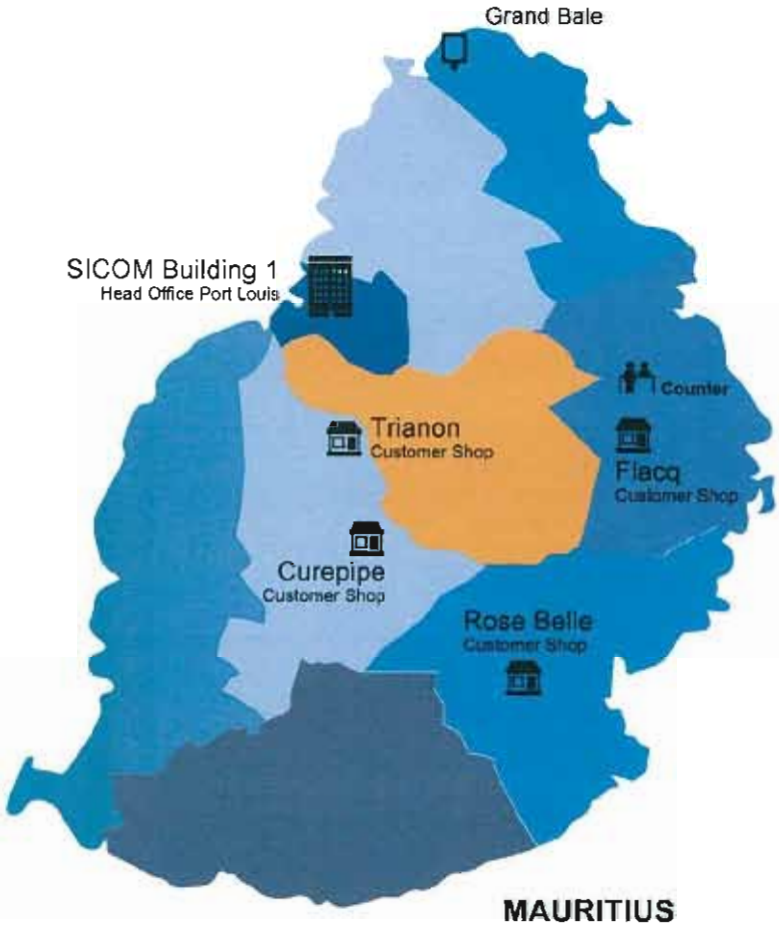
Our Mission, Shared Values and Objectives



Corporate Profile





Locate Us

-
-  SICOM OFFICE
 -  SICOM Customer Shop
 -  POSTASSURANCE HUB
 -  SICOM Counter
-



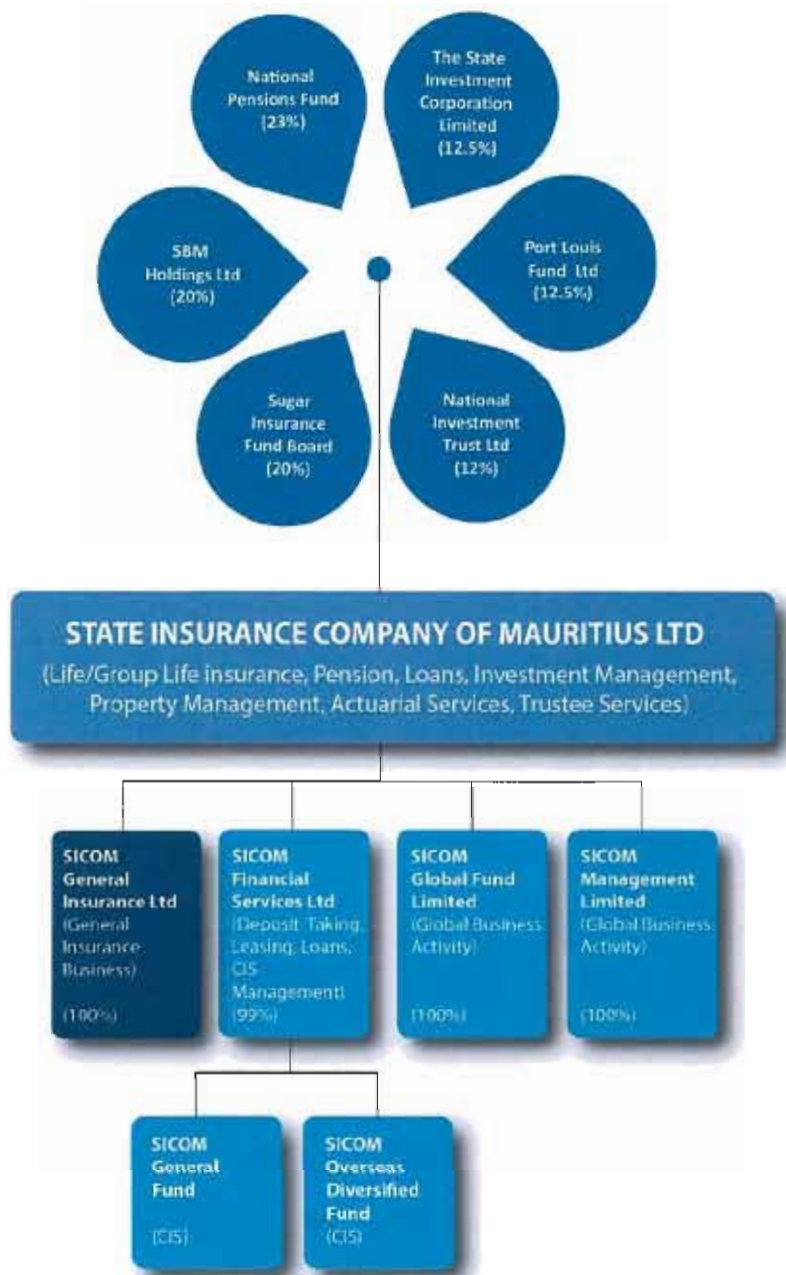
Corporate Profile

Corporate Information

 Registered Office	SICOM General Insurance Ltd SICOM Building Sir Célécourt Antelme Street, Port Louis, Mauritius Telephone: (230) 203 8400 Fax: (230) 203 8502 Email Address: sicomgin@sicom.mu Website: www.sicom.mu
 Auditor	Deloitte 7th-8th Floor, Standard Chartered Tower 19-21 Bank Street, Cybercity, Ebène, 72201 Mauritius
 Consulting Actuary	QED Actuaries & Consultants (Mauritius) Ltd The Pod Vivea Business Park Moka Mauritius
 Main Bankers	Absa Bank (Mauritius) Limited AfrAsia Bank Limited MauBank Ltd MCB Ltd SBI (Mauritius) Ltd SBM Bank (Mauritius) Ltd

Corporate Profile

Our Group Structure & Shareholding



Corporate Profile

Our Offerings



Directors' Report

The Board of Directors of SICOM General Insurance Ltd (the "Company" or "SGIN") is pleased to present the twelfth Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June 2022.

The year under review is still to be considered against the global challenge that the pandemic represents, coupled with the recent disruptions caused by the war in Ukraine. Despite the strength of these shifts, the Company has successfully remained focused on growing its business.

Although we are still navigating amidst disruptive events that are downgrading the overall visibility that we may have over the general insurance sector, the Company is well geared to execute the vision that has been set by the Board of Directors.

Local context

The economic performance of Mauritius, since the onset of the pandemic, has been affected by factors beyond control. The Government with appropriate measures has successfully supported the economy and the population. Furthermore, the easing of restrictions has supported economic recovery. IMF forecast that Mauritius's economic growth will reach 6.1% in 2022 compared to 4.0% in 2021, on the back of rising tourist receipts and strengthening of consumer activity following high vaccination levels. Inflation rate is expected to spike to 11.9% from 4.0 % in 2021, which may result in pressure on the purchasing power of the Mauritian citizens and a shift in consumption and savings patterns.

Strategy

The Company has adapted and responded to the dynamic and unpredictable market. The strategic focus of SGIN continues to be on digitalisation, customer experience, employees, financial performance and sustainability. As there has been an increasing shift by customers towards digital platforms, the Company continued to invest in technology during the financial year under review to provide customers with an enhanced digital customer experience.

Technology has been at the core of the Company's strategy. Significant investments have been made in upgrading systems and building new capabilities with the Company focusing on continuous improvement and benchmarking with global players as the general insurance industry is undergoing rapid and significant digital transformation.

Strategy (Continued)

With the objective to remain on the forefront of digital and technological innovations, the Company has already achieved the following as part of its digital transformation journey in 2021-2022:

- A new Health Insurance platform replaced the Company's current health insurance system to further deliver upon its business objectives. The new Health Insurance platform caters for new business, policy servicing, claims functionality, reinsurance, finance integration, finance receipting, including portal access for Customers, Intermediaries/Brokers, and service providers. The platform allows SGIN to launch innovative products and solutions based on customer needs and hence strengthen its competitive edge.
- We introduced several new electronic and digital payments solutions making it easy for our customers and partners to transact with us.
- Robotic Process Automation (RPA) has been introduced in payment of claims and other operational processes to reduce the time taken for processing. The RPA process also helps in achieving higher accuracy levels, thus leading to lesser complaints and increased customer satisfaction.
- Our Corporate website has also been revamped to integrate new online features to buy Travel, Home and Medical Insurances. This B2C platform enables us to reach to customers directly and helps in maximizing quotation success rate.
- A Surveyor Portal has been launched as per our claim process specification. Given the significant increase in the claims costs following the depreciation of the Mauritian Rupee and increase in cost of freights, the Surveyor Portal will assist in developing a spare parts price list which will help in further sharpening of the motor underwriting process.
- The Company continued to adhere to the underwriting principles of being fair and customer centric by assessing risks on merits, using a prudent approach of underwriting. During the year under review, SGIN ensured continuous enhancement of the underwriting framework and an advanced automated underwriting tool was developed internally for rating of motor insurance.

Distribution Channels

The Company has adopted a multi-channel distribution model. During the year under consideration, the Company has strengthened its existing tie-ups with banks, salespersons, agents, automobile companies and other partners. In addition, the Company is focused on accelerating growth in its direct and online business.

Human Capital

Our employees are our most valuable asset and remain critical to our success. We continue to invest in employee engagement, employees' wellbeing, overall learning and professional development and employee satisfaction programmes. These are aimed at improving productivity, which is periodically measured and monitored.

Financial Performance

Total Assets increased from Rs 2.2 billion to Rs 2.5 billion which represents a year on year increase of 10.9%. The Company's Gross Written Premium (GWP) increased by 28% in financial year 2021-2022, thereby exceeding the Rs 1.5 billion threshold for the first time in the Company's history. It is important to highlight that the Company's GWP growth rate for period 2017 to 2021 is almost double that of the General Insurance Industry.



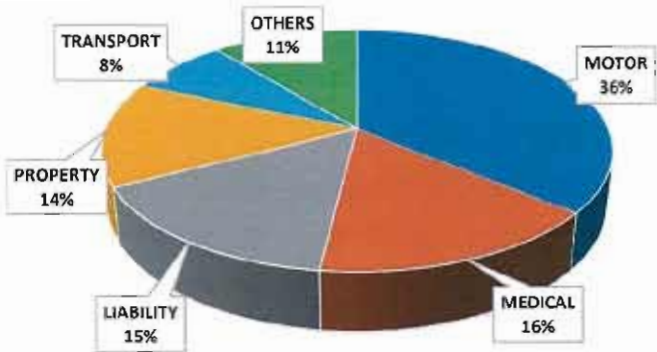
The underwriting surplus stood at Rs 281.2 million compared to Rs 283.2 million for the last financial year mainly due to increase in claims costs. The profit before tax stood at Rs 83.1 million compared to Rs 110 million for the previous financial year; the results were adversely impacted by the depreciation of the Mauritian Rupee against major foreign currencies and increase in freight costs. These factors have led to a significant increase in claims costs.

Solvency

In addition, the solvency ratio of the Company improved to reach 213%, which is significantly higher than the required minimum solvency rate of 150% as per the Insurance Act 2005.

Product Mix

The business mix is well balanced which shields the Company from adverse factors affecting any specific insurance class.



Outlook

It is expected that the local economy will grow by 5.5% in 2022, up from 4.8% in 2021. The outlook for Mauritius is subject to downside risks, including the war in Ukraine and rising global inflation which reduces real disposable income and may weigh on demand and freight costs.

Mauritius general insurance premiums are set to grow by 5.1% in 2023, to take total premiums to Rs 12.4 billion. Motor insurance has continued to be the largest line in the general insurance market. Health and personal accident, the second largest segment of the general insurance market, will continue on a growth pattern over the next years.

Profitable growth, coupled with excellent customer experience, remains the goal for the Company. Transforming the Company into a more agile, digital, and customer-centric entity, is the way forward. As a customer-led company, with a digital and technological platform to evolve and grow, we can scale up to future opportunities and continue to bring in value-adding initiatives to capture new growth possibilities.

We are confident that we have the right people to deliver.

We would like to thank our customers, the Government of Mauritius, the Financial Services Commission, Reinsurers, Insurance and Reinsurance Brokers, Investment Managers, Bankers, Insurance Agents, Salespersons, and other stakeholders for their ongoing confidence.

Corporate Governance Report

1. Introduction

SICOM General Insurance Ltd (the **Company** or **SGIN**) is a wholly owned subsidiary of the State Insurance Company of Mauritius Ltd (**SICOM** or the **Parent Company**) and forms part of the SICOM group of entities (the **SICOM Group**). SGIN started its operations in July 2010 in conformity with the Insurance Act 2005, taking over the General Insurance Business which had until then been transacted under SICOM.

The Company is a public interest entity as defined by the Financial Reporting Act 2004.

2. Corporate Governance

Aligned with its Parent Company's objectives, SGIN is committed to creating long-term stakeholder's value by maintaining high standards of corporate governance and its unwavering commitment in applying and implementing the eight (8) principles set out in the National Code for Corporate Governance for Mauritius (2016) (the **Code**) as explained in appropriate sections of the Report.

SGIN enjoys a solid reputation as a well-managed, well-structured reputable and trusted insurance company holding a General Insurance Business Licence and provides a variety of insurance services for both individuals and corporates, ranging from motor vehicle insurance, home insurance, travel insurance to the protection of property and individuals against the widest range of risks and liabilities.

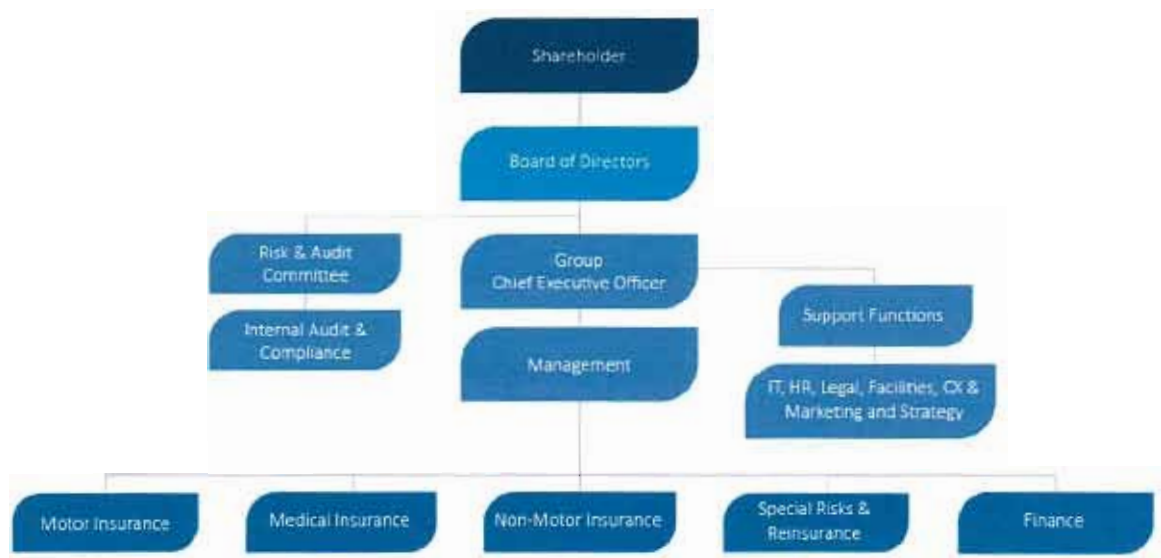
3. SGIN's Governance Framework

SGIN has over the years built in experience and adopted its corporate practices which aligns with SICOM's governance framework.

Corporate Governance Report

3.1. Corporate Governance Infrastructure

This sub-section of the report explains how SGIN has developed an efficient and compliant governance infrastructure which continues to evolve in ensuring that the Board and Management co-exist together in a harmonious manner for the progress of the organisation.



Support Functions are provided by SGIN's Parent Company, SICOM. Service-level agreements are in place and regularly reviewed.

3.1.1. SGIN's Board Policies

SGIN's main governance documents, that are summarised below, as well as other corporate governance information, are available for consultation on the Group's corporate website (www.sicom.mu). These documents are reviewed on a regular basis. These not only evidence SGIN's compliance with applicable local laws, but also demonstrate its intent to go beyond the adherence to recommendations, best practices, and trends in corporate governance, both at a national and international level.

Corporate Governance Report

Table 1: Summary of the main Governance documents

Board's Charter	<p>The Company's Board Charter sets out the objectives, roles and responsibilities and composition of the Board.</p> <p>The Board Charter is reviewed as and when required.</p>
Code of Ethics for Directors and Employees	<p>The Group's Codes of Ethics for Directors and Employees provides the overarching philosophy on its corporate values and standards of behaviours.</p>
Corporate Governance Policy for the Group	<p>The Group's Corporate Governance Policy establishes, along with the Company's Charters and other policies, a framework of good governance practices for the Group.</p>
Remuneration Policy for Directors and Senior Executives	<p>The Group's Remuneration Policy for Directors and Senior Executives provides a structured basis in determining the remuneration of Board members and Senior Executives of the Group.</p>

The Company also has in the place the following governance documents:

- ✓ Risk and Audit Committee Charter;
- ✓ Position Statements of the Chairperson of the Board and the Risk and Audit Committee, Group CEO and Company Secretary;
- ✓ Director's Orientation and Induction Process;
- ✓ Group's Conflict of Interest and Related Party Transactions Policy;
- ✓ Group's Anti-Harassment and Non-Discriminatory Policy; and
- ✓ Group's Whistleblowing Policy.

3.1.2. Our Governance Structure

SGIN's Corporate Governance structure has been established in accordance with the provisions of the National Code of Corporate Governance and international practices.

Corporate Governance Report

3.1.2. Our Governance Structure (Continued)

The Company is led by a committed and unitary Board, which is collectively and ultimately responsible for the oversight, long-term success, reputation and governance of the organisation. Though there is delegation of authority in certain areas and clear lines of responsibility, the Board retains ultimate control over the affairs of the Company.

The Board works towards the achievement of the Company's strategy by providing effective leadership and strategic guidance. Robust risk management and sound internal controls help to ensure adherence of the Company to relevant legal and regulatory requirements.

A Risk and Audit Committee has also been set-up in accordance with the recommendations of the Code, to assist the Board in the discharge of its duties and responsibilities. In fulfilling his role of providing oversight and guidance, the Chairperson of the Risk and Audit Committee escalates all significant matters affecting the affairs and reputation of the Company to the Board.

- **The Chairperson**

The Chairperson of the Board is a Non-Executive Director and is seconded in this pivotal role by Executive, Non-Executive, and Independent Non-Executive Directors. She leads the Board, ensuring it is functioning properly and that each Director can make an effective contribution. She remains the spokesperson for the Board.

- **The Group CEO**

The day-to-day operations are entrusted to management under the responsibility of the Group Chief Executive Officer (the **Group CEO**). The Group CEO has the overall responsibility of managing the operations of the Group and implementing the strategies and policies as decided by the Board. Members of senior management have clearly defined job descriptions and report to the Group CEO.

The profile of the senior management team/Directors is on pages 17 to 21 and on the Group's website.

- **Company Secretary**

The Company Secretary is responsible for the co-ordination of all Board business namely Board agendas, Board papers, minutes and all statutory filings. Appointment and removal of the Company Secretary shall be the subject of Board approval.

Corporate Governance Report

3.1.2. Our Governance Structure (Continued)

- **Company Secretary (Continued)**

DTOS Ltd (**DTOS**) acts as the Company Secretary to the Board and the Risk and Audit Committee.

DTOS is a leading management company operating in the Mauritian global business sector for the last 29 years. Founded in 1993 and licensed by the Financial Services Commission, DTOS provides a comprehensive range of professional services including amongst others, corporate secretarial, administration and accounting services.

DTOS has a substantial and diversified clients' base that includes Fortune 500 multinationals, private equity firms, global banking institutions, financial powerhouses, institutional investors, family offices and High Net Worth individuals who enjoy a high degree of confidentiality established through Mauritian laws. Headquartered in the Republic of Mauritius with offices in UAE, India, China, France, Uganda and Kenya, DTOS is a leading regional expert providing business solutions to clients in Mauritius and worldwide.

The position statements of the Chairperson, the Group CEO and the Company Secretary are available on the Group's website.

3.1.3. SGIN's Board Members

3.1.3.1. Directors in Office

The Directors who held office during this Reporting Year were:

Independent (as such term is defined in the Company's Board Charter)

1. Y K Aukhojee
2. A Chummun
3. C Dussoye
4. V K Koonjoo
5. J Moonien
6. D Ramkallawon (appointed as from 09 May 2022)

Corporate Governance Report

3.1.3. SGIN's Board Members (Continued)

3.1.3.1. Directors in Office (Continued)

Non-Executive

1. K G Bhoojedhur-Obeegadoo (appointed Chairperson as from 21 December 2021)
2. C Dabeea (appointed as from 11 January 2022)

Executive

1. N Ramdewar (Group CEO)
2. S Ancharaz (appointed as from 09 July 2021)

Changes to the composition of the Company's Board:

1. A Balluck (up to 21 December 2021)
2. M Y Salemohamed (up to 21 December 2021)

Corporate Governance Report

Profile of Directors

Karuna G. BHOOJEDHUR-OBEEGADOO (Chairperson) (as from 21 December 2021)

Fellow of the Institute of Actuaries, UK

BSc (Hons) in Actuarial Science, London School of Economics and Political Science

Fellow of the Mauritius Institute of Directors

Karuna Bhoojedhur-Obeegadoo was the Group Chief Executive Officer heading the SICOM Group of Companies until her retirement in September 2017. She has also worked with M&G Reinsurance Company in London (now Swiss Re) prior to joining SICOM and was appointed Actuarial Adviser to the National Pensions Fund and member of its Investment Committee.

In the past, she has served as Director on the board of several companies, including State Bank of Mauritius Ltd, National Mutual Fund Ltd, First Republic Fund Ltd, Cyber Properties Investment Ltd, Mauritius Housing Company Ltd, National Housing Development Company Ltd, China Index Fund Ltd and China Actis Ltd. She was also a Founding Member of the National Committee on Corporate Governance and the Board of Investment.

She is currently a Director on the Board of companies within the SICOM Group and is also a member of the Board of the MCB Group Ltd and of its Audit Committee, Remuneration, Corporate Governance, Ethics and Sustainability Committee and a member of the Board of MCB Equity Fund Ltd.

Nandita RAMDEWAR (Group CEO)

Fellow of the Association of Chartered Certified Accountants

Masters in Business Administration - specialisation in Finance, Manchester Business School

Fellow of the Mauritius Institute of Directors

Member of the International Fiscal Association (Mauritius)

Nandita Ramdewar is the Group CEO as from 1 May 2021. She joined SICOM as Manager (Finance) in 1992 after working for a leading audit firm. Since then, she has been heading several business units of the Group at senior management level and has also acted as the Company Secretary. She has acquired along the years a broad experience in insurance, strategy, finance, investments, financial services, corporate matters and other fields. In February 2018, she was appointed Deputy Group CEO, besides acting as Chief Finance Officer. She was acting as Officer-in-Charge from August 2019 to April 2021.

Corporate Governance Report

Profile of Directors (Continued)

Nandita RAMDEWAR (Group CEO) (Continued)

She currently serves as Director on the Boards of the State Insurance Company of Mauritius Ltd, SICOM Financial Services Ltd, SICOM Global Fund Limited, SICOM Management Limited and National Housing Development Co Ltd. She has in the past acted as the Chairperson of the Private Secondary Schools Authority and has been a Director of the Stock Exchange of Mauritius Ltd and Central Depository and Settlement Co. Ltd.

Surendranath (Kiran) ANCHARAZ (Appointed on 09 July 2021)

Holder of an Executive MBA

Degree in Economics, Delhi University, India

Kiran Ancharaz joined SICOM General Insurance Ltd in 2019 after gaining more than twenty two years of experience in the Insurance sector. He has a sound knowledge of General Insurance products, Underwriting, Claims and Marketing, among others. Kiran is well acquainted with most forms of distribution for insurance companies, while driving top line growth and profitability.

In his present post, Kiran is responsible for the management of the overall General Insurance Business operations of SICOM General Insurance Ltd.

Dr Yasheel Kumar AUKHOJEE

Dr. Yasheel Kumar Aukhojee enjoys around 10 years in both public and private sectors. After gaining his medical degree, he came back to serve his motherland and joined the Public Healthcare. He also qualified as STCW and served as Ship doctor. Gaining experience both in SSRN and Dr AG Jeetoo Hospitals, Dr Aukhojee took a path to follow his passion of making healthcare reach to doorstep of each Mauritian.

He is the founding director of *Médecin à domicile*, the first indigenous doctor at home company. He revolutionised the healthcare delivery model and *Médecin à domicile* currently leads its position both as home and company doctor. Dr Aukhojee is an ardent supporter of social causes and works at the grass root level to uplift the quality of life of citizens especially the elder ones.

Corporate Governance Report

Profile of Directors (Continued)

Anandjaye CHUMMUN

Anandjaye Chummun started his career at the Valuation Division of Ministry of Finance in 1979. In 2010, his political engagement led him to new ventures and job prospects. Since, he has been an Adviser to the Minister of Social Security and acted as a Chairperson for the CSR SICOM Foundation.

Furthermore, throughout his career, Anandjaye Chummun has been an active member of his community where he was the delegate of Valuation Office Staff Association to GSA Union, was the President of Chamouny Progressive Football Club and currently he is the Vice Chairperson for the Film Censor Board.

Chandradeo (Sanjeev) DABEEA (Appointed on 11 January 2022)

BA (Hons) Business Accounting, FCCA, MBA (Financial Management)

Sanjeev is a Fellow of the Association of Chartered Certified Accountants. He also holds an MBA (Financial management) and a Bachelor of Arts (Hons) in Business Accounting from the University of Lincolnshire & Humberside (UK).

Sanjeev has over 25 years of experience in the field of accounting/finance, auditing and procurement. He started his career in an accounting and auditing firm and over the years have served various private, parastatal and public interest entities at management level and as Head of department. He is actually the Commercial Manager of State Trading Corporation as from August 2020 and prior to that has served as Manager/Head of Accounting and Finance of Airports of Mauritius Co Ltd from June 2009 to August 2020.

Sanjeev is registered as a Professional Accountant with the Mauritius Institute of Professional Accountants since January 2007, is a Member of the Mauritius Institute of Directors since 2010 and is also a member of the Institute of Internal Auditors since 2019. He has in the past served as director on the Board of State Property Development Company Limited.

Corporate Governance Report

Profile of Directors (Continued)

Chandrek DUSOYE

Affiliate of Association of Chartered Certified Accountants

BSc (Hons) Business Management, University of Mauritius

Chandrek (Nitin) Dussoye has been working in the financial sector since 2000 as Business and Financial Consultant and Financial Analyst. He also has extensive exposure to private equity financing.

He currently works as Investment Executive at the State Investment Corporation Limited (SIC) where he is involved in portfolio and investment management. He has participated in the implementation of several live projects in a fast-paced investment environment and gathered experience across several economic sectors. He is also Director of some companies within the SIC Group.

Vinod Kumar KOONJOO

B.Sc (Hons) Chemistry, Delhi University

Vinod Kumar Koonjoo has a long career in the private and parastatal sectors. He started his career as a teacher in 1982. He has also worked at the MITD and in 1994, he had introduced the National Dual System of Apprenticeship Training which is an important part of the training sector till date. In 2002, he joined the National Handicraft Promotion Agency where he promoted the local handicraft products in Europe. Vinod Koonjoo has also set up a unit for Chemtech Ltd (Medical and Signage products) in Madagascar from 2008 to 2011.

In 2011, he joined the Harel Mallac Group as the Regional Sales Manager in Tanzania and was responsible for the marketing and sale of industrial chemicals in the East African Countries. He joined the Mont Choisy Group in 2015 as the CSR Executive and served till 2020 when he retired from the Group. Since 2020 he acts as Advisor to several Property Development Companies.

José MOONIEN

Holder of a Bachelor's degree in Mathematics from the University of Mumbai

José Moonien worked as the Currency Officer at the State Bank of Mauritius. He previously served at the D'Épinay Village Council as Chairperson and former district councillor at Pamplemousses District Council.

Corporate Governance Report

Profile of Directors (Continued)

José MOONIEN (Continued)

He is actually an educator teaching Maths and additional Maths at the secondary level with more than 20 years of experience and also member of the Regional Health Advisory Board and a Director of the JKB Moonien Company Ltd.

Dharmanand RAMKALLAWON (Appointed on 09 May 2022)

Mr Dharmanand Ramkallawon joined the Public Service in 1991 and has since been posted to different Ministries. In 2007, he joined the Local Government Service and occupies the post of Library Clerk at the District Council of Savanne.

Mr Ramkallawon has been a former representative of the Association of District Councils and a former Board Member of the National Library.

3.1.4. Other directorships held by Members of the Board

DIRECTORS/COMMITTEE	OTHER DIRECTORSHIPS
K G Bhoojedhur-Obeegadoo	<ul style="list-style-type: none">▪ State Insurance Company of Mauritius Ltd▪ SICOM Financial Services Ltd▪ SICOM Management Limited▪ SICOM Global Fund Limited▪ MCB Group Limited▪ MCB Equity Fund Ltd
N Ramdewar	<ul style="list-style-type: none">▪ State Insurance Company of Mauritius Ltd▪ SICOM Financial Services Ltd▪ SICOM Management Limited▪ SICOM Global Fund Limited▪ National Housing Development Co. Ltd
Y K Aukhojee	<ul style="list-style-type: none">▪ Médecin à Domicile Ltd
A Chummun	<ul style="list-style-type: none">▪ Cads Farm Ltd
C Dabeea	<ul style="list-style-type: none">▪ State Insurance Company of Mauritius Ltd

Corporate Governance Report

3.1.4. Other directorships held by Members of the Board (Continued)

DIRECTORS/COMMITTEE	OTHER DIRECTORSHIPS
C Dussoye	Morning Light Co Ltd Mauritius Cargo Community Services Ltd Capital Asset Management Ltd Beach Casino Ltd Sun Casino Ltd Guibies Holdings Ltd Guibies Properties Ltd Prime Real Estate Ltd Compagnie Mauricienne D'Hippodrome Ltée Terragen Ltd Terragen Management Ltd
V K Koonjoo	▪ SAAV BLUE LTD
J Moonien	▪ JKB Moonien Company Ltd

3.1.5. The Structure of the Board and its Committee

- **Board size and composition**

The Board of Directors is a unitary Board composed of ten (10) Directors, out of which there are eight (8) male representatives and two (2) female representatives. The Company has a judicious mix of Executive Directors, Non-Executive Directors, and Independent Directors. The Board is composed of two (2) Executive Directors, two (2) Non-Executive Directors and six (6) Independent Directors, who are all residents of Mauritius. There are no alternate directors on the Board of the Company.

The Board is broad-based and consists of individuals from different backgrounds with the right balance of skills, experience and diversity. The Company complies with the statutory number of directors and has a Board Charter which is reviewed by the Board as and when required. Collectively, the Board is well structured and of sufficient size to discharge its duties, having regard to the activities and size of the Company and the Group. Overall, the Board is of opinion that the current number of Directors with their mix of knowledge, skills and experience is adequate to effectively discharge its duties.

Corporate Governance Report

3.1.5. The Structure of the Board and its Committee (Continued)

- **Board size and composition (Continued)**

The functions and responsibilities of the Chairperson and Group CEO are separate. The Chairperson is a Non-Executive Director and leads the Board, ensuring it is functioning properly and that each Director is able to make an effective contribution. The Chairperson discusses and sets the agenda with the Group CEO and the Company Secretary. The Group CEO has the overall responsibility of managing the operations of the Group and implementing the strategies and policies as decided by the Board.

The Independent and the Non-Executive Directors do not have any involvement in the operations of the Company, which could materially affect their ability to exercise independent judgment. Moreover, none of the appointed Independent Directors were employed by the Company during the past three years.

- **Board meetings**

In accordance with best governance practices, the Board ensures that regular Board meetings and committee meetings are held.

Board Meetings are set in advance according to the terms of the Company's Board Charter. The Company held seven (7) Board meetings during this financial year. Additional meetings may be convened to consider urgent matters.

Over and above meetings, some decisions are also taken by circularisation of written resolutions.

Corporate Governance Report

3.1.5. The Structure of the Board and its Committee (Continued)

- Board meetings (Continued)
- Board meetings process

Start of the Financial Year (FY)	Following consultation with the Group CEO and Chairperson, a draft calendar is prepared for Board Meetings for the coming FY.
Prior to Meetings	Together with the Group CEO and Chairperson, the Company Secretary prepares the agendas. Final agendas are circulated to the Directors in advance of all meetings by the Company Secretary, together with the Board pack.
Board Meetings	Over and above the co-ordination of all Board meetings, the Company Secretary also takes and keeps minutes of all meetings.

- Information provided to Directors

The Chairperson, assisted by the Company Secretary, ensures that the Directors are provided with the necessary information, and sufficiently in advance, in order to effectively carry out their responsibilities and adequately prepare for the meetings.

The Company has a process in place whereby Board and Committee papers are shared via an online and secured portal.

Directors, in the performance of their duties, may seek, at the Company's expense, outside legal, financial or other professional advice on any matter within their terms of reference. Directors may also have access, at all reasonable times, to members of the Management team for any clarification on board matters.

Corporate Governance Report

3.1.5. The Structure of the Board and its Committee (Continued)

- Board meetings (Continued)
- Board governance during the Covid-19 pandemic

As part of the governance changes brought along by the pandemic, the Board has remained steadfast and continued hosting its meetings online through a secured platform. The Board was kept informed of the continuing Covid-19 related challenges and priorities of the Company.

3.2. Board Oversight

3.2.1 Board Oversight

SGIN's Board has a strategic oversight on the activities of the organisation. Key priorities identified for the next Reporting Year 2022/23:

- Business Growth and Development
- Focusing on Customers
- Enhancing Operational Excellence
- Employee engagement & development

The members of the Board and their attendance at Board meetings during this Reporting Period 2021/2022 are as follows:

Directors	Classification	Board
Number of meetings held		7
Directors' attendance during their period of directorship		
K G Bhoojedhur-Obeegadoo ¹ (Chairperson)	Non-Executive Director	6 of 7
N Ramdewar	Executive Director	7 of 7
S Ancharaz ²	Executive Director	6 of 6
Y K Aukhojee	Independent Director	7 of 7
A Balluck ³	Independent Director	4 of 4
A Chummun	Independent Director	7 of 7
C Dabeea ⁴	Non-Executive Director	2 of 2
C Dussoye	Independent Director	7 of 7

Corporate Governance Report

3.2. Board Oversight (Continued)

3.2.1. Board Oversight

Directors	Classification	Board
V K Koonjoo	Independent Director	7 of 7
J Moonien	Independent Director	7 of 7
D Ramkallawon ⁵	Independent Director	1 of 1
M Y Salemohamed ⁶	Non-Executive Director	4 of 4
Changes to the composition of the Company's Board during this Reporting Period:		
¹ K G Bhoojedhur-Obeegadoo (appointed as Chairperson as from 21 December 2021)		
² S Ancharaz (appointed as from 09 July 2021)		
³ A Balluck (up to 21 December 2021)		
⁴ C Dabeea (appointed as from 11 January 2022)		
⁵ D Ramkallawon (appointed as from 09 May 2022)		
⁶ M Y Salemohamed (up to 21 December 2021)		
During this Reporting Year, the Board of SGIN examined, discussed and resolved on the matters which are the focus areas requiring increased board oversight:		
<ul style="list-style-type: none">- Corporate Governance Matters- Recommend re-appointment of External Auditors- Approval of Annual Reports including financial statements- Approval of Annual Budget- Review of Reports from the Risk and Audit Committee- Overview of Business and Financial performance of the Company		

3.2.2. Board Committee

In accordance with the recommendations of the Code, a Risk and Audit Committee has been set up to assist the Board in the effective performance of its duties. The Committee comprises members with a wealth of knowledge and experience in fields relevant to the operations of the Company, including insurance, pensions, actuarial science, finance and business administration.

The Risk and Audit Committee has its own Charter, approved by the Board and published on the website, and which may be reviewed as and when required. The responsibilities of the Chairperson of the Board and the Chairperson of the Risk and Audit Committee have been clearly defined in their respective position statements.

Corporate Governance Report

3.2. Board Oversight (Continued)

3.2.2. Board Committee (Continued)

Attendance at Committee meetings

The Directors who served on the Risk and Audit Committee and their attendance at meetings during the financial year 2021/2022 are provided in the following table:

Directors	RAC
No. of meetings held	6
C Dussoye (Chairperson)	6 of 6
K G Bhoojedhur-Obeegadoo	6 of 6
V K Koonjoo	6 of 6
J Moonien	6 of 6

3.2.2.1. Risk and Audit Committee

The Risk and Audit Committee assists the Board in fulfilling its oversight responsibilities related to corporate accounting, financial reporting practices, quality and integrity of financial reports, compliance, internal controls, risk management and business ethics.

The Risk and Audit Committee consists of one (1) Non-Executive Director and three (3) Independent Directors. During the financial year 2021/2022, the Committee met six (6) times.

The members of the Committee are/were:

Member	Category
C Dussoye (Chairperson)	Independent Director
K G Bhoojedhur-Obeegadoo	Non-Executive Director
V K Koonjoo	Independent Director
J Moonien	Independent Director

Corporate Governance Report

3.2. Board Oversight (Continued)

3.2.2. Board Committee (Continued)

3.2.2.1. Risk and Audit Committee (Continued)

- Key focus areas

During this period, the Risk and Audit Committee discussed and considered the following key areas:

- Review of Annual Report including the financial statement
- Recommend the payment of dividend to the Board
- Re-appointment of External Auditors
- Audit Plan of External Auditor
- Internal Audit Plan and Reports
- Review of MLRO Report
- Review Risk Reports and Risk Management Frameworks

3.3. Active Monitoring

This section explains how the Board members are provided with the necessary tools and training so that they can lead the organisation efficiently.

3.3.1. Appointment of Directors

As part of its mandate, the Board carefully considers the needs of the organisation and considers the following factors when appointing new Directors:

- a) Skills, knowledge and expertise;
- b) Previous experience;
- c) Balance required on the Board including but not limited to gender and age;
- d) Independence (where required); and
- e) Any conflict of interest.

Each Director is elected by a separate shareholder's resolution to hold office until the next Annual Meeting at which he/she may be eligible for re-election.

Corporate Governance Report

3.3. Active Monitoring (Continued)

3.3.1 Appointment of Directors (Continued)

The Board is allowed to appoint any person as a Director to fill a casual vacancy or the Shareholder can make an addition to the existing Directors subject to the number thereof not being more than ten (10).

3.3.2. The Induction Process

The Company has an induction process for newly appointed Directors. The objective of that process is to ensure that the new directors are able to rapidly acquire sufficient knowledge of the Company and its internal corporate governance processes.

Upon their appointment, non-Executive Directors are given a letter of appointment, and all new Directors participate in an induction and orientation programme to enable them to acquire sufficient knowledge of the Company's business and familiarise themselves with its governance structure. To that end, all new Directors are provided with an induction pack.

Induction Pack	
✓	An overview of the Company
✓	Board Charter
✓	Charter of the Risk and Audit Committee
✓	Company's AML/CFT Compliance Manual
✓	The Code of Ethics for directors
✓	The Insurance Act 2005
✓	The Financial Services Act 2007
✓	Relevant extracts of the Companies Act 2001
✓	The National Code of Corporate Governance for Mauritius (2016)
✓	The latest Annual Report

The Group CEO and the Company Secretary are always available to provide any additional information that may be required by newly appointed Directors.

For this reporting period, all new Directors were appointed in compliance with the above process.

Corporate Governance Report

3.3 Active Monitoring (Continued)

3.3.3. Directors' Professional Development

Directors are encouraged to remain updated with industry practices, trends and standards. They may also request for any specific training of interest to them for the fulfilment of their duties as directors.

During the financial year 2021/2022, the Directors received trainings and followed informational sessions. The main topics covered were technology, strategy and insurance business.

The Company has already identified some areas and subjects in which the directors have also shown an interest for the next financial year's training programme.

3.3.4. Succession Planning

The Board ensures the orderly succession of appointment to the Board and to Senior Executive positions so as to maintain an appropriate balance of knowledge, skills and experience on the Board and within the Company. The Corporate Governance, Sustainability and Nomination Committee, established under the Board of SGIN's Parent Company, has been delegated the task by the Board to consider succession planning for Directors and other Senior Executives, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed in the future.

As part of the Company's succession plan, the situation at Board and senior management levels is regularly assessed and appropriate action is taken to fill gaps where needed. As such, directors have recently been appointed to replace outgoing ones and Officers at senior management level have been appointed/recruited.

3.3.5. Directors' Duties, Remuneration and Performance

- **Legal duties**

All Directors are aware of their legal duties and are required to act in good faith and in the best interests of the Company.

Corporate Governance Report

3.3. Active Monitoring (Continued)

3.3.5. Directors' Duties, Remuneration and Performance (Continued)

- **Interest register**

In accordance with the Companies Act 2001, an interest register is maintained by the Company Secretary and is updated as and when required. Directors have a duty to disclose any interest that they have, including any related-party transaction. At the end of each financial year, Directors are requested to fill in a disclosure of interest form.

The interest register may be made available to the Shareholder of the Company upon request to the Company Secretary.

For this reporting period, no conflict of interest has been reported in line with the provisions of the Company's Conflicts of Interest and Related Party Transactions Policy.

Details on related-party transactions are found on page 118 of the Annual Report under Note 28.

- **Information, information technology and information security governance**

The confidentiality, integrity and availability of information are of significant importance to the Company. With a spike in cyber security threats around the world the Company continues to invest in technology to enhance its operational resilience, and security solutions are continuously sought to keep abreast of new security threats.

The Company has put in place information policies to cover different spheres associated with information security, the information systems, the administration of logical and physical access to information processed and stored, as well as the transmission of information.

The Group's Information Security Policy is a key component of the Group's overall Information Security Management Framework and reflects the commitment of Management to information security. Policies and their related procedures are regularly updated to reflect current requirements and best practices adopted by the company and are made accessible to all staff by publishing them on its intranet.

Corporate Governance Report

3.3. Active Monitoring (Continued)

3.3.5. Directors' Duties, Remuneration and Performance (Continued)

The Company also undertook several initiatives to uphold the robustness of its information security framework, including awareness sessions organised for staff on cybersecurity risks.

- **Assessment and evaluation of Board Members**

The Company is committed to developing its corporate governance by adopting the best practices applicable to the industry. During this financial year, the Board assessed its functioning, quality and efficiency of its work and that of its Committee. Accordingly, necessary steps are being taken to tackle the main areas identified for improvement.

During this reporting period, an evaluation of the effectiveness of the Board, its Committee, as well as its individual directors, was conducted. During the assessment, the Directors showed satisfaction as regards the functioning and effectiveness of the Board and its committee, as well as the role played by the Chairperson and the Group CEO.

The assessment exercise for individual Directors was led by the Company's Chairperson. The evaluation was conducted through the completion of a comprehensive questionnaire.

The assessment process concluded that overall, the Directors were satisfied with the performance of the Board and its Committee.

- **Remuneration**

The Company's underlying remuneration philosophy is to set the appropriate level of remuneration to be able to attract, motivate and retain its personnel and Directors, giving due consideration, as applicable, to laws, guidelines, market rates, views of the Shareholder as well as the Group's strategies and long-term objectives. The remuneration of the Company's personnel, including its Executive Directors, is covered under the Salary Review which is carried out every 3 years by an independent Salary Commissioner, and the remuneration of its Non-Executive Directors is approved by the Shareholder at the Annual Meeting of Shareholder.

The Company has a Board-approved Remuneration Policy. Details on Directors' remuneration are found on page 120 of the Annual Report under section 221 of the Companies' Act 2001.

Corporate Governance Report

3.3. Active Monitoring (Continued)

3.3.5. Directors' Duties, Remuneration and Performance (Continued)

- **Reporting with Integrity**

Our objective is to be a reliable service provider to our customers and stakeholders and to be a strategic partner in facilitating the economic development of Mauritius. Today, SICOM is a well-diversified financial services group, and it fulfils its purpose through:

- Support and advocate to customers with regards to our products and services
- A deep knowledge of what matters to stakeholders
- Safeguard customers' interests while balancing them with those of the shareholder
- Recognise the power of shared value in a way that benefits all stakeholders
- Enable customers to achieve their lifetime financial goals
- Focus on continuous and improved engagement with all stakeholders
- Strive to achieve service excellence by being responsive to our customers' needs and preferences

The Company recognises its interconnectivity between the economic, social and environmental systems it operates in, and this determines its approach to sustainability. The interconnectivity highlights urgency to transform its growth path to be a socially inclusive, low carbon and resource efficient organisation. As such we have started certain initiatives which cover areas of education (UNSDG 4-Quality education), forestation (UNSDG 13-Climate Action) and going green initiatives (UNSDG 12-Responsible consumption and production).

Additionally, there is an enhanced section about the Company on how it engages with its stakeholders throughout the year. The business model portraying how it creates value for its main stakeholders is also set out on pages 38 to 40.

Our Annual Report, can be accessed on the Group's website at <https://www.sicom.mu/en/about/about-sicom>

- **Donations**

The Company did not make any political donation during the financial year 2021/2022.

Corporate Governance Report

3.4. At the core: Risk and Culture

3.4.1 Board opinion

The Board is of the opinion that the Company's risk management processes and systems of internal control are effective.

3.4.2 Risk management

Managing risk remains integral to generating sustainable shareholder and stakeholder value. The Board has ultimate responsibility for risk management and internal control. The Risk and Audit Committee is mandated by the Board to oversee all risk management and internal control issues. The task of maintaining a sound system of risk management has been delegated to Senior Management and the Risk Officer. Internal governance structures include a Risk Management function that complies with legislative requirements as specified by the Insurance (Risk Management) Rules 2016.

The Risk Officer has a duty to report to the Board. Independent reviews are also conducted by the External Auditor and the Statutory Actuary on compliance and effectiveness of the risk management framework, respectively. The Company has an obligation to report to the Regulator.

The comprehensive Risk Management Report can be found at pages 44 to 57.

3.4.3 Internal controls

The system of internal controls has been designed to prevent, detect and mitigate significant risks faced by the Company. Such a system provides reasonable assurance against material error, omission, misstatement or loss, and manages risks of failure in operational systems.

The Company maintains proper records to ensure effective operation of its business and compliance with laws and regulations.

Management is responsible for managing all of the Company's activities, including implementation of the strategies and policies adopted by the Board, and the operation of the internal control system.

Internal control covers all material processes of the Company. Key areas of effective internal controls are as follows:

- a) A clear organisation structure;

Corporate Governance Report

3.4. At the core: Risk and Culture (Continued)

3.4.3. Internal controls (Continued)

- b) The recommendations of the Risk and Audit Committee, reports of the Manager - Internal Audit, Statutory Actuary and the External Auditor are considered when assessing the effectiveness of internal controls;
- c) A comprehensive management information and accounting system is in place to provide reliable financial and operational performance data;
- d) A Compliance function is in place under the leadership of the Money Laundering Reporting Officer and compliance policies and procedures have been established to ensure compliance with applicable laws, regulations, codes and guidelines; and
- e) Management has put in place appropriate financial and operational controls by way of segregation of duties and financial/monetary limits.

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The Board, through the Risk and Audit Committee and Senior Management, is regularly apprised of such assessment. Deficiencies, if any, are promptly considered by Management, and remedial actions taken and/or action plans devised to address the weaknesses. Both the Internal and the External Auditors have access to the Risk and Audit Committee.

3.4.4. Audit

- **Directors' responsibilities**

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

- **Internal audit**

The Internal Audit function has the overall responsibility of providing independent and objective assurance and consulting activity designed to add value and improve the Company's operations. The scope of work of the Internal Audit function is to enable the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management, control, information systems and governance processes.

Corporate Governance Report

3.4. At the core: Risk and Culture (Continued)

3.4.4. Audit (Continued)

- **Internal audit (Continued)**

The Internal Audit function is composed of 4 members and is headed by the Manager - Internal Audit who reports directly to the Risk and Audit Committee. It derives its authority from the Board and is responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal controls and risk management practices. The Internal Audit function is adequately staffed, and the members have the necessary qualifications, appropriate tools and experience to carry out their duties and responsibilities. The function is also committed to its continual improvement by ensuring training in relevant fields and continuous professional development for its members.

The profile of the Manager - Internal Audit is available on the Group's website. He is a fellow member of the Association of Chartered Certified Accountants.

The annual Internal Audit plan, which is approved by the Risk and Audit Committee, is based on the principles of risk management and aims at ensuring that the scope of work is aligned with the degree of risks attributable to the areas to be audited. The internal audit approach and methodology are designed to provide reasonable assurance by focusing on:-

- significant business risks, both internal and external, that can impact the business processes;
- key controls and measures in place and that are aligned with customers' needs and key business objectives;
- continuous improvement of existing processes and information systems to bring performance closer to best practices; and
- regulatory and legal provisions (for e.g., AML/CFT framework, guidelines from regulators, amendments in Finance Act *etc.*).

Ad-hoc internal audit inspections are also conducted for the purpose of identifying areas for process improvement.

Corporate Governance Report

3.4. At the core: Risk and Culture (Continued)

3.4.4. Audit (Continued)

- **Internal audit (Continued)**

During the financial year 2021/2022, two (2) planned internal audit reviews were carried out and covered the following areas:

- Total Loss Claims Settlement and Salvage Recovery
- Monitoring and Recovery Procedures of Outstanding Claims from Reinsurers

In addition, two (2) ad-hoc audit inspections were carried out at the Grand Bay Hub and Trianon Branch respectively.

Subsequent to the findings of these audits, appropriate recommendations are made to the Risk and Audit Committee and Management, and their implementations are monitored.

- **External audit**

The Board had recommended the appointment of Deloitte as the External Auditor of the Group for the financial years 30 June 2021-2025 following a tender exercise. Section 200 of the Companies Act 2001 provides for the automatic reappointment of auditors applicable for this financial year.

The roles and responsibilities of the Risk and Audit Committee in the external audit process are set out in the Risk and Audit Committee Charter.

The provision of non-audit services is subject to a tender process so as to ensure that the nature of the non-audit services, if provided by the External Auditor, could not be perceived as impairing their independence on the external audit exercise.

External auditor's fees and fees for other services are as follows:

	Company	
	2022	2021
	Rs'000	Rs'000
Statutory audit	1,334	1,271
Review of tax computation	117	112
Other services*	217	207

* Other services for 2021 and 2022 relate to review as per the Insurance (Risk Management) Rules 2016

Corporate Governance Report

3.5. Relations with our Shareholder and Other Key Stakeholders

The Group's commitment extends to addressing all material matters impacting stakeholders across the businesses, ensuring that it is accessible through our various engagement platforms. It is of utmost importance to manage stakeholders' relations and to observe effective industry and international governance practices in managing and responding to the requirements and views of the Group's stakeholders.

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS IN 2021/2022?	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
<p>Customers (Individual and Corporate)</p> <p>Our customers generate revenue through the purchase of our products and services. We offer our customers quality advice and fairly priced products to help them meet their needs and achieve their financial goals.</p>	<p>Omnichannel experience and ease of use</p> <p>Responsible and appropriate advice</p> <p>Fast and efficient customer service</p> <p>Innovative and flexible product solutions</p> <p>Relief in times of significant financial difficulty</p> <p>- Strong governance, ethics and transparency</p> <p>- Long-term sustainable financial returns and distributions</p> <p>- Clear strategic direction and consistency in operational execution</p> <p>- Experienced management team</p> <p>- Transparent reporting and disclosures</p> <p>- Strong financial control environment including corporate governance and ethics frameworks</p>	<p>- Launched new products and initiatives to enhance our customer proposition</p> <p>- Provided value for money financial solutions to our customers in a responsible way</p> <p>- Use robotics to simplify our processes, giving back time to customers through reduction in servicing and processing time</p> <p>- Call centre services for greater availability</p> <p>- Enhanced our digital platform channels to drive digital engagement</p> <p>- New bancassurance partnerships to connect and serve customers</p> <p>- Strong delivery on our operational objectives</p> <p>- Strategy Validation Exercise</p> <p>- Maintained transparent reporting and disclosures in line with our reporting standards and internal policies and procedures</p> <p>- Frequent updates to the Board about major projects</p>	<p>- Traditional distribution channels (including branches and workites)</p> <p>- Implementation of customer satisfaction surveys</p> <p>- Online Sales Platform</p> <p>- Media channels</p> <p>- Annual reports</p> <p>- Newsletters</p> <p>- E-mails</p> <p>- Annual General Meeting</p> <p>- Annual Report</p> <p>- Website</p> <p>- Digital Tools</p> <p>- Media Channels</p>
<p>Shareholder</p> <p>Our sole shareholder provinces for our financial capital so that our businesses can compete in their chosen markets and support sustainable growth.</p>			

Corporate Governance Report

3.5 Relations with our Shareholder and Other Key Stakeholders (Continued)

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS IN 2021/2022?	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
<p>Employees</p> <p>Our people are our greatest competitive advantage, and their welfare is our highest priority.</p> <p>We rely on our highly motivated and engaged employees to put our customers first in everything they do and to act as brand custodians, enabling us to execute on our strategic priorities and generate long-term value for our investors.</p>	<ul style="list-style-type: none"> - Competitive reward structures and benefits - Career growth and development 	<ul style="list-style-type: none"> - Benchmark rewards to industry and linked to business performance and outcomes - Learning culture and continued professional development are encouraged by way of various schemes that motivate employees to pursue their self-development. - Invested in various employee skills development and mentorship initiatives, including agile and other technical courses - Various Communication channels e.g. SMS, Intranet - Conducted multiple wellness initiatives 	<ul style="list-style-type: none"> - Communication via Intranet, Creation of a Learning Zone - Internal communication
<p>Intermediaries</p> <p>They serve as a crucial link between our customers and us. By establishing relationships with new customers, providing appropriate advice based on their needs, and providing a service to them through a combination of face-to-face and digital channels, they optimise and enhance the customer experience. They play a vital role in attracting new business and in retaining existing customers.</p>	<ul style="list-style-type: none"> - An inclusive culture that is safe and enabling - Addressing mental health and overall wellness - Flexibility – work/life balance - Ease of doing business - Digital capabilities that enable engagement sales, and servicing - Product and regulatory training - Fair incentives that reward efforts - To be associated with a brand which delivers on its promises 	<ul style="list-style-type: none"> - Improved our digital servicing capabilities, such as tracking tools, and sales and servicing platforms to drive ease of use of our digital solutions - Provided ongoing training to improve the experience of our intermediaries - Trainings organised on new products - A dedicated salesmen unit to serve intermediaries - Timely processing of commissions - Develop sustainable relationships - Digitalisation of the service between SICOM and Intermediaries for General Insurance - Timely payment to suppliers and other business partners such as consultants - Develop sustainable relationships - Work as a team with a common goal - Timely communication and consultation 	<ul style="list-style-type: none"> - Annual reports - Branches and workshits - Digital tools - Agent Awards Night - Annual reports - Salesmen Awards
<p>Business partners (Reinsurers, Valuators, Car dealers, Legal advisors, Consultants, Suppliers)</p>	<ul style="list-style-type: none"> - Fair payment practices - Comply to terms in Service Level Agreements - Fair tender process - Supplier relationship management 	<ul style="list-style-type: none"> - Develop sustainable relationships - Digitalisation of the service between SICOM and Intermediaries for General Insurance - Timely payment to suppliers and other business partners such as consultants - Develop sustainable relationships - Work as a team with a common goal - Timely communication and consultation 	<ul style="list-style-type: none"> - Digital Tools - Email, Phone call, Letters - Regular Visits

Corporate Governance Report

3.5 Relations with our Shareholder and Other Key Stakeholders (Continued)

WHY ARE THESE STAKEHOLDERS IMPORTANT TO US?	WHAT ARE THEIR CONCERNS/ INTERESTS?	HOW DID WE ADDRESS THEIR CONCERNS/INTERESTS IN 2021/2022?	CHANNELS USED TO ENGAGE OUR STAKEHOLDERS
Government and Regulators	- Good governance	- Maintained our solvency capital at levels above regulatory requirements	
	- Compliance with regulations	- Detailed risk management and controls systems and performed a self assessment for Actuarial, Risk and the Compliance function	- Direct communication including submissions of required report, attendance of meetings
Community We recognise the interdependence between ourselves and the communities we serve. We go beyond our operations and focus on contributing to socio-economic development that is impactful and sustainable to uplift our communities.	- Proactively engage with regulators	- Focused more on dealing with future pandemics as part of business as usual, with management taking the requisite steps to risk-proof the business	
	- Responsible development of insurance sector	- Comply with new laws and create organisation wide awareness	
	- The effectiveness of the control functions		
	- Financial education and inclusion	- Supporting the National Social Inclusion Foundation for CSR projects	- Media channels
Environment	- Access to supplier development opportunities	- Trainees periodically onboarded for short-term training within the organisation	- Annual reports
	- Skills development and employment opportunities	- Supported the communities through various initiatives, such as sponsorships related to education, road safety, skills development initiatives etc.	- Community projects and campaigns
	- Education support		
	- Going Green initiatives	- Installation solar Panels at SICOM Tower	
	- Energy saving initiatives	- Include more plants and trees within our premises - Installation of LED bulbs in the buildings - Going Paperless - Rain water harvesting for maintenance purposes - Undertake energy audits of buildings - Procurement of energy efficient equipment	- Meeting with the Ministry of Environment, Solid Waste Management and Climate Change representatives for possible environmental projects - Forestation project at Mont Vert

Corporate Governance Report

3.5 Relations with our Shareholder and Other Key Stakeholders (Continued)

- **Shareholder's diary**

Details	Date
Financial year-end	30 June 2022
Audited Financial Statements (year ended 30 June 2022)	September 2022
Statutory Returns to Financial Services Commission	September 2022
Annual Meeting	October 2022
Dividend Payment	November 2022

- **Shareholder's communication**

The Company holds an Annual Meeting of Shareholder with prior notice given to them (in line with the provisions of the Companies Act 2001) and the latter are required to express their vote on matters which include the approval of accounts, approval of dividends and appointment/reappointment of Directors.

- **Dividend policy**

The Company's objective is to provide value to its shareholder through an optimum return on equity. When determining the appropriateness of a dividend, we consider the profit after taxation, technical provisions and appropriations to statutory and other reserves for ongoing operational activities as well as the Group's strategy. The current policy of dividend distribution is a minimum of 25% of the profit after tax of the Company. A dividend of 75% (2021: 75%) on profit after tax, amounting to Rs. 51,713,388 (Rs. 206.85 - per share) in respect of current financial year was declared and not paid as at 30 June 2022. (2021: Rs. 63,231,441 (Rs. 252.93 per share)).

Corporate Governance Report

Statement of Compliance

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

Name of Public Interest Entity ('PIE'): SICOM General Insurance Ltd

Reporting Period: Year ended 30 June 2022

On behalf of the Board of Directors of SICOM General Insurance Ltd (the Company), we confirm that, to the best of our knowledge, the Company has complied with all of its obligations and requirements under the National Code of Corporate Governance for Mauritius.



K G BHOODHUR-OBEEGADOO

Chairperson



C DUSOYE

Director

Date: 20 September 2022

Secretary's Certificate

We certify to the best of our knowledge and belief that for the year ended 30 June 2022, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Companies Act 2001.



DTOS Ltd

Company Secretary

SICOM General Insurance Ltd

Date: 20 September 2022

Risk Management Report

As we build an insurance company which is resilient to future risks, we are including sustainability at the heart of how we do business. We have one planet, and we owe it to future generations to protect her. At the same time a sustainable world drives long term competitiveness, creates the right environment for teams to thrive and for the development of a corporate risk culture aligned to the sustainable goals, and provides a foundation for long-term rewards for our shareholders.

Our aim is to make risk management simple, well understood and embedded in all our activities. Risk will provide oversight which is pro-active and proportionate while maintaining the commercial approach required to help the business make good risk-based decisions and to move quickly whilst understanding the risks.

The Mauritian economy has been gradually recovering from the COVID-19 pandemic following a substantial contraction in 2020-2021. The health impact of the pandemic was successfully managed with close to one million inhabitants vaccinated by May 2022 as part of the national vaccination campaign. Most sectors of economic activity are on track to reach pre-pandemic output levels, including tourism activities which are slowly picking up following the waiving of COVID-19 travel restrictions.

The key challenge for Mauritius is to continue its economic recovery, while controlling inflation in a global environment of high fuel and food prices, increasing freight costs and a weak rupee. Inflationary pressures are likely to continue as supply chain disruption due to the Russia/Ukraine conflict further impact on energy and food prices. This contributes to the erosion of our clients' purchasing power, especially those in the lower and middle income groups, and may have a detrimental impact on our business objectives.

Main Risk Achievements for The Year

In the midst of this challenging environment, we have achieved significant milestones over the year to strengthen our environment and make it more resilient to risks identified.



Risk Management Report

Main Risk Achievements for The Year (Continued)

The Business Risk Assessment tool was implemented according to Section 17 of the Financial Intelligence Anti-Money Laundering Act 2002 with purpose of assisting the Company to evaluate, identify and mitigate the risks of money laundering and terrorism financing pertaining to all its products and services.

The Company has created a risk-based model taking into account the following:

- (a) all relevant risk factors including:
 - (i) the nature, scale and complexity of the reporting person's activities;
 - (ii) the products and services provided by the reporting person;
 - (iii) the persons to whom and the manner in which the products and services are provided;
 - (iv) the nature, scale, complexity and location of the customer's activities;
 - (v) reliance on third parties for elements of the customer due diligence process;
 - (vi) technological developments; and
- (b) the outcome of any risk assessment carried out at a national level and any guidance issued.

Our Risk Strategy and Roadmap

Over the coming year we will focus on a few major projects to further strengthen our control environment and improve the resilience of the Company.

RISK ROADMAP



BUSINESS CONTINUITY MANAGEMENT FRAMEWORK

The existing Business Continuity Management Framework will be further enhanced with the assistance of an external consultant.



STRATEGIC RISK ASSESSMENT

More focus will be emphasised on managing risks that could affect strategic projects from being completed in a timely manner and their impact on the Group.



CLIMATE CHANGE RISK IMPACT ASSESSMENT

The risks associated with climate change will be identified and their impact will be reduced.

Risk Management Report

Our Risk Strategy and Roadmap (Continued)

We will also continue to monitor the Cyber Security framework to ensure that it remains resilient to new cyber threats.

In addition, we will focus on enhancing our regulatory risk management function within the framework we have developed and which we elaborate on below.

Managing Risk in line with our Strategy

Our management team, with oversight from the Board, and the Risk and Audit Committee, is responsible for developing our strategy. Our strategic planning process aims to ensure we have developed clear objectives and targets, and identified the actions needed to deliver them, including the management of risks arising from the strategic plan. A key aspect of any effective strategic planning process is to understand and manage those risks appropriately. To achieve this, the Risk Function works closely with the rest of the business to help identify and assess risks, which is done through setting and achieving targets as well as through its review and challenge of business plans in the strategic planning process. The Company's risk strategy is aligned with the Group strategy and supports business decision making through the proactive identification, assessment and management of risks.

Our Risk Governance Framework

The Risk Function has led significant cultural change to drive ownership of risks across the Group, which also applies to the SICOM General Insurance Ltd. The Group has a strong risk culture, and a mature and embedded Enterprise Risk Management Framework ("ERM Framework") with clear accountabilities and risk ownership designed to ensure that we identify, manage, mitigate and report on all key risks and controls through the three lines of defence model:

	Responsibilities	Owners
1st line of defence <i>Operations</i>	Responsible for day-to-day risk and control management and decision-making	Management
2nd line of defence <i>Risk Oversight</i>	Responsible for developing, facilitating and monitoring an effective risk and control framework	Actuarial Function, Risk Management, Compliance and IT Security
3rd line of defence <i>Independent Assurance</i>	Responsible for providing independent assurance on the effectiveness of the overall control environment	Internal and External Audit

Risk Management Report

Our Risk Management Framework

The ERM Framework sets out, at a high level, the Company's approach to setting risk strategy and managing risks to the strategic objectives and day-to-day operations of the business. The ERM Framework is designed to manage the Company's risk proactively and to enable dynamic risk-based decision making. Aligned to the three lines of defence model, not only does the risk management framework articulate the high-level principles and practices needed to achieve appropriate risk management standards, but it also demonstrates the inter-relationships between components of the risk management framework. Within this, the risk management process is a key element in the development and on-going maintenance of an accurate risk profile. The objective of the risk management process is to identify, assess, manage, monitor and report on the risks that the Company is exposed to.

Regulatory Requirements

The Insurance (Risk Management) Rules 2016 ("**the Rules**") issued by the Financial Services Commission ("**FSC**") require insurers, registered under the Insurance Act 2005, to establish and at all times maintain a Risk Management Framework to effectively develop and implement strategies, policies, procedures and controls to manage their material risks. Insurers need to have in place a number of Board approved elements as part of their ERM Framework:



Risk Appetite Statement



3-year Business Plan



Risk Management Strategy



Own Risk & Solvency Assessment



Liquidity Policy



Designated Risk Management Function



Defined Roles & Reporting Lines

Risk Management Report

Risk Management Process

The Risk Management Process (“RMP”) refers to the continuous cycle of identifying, assessing, monitoring, managing and reporting of risks, as applicable. The RMP is the cornerstone of any ERM framework and is formalised in a risk register. Below is a depiction of the ERM processes embedded within the day-to-day operations of the Company in managing its risk exposure.



The risks are identified and classified in a consistent manner across the Company with reference to the Company's Risk Taxonomy. The inherent risks that are identified are then assessed in terms of their probability of occurrence, their financial impact as well as their reputational impact. A corresponding rating is given for the residual risk along with a control description of how each risk identified is being mitigated, together with improvement plans. The monitoring frequency of risks differs and is stipulated in the risk registers.

The Company has a list of key risks it is willing to take or tolerate in pursuing its strategic objectives and business plans. The Company regularly measures and quantifies material risks to which it is exposed, using financial and non-financial metrics.

Risk Management Report

Risk Appetite

Our risk appetite statements define the opportunities and associated level of risk the Company is prepared to accept to achieve its business objectives. The statements are used to drive risk-aware decision making by key business stakeholders. Our risk appetite statements are documented in our Policies and include:

- Monitoring whether the business remains within risk appetite, among other information, using key risk indicators;
- Deriving the key risk indicators from the risk appetite statements to drive and monitor risk-aware decision-making; and
- Both qualitative and quantitative risk statements which are forward- and backward-looking.

We review our risk appetite statements and key risk indicators annually for submission to the FSC.

Overarching Risk Objective

The Company recognises that its long-term sustainability is dependent on having sufficient economic capital to meet its liabilities as they fall due, thus protecting its reputation and the integrity of its relationship with policyholders and other stakeholders.

Our three strategic risk objectives are:

- **Maintain capital adequacy**
The Company seeks to maintain its solvency margin above the Minimum Capital Requirements (“MCR”) in line with the Insurance (General Insurance Business Solvency) Rules 2007.
- **Stable/efficient access to funding and liquidity**
The Company aims to meet both planned and unexpected cash outflow requirements, including those requirements that arise following stress scenarios testing performed on events which could occur.
- **Maintain stakeholder confidence**
The Company has no appetite for material risks resulting in reputational damage, regulatory or legal censure, poor customer outcomes, fines or prosecutions and other types of non-budgeted operational risk losses associated with the Group’s conduct and activities. The Group will maintain a robust and proportionate internal control environment.

Risk Management Report

Our Risk Culture

Our risk culture underpins our business and decision-making and, helps us embed a robust approach to managing risk. Our Risk Function drives ownership of risks in the business and ensures that risk consideration is integral to all decision making. It also provides expert advice and guidance to business areas, whilst also challenging the effectiveness of controls to manage risk and compliance. The Board is committed to promoting a culture of high standards of corporate governance, business integrity, ethics and professionalism in all our activities.

Risk Management Structure, Roles and Responsibilities

The diagram below illustrates the Company's risk management structure and key responsibilities. The Company also forms part of the Group's Management Risk Committees such as the Internal Risk Committee ("IRC") and Cyber Security Committee and the main responsibilities are as below. This structure ensures that risk management processes are effectively embedded across the Company.

Risk and Audit Committee (At Company Level)	Internal Risk Committee (At Group Level)	Cyber Security Committee (At Group Level)
<ul style="list-style-type: none">•Assists the Board in its oversight responsibilities.•Reviews and recommends the ERM Policy, Own Risk Solvency Assessment, Risk Appetite and Risk Tolerance Level to the Board for approval.•Reviews and ensures that Cyber Security risk is managed effectively.•Considers stress testing and reverse stress testing scenarios and their impact on the Company.•Reviews current and projected capital and liquidity position risk environment and risk profile relative to appetite.•Reviews adequacy of insurance coverage, material outsourcing arrangements, the Disaster Recovery Plan and Business Continuity Plan.	<ul style="list-style-type: none">•Reports to the Risk and Audit Committee of the Board.•Has an understanding of the key risks to which the Company is exposed and oversees the effective management of these risks.•Reviews the ERM Framework including the Risk Management Strategy and Policies, Risk Appetite Statements and Risk Tolerance Levels.•Ensures that the recommendations made by Internal and External Auditors, Statutory Actuaries, Regulators and other relevant agencies on matters pertaining to Risk Management are implemented.	<ul style="list-style-type: none">•Oversees the Company's risk assessment and management processes with regards to Cyber Risks.•Designs the cybersecurity strategy in line with expectations from key stakeholders.•Participates in design and review of security policies and procedures.•Reviews threat intelligence outputs and makes recommendations to the IRC on the organisation's exposure to current and emerging information security threats.

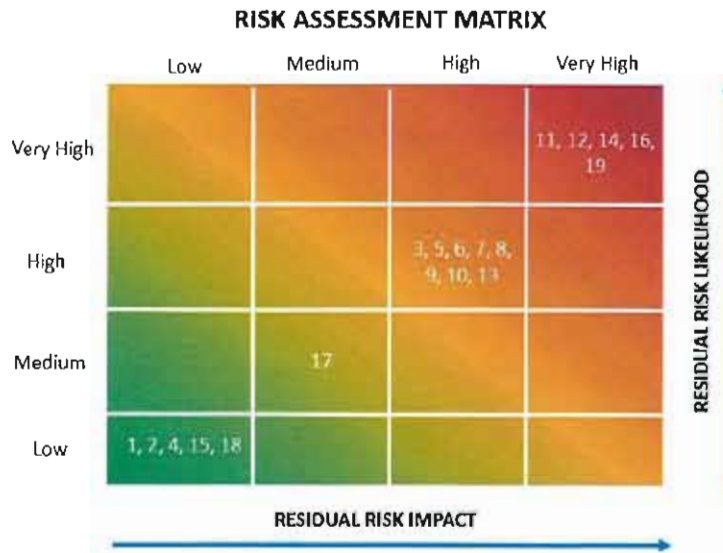
Management of Key Risks

The Company has a Risk Register listing all the risks pertaining to the short-term business. These risks are assessed on an inherent basis before any controls and on a residual basis after documenting the controls for each of these risks. Following the assessment, a list of main risks is derived and are monitored on a quarterly basis.

Risk Management Report

Management of Key Risks (Continued)

The heat map below shows the residual risk rating for the list of main risks:



The top risks have been regrouped under five main categories: Market and Investment, Counterparty, General Underwriting, Operational and Strategic & Environmental in table below, along with their mitigating measures and residual rating.

RISK AND DESCRIPTION	MITIGATION MEASURES	RESIDUAL RISK RATING
Market and Investment Risks		
1. Liquidity & Market Liquidity <i>Portfolio not able to cash invested assets to pay out claims/expenses or other cashflow requirements. Insufficient capacity in the market to handle transactions at the time when the deal is required without a material impact on the price.</i>	<ul style="list-style-type: none"> Maintain sufficient liquid assets in line with FSC guidelines and standby facilities to meet a prudent estimate of the cash outflows that may arise from contingent events as identified through stress and scenario testing and the annual planning process. Diversified investments across maturities. 	Low
2. Investment Return Volatility <i>The risk which arises from asset and liability matching, valuation, concentration, liquidity and the application of any provision relating to investments as set out in the relevant Acts.</i>	<ul style="list-style-type: none"> Close monitoring of key international and national economic indicators. Asset mix and concentrations in line with FSC guidelines and Strategic Asset Allocation. Diversification of equity portfolio and reduce exposure of investment with a negative outlook. 	Low

Risk Management Report

Management of Key Risks (Continued)

RISK AND DESCRIPTION	MITIGATION MEASURES	RESIDUAL RISK RATING
Counterparty Risks		
<p>3. Credit Counterparty</p> <p><i>The risk that the Company will not receive due Funds/Cashflows/Premiums/Assets/other Financial Obligations to which it is entitled due to defaults from:</i></p> <p><i>A. Policyholders, not settling due premiums, and/or major default in settlement from Policyholders due to being under Administration or insolvency</i></p> <p><i>B. Reinsurers not willing to settle reinsurance dues to the Company, or major default coming from Reinsurer insolvency</i></p> <p><i>C. Intermediaries (brokers and agents); whether due premiums have been collected by such intermediaries or not, who fail to remit these premiums to the Company</i></p> <p><i>D. Auctioneers; bilateral contract default in form of unsettled dues to the Company</i></p> <p><i>E. Third Party Insurers or Third Parties; where recoverables from such third parties are not realised</i></p> <p><i>All of the above resulting in Bad Debts.</i></p>	<p>A. Policyholders:</p> <ul style="list-style-type: none"> • Premium payment and recovery procedures are in place, including credit agreement for corporate clients. • Close monitoring of arrears. <p>B. Reinsurers:</p> <ul style="list-style-type: none"> • Selection basis as per our agreed panel of reinsurers. • Reinsurer's credit rating and such other criteria acceptable to Management. • As per set Reinsurance Policy Guidelines. • As per documented Reinsurance Strategy. <p>C. Intermediaries:</p> <ul style="list-style-type: none"> • Payments from intermediaries are constantly monitored and in the event of premium being in arrears, recovery procedures are implemented. <p>D. Auctioneers</p> <ul style="list-style-type: none"> • Auctioneers are required to submit a bank guarantee. <p>E. Third Parties</p> <ul style="list-style-type: none"> • Dedicated staff to the recovery function. • Close monitoring and regular meetings with TP Insurers • Legal action or reporting to Regulator can be considered if necessary. 	High
General Underwriting Risks		
<p>4. Pricing & Underwriting Risk</p> <p><i>The risk of inappropriate pricing and underwriting.</i></p>	<ul style="list-style-type: none"> • Documented procedures in place. 	Low
<p>5. Claims Experience Risk</p> <p><i>Uncertainty inherent in claim frequency and claim amount compared to pricing assumptions, especially arising from the accumulation of many claims due to non-CAT event e.g. increase in claims following damage caused by potholes after sustained heavy rainfall, or on the non-motor side by increase in liability claims from more litigation-conscious claimants.</i></p>	<ul style="list-style-type: none"> • Working Excess of Loss reinsurance program in place. • Frequent monitoring of insurance result, including loss causation; monitoring of the loss ratio on a monthly basis, followed by remedial actions as required, including pricing adjustment. 	High

Risk Management Report

Management of Key Risks (Continued)

RISK AND DESCRIPTION	MITIGATION MEASURES	RESIDUAL RISK RATING
General Underwriting Risks (Continued)		
6. Reinsurance Related Risk <i>Where cover provided to Original Insured is not in line with the corresponding Reinsurance arranged - Treaty &/or Facultative leading to inadequate support from Reinsurer in settling claims.</i>	<ul style="list-style-type: none"> Reinsurance Checklist. Treaty Conditions and Facultative Reinsurance conditions verified and cleared prior to confirmation of cover to Original Insured. Policy input is done based on Facultative Reinsurance Cover Note. Reinsurance Batching on IT System. There is a Reinsurance Strategy that sets out the policies and procedures around reinsurance mitigation. 	High
7. Natural Calamities <i>Risk of loss due to the aggregation of claims from one big event, such as cyclone, tsunami, earthquake and flood, or of adverse change in the value of insurance liabilities to provide for Cyclone claims. This risk essentially results from significant uncertainty of pricing and provisioning assumptions related to cyclones.</i>	<ul style="list-style-type: none"> Regular review of reinsurance arrangements. CAT modeling by Reinsurance brokers, with CAT reinsurance covering the EML event for predefined limit. Reinsurance Strategy formalised with increased understanding of CAT exposure. Analysis of past CAT losses. Claims system has the functionality to identify CAT claims and store this in the claims data. 	High
8. Reserving Risk <i>Estimates leading to inadequate / incorrect reserving (both IBNR & OCR)</i>	<ul style="list-style-type: none"> Established and efficient process of recording claims and setting accurate estimates for reported claims. A predefined approach to setting estimates for reported claims, that takes into account the circumstances of each claim, has been implemented. For large claims, the estimate is set and reviewed after discussing with relevant experts. 	High
Operational Risks		
9. Earnings Volatility <i>Risk that the actual Profit Before Tax is subject to excessive volatility.</i>	<ul style="list-style-type: none"> Monthly monitoring and review of cost of claims. Monthly monitoring of claims paid by TPAs. Application of 'Guidelines for Premium Due Dates and Premium Payments Terms'. Review risk retention on Reinsurance Treaties at renewal. Cost control through digitalisation. 	High

Risk Management Report

Management of Key Risks (Continued)

RISK AND DESCRIPTION	MITIGATION MEASURES	RESIDUAL RISK RATING
Operational Risks (Continued)		
<p>10. People</p> <p><i>General insurance being an extremely competitive and rapidly evolving sector of activity, the team needs to adapt quickly to changes. A good performance management system needs to be in place to ensure alignment of team's competency with the Company objectives</i></p>	<ul style="list-style-type: none"> Resources are provided/ recruited where there is need for. Where there is inadequate number of staff, the department structure is reviewed for optimisation of resources. Training is provided to all new recruits. Training is provided to staff where there is the need for Monitoring of staff performance is done, and remedial action is taken at departmental level. Where there is no improvement in performance, other actions are considered. 	High
<p>11. Cyber</p> <p><i>A cyber-attack on critical systems or related infrastructure including telecommunication systems results in severe disruption of ICT services or loss of vital records for a prolonged period of time, or results in financial loss.</i></p> <p><i>A malware infection results in the loss/corruption of data, stolen identities, loss of intellectual property or unavailability of critical systems/services or misuse of information assets to attack third party systems or to communicate inappropriate information.</i></p>	<ul style="list-style-type: none"> Adopted a cohesive group-wide approach to IT architecture, business resilience and information security. Periodic security assessment and penetration testing of critical systems. Mandatory cyber risk training and awareness programs, including phishing simulations. Upgrades and simplification of our IT infrastructure, as well as incorporating cloud technology. Continuously adapt and enhance cyber risk monitoring and protection to address changing threats. 	Very High
<p>12. Business Continuity (IT Resiliency and Continuity)</p> <p><i>Loss arising from disruption of business or system failures including hardware and software failures that may arise due to lack of monitoring equipment, lack of backups, missing SLAs etc..</i></p>	<ul style="list-style-type: none"> Service Level Agreement with telecom providers in event of equipment failure Generators & UPS in place for power disruptions. Offsite IT backups in place. Annual Disaster Recovery Mock Drill. Solution to monitor IT Infrastructure has been implemented. 	Very High
<p>13. Business Continuity (Non-IT Related)</p> <p><i>The risk which arises from business disruption and impairment of ability to function properly and the assessment of backup plans that are in place, including but not limited to issues such as premises, data, systems, telephony or staffing.</i></p>	<ul style="list-style-type: none"> Back-up of core system is kept offsite. In the immediate term, business can be carried out from the branches. Work From Home in place, with needed hardware and software access to many staff. 	High
<p>14. IT Data Management</p> <p><i>Loss of Customer Data or Confidential Corporate Information leak.</i></p> <p><i>Inappropriate use of IT systems results in financial fraud, misconduct, legal liability or loss of reputation.</i></p>	<ul style="list-style-type: none"> Information security awareness program Data encryption and firewall protection Regular system and process audits 	Very High

Risk Management Report

Management of Key Risks (Continued)

RISK AND DESCRIPTION	MITIGATION MEASURES	RESIDUAL RISK RATING
Operational Risks (Continued)		
<p>15. Outsourcing & Contract Management</p> <p><i>Outsourcing programs with services providers are not being specified or managed adequately leading to financial, regulatory, and/or reputational impacts.</i></p>	<ul style="list-style-type: none"> Monitoring of deliverables and service levels followed by prompt remedial action where necessary Service Level Agreement 	Low
Strategic and Environmental Risks		
<p>16. Change in Insurance Industry</p> <p><i>Soft insurance cycle leading to inability to charge required profit margin. Increasing competitiveness in the market resulting in lower profits.</i></p>	<ul style="list-style-type: none"> Closely monitor insurance & reinsurance industry. Closely monitor competitors' behaviour Identify strategies to develop business 	Very High
<p>17. Capital</p> <p><i>Risk arising from capital to support business plans, assessing solvency, the output of stress testing and future capital assessment.</i></p>	<ul style="list-style-type: none"> Monitoring Reinsurance cessions for capital charge in respect of MCR Annual Solvency Assessment Annual Actuarial Valuation Monitoring of Investment portfolios, particularly Disallowed Assets Monitored by the Asset and Liability Committee of the Group (ALCO) 	Medium
<p>18. Group Affiliation</p> <p><i>The risk which arises from membership of the Group of companies of SICOM and includes the risk that SGIN may be adversely affected by an occurrence (financial or non-financial) in another group entity.</i></p>	<ul style="list-style-type: none"> Close monitoring of performance and timely reporting to Board 	Low
<p>19. Regulatory</p> <p><i>Failure to comply with regulations or inappropriate interaction with regulators resulting in loss of licence or increased regulator supervision and associated costs.</i></p> <p><i>Change/advancement/instability in regulations resulting in worse financial positions of the Company</i></p> <p><i>Increase in Ombudsman claims.</i></p>	<ul style="list-style-type: none"> Closely monitor legal and regulatory environment Ensure compliance with applicable regulations Seek approval from regulator as required, e.g., before launching of campaigns and other promotional materials Process in place for regular check of government gazettes/relevant websites for any updates Advisory, drafting and vetting support to the Group on legal matters 	Very High

Risk Management Report

Management of Key Risks (Continued)

Business Planning and Own Risk and Solvency Assessment

Every year, the Board considers the Business Plan (“**the Plan**”) and an Own Risk and Solvency Assessment (“**ORSA**”) for the Company. The Plan makes certain assumptions with regards to future market conditions in which the Company operates. By its nature, a strategic plan comprises a series of underlying assumptions which can be uncertain in nature and rely on judgement. Each year, the Company’s Risk Function assesses the Plan and prepares the ORSA report to provide comfort to the Board that the Plan will not jeopardise the sustainability and viability of the Company. The Board has assessed the principal risks to which the Company is exposed over the duration of the planning cycle. The Company’s principal risks, as outlined in the previous section were reviewed as part of the preparation of the ORSA and the outlook of those risks over the period covered by the Plan was considered to derive the risk profile of the Company. The Board recognises that, in a Business Plan, uncertainty increases over time and, therefore, future outcomes cannot be guaranteed or accurately predicted. As the Plan and the ORSA are used for planning over a timeframe of three years, to 30 June 2025, this has been selected as the most suitable period for the Board to review the Group’s viability.

The Group’s Risk Function has carried out an assessment of the risks to the Plan and the dependencies for the success of the Plan. This ORSA also included the Company’s solvency and liquidity position, projected over different stress scenarios over a 3-year period.

Stress Testing and Scenario Analysis

The Stress Testing is a crucial component of the ORSA where risk assumptions are adjusted in the Company’s capital and balance sheet projection models to determine the impact of key risks and their interactions on the Company’s risk appetite measures. The purpose is to enhance the Board’s and management’s understanding of the Company’s risk exposure, the interactions between these risks and the impact these risks can have on the ability to meet business objectives. The stress tests are determined based on main risks management believes are relevant to maintain the sustainability of the Company.

A reverse stress test is also performed to identify the most probable combination of stresses that would result in capital loss and thus threaten the Company i.e., a reduction of own funds to below the solvency capital requirement. The purpose of this reverse stress test was to assess the coverage and scope of the internal economic capital model.

Business Continuity

After the surge of the COVID-19 pandemic, the Company has enhanced its existing Business Continuity Plan to ensure continuity of service to our clients and other stakeholders.

As economies begin to rebound post-pandemic, the global risk agenda has diversified away from COVID-19 toward a broader range of threats such as geopolitics, inflation, more sophisticated cyberattacks and climate change issues, being the main challenges now facing businesses.

Risk Management Report

Management of Key Risks (Continued)

Business Continuity (Continued)

Having customer satisfaction as main focus, the Company has redesigned its internal processes to ease the liaison between intermediaries and customers to help business flow. With the help of its Actuarial consulting support unit, the Company embarked on the repricing of its key products to provide customers with the best-suited-to-budget products. With digitalisation of our services, we are aiming at further developing easily accessible products for a wide range of customers.

Emerging Risks

Emerging risks are defined by the Group as newly developing or changing threats or opportunities, external to the Group, that are subject to a high degree of uncertainty but have the potential to materially impact the Group.

The Group has in place an emerging risks process which enables it to:

- have a proactive approach to emerging risk management;
- identify, manage and monitor a broad range of emerging risks; and
- mitigate the impact of emerging risks that could impact the delivery of the strategic plan.

Climate Change

The Company recognises that climate change potentially poses material long-term financial risks to the business and is receiving increased scrutiny from regulators and investors. Climate change risk can be divided into physical and transition risks. Both of these categories can manifest themselves through a range of existing financial and non-financial risks, including insurance, market, operational, strategic and reputational risks.

Global Financial Instability

Global financial instability can occur through unexpected or unpredictable external events that affect fundamental macroeconomic variables, such as GDP growth, consumption, inflation or unemployment. As markets worldwide continue to recover from the impact of COVID-19, there is a risk that global financial instability could be triggered and/or worsened by numerous external events, including natural disasters, war, terrorism, natural resource or fuel shortages and global technological failures. Should the Russia-Ukraine war continue, there is a likelihood that the impact on global financial instability will increase, which may hamper our business objectives.

Board Opinion

The Board is of the opinion that the Company's risk management processes and systems of internal control are effective.

Statement of Directors' responsibilities

The Directors acknowledge responsibility for:

- (i) adequate accounting records and maintenance of effective internal control systems,
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year 2021/2022 and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards, and
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgments.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained,
- (ii) appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently, and
- (iii) International Financial Reporting Standards have been adhered to.

Appreciation and Acknowledgement

We would like to thank the fellow Board members for their contribution and support during the past year. We would also like to thank Mr M Y Salemohamed and Mr A Balluck for their invaluable involvement in the Board during their directorship. We welcome Mr D Ramkallawon and Mr C Dabeea who have been appointed as new members on the Board.

Signed on behalf of the Board of Directors.



K G BHOOJEDHUR-OBEEGADOO
Chairperson



C DUSOYE
Director

Date: 20 September 2022

**Independent auditor’s report to the Shareholder of
SICOM General Insurance Ltd**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **SICOM General Insurance Ltd** (the “Company”) set out on pages 62 to 120, which comprise the statement of financial position as at 30 June 2022, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

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 Standard Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the “IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of insurance liabilities</p> <p>The valuation of insurance liabilities involves a high degree of subjectivity and complexity. At 30 June 2022, the Company’s insurance liabilities were Rs729M.</p> <p>Among the most significant reserving assumptions for the short term business are the determination of the reserve for claims incurred but not reported (“IBNR”) and the ultimate cost of notified claims.</p> <p>The methodology and methods used can have a material impact on the valuation of insurance liabilities. The valuation of insurance liabilities was considered a key audit matter due to the significance of the liabilities to the financial statements and the judgments involved in determining them.</p> <p>Further details of the liabilities are set out in Note 14(b) to the financial statements.</p>	<p>We performed, among others, the following procedures:</p> <ul style="list-style-type: none"> • Tested the design and operating effectiveness of the Company’s controls over the valuation of insurance contract liabilities; • Tested the accuracy of the data utilised by the Company’s actuary in the valuation computations, against information contained in the accounting and administration systems; • Involved actuarial specialist team members to perform a review of the methodology and assumptions used by the Company’s actuary to compute the reserve for IBNR. The actuary also compared the valuation methods used against generally accepted actuarial practices; • Compared for a sample of claims, amounts reported in the claims systems to source documents; and • Compared the claims IBNR reserve to the reports of the Company’s actuary.

Independent auditor's report to the Shareholder of SICOM General Insurance Ltd (cont'd)

Other information

The directors are responsible for the other information. The other information comprises Corporate Profile, Board of Directors, Directors' Report, Engaging with Stakeholders, Corporate Governance Report, Risk Management Report, Statement of Directors' Responsibilities, Secretary's Certificate and Statutory Disclosures but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express 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.

Responsibilities of directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and the Insurance Act 2005 and they are also responsible 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.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's 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 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 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 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.

Independent auditor's report to the Shareholder of SICOM General Insurance Ltd (cont'd)

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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 identify during our audit.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacity as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Financial Reporting Act 2004

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Insurance Act 2005

The financial statements have been prepared in the manner and meet the requirements specified in the FSC Rules and Guidelines of the Financial Services Commission.

Use of this report

This report is made solely to the Company's shareholder, as a body, 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 shareholder those matters we are required to state to the shareholder in an auditor's 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.



Deloitte

Chartered Accountants



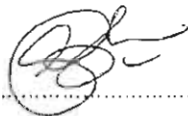
LLK An Hee, FCCA

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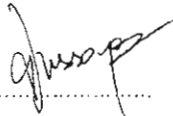
SICOM GENERAL INSURANCE LTD
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022	2021
		Rs'000	Rs'000
NON-CURRENT ASSETS			
Equipment	6	5,340	5,493
Intangible assets	7	33,690	5,009
Right of use assets	8(a)	71,077	79,124
Financial Assets at FVOCI	9 (a)	38,133	32,693
Financial Assets at FVTPL	9 (b)	4,758	-
Financial Assets at Amortised Cost	9 (c)	578,438	648,628
Loans and advances	10	9,565	10,239
Deferred tax assets	11(a)	29,727	28,680
		<u>770,728</u>	<u>809,866</u>
CURRENT ASSETS			
Financial Assets at Amortised Cost	9 (c)	246,434	178,328
Loans and advances	10	2,207	2,194
Insurance and other receivables	12	606,521	604,759
Deferred acquisition costs receivables	14(d)	34,327	30,414
Reinsurance assets	14(a)	639,533	499,775
Cash and cash equivalents		177,614	108,483
		<u>1,706,636</u>	<u>1,423,953</u>
TOTAL ASSETS		<u>2,477,364</u>	<u>2,233,819</u>
EQUITY AND LIABILITIES			
Stated capital	18	25,000	25,000
Reserves	19(a)	135,215	131,730
Subordinated loan	19(b)	341,625	341,625
TOTAL EQUITY		<u>501,840</u>	<u>498,355</u>
NON-CURRENT LIABILITIES			
Lease liabilities	8(b)	62,882	69,528
Pension benefit obligations	20	189,925	175,777
		<u>252,807</u>	<u>245,305</u>
CURRENT LIABILITIES			
Insurance contract liabilities	14(a)	1,335,944	1,055,248
Deferred acquisition costs payables	14(e)	42,551	41,623
Trade and other payables	16	278,190	273,756
Lease liabilities	8(b)	9,856	9,856
Dividend payable	17	51,713	63,231
Current tax liabilities	15(a)	4,463	8,475
Bank overdraft		-	37,970
TOTAL CURRENT LIABILITIES		<u>1,722,717</u>	<u>1,490,159</u>
TOTAL LIABILITIES		<u>1,975,524</u>	<u>1,735,464</u>
TOTAL EQUITY AND LIABILITIES		<u>2,477,364</u>	<u>2,233,819</u>

These financial statements have been approved for issue by the Board of Directors on 20 September 2022



K G BHOOJEDHUR-OBEGADOO
 Chairperson



C DUSOYE
 Director

The notes on pages 67 to 119 form an integral part of these financial statements.
 Auditors' report on pages 59 to 61.

SICOM GENERAL INSURANCE LTD
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022	2021
		Rs'000	Rs'000
Gross insurance premiums	13(a)	1,409,167	1,254,061
Premiums ceded to reinsurers	13(b)	(684,014)	(624,825)
Net earned premiums		725,153	629,236
Gross claims paid	14(b)	562,850	596,126
Claims settled from reinsurers	14(b)	(143,272)	(251,296)
Gross change in contract liabilities	14(b)	143,440	2,333
Change in contract liabilities ceded to reinsurers	14(b)	(106,330)	11,328
Net claims incurred		456,688	358,491
Commissions receivable from reinsurers	14(f)	113,675	93,910
Commissions paid to agents and brokerage fees	14(g)	(100,905)	(81,418)
		12,770	12,492
Underwriting surplus		281,235	283,237
Interest Income using effective interest rate	21	35,599	38,687
Other Investment income	21	1,497	469
Net Unrealised (loss)/ Expected credit loss allowance	9(b)	(84)	233
Revenue from contract with customers	22(b)	531	373
Other income	22(a)	9,530	12,096
		328,308	335,095
Administrative and other expenses	23	(242,025)	(222,329)
Profit from operations		86,283	112,766
Finance costs	8(c)	(3,210)	(2,740)
PROFIT BEFORE TAX		83,073	110,026
Income tax expense	15(b)	(14,121)	(25,718)
PROFIT FOR THE YEAR		68,952	84,308

The notes on pages 67 to 119 form an integral part of these financial statements.
Auditors' report on pages 59 to 61.

**SICOM GENERAL INSURANCE LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		Rs'000	Rs'000
Profit for the year		<u>68,952</u>	<u>84,308</u>
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit obligations	(20(a) (vii)& 20(b) (vi))	(23,126)	19,043
Deferred tax relating to components of other comprehensive income	11(a)	<u>3,932</u>	<u>(6,236)</u>
		(19,194)	12,807
Fair value gain on equity investment designated at fair value through other comprehensive income	9 (a)	<u>5,440</u>	<u>5,824</u>
Other comprehensive income		<u>(13,754)</u>	<u>18,631</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>55,198</u></u>	<u><u>102,939</u></u>

The notes on pages 67 to 119 form an integral part of these financial statements.
Auditors' report on pages 59 to 61.

SICOM GENERAL INSURANCE LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Stated Capital	Retained Earnings	Actuarial Losses	Fair Value Reserve	Subordinated Loan*	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 01 July 2021		25,000	237,235	(99,744)	(5,761)	341,625	498,355
Profit for the year		-	68,952	-	-	-	68,952
Other comprehensive income for the year		-	-	(19,194)	5,440	-	(13,754)
Total		25,000	306,187	(118,938)	(321)	341,625	553,553
Dividend	17	-	(51,713)	-	-	-	(51,713)
Balance at 30 June 2022		25,000	254,474	(118,938)	(321)	341,625	501,840
Balance at 01 July 2020		25,000	258,639	(112,551)	(11,585)	341,625	501,128
Prior year adjustment	27	-	(42,481)	-	-	-	(42,481)
Balance at 01 July 2020 (as restated)		25,000	216,158	(112,551)	(11,585)	341,625	458,647
Profit for the year		-	84,308	-	-	-	84,308
Other comprehensive income		-	-	12,807	5,824	-	18,631
Total		25,000	300,466	(99,744)	(5,761)	341,625	561,586
Dividend	17	-	(63,231)	-	-	-	(63,231)
Balance at 30 June 2021		25,000	237,235	(99,744)	(5,761)	341,625	498,355

* Refer to Note 19 of the financial statements.

SICOM GENERAL INSURANCE LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022	2021
		Rs'000	Rs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		83,073	110,026
<i>Adjustments for:</i>			
Depreciation of Equipment	6	1,974	1,807
Equipment and intangible asset (scrapped/disposal)	6 & 7	103	13
Depreciation of right of use assets	8(c)	8,047	6,091
Interest expense on lease liabilities	8(c)	3,210	2,740
Amortisation of intangible assets	7	1,334	1,415
Pension benefit obligations	20(a)(vi) & 20(b)(v)	15,860	14,166
Net unrealised loss	9(b)	84	(233)
Gain on termination of Lease		-	(2,072)
Investment income	21	(37,096)	(39,156)
Operating cash flows before working capital changes		76,579	94,796
Increase in insurance and other receivables and prepayments		(1,762)	(15,003)
(Increase)/ Decrease in reinsurance assets		(139,758)	90,083
Increase in deferred acquisition costs receivables		(3,913)	(4,177)
Increase/ (Decrease) in trade and other payables		4,434	(24,783)
Increase in deferred acquisition costs payable		928	4,221
Increase/ (Decrease) in insurance liabilities		280,696	(45,308)
Net cash flows generated from operations		217,204	99,809
Interest received		34,171	37,297
Dividend received		1,497	469
Income tax paid	15(a)	(15,248)	(21,465)
Contribution paid on pension benefit obligations	20(a)(ii) & 20(b)(ii)	(24,828)	(24,558)
Net cash flows generated from operating activities		212,796	91,552
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Equipment	6	(1,924)	(4,600)
Purchase of intangible assets	7	(30,015)	(2,235)
Proceeds on disposal /maturity of financial assets	9(c)	231,837	172,441
Purchase of financial assets	9(c)	(228,325)	(172,298)
Purchase of financial assets through FVTPL	9(b)	(4,842)	-
Loans advanced	10	(1,967)	(5,359)
Loans repaid	10	2,628	4,614
Net cash flows used in investing activities		(32,608)	(7,337)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal portion - lease liabilities	8(b)	(9,856)	(7,735)
Dividend paid	17	(63,231)	(62,133)
Net cash flows used in financing activities		(73,087)	(69,868)
Net increase in cash and cash equivalents		107,101	14,347
CASH AND CASH EQUIVALENTS AT 01 JULY		70,513	56,166
CASH AND CASH EQUIVALENTS AT 30 JUNE		177,614	70,513
CASH AND CASH EQUIVALENTS			
Bank and cash balances		177,614	108,483
Bank overdraft		-	(37,970)
		177,614	70,513

The notes on pages 67 to 119 form an integral part of these financial statements.
Auditors' report on pages 59 to 61.

1. GENERAL INFORMATION

SICOM General Insurance Ltd ("the Company") is a Public Limited Company, incorporated in the Republic of Mauritius on 22 April 2010. Its registered office is situated at Sir Celicourt Antelme Street, Port Louis, Mauritius. The principal activity of the Company is to transact General Insurance Business.

The Company has started trading as a separate company as from 01 July 2010, when the transfer of assets and liabilities has been finalised.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholder of the Company.

2. 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.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost basis except for financial assets at fair value through other comprehensive income, which are stated at their fair value.

The financial statements are presented in Mauritian Rupees (Rs) and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated.

As required by IAS 1 Presentation of financial statements and IFRS 4 Insurance Contracts, the Company has disclosed the results of the Company on the face of the statement of profit or loss and other comprehensive income such that it will help the users of the financial statements to understand the amounts disclosed in the financial statements that arises from insurance contracts.

Where necessary, comparative figures have been amended to conform with changes in presentation in the current year.

The Company has adopted IFRS 9 to all types of financial instruments except for rights and obligations arising under a contract within the scope of IFRS 17, Insurance contracts. The Company will implement IFRS 17 in the next financial year ending 30 June 2023.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board (IASB) and comply with the Companies Act 2001, Financial Reporting Act 2004 and Insurance Act 2005.

2.2 Application of new and revised International Financial Reporting Standards (IFRS)

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 July 2021.

New and revised IFRSs and IFRICs that are effective for the financial year

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Application of new and revised International Financial Reporting Standards (IFRS) (Continued)

IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 4	Insurance Contracts - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 7	Financial Instruments Disclosures – Amendments regarding replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 16	Leases – Amendments regarding replacement issues in the context of the IBOR reform

The adoption of the amendments had no impact on the financial performance and financial position of the Company.

2.3 Accounting Standards and Interpretations issued but not yet effective

There were several standards, amendments to existing standards and interpretations that were issued but not yet effective. Except for IFRS 17, none of the other standards and interpretations are expected to have an impact on the financial statements of the Company.

	New or revised standards and amendments	Effective date
IAS 1	Presentation of Financial Statements - Amended by Classification of Liabilities as Current or Non-current	01 January 2023
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments	01 January 2023
IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies	01 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimate	01 January 2023
IAS 12	Income Taxes - Amendments regarding deferred tax related to assets and liabilities arising from a single transaction	01 January 2023
IAS 16	Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	01 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous	01 January 2022
IAS 41	Agriculture - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)	01 January 2022
IFRS 17	Insurance Contracts – Original issue	01 January 2023
IFRS 17	Insurance Contracts – Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	01 January 2023

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 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, re-measured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policy holder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- 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 group 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 and is likely to have a significant impact on profit and total equity together with presentation and disclosure. Assessment of the impact of IFRS 17 for Financial year 2022/2023 has already started.

2.4 Right-of-use assets

The Company ("Lessee") recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Short-term leases and low value assets

The Company did not have short-term lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and lease of low-value assets on the date of initial application of IFRS 16. Subsequently, lease payments on short-term leases and leases of low-value assets shall be recognised as expense on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2.5 Equipment

Equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount 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 to write off the cost of the assets on a straight-line basis over their estimated useful lives at the following rates: -

Furniture and fittings	10%-20%
Office equipment	10%-20%
Computer equipment	10%-33%

The assets' residual values, useful lives and depreciation method are reviewed and adjusted prospectively if appropriate at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Intangible assets - Computer Software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful lives of 2 - 9 years.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currencies

The financial statements of Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Mauritian rupees, which is the functional currency and the presentation currency for the Company's financial statements. In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing at that date. Profits and losses arising on exchange are included in profit or loss for the year.

2.8 Financial assets

Initial recognition, classification and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. Premium receivables are recognized and measured under IFRS 4 Insurance Contracts and are outside the scope of IFRS 9.

In order for a debt instrument to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

Equity instruments at fair value through OCI

Upon initial recognition, the Company elects to classify irrevocably its investment in equity securities as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case such gains are recorded in OCI. Equity instruments at FVOCI are not subject to impairment.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired or;
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

Overview of the ECL principles

From 1 July 2018, the Company has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 4.

The 12mECL is the portion of LTECLs 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 ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 4.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

Impairment of financial assets (Continued)

Overview of the ECL principles (Continued)

The Company has established a policy to perform an assessment at the end of each reporting period of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process the Company groups its loans and other debt instruments into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1: When exposures are first recognised, the Company recognises an allowance based on 12m ECLs. Stage 1 instruments also include facilities where the credit risk has improved, and the instrument has been reclassified from Stage 2.
- Stage 2: When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 instruments also include facilities, where the credit risk has improved, and the instrument has been reclassified from Stage 3.
- Stage 3: debt instruments considered credit-impaired. The Company records an allowance for the LTECLs.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The ECL on financial assets at amortised cost has been calculated using the PD times the LGD times the EAD. The PD was determined using the provision matrix for converting the credit rating of the country into a PD. The Company has used the Basel rate for the LGD. The portfolio of financial assets at amortised cost comprise of investment grade bonds and deposits issued by reputable financial institutions. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.
- Stage 1: The 12mECL is calculated as the portion of LTECLs 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 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

Impairment of financial assets (Continued)

The calculation of ECLs (Continued)

The mechanics of the ECL method are summarised below:

These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

- Stage 2: When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but 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 instruments 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%.

Significant accounting estimates

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Wrong estimation of the Probability of Default and Loss Given Default can impact the Company's assessment of ECL. The Company is using reliable sources, such as Standards & Poor and Moody's transitional matrix and Basel to determine the PD and the LGD respectively. The Company will continue to rely on these sources as the portfolio of financial assets at amortised cost comprise mainly of investment grade assets.

2.9 Financial liabilities

The adoption of IFRS 9 has not materially impacted the initial recognition, classification and measurement of financial liabilities.

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in case of amortised cost, directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts and amount due to holding company.

Subsequent measurement

Financial Liabilities at amortised cost.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial liabilities (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.10 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.11 Fair value measurement

The Company measures financial assets at fair value through OCI and FVTPL at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 4.6.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Fair value measurement (Continued)

The determination of what constitutes 'observable' requires significant judgement by the Company. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's investment committee determines the policies and procedures for both recurring fair value measurement such as available for sale financial assets.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.12 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 recognised at the proceeds received, net of direct issue costs.

2.13 Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholder. Interim dividends are deducted from equity when they are approved.

Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

2.14 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date, in the countries where the Company operates and generates taxable income. The income tax is recognised as a charge in profit or loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Taxation (Continued)

Deferred income tax (Continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable and there is convincing evidence that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax assets and deferred income tax liabilities are offset only where both criteria below are met:

- (a) has a legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In accounting for the deferred tax relating to the lease, the Company considers both the lease asset and liability separately. The Company separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition, are equal and offset to zero. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the profit or loss and the income tax liability on the statement of financial position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with maturities less than 3 months from inception date and bank overdraft. 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 overdraft is shown in current liabilities in the statement of financial position. Cash and cash equivalents are measured at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.16 Pension benefit obligations

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.

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.

Guaranteed Pension Plan

In addition to the Defined Benefit Plan the Company also provides benefits outside the pension funds to members of the DB funds. The liability recognised in the statement of financial position in respect of unfunded benefits is the present value of the unfunded obligation at the end of the reporting period. The unfunded obligation is calculated annually by independent actuaries using the projected unit credit method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Pension benefit obligations (Continued)

Guaranteed Pension Plan (Continued)

Remeasurement of the net unfunded liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, 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 interest expense on the unfunded liability for the period by applying the discount rate used to measure the unfunded obligation at the beginning of the annual period to the unfunded liability, taking into account any changes in the unfunded liability during the period as a result of benefit payments. Interest expense 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

State plan and Defined Contribution plan

Contributions to the National Pension Scheme and defined contribution pension plan are expensed to profit or loss in the period in which they fall due.

2.17 Revenue recognition

(i) Premiums earned

Premium written is accounted for policies inception in the financial year. Provision for unearned premium has been made and represents the proportion of premium written in the year, which relates to the unexpired terms of policies in force at the reporting date, calculated on the basis of the 365th method.

Provision for unearned premiums

The provision for unearned premiums represents the portion of premiums written on insurance contracts relating to periods of insurance risks subsequent to the reporting date. It is calculated on the inception basis of the 365th method. The movement on the provision is taken to profit or loss in order for revenue to be recognised over the period of the risk. The provision is derecognized when the contract expires, is discharged or cancelled.

(ii) Investment and other income

Investment and income comprise of dividend and interest for the year. Dividend income is accounted when the right for payment is established. Interest income is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iii) Commission income

Commission income is accounted for the earned terms of policies in force during the financial year, calculated on the basis of the 365th method. The portion representing the unexpired terms of policies in force at the reporting date has been accounted as deferred acquisition costs payables in note 14(e) of the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Insurance contracts

Insurance contracts - classification

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired.

Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain event adversely affects the policyholder. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Contracts not considered to be insurance contracts under IFRS are classified as investment contracts. The Company does not issue any investment contracts.

Insurance contracts issued by the Company are short term insurance contracts and are classified under the following classes of business: motor, accident & health, engineering, liability, property, transportation, guarantee and miscellaneous. These contracts provide compensation following damage to or loss of property, goods, equipment, losses and expenses incurred sickness and loss of earnings resulting from the occurrence of the events insured against.

Reinsurance contracts

Reinsurance contracts entered into by the Company are either of proportional or non-proportional type. Under a proportional treaty, the premiums and claims are apportioned between the Company and the reinsurer in agreed proportions.

Proportional reinsurance may be either in the form of a quota share whereby the proportion of each risk reinsured is fixed, or in the form of surplus whereby the Company can retain a part of a risk within a fixed limit, and the reinsurer accepts part of the risk as a multiple of the Company's retention.

Under the non-proportional type of reinsurance, the Company uses the Excess of Loss treaty whereby in consideration for a premium, the reinsurer agrees to pay claims in excess of a specified amount (the retention), up to a specified maximum amount.

The Company reinsures either on a treaty basis, with all risks falling within the treaty terms, conditions and limits being reinsured automatically, or on a facultative basis.

Under facultative reinsurance, risks are offered to the reinsurer on an individual basis and can be accepted or rejected by the reinsurer.

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

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. Any gains and losses on buying reinsurance contracts are recognised immediately in profit or loss and are not subject to amortisation.

Reinsurance assets are reviewed for impairment. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. If reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognises that impairment loss in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Insurance contracts (Continued)

Claims expenses and outstanding claims provisions

Claims expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to policy holders or third parties.

Outstanding claims provision represents the estimated ultimate cost of settling all claims admitted or intimated but not yet settled at the end of the reporting period, and provisions for claims incurred but not reported (IBNR). The outstanding claim includes related expenses. The Company does not discount its liabilities for unpaid claims.

Significant delays can be expected in the notification and settlement of certain claims, especially in respect of liability class of business, the ultimate cost of which cannot therefore be known with certainty at the end of the reporting period. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure and that the provision is determined using best estimates of claims development patterns, forecast inflation and settlement of claims. Outstanding claims provisions are not discounted and include an allowance for expected future recoveries. Recoveries include non-insurance assets that have been acquired by exercising rights to sell, salvage or subrogate under the terms of the insurance contracts.

Claims incurred

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

Incurred but not reported claims (IBNR)

IBNR calculation is calculated on an actuarial method which consists of the projection of incurred but not reported claims based on the claims reporting delay pattern for the Company over the last ten years.

Salvage recoveries

Salvage is the equitable right of the Company to the residual value of the assets for which it has paid a partial/total loss. The Company recognises the salvage recovery as other receivables at time of settlement of claims.

Deferred acquisition costs

The liability for commissions payable is recognised at the inception date of the insurance contract/endorsement.

Commissions payable and reinsurance commissions receivable relating to unexpired premiums are recognised and released to profit or loss as and when the premiums are earned.

Liability adequacy test

At the end of each reporting period, the Company reviews its unexpired risk and carries out a liability adequacy test for any overall excess of expected claims over unearned premiums using the current best estimates of future cash flows under its contracts after taking into account the investment returns expected to arise on assets backing such liabilities. Any deficiency is immediately recognised in profit or loss and a provision is established in the statement of financial position (the unexpired risk provision).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Insurance contracts (Continued)

Receivables from Third party

Third Party receivable is recorded at time of intimation of claims. A discounting is applied on the claims at end of each month. As per Code Civil Mauricien, there is a time barred of 10 years to lodge a claim against third parties. The Company ensures that all claims are referred to the Tribunal or Court as applicable before the time barred of 10 years.

2.19 Related Party Transactions

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

2.20 Administrative and other expenses

Administrative and other expenses are recognised on an accrual basis in the statement of profit or loss and other comprehensive income.

3. MANAGEMENT OF INSURANCE RISKS

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

3.1 Insurance risk

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

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

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy so as to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, accumulation of risk and type of industry covered.

3.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant claims result from accident, liability claims awarded by the Court, cyclone, flooding, fire and allied perils and their consequences. Inflation is also a significant factor due to the long period typically required to settle some claims.

The Company's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Company has in place underwriting criteria to ensure that risk accepted are as per acceptance guidelines. Management reviews performance of individual insurance policies and the Company reserves the right to review terms and conditions at renewal or not to renew an insurance.

Reinsurance arrangements under treaties and facultative basis mitigate the severity of claims as risk retained is predetermined.

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3. MANAGEMENT OF INSURANCE RISKS (CONTINUED)

3.1 Insurance risk (Continued)

3.1.1 Frequency and severity of claims (Continued)

The Company can impose deductibles and has the right to reject the payment of a fraudulent claim.

Where relevant, the Company may pursue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

3.1.2 Concentration of insurance risks

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

Class of Business	2022				
	No of claims	Expected run off assumptions	Gross	Reinsurance of liabilities	Net
			Rs'000	Rs'000	Rs'000
Motor	6,453	1	278,193	32,606	245,587
Property	164	2	102,612	87,438	15,174
Transport	11	3	75,456	74,948	508
Engineering	43	4	50,612	49,430	1,182
Accident & Health	37,081	9	83,385	51,493	31,892
Liability	635	7	58,709	51,084	7,625
Miscellaneous	40	4	26,612	25,681	931
Incurring but not Reported (IBNR)			53,396	26,998	26,398
	44,427		728,975	399,678	329,297
Incurring but not Reported (IBNR)			53,396	26,998	26,398

Class of Business	2021				
	No of claims	Expected run off assumptions	Gross	Reinsurance of liabilities	Net
			Rs'000	Rs'000	Rs'000
Motor	5,515	1	231,141	6,059	225,082
Property	111	2	28,044	20,275	7,769
Transport	19	3	75,752	75,584	168
Engineering	39	3	18,003	17,636	367
Accident & Health	43,574	5	61,646	42,994	18,652
Liability	741	7	55,974	50,710	5,264
Miscellaneous	57	4	23,643	22,954	689
Incurring but not Reported (IBNR)			91,332	57,136	34,196
	50,056		585,535	293,348	292,187
Incurring but not Reported (IBNR)			91,332	57,136	34,196

On the basis of the Company's claims history, assumptions have been made regarding the number of years for claims to run-off completely. The table above include the run-off assumptions made for each class of business.

3. MANAGEMENT OF INSURANCE RISKS (CONTINUED)

3.1 Insurance risk (Continued)

3.1.2 Concentration of insurance risks (Continued)

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The net amounts recoverable represent balances due from third parties and excess of loss reinsurers for which the corresponding claims have already been paid out by the Company.

3.1.3 Sources of uncertainty

Most claims on short term insurance contracts are payable on a claims-occurrence basis. Under claims occurrence basis, the Company is liable for insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims may be settled over a long period of time and a significant element of the claims provision relates to incurred but not reported claims (IBNR).

The estimated costs of claims include direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries. The Company ensures that claims provisions are determined using the best information available of claims settlement patterns, court awards and forecast inflation. However, given the uncertainty in determining claims provisions, it is likely that the final claim settlement will differ from the original liability estimate.

The Company has ensured that liabilities as stated in the statement of financial position are adequate.

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3. MANAGEMENT OF INSURANCE RISKS (CONTINUED)

3.1 Insurance risk (Continued)

3.1.3 Sources of uncertainty (Continued)

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

2022

Change in assumptions	Impact on gross liabilities		Impact on reinsurance share of liabilities		Impact on profit before tax		Impact on equity	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
10%	67,558	37,268						25,141

Average claim cost

2021

Change in assumptions	Impact on gross liabilities		Impact on reinsurance share of liabilities		Impact on profit before tax		Impact on equity	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
10%	49,420	23,621						21,413

Average claim cost

3.1.4 Claims development table (Gross Basis)

The table below illustrates how the estimates of total claims outstanding (excluding Group Medical Scheme) for each year have changed at successive year-ends and reconciles the cumulative claims to the amount appearing in the statement of financial position.

Financial Year of Loss	Financial Year of Loss												Total		
	Prior	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		2021	2022
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of loss year	462,107	310,807	99,827	136,251	143,200	125,471	169,878	160,405	232,158	276,761	335,021	429,679	454,280	457,953	3,915,798
One year later	202,853	92,314	57,091	22,367	20,259	12,383	36,876	25,102	37,093	67,059	81,847	65,036	66,839	788,119	
Two years later	19,825	16,697	2,119	2,373	21,228	7,661	(827)	12,351	131,655	(6,160)	2,998	703		210,821	
Three years later	13,115	6,338	220	(1,571)	66,804	452	(974)	(1,950)	1,073	51,410	(1,325)			133,602	
Four years later	5,957	4,922	3,979	1,847	6,518	(122)	(247)	13,007	(552)	(739)				34,570	
Five years later	4,883	185	2,381	1,441	1,401	822	(1,015)	2,907	(3,325)					9,680	
Six years later	2,365	2,289	611	1,887	7,017	(65)	(284)	838						14,668	
Seven years later	3,206	470	835	(118)	(3,334)	491	(523)							1,027	
Eight years later	736	(169)	269	861	9,657	1,830								13,184	
Nine years later	2,048	189	1,520	79	93									3,929	
Ten years later	2,384	(121)	519	72										2,854	
Eleven years later	(6,192)	352	272											(7,568)	
Twelve years later	216	(18)												198	
Total claims paid	711,502	434,254	169,644	165,488	272,841	148,934	202,883	233,659	398,303	390,331	418,538	495,418	521,119	467,963	5,020,872
Undiscounted reserves	5,926	(33)	(8)	1,370	12,270	8,824	41,850	5,605	10,649	13,730	10,361	28,546	94,865	297,572	530,427
Outstanding Reported	5,926	(33)	(243)	1,719	13,146	4,910	38,638	5,829	10,621	6,398	10,047	20,628	91,172	274,677	483,645
IBNR Reserve	-	-	235	(350)	(876)	3,914	2,992	676	28	7,342	313	5,920	3,693	22,895	45,782

A prudent approach has been taken by management to adopt Net IBNR where Gross IBNR is less than Net IBNR.

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3.1.4 Claims development table (Net Basis)

The table below illustrates how the estimates of total claims outstanding (excluding Group Medical Scheme) for each year have changed at successive year-ends and reconciles the cumulative claims to the amount appearing in the statement of financial position.

Financial year of Loss Prior	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At end of loss year	368,859	119,546	90,264	126,195	121,347	156,174	173,726	200,002	232,760	263,299	274,984	335,925	363,789	2,941,229
One year later	76,597	13,550	8,775	4,420	2,282	3,973	14,858	20,004	30,966	37,087	28,794	36,030		300,895
Two years later	(3,037)	64	1,735	23	(3,241)	(2,566)	(4,234)	(7,470)	(9,929)	(8,752)	(8,804)			(44,506)
Three years later	793	5,624	207	(2,184)	5,019	(995)	(2,535)	(3,936)	(7,569)	(6,201)				(11,362)
Four years later	(1,833)	4,805	3,125	1,134	5,825	(791)	(298)	(4,466)	(1,153)					18,378
Five years later	4,594	164	2,381	574	920	1,052	(1,023)	(3,325)						(4,989)
Six years later	1,803	2,260	56	1,838	5,865	(65)	(284)	358						12,831
Seven years later	3,333	(202)	834	139	(22,918)	491	(523)							(18,846)
Eight years later	(185)	(1,306)	269	(6)	(2,857)	1,830								(2,255)
Nine years later	2,031	189	1,521	(41)	(77)									3,623
Ten years later	1,172	(121)	(173)	144										1,022
Eleven years later	(613)	334	272											(7)
Twelve years later	(1,588)	(939)												(2,527)
Current Claims paid to date	451,926	143,968	109,268	122,959	125,011	165,343	189,025	204,362	245,075	285,433	294,974	371,955	363,789	3,193,486
IBNR	-	-	317	1,644	3,225	2,514	5	-	416	56	21	1,730	11,590	21,168
Outstanding Reported	2,072	(285)	(325)	(1,421)	3,835	3,789	(3,266)	4,491	(1,184)	2,518	8,410	(4,163)	68,184	83,502
Net Liability	2,072	(285)	(8)	497	223	7,060	(3,261)	4,491	(768)	2,574	8,431	(2,433)	79,774	104,670

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 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2022

3. MANAGEMENT OF INSURANCE RISKS (CONTINUED)

3.1 Insurance risk (Continued)

3.1.5 Reinsurance strategy

Reinsurance purchases are reviewed annually to verify that the levels of protection being bought reflect any developments in exposure and risk appetite of the Company. The Company is exposed to risks of default by reinsurers in respect of their share of reinsurance liabilities and there may be disputes in contract wordings, especially on facultative reinsurance placements. To minimise the reinsurance credit exposure, reinsurance is placed with top-rated and/or credit-worthy reinsurers who meet the Company's counterparty security requirements and the Company regularly monitors its exposure.

4. FINANCIAL RISK

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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Company's financial performance.

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

- Market risk (which includes foreign exchange risk, interest rate risk and equity price risk);
- Credit and liquidity risks.

4.1 Market risk

4.1.1 Foreign currency risk

The Company's financial assets, which are exposed to foreign currency risks, consist mainly of deposits and trade receivables. Management monitors the Company's currency position on a regular basis. Financial liabilities including trade and other payables. The carrying amount of the Company's foreign currency denominated financial assets at the reporting date is as follows:

Concentration of assets under:

<u>Financial assets</u>	2022	2021
	Rs'000	Rs'000
MUR	1,551,092	1,525,931
USD	94,420	52,592
GBP	16,976	4,546
EUR	625	298
	<u>1,663,113</u>	<u>1,583,367</u>
<u>Financial liabilities</u>	2022	2021
	Rs'000	Rs'000
MUR	<u>397,504</u>	<u>448,488</u>

Categories of financial instruments

	Financial assets at FVOCI	Financial assets at FVTPL	Financial assets at Amortised Cost	Financial liabilities at Amortised Cost	Total
As at 30 June 2022	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at FVOCI (Note 9(a))	38,133	-	-	-	38,133
Financial assets at FVTPL (Note 9(b))	-	4,758	-	-	4,758
Financial assets at Amortised Cost (Note 9(c))	-	-	824,872	-	824,872
Loans and advances (Note 10)	-	-	11,772	-	11,772
Insurance and Other receivables (Note 12)	-	-	605,964	-	605,964
Cash and Cash equivalents	-	-	177,614	-	177,614
	<u>38,133</u>	<u>4,758</u>	<u>1,620,222</u>	<u>-</u>	<u>1,663,113</u>
Lease liabilities (Note 8)	-	-	-	72,738	72,738
Trade and other payables (Note 16)	-	-	-	273,053	273,053
Dividend payable (Note 17)	-	-	-	51,713	51,713
	<u>-</u>	<u>-</u>	<u>-</u>	<u>397,504</u>	<u>397,504</u>

SICOM GENERAL INSURANCE LTD
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4. FINANCIAL RISK (CONTINUED)

4.1 Market risk (Continued)

4.1.1 Foreign currency risk (Continued)

Categories of financial instruments (continued)

	Financial assets at FVOCI	Financial assets at FVTPL	Financial assets at Amortised Cost	Financial liabilities at Amortised Cost	Total
As at 30 June 2021	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at FVOCI (Note 9(a))	32,693	-	-	-	32,693
Financial assets at Amortised Cost (Note 9(b))	-	-	826,956	-	826,956
Loans and advances (Note 10)	-	-	12,433	-	12,433
Insurance and Other receivables (Note 12)	-	-	602,802	-	602,802
Cash and Cash equivalents	-	-	108,483	-	108,483
	<u>32,693</u>	<u>-</u>	<u>1,550,874</u>	<u>-</u>	<u>1,583,367</u>
Lease liabilities (Note 8)	-	-	-	79,384	79,384
Trade and other payables (Note 16)	-	-	-	267,901	267,901
Bank Overdraft	-	-	-	37,970	37,970
Dividend payable (Note 17)	-	-	-	63,231	63,231
	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,486</u>	<u>448,486</u>

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 net assets which is denominated in currencies other than the Mauritian Rupee. The following table details the Company's sensitivity to a 5% increase/decrease of the USD, GBP and EUR, against the Mauritian Rupee.

Changes in variables	2022		2021		
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity	
	Rs' 000	Rs' 000	Rs' 000	Rs' 000	
USD	+5%	4,721	4,721	2,630	2,183
	-5%	(4,721)	(4,721)	(2,630)	(2,183)
GBP	+5%	849	849	227	188
	-5%	(849)	(849)	(227)	(188)
EUR	+5%	31	31	15	12
	-5%	(31)	(31)	(15)	(12)

4.1.2 Interest rate risk

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

The interest rate risk arises on loan receivables, Government bonds, fixed deposits, Treasury bills and notes, Corporate bonds and notes, term deposits, cash and cash equivalents, bank overdrafts and short term deposits.

The interest rate profile of the Company at 30 June 2022 and 2021 was:

	2022	2021
	% per annum	% per annum
Government bonds	3.77 - 9.25	3.25 - 9.25
Treasury notes	1.60 - 3.52	1.60 - 4.12
Treasury Bills	0.87	-
Corporate bonds - Floating	Repo + (0.65 - 2.05)	Repo + (0.65 - 2.05)
Corporate bonds - Fixed	2.70 - 6.00	2.70 - 6.00
Fixed deposits - Local:		
Non-current	2.65 - 3.35	3.35
Current	0.73 - 1.27	0.40

SICOM GENERAL INSURANCE LTD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2022

4. FINANCIAL RISKS (CONTINUED)

4.1 Market risk (Continued)

4.1.2 Interest rate risk (Continued)

	2022	2021
	% per annum	% per annum
Fixed deposits - Foreign - USD	0.80 - 2.33	1.00 - 1.20
Foreign currency call deposits:		
USD	0.02	0.02
GBP	0.02	0.02
EUR	0.01	0.01
Local Call Deposits		
MUR	0.00 - 0.75	0.00 - 0.35

Interest rates on the above instruments vary from 0.73% to 12.00% p.a with maturities varying from 2022 to 2032.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

	2022		2021	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
	Rs' 000	Rs' 000	Rs' 000	Rs' 000
<u>Changes in interest rate</u>				
+ 250 basis points	58	58	57	57
- 250 basis points	(58)	(58)	(57)	(57)

The increase or decrease in the interest rate sensitivity is due to fluctuations in the interest rate of local and foreign currency call deposits and local floating corporate bonds at 30 June 2022 as compared to 30 June 2021.

The interest rate sensitivity analysis excludes Government securities, corporate bonds and foreign currency term deposits which have fixed interest rates and thus will not be affected by fluctuations in the level of interest rates.

SICOM GENERAL INSURANCE LTD
 NOTES TO THE FINANCIAL STATEMENTS
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4. FINANCIAL RISKS (CONTINUED)

4.1 Market risk (Continued)

4.1.3 Price risk

Price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Company's price policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each industry sector and markets. The Company has invested in equities quoted on the Stock Exchange of Mauritius as illustrated below:

	2022	2021
	Rs'000	Rs'000
Financial assets at Fair value through Other Comprehensive Income (FVOCI)		
Equities (Quoted)	38,115	32,878
Financial assets at fair value through Profit or Loss		
Equities (Quoted)	4,758	-
	<u>42,873</u>	<u>32,878</u>

The following table details the Company's sensitivity to 5% increase/decrease in the prices of the quoted shares.

	2022	2021
<u>Changes in share price</u>	Impact on equity	Impact on equity
	Rs' 000	Rs' 000
+5%	2,145	1,634
-5%	(2,145)	(1,634)

4.2 Credit risk

Credit risk is a risk that a counterparty will be unable to pay an amount in full when due. The Company's credit risk is primarily attributable to its reinsurance assets, loan receivables, insurance and other receivables (premium receivables, Third party receivables, Reinsurers receivables and others) and investment in debt securities. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment.

The Credit Control department assesses the creditworthiness of brokers, agents and of contract holders based on details of recent payment history, past experience and by taking into account their financial position. 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. Management monitors the financial strength of its reinsurers and has policies in place to ensure that risks are ceded to top-rated and credit-worthy reinsurers only. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Company also has exposure to credit risk on its securities. The Investment Committee assesses the credit quality of the issuers based on past experience the Company had with those issuers. The Investment Committee recommends investment in entities with which the Company had good experience within the past years and with good standing. The financial performance and position of the issuers are assessed in detail prior to approval is obtained for investment by the Company. The table shows the maximum exposure to credit risk for the components of the financial position.

SICOM GENERAL INSURANCE LTD
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4. FINANCIAL RISKS (CONTINUED)

4.2 Credit risk (Continued)

Financial assets	2022	2021
	Rs'000	Rs'000
Financial assets at amortised cost*	824,872	826,956
Loan receivables	11,772	12,433
Insurance and other receivables**	605,964	602,802
Cash and bank balances	177,614	108,483
	<u>1,520,222</u>	<u>1,550,674</u>

* Excludes equity instruments.

**Excludes sundry deposits, prepayments and deferred expenses

4.3 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 benefits to clients and to repayment of financial liabilities.

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

The table below summarises the Company's trading liabilities at amortised cost, categorised by the earlier of contractual re-pricing or maturity dates.

	Not Stated Maturity ***	1 to 3 months	3 months to 1 year	More than 1 year	On demand	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2022						
<u>Financial liabilities</u>						
Insurance contract liabilities*	728,975	-	-	-	-	728,975
Trade and other payables**	-	75,862	57,071	-	140,120	273,053
Lease liabilities ****	-	2,464	7,392	62,882	-	72,738
Dividend payable	-	-	51,713	-	-	61,713
Total liabilities	728,975	78,326	116,175	62,882	140,120	1,126,479
At 30 June 2021						
<u>Financial liabilities</u>						
Insurance contract liabilities*	565,535	-	-	-	-	565,535
Trade and other payables**	-	68,012	30,944	-	168,945	267,901
Bank Overdraft	-	37,970	-	-	-	37,970
Lease liabilities ****	-	2,464	7,392	69,526	-	79,384
Dividend payable	-	-	63,231	-	-	63,231
Total liabilities	565,535	108,446	101,567	69,526	168,945	1,034,021

* Insurance contract liabilities exclude unearned premium.

** Excludes sundry deposits.

*** Insurance contract liabilities are outstanding claims where significant delays can be expected in the notification and settlement of these claims and the ultimate cost of which cannot be known with certainty at the end of the reporting period. Given the uncertainty involved in timing of repayment of these liabilities, the entity's normal operating cycle is not clearly identifiable. Consequently, the insurance contract liabilities have been disclosed as current under 'Not Stated' maturity.

**** The lease liabilities payable after 1 year include Rs. 0,933,773 payable between 1 and 2 years, Rs. 7,234,267 payable between 2 and 3 years, Rs. 7,547,784 payable between 3 and 4 years, Rs. 7,674,868 payable between 4 and 5 years and Rs 43,147,780 payable after 5 years.

4. FINANCIAL RISKS (CONTINUED)

4.4 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. Management monitors the financial strength of its reinsurers.

4.5 Capital risk management

The Company's objectives when managing capital are :

- To comply with the minimum capital requirements of the Insurance Act 2005 and the Insurance Rules and Regulation 2007;
- 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 its policyholders;
- To provide an adequate return to shareholders by pricing insurance contracts in line with the level of risk and also be solvent.

The Company manages the minimum capital requirement as follows:

Different target levels are set above the statutory requirements, providing a buffer in order to remain solvent at all times and this is monitored on a quarterly basis. Capital planning is done to ensure we minimise the risk of being below the minimum required and these calculations are done under different stress test scenarios using parameters in different areas of risks such as equity risk, interest rate risk, credit risk, business risk and currency risk. Reinsurance is used to reduce the volatility of our results, thus reducing our capital needs. This risk is further reduced by using rated reinsurers in our panel.

The operation of the Company is also subject to regulatory requirements. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g capital adequacy) to minimise the risk of default and insolvency to meet unforeseen liabilities. In reporting financial strength, capital and solvency is measured using the rules prescribed by the Insurance Act.

For the year ended 30 June 2022, the Company has satisfied the minimum capital requirement of 150% which is as per the Insurance (General Insurance Business Solvency) Rules 2007 made by the Financial Services Commission under Section 23 and 130 of the Insurance Act 2005.

4.6 Fair value measurements

The following table provides an analysis of financial instruments that are measured subsequently 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 that are not based on observable market data (unobservable inputs).

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4. FINANCIAL RISKS (CONTINUED)

4.6 Fair value measurements (Continued)

Financial assets at Fair value through Other Comprehensive Income (FVOCI)	2022			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Quoted Equities	38,115	-	-	38,115
Unquoted Equities	-	-	18	18
	38,115	-	18	38,133
Financial assets at fair value through Profit or Loss				
Quoted Equities	4,758	-	-	4,758
Total	42,873	-	18	42,891
Financial assets at FVOCI	2021			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Quoted Equities	32,678	-	-	32,678
Unquoted Equities	-	-	15	15
Total	32,678	-	15	32,693

	Fair value hierarchy - 2022 & 2021	Valuation approach	Observable input	Carrying amount		Fair Value	
				2022	2021	2022	2021
				Rs'000	Rs'000	Rs'000	Rs'000
Loans and receivables:							
Loans and advances	Level 2	DCF	Floating market rate	11,772	12,433	11,772	12,433
Other financial assets:							
Government and other bonds	Level 2	YTM	Government bond yields	705,441	734,214	742,165	775,767
Term deposits	Level 2	YTM	Government bond yields	119,431	92,742	134,554	92,643
				836,644	839,389	888,491	880,843

**SICOM GENERAL INSURANCE LTD
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5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Valuation of insurance contract liabilities

The uncertainty inherent in the financial statements of the Company arises mainly in respect of insurance liabilities, which include outstanding claims provision (including IBNR). In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regards the eventual outcome of claims. As a result, the Company applies estimation techniques to determine the appropriate provisions

These estimates are described below:

The estimation of ultimate liability arising from the claims made under insurance contracts is one of the Company's most critical accounting estimates. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will eventually pay for such claims. Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the significant part of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain –Ladder and Cape Cod. For each class of business, the decision to use a chain ladder and Cape Cod approach was made based on the observed claims development to date. A rule of thumb was applied: for loss years where observed claims development was less than 75% the Cape Cod method was used on the basis that the observed claims are not felt to be credible enough on their own to form the basis of an estimate; for loss years where observed claims development was more than 75% the Chain-Ladder method was used.

Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company and management estimates based on past claims settlement trends for the claims incurred but not reported. General insurance loss reserves require significant judgment relating to factors and assumptions such as inflation, claims development patterns and regulatory changes.

Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, not all catastrophic events can be modeled using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The Company adopts multiple techniques to estimate the required level of provisions, thereby setting a range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and risks involved.

Recoverable amount on insurance and other receivables

In preparing those financial statements, the directors have made estimates of the recoverable amounts of insurance and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involve 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.

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Reinsurance

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default of its Reinsurers. The Company monitors the financial strength of their Reinsurers. Allowance will be made in the financial statements for non-recoverability in case of Reinsurer's default.

Pension benefits

The present value of the pension obligations depend 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.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 20.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition and has increased by more than 20 bps a year. When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of three to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g a change in business strategy).

The Company recognised rent expense of Rs 9.9 million for the year under review (2021: Rs 7.7million).

Leases – Estimating the incremental borrowing rate.

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Company's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

SICOM GENERAL INSURANCE LTD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2022

6. EQUIPMENT

(a) COST	Furniture & Fittings	Office Equipment	Computer Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2020	1,273	417	4,727	6,417
Additions	2,088	61	2,351	4,500
At 30 June 2021	3,361	478	7,078	10,917
Additions	211	176	1,537	1,924
Disposal/Scrapped	(351)	-	(1,374)	(1,725)
At 30 June 2022	3,221	654	7,241	11,116
DEPRECIATION				
At 01 July 2020	656	250	2,711	3,617
Charge for the year	804	49	948	1,801
Adjustment	-	-	6	6
At 30 June 2021	1,460	299	3,665	5,424
Charge for the year	405	86	1,483	1,974
Disposal/Scrapped	(248)	-	(1,374)	(1,622)
At 30 June 2022	1,617	385	3,774	5,776
NET BOOK VALUE				
At 30 June 2022	1,604	269	3,467	5,340
At 30 June 2021	1,901	179	3,413	5,493

(b) Depreciation charge of Rs 1,974,000 (2021: Rs 1,801,000) has been included in administrative and other expenses.

7. INTANGIBLE ASSETS

(a) COST	Computer Software	
	2022	2021
	Rs'000	Rs'000
At 01 July	15,469	13,234
Additions	30,015	2,235
At 30 June	45,484	15,469
AMORTISATION		
At 01 July	10,460	9,032
Charge for the year	1,334	1,415
Adjustment	-	13
At 30 June	11,794	10,460
NET BOOK VALUE		
At 30 June	33,690	5,009

During the financial year under review, the Company acquired a medical application software for managing underwriting and claims for a total acquisition cost of Rs 27 million.

(b) Amortisation charge of Rs. 1,334,000 (2021: Rs.1,415,000) has been included in administrative and other expenses.

SICOM GENERAL INSURANCE LTD
 NOTES TO THE FINANCIAL STATEMENTS
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8. LEASES

The Company lease buildings with lease terms exceeding one year.

Amounts recognised in the Statement of Financial Position

The Company as lessee

(a) Right of use assets

Set out below are the carrying amounts of right-of-use assets recognised and movement during the year:

	<u>Buildings</u>
	<u>Rs'000</u>
<u>Cost</u>	
At 01 July 2020	53,390
Addition	80,465
Termination	(53,390)
At 30 June 2021	<u>80,465</u>
At 30 June 2022	<u><u>80,465</u></u>
<u>Accumulated depreciation</u>	
At 01 July 2020	5,700
Charge for the year	6,091
Termination	(10,450)
At 30 June 2021	<u>1,341</u>
Charge for the year	8,047
At 30 June 2022	<u><u>9,388</u></u>
<u>Net Book Value</u>	
At 30 June 2022	<u><u>71,077</u></u>
At 30 June 2021	<u><u>79,124</u></u>

(b) Lease liabilities

Set out below are the carrying amounts of the lease liabilities and movement during the year:

	<u>Buildings</u>
	<u>Rs'000</u>
At 01 July 2020	48,926
Repayment	(7,735)
Accretion of interest	2,740
	<u>43,931</u>
Additions	80,465
Disposals	(45,012)
At 30 June 2021	<u>79,384</u>
Repayment	(9,856)
Accretion of interest	3,210
At 30 June 2022	<u><u>72,738</u></u>

SICOM GENERAL INSURANCE LTD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2022

8. LEASES (CONTINUED)

(b) Lease liabilities (Continued)

	Buildings	
	2022	2021
	Rs'000	Rs'000
Analysed as:		
Non-current	62,882	69,528
Current	9,856	9,856
	72,738	79,384

The maturity analysis of lease liabilities are disclosed in note 4.3.

(c) Amounts recognised in the statement of profit or loss

The following are the amounts recognised in the statement of profit or loss:

	Buildings	
	2022	2021
	Rs'000	Rs'000
Depreciation expense of right-of-use assets	8,047	6,091
Interest expense on lease liabilities	3,210	2,740
Total amount recognised in profit or loss	11,257	8,831

The total cash outflow for leases in year ended 30 June 2022 was Rs 9,856,222 (2021 Rs 7,734,204) which includes principal portion of Rs 6,645,761 and interest portion of Rs 3,210,461.

(d) The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

	2022	
	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000
<u>Changes in interest rate</u>		
+100 basis points	(113)	(113)
-100 basis points	113	113
	2021	
	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000
<u>Changes in interest rate</u>		
+100 basis points	(88)	(88)
-100 basis points	88	88

A 100 basis points increase in interest rate would increase interest expense and depreciation charge, which is a decrease in profits and vice versa.

SICOM GENERAL INSURANCE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

9. FINANCIAL ASSETS

(a) Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)

	2022	2021
	Rs'000	Rs'000
Equity securities:		
Quoted	38,115	32,678
Unquoted	18	15
	<u>38,133</u>	<u>32,693</u>
At 1 July 2021	32,693	26,799
Additions during the year	-	71
Increase in fair value	5,440	5,824
At 30 June 2022	<u>38,133</u>	<u>32,693</u>

The Company has classified its equity investments at FVOCI on the basis that they are not held for trading.

During the current financial year, the Company did not purchase nor dispose any financial assets through FVOCI. The net fair value gain amounted to Rs. 5,440,000 (2021: net fair value gain Rs. 5,824,000) and are disclosed in the statement of comprehensive income for the year.

In 2022, the Company received dividends of Rs. 1,388,692 (2021: Rs 468,791) from its equity investments which was recorded in the Statement of Comprehensive Income as investment income.

(b) Financial assets at Fair Value Through Profit or Loss (FVTPL)

	2022	2021
	Rs'000	Rs'000
Equity securities:		
Quoted	4,758	-
At 1 July 2021	-	-
Additions during the year	4,842	-
Decrease in fair value	(84)	-
At 30 June 2022	<u>4,758</u>	<u>-</u>

The Company has classified its equity investments at FVTPL on the basis that they are not held for trading.

During the current financial year, the Company purchased financial assets through FVTPL of Rs 4,842,000 (2021: Rs Nil). The net fair value loss amounted to Rs.84,000 (2021: Nil) and are disclosed in the statement of profit or loss for the year.

(c) Financial assets at amortised cost

	2022	2021
	Rs'000	Rs'000
Government bonds	470,610	522,058
Treasury bills and treasury notes	117,838	115,285
Corporate bonds and notes	116,736	96,614
Preference shares	257	257
Term deposits	119,431	92,742
	<u>824,872</u>	<u>826,956</u>
Analysed between:		
Current	246,434	178,328
Non-current	578,438	648,628
	<u>824,872</u>	<u>826,956</u>

SICOM GENERAL INSURANCE LTD
NOTES TO THE FINANCIAL STATEMENTS
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9. FINANCIAL ASSETS (CONTINUED)

(c) Financial assets at amortised cost (Continued)

The Company has investments in Government bonds, treasury bills and treasury notes, corporate bonds and notes, preference shares and term deposits and are classified as financial assets at amortised cost as these are kept under the business model with the objective to hold these instruments in order to collect contractual cash flows and the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding. Interest rates on these instruments vary from 0.73% - 12.00% p.a. with maturities varying from 2022 to 2032.

An amount of Rs 8,000,000 (2021: Rs 8,000,000) included in debt instrument at amortised cost represents statutory deposit and pledged with the Financial Services Commission in compliance with the Insurance Act 2005. Statutory deposits represent investments in Mauritius Government Securities earning interest at the rate of 7.00% per annum and maturing on 16 November 2022.

The table below shows the credit quality and maximum exposure to credit risk. The amounts presented are gross of impairment allowances.

At 30 June 2022

	<u>Stage 1</u> <u>Individual</u>	<u>Stage 2</u> <u>Individual</u>	<u>Stage 3</u> <u>Individual</u>	<u>Total</u>
	Rs'000	Rs'000	Rs'000	Rs'000
Performing high grade	825,493	-	-	825,493
Past due but not impaired	-	-	-	-
Non-performing	-	-	-	-
	<u>825,493</u>	<u>-</u>	<u>-</u>	<u>825,493</u>

At 30 June 2021

	<u>Stage 1</u> <u>Individual</u>	<u>Stage 2</u> <u>Individual</u>	<u>Stage 3</u> <u>Individual</u>	<u>Total</u>
	Rs'000	Rs'000	Rs'000	Rs'000
Performing high grade	827,613	-	-	827,613
Past due but not impaired	-	-	-	-
Non-performing	-	-	-	-
	<u>827,613</u>	<u>-</u>	<u>-</u>	<u>827,613</u>

An analysis of changes in gross carrying amount and corresponding ECL is, as follows:

	<u>Stage 1</u> <u>Individual</u>	<u>Stage 2</u> <u>Individual</u>	<u>Stage 3</u> <u>Individual</u>	<u>Total</u>
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying value at 1 July 2021	827,613	-	-	827,613
New assets purchased	233,167	-	-	233,167
Asset derecognised or matured	(231,837)	-	-	(231,837)
Amortisation adjustments	(3,450)	-	-	(3,450)
At 30 June 2022	<u>825,493</u>	<u>-</u>	<u>-</u>	<u>825,493</u>

SICOM GENERAL INSURANCE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

9. FINANCIAL ASSETS (CONTINUED)

(c) Financial assets at amortised cost (Continued)

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying value at 1 July 2020	826,439	-	-	826,439
Adjustment	990	-	-	990
New assets purchased	172,298	-	-	172,298
Asset derecognised or matured	(172,441)	-	-	(172,441)
Amortisation adjustments	327	-	-	327
At 30 June 2021	<u>827,613</u>	<u>-</u>	<u>-</u>	<u>827,613</u>

There was no transfer of assets between stages during the year.

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance at 1 July 2021	657	-	-	657
New assets purchased	227	-	-	227
Assets derecognised on maturity	(154)	-	-	(154)
Amortisation adjustment	(109)	-	-	(109)
ECL allowance at 30 June 2022	<u>621</u>	<u>-</u>	<u>-</u>	<u>621</u>

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance at 1 July 2020	892	-	-	892
New assets purchased	196	-	-	196
Assets derecognised on maturity	(151)	-	-	(151)
Amortisation adjustment	(280)	-	-	(280)
ECL allowance at 30 June 2021	<u>657</u>	<u>-</u>	<u>-</u>	<u>657</u>

Amortisation adjustment include amortisation of interest income and discount.

There were no transfer of assets between stages during the year.

- d) The Company purchased financial assets worth Rs 233,167,000 (2021: Rs 172,298,000) during the year under review. Conversely, the Company received proceeds of Rs 231,837,000 (2021: Rs 172,441,000) on maturity of financial assets during the year.

SICOM GENERAL INSURANCE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

9. FINANCIAL ASSETS (CONTINUED)

e) Fair value measurements recognised in the statement of financial position

	<u>Level 1</u> Rs'000	<u>Level 2</u> Rs'000	<u>Level 3</u> Rs'000	Total Rs'000
At 30 June 2022				
Financial assets at FVOCI				
Equity securities (Listed)	38,115	-	-	38,115
Equity securities (Not Listed)	-	-	18	18
Financial assets at FVTPL				
Equity securities (Listed)	4,758	-	-	4,758
	<u>42,873</u>	<u>-</u>	<u>18</u>	<u>42,891</u>
	<u>Level 1</u> Rs'000	<u>Level 2</u> Rs'000	<u>Level 3</u> Rs'000	Total Rs'000
At 30 June 2021				
Financial assets at FVOCI				
Equity securities (Listed)	32,678	-	-	32,678
Equity securities (Not Listed)	-	-	15	15
	<u>32,678</u>	<u>-</u>	<u>15</u>	<u>32,693</u>

10. LOANS AND ADVANCES

	Total Rs'000
At 01 July 2020	11,668
Additions	5,359
Repayments	(4,614)
At 30 June 2021	12,433
Additions	1,967
Repayments	(2,628)
At 30 June 2022	<u>11,772</u>
Analysed as follows:	
	Total Rs'000
2022	
Non-current	9,565
Current	2,207
	<u>11,772</u>
2021	
Non-current	10,239
Current	2,194
	<u>12,433</u>

The Company has provided loans to staff for the year ended 30 June 2022 -Rs 1,967,000, (30 June 2021 : Rs 5,369,000) as per terms and conditions set in the contract of employment. The Loans are at preferential rates varying from 2% to 4% per annum.

SICOM GENERAL INSURANCE LTD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2022

10. LOANS AND ADVANCES (CONTINUED)

Below is a reconciliation of the ECL allowance between the opening and closing balance:

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance at 1 July 2021	11	-	-	11
New assets purchased	-	-	-	-
Assets derecognised on maturity	-	-	-	-
ECL allowance at 30 June 2022	11	-	-	11

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance at 1 July 2020	11	-	-	11
New assets purchased	-	-	-	-
Assets derecognised on maturity	-	-	-	-
ECL allowance at 30 June 2021	11	-	-	11

11. DEFERRED TAXATION

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 17% (2021: 17%).

(a) The movement on the deferred income tax account is as follows:

	2022	2021
	Rs'000	Rs'000
At 01 July	28,680	34,417
Credited to profit or loss (note 15(b))	(2,885)	499
Credited to other comprehensive income	3,932	(6,236)
At 30 June	29,727	28,680

(b)

	2022	2021
	Rs'000	Rs'000
Deferred tax liabilities	(3,921)	(1,555)
Deferred tax assets	33,648	30,235
	29,727	28,680

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The amounts are shown in the statement of financial position.

(c) Deferred tax assets and liabilities are attributable to the following:

	2022	2021
	Rs'000	Rs'000
<u>Deferred tax liabilities</u>		
Accelerated tax depreciation	(3,921)	(1,555)

SICOM GENERAL INSURANCE LTD
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11. DEFERRED TAXATION (CONTINUED)

	2022	2021
	Rs'000	Rs'000
<u>Deferred tax assets arise on:</u>		
Pension benefit obligations	32,287	29,882
Provision for expected credit loss	109	95
Provision for impairment of insurance receivables	755	258
Provision for credit impairment on reinsurer's receivables	497	-
	<u>33,648</u>	<u>30,235</u>

12. INSURANCE AND OTHER RECEIVABLES

	2022	2021
	Rs'000	Rs'000
Premium receivables	300,950	284,786
Provision for credit impairment (Note 12(a))	(4,440)	(4,307)
	<u>296,510</u>	<u>280,479</u>
Third Party receivables	237,021	210,817
Deposit Debtors	39,937	28,114
Amounts due from reinsurers (Note 12(b))	24,492	76,554
Dividend and interest receivables	341	311
Prepayments	557	1,957
Other receivables	7,663	6,527
	<u>606,521</u>	<u>604,759</u>

The carrying amounts of insurance and other receivables approximate their fair values. Deposit debtors relate to receivables for insurance contracts which have not been incepted and for which payments are still outstanding. Other receivables include premium outstanding for travel insurance and study loans.

(a) Movement in provision for credit impairment:

	2022	2021
	Rs'000	Rs'000
At 01 July	4,307	1,878
Charge for the year	726	3,470
Reversal	-	(1,041)
Write off	(593)	-
At 30 June	<u>4,440</u>	<u>4,307</u>

The individually impaired premiums mainly relate to policyholders who are in unexpectedly difficult economic situations.

The credit period on premium receivable is determined with regards to the status of clients and amount of premium involved monthly.

Provision for credit impairment is normally determined by the Company as premium due for more than one year. No interest is charged on the premium. The provision is written off against the receivable when there is objective evidence of default.

Before accepting any new customer, the technical department assesses the credit quality of the customer and defines the terms and credit limits accordingly

SICOM GENERAL INSURANCE LTD
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12. INSURANCE AND OTHER RECEIVABLES (CONTINUED)

Analysis of the age of insurance receivables is as follows

	2022	2021
	Rs'000	Rs'000
Current	455,840	388,226
Up to 2 months	2,242	5,984
> 2months < 3 months	25,714	12,959
> 3months < 6 months	27,989	36,292
> 6 months < 1 year	15,292	20,296
> 1 year	6,454	27,539
	<u>533,531</u>	<u>491,296</u>

In determining the recoverability of a premium, the Company considers any change in the credit quality of the premium from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, it is believed that there is no further credit provision required in excess of the allowance for doubtful debts.

The carrying amounts of premium and other receivables are denominated in the following currencies:

	2022	2021
	Rs'000	Rs'000
MUR	578,388	516,304
USD	27,447	85,502
EURO	80	845
GBP	69	-
AUD	-	151
	<u>605,964</u>	<u>602,802</u>

b) Amounts due from reinsurers:

	2022	2021
	Rs'000	Rs'000
Amounts due from reinsurers	27,414	81,230
Provision for credit impairment	<u>(2,922)</u>	<u>(4,676)</u>
	<u>24,492</u>	<u>76,554</u>

b) i) Movement in provision for credit impairment:

	2022	2021
	Rs'000	Rs'000
At 01 July	4,676	7,874
Reversal	(439)	(1,288)
Movement	<u>(1,315)</u>	<u>(1,910)</u>
At 30 June	<u>2,922</u>	<u>4,676</u>

The other classes within insurance and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

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13. NET EARNED PREMIUMS

	2022	2021
	Rs'000	Rs'000
(a) Gross premiums written	1,546,424	1,206,419
Change in unearned premium provision	(137,257)	47,642
	<u>1,409,167</u>	<u>1,254,061</u>
(b) Premiums ceded to reinsurers	(743,645)	(553,464)
Change in unearned premium provision - reinsurance part	59,631	(71,361)
	<u>(684,014)</u>	<u>(624,825)</u>
Net earned premiums	<u><u>725,153</u></u>	<u><u>629,236</u></u>

14. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	2022	2021
	Rs'000	Rs'000
(a)		
<u>Gross</u>		
Claims reported	675,579	494,203
Claims incurred but not reported (IBNR)	53,396	91,332
	<u>728,975</u>	<u>585,535</u>
Outstanding claims (note 14(b))	728,975	585,535
Unearned premiums (note 14 (c))	606,969	469,712
	<u>1,335,944</u>	<u>1,055,248</u>
Total gross insurance liabilities	<u><u>1,335,944</u></u>	<u><u>1,055,248</u></u>
<u>Recoverable from reinsurers</u>		
Claims reported	372,680	236,212
Claims incurred but not reported (IBNR)	26,998	57,136
Movement in Third Party receivables	(26,203)	-
Unearned premiums	266,058	206,427
	<u>639,533</u>	<u>499,775</u>
Total reinsurers' share of insurance liabilities	<u><u>639,533</u></u>	<u><u>499,775</u></u>
<u>Net</u>		
Claims reported	302,899	257,991
Movement in Third Party receivables	26,203	-
Claims incurred but not reported (IBNR)	26,398	34,196
	<u>355,500</u>	<u>292,187</u>
Unearned premiums	340,911	263,285
	<u>696,411</u>	<u>555,473</u>
Total net insurance liabilities	<u><u>696,411</u></u>	<u><u>555,473</u></u>

SICOM GENERAL INSURANCE LTD
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14. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

(b) The movement in insurance liabilities and reinsurance assets is as follows:

	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July						
Notified claims	585,535	(293,348)	292,187	583,202	(304,676)	278,526
Increase/(decrease) in liabilities	652,894	(222,604)	430,290	507,127	(182,832)	324,295
Cash paid for claims settled in the year	<u>(562,850)</u>	<u>143,272</u>	<u>(419,578)</u>	<u>(596,126)</u>	<u>251,296</u>	<u>(344,830)</u>
	675,579	(372,680)	302,899	494,203	(235,212)	257,991
Claims incurred but not reported (IBNR)	<u>53,396</u>	<u>(26,998)</u>	<u>26,398</u>	<u>91,332</u>	<u>(57,136)</u>	<u>34,196</u>
At 30 June	<u>728,975</u>	<u>(399,678)</u>	<u>329,297</u>	<u>585,535</u>	<u>(293,348)</u>	<u>292,187</u>
Movement in claims outstanding and IBNR	<u>143,440</u>	<u>(106,330)</u>	<u>37,110</u>	<u>2,333</u>	<u>11,328</u>	<u>13,661</u>
Claims incurred but not reported (IBNR)	<u>53,396</u>	<u>(26,998)</u>	<u>26,398</u>	<u>91,332</u>	<u>(57,136)</u>	<u>34,196</u>

(c) The movement in unearned premiums is as follows:

	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	469,712	(206,427)	263,285	517,354	(277,788)	239,566
Increase/(Decrease) during the year	<u>137,257</u>	<u>(59,631)</u>	<u>77,625</u>	<u>(47,642)</u>	<u>71,361</u>	<u>23,719</u>
At 30 June	<u>606,969</u>	<u>(266,058)</u>	<u>340,911</u>	<u>469,712</u>	<u>(206,427)</u>	<u>263,285</u>

SICOM GENERAL INSURANCE LTD
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14. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

	2022	2021
	Rs'000	Rs'000
(d) Deferred acquisition costs receivables		
At 01 July	30,414	26,237
Movement	3,913	4,177
At 30 June	<u>34,327</u>	<u>30,414</u>
(e) Deferred acquisition costs payables		
At 01 July	41,623	37,402
Movement	928	4,221
At 30 June	<u>42,551</u>	<u>41,623</u>
(f) Commissions receivable from reinsurers		
Gross commission income	114,603	98,131
Change in deferred acquisition costs payables	(928)	(4,221)
	<u>113,675</u>	<u>93,910</u>
(g) Commissions paid to agents and brokerage fees		
Gross commission expense	104,818	85,595
Change in deferred acquisition costs receivables	(3,913)	(4,177)
	<u>100,905</u>	<u>81,418</u>

15. TAXATION

Income tax

Income tax is calculated at the rate of 17% (2021: 17%) on the profit for the year as adjusted for income tax purposes.

	2022	2021
	Rs'000	Rs'000
(a) <u>Statement of financial position</u>		
At 01 July	8,475	3,723
Income tax charge for the year (note 15(b))	13,757	21,132
(Over)/under provision of income tax	(2,521)	5,085
Tax paid during the year	(15,248)	(21,465)
At 30 June	<u>4,463</u>	<u>8,475</u>
Analysed as follows:		
Current tax liabilities	<u>4,463</u>	<u>8,475</u>
(b) <u>Statement of profit or loss</u>		
Current tax expense	13,757	21,132
(Over)/under provision of income tax	(2,521)	5,085
Deferred tax (note 11(a))	2,885	(499)
	<u>14,121</u>	<u>25,718</u>

SICOM GENERAL INSURANCE LTD
NOTES TO THE FINANCIAL STATEMENTS
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15. TAXATION (CONTINUED)

(c) Tax reconciliation

	2022	2021
	Rs'000	Rs'000
Profit before taxation	83,073	110,026
Tax calculated at 17% (2021: 17%)	14,122	18,704
CSR	2,227	955
Income not subject to tax	(5,017)	(518)
Expenses not deductible for tax purposes	5,310	1,491
(Over)/under provision in previous year	(2,521)	5,085
Tax charge	<u>14,121</u>	<u>25,718</u>

16. TRADE AND OTHER PAYABLES

	2022	2021
	Rs'000	Rs'000
Amounts due to reinsurers	140,120	168,945
Other payables and accruals	130,323	91,594
Amount due to holding company	7,747	13,217
	<u>278,190</u>	<u>273,756</u>

The above amounts payable are interest free, unsecured and repayable at their stated maturities (note 4.3). The carrying amounts of trade and other payables approximate their fair values.

17. DIVIDEND PAYABLE

A dividend of 75% (2021: 75%) on profit after tax, amounting to Rs 51,713,388 (Rs 206.85 per share) in respect of current year was declared by the directors on 30 June 2022. (2021: Rs 63,231,441 (Rs 252.93 per share).

18. STATED CAPITAL

	2022	2021
	Rs'000	Rs'000
Issued and fully paid		
250,000 ordinary shares at No par value each	<u>25,000</u>	<u>25,000</u>

Pursuant to section 8 "Restriction on Composite Insurance Business" of the Insurance Act 2005, the Shareholders of State Insurance Company of Mauntius Ltd, by a resolution dated 13th of April 2010, resolved to incorporate a wholly-owned subsidiary company, SICOM General Insurance Ltd, to transact Short Term Business only. The Company has one class of ordinary no par value shares, which carries a right to vote and a right to dividend.

19(a) RESERVES

Reserves represent retained earnings, accumulated gains and losses arising on revaluation of financial assets at FVOCI that have been recognised in Other Comprehensive Income (OCI) and the cumulative remeasurement of defined benefit obligations recognised in OCI.

19(b) SUBORDINATED LOAN

All the assets and liabilities of the General Insurance Business of State Insurance Company of Mauntius Ltd, the holding company, were transferred to SICOM General Insurance Ltd on 01 July 2010. The accumulated reserves were converted into share capital and the remaining as subordinated loan which is unsecured and interest free. The loan is considered as quasi-equity. The loan does not carry any obligation to repay cash or another financial asset to the holder.

SICOM GENERAL INSURANCE LTD
NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION BENEFIT OBLIGATIONS

	2022	2021
	Rs'000	Rs'000
Defined Benefit plan (Note (a))	170,544	155,455
Guaranteed Pension (Note (b))	19,381	20,322
	<u>189,925</u>	<u>175,777</u>

(a) **Defined benefit plan**

- (i) The Company operates a defined benefit pension plan which is fully funded. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The assets of the fund are held independently and administered by the State Insurance Company of Mauritius Ltd.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out at 30 June 2022 by QED Actuaries and Consultants (Actuarial Valuer). The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

- (ii) The amounts recognised in the statement of financial position are as follows:

	2022	2021
	Rs'000	Rs'000
Present value of funded obligations	364,283	333,757
Fair value of plan assets	(193,739)	(178,302)
Liability recognised in the statement of financial position	<u>170,544</u>	<u>155,455</u>

	2022	2021
	Rs'000	Rs'000
At 01 July	155,455	164,561
Profit or loss charge	14,240	12,951
Other comprehensive income charge	25,450	2,212
Contributions paid	(24,601)	(24,269)
At 30 June	<u>170,544</u>	<u>155,455</u>

- (iii) The movement in the defined benefit obligations over the year is as follows:

	2022	2021
	Rs'000	Rs'000
At 01 July	333,757	324,221
Current service cost	6,186	6,700
Administration Expenses	(195)	(248)
Risk Premiums	(179)	(198)
Employee contributions	2,783	2,744
Interest expense	18,020	12,620
Benefits paid	(11,054)	(19,249)
Liability experience loss/ (gains)	6,283	(5,162)
Actuarial losses on demographic assumptions	-	29,823
Actuarial losses/ (gains) on economic assumptions	8,682	(17,494)
At 30 June	<u>364,283</u>	<u>333,757</u>

- (iv) **Split of Defined Benefit Obligation**

	2022	2021
	Rs'000	Rs'000
Actives	237,551	220,749
Pensioners	125,548	111,884
Deferred Pensioners	312	296
Benefits due	872	828
At 30 June	<u>364,283</u>	<u>333,757</u>

SICOM GENERAL INSURANCE LTD
NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(a) Defined benefit plan (Continued)

(v) The movement in the fair value of plan assets of the year is as follows:

	2022	2021
	Rs'000	Rs'000
At 01 July	178,302	159,660
Interest income on plan assets	9,966	6,369
Administration expenses	(195)	(248)
Risk premium	(179)	(198)
Employer contributions	24,601	24,259
Employee contributions	2,783	2,744
Benefits paid	(11,054)	(19,249)
Actuarial (Losses)/ gains on Plan Assets	(10,485)	4,955
At 30 June	193,739	178,302

(vi) The amounts recognised in profit or loss are as follows:

	2022	2021
	Rs'000	Rs'000
Current service cost	6,186	6,700
Net interest on net defined benefit liabilities	8,054	6,251
Total included in "employee benefit expense" (note 23(a))	14,240	12,951
Actual return on plan assets	(519)	11,324

(vii) The amounts recognised in Other Comprehensive Income are as follows:

	2022	2021
	Rs'000	Rs'000
Actuarial losses on demographic assumptions	-	29,823
Return on plan assets below interest income	10,485	(4,955)
Liability experience loss	6,283	(5,162)
Liability loss due to change in economic assumptions	8,682	(17,494)
	25,450	2,212

(viii) The fair value of the plan assets at the end of the reporting period for each category are as follows:

	2022	2021
	Rs'000	Rs'000
Equity - local quoted	24,024	18,365
Equity - local unquoted	1,550	1,783
Debt - local quoted	2,325	2,140
Debt - local unquoted	111,981	102,524
Investment Funds	48,822	51,529
Property - local	969	892
Cash and others	4,068	1,070
Total	193,739	178,302

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20. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(a) Defined benefit plan (Continued)

(ix) Principal actuarial assumptions at end of period for Defined benefits plan.

	2022	2021
	%	%
Discount rate	5.45	5.35
Salary increase rate	3.75	3.50
Pension increase rate	2.75	2.50
Inflation rate	2.75	2.50
Average retirement age (ARA) (years)	65	65
Average life expectancy for:		
-Male at ARA	16.0	16.8
-Female at ARA	19.1	16.9

(x) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	2022		2021	
	Increase	Decrease	Increase	Decrease
	Rs'000	Rs'000	Rs'000	Rs'000
Discount rate (1% movement)	59,774	72,299	68,573	56,363
Salaries assumptions (1% movement)	29,576	26,642	24,720	27,555
Pension assumptions (1% movement)	41,681	36,686	35,094	40,008

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(xi) The risks to the Company in respect of the benefits are summarised and described below:

- Inflation risk: if salary increases are significantly higher than assumed;
- Longevity risk: if actual post-retirement mortality is lower than assumed;
- Administrative risk: if the data provided in respect of the employees or benefits is incomplete or incorrect;
- Exclusion risk: the risk of discontent of employees who are ineligible for these benefits;
- Investment risk: the risk that the return earned by plan assets is lower than expected; and
- Default risk: The risk of default on the instruments underpinning the plan assets.

(xii) The funding requirements are based on the pension funds actuarial measurement framework set out in the funding policies of the plan.

SICOM GENERAL INSURANCE LTD
NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(a) Defined benefit plan (Continued)

(xiii) The Company expects to pay Rs 24,862,000 in contributions to its post-employment benefit plans for the year ending 30 June 2023 (30 June 2022: Rs 24,501,000).

(xiv) The weighted average duration of the defined benefit obligation is 18 years at the end of the reporting period (2021: 17 years).

(b) Guaranteed Pension Plan

(i) In 2016, the Salary Report of SICOM Group introduced the following benefits:

(a) A guaranteed pension of 12.5 years in case of death for employees before retirement, current pensioners and for active members who will retire in future; and

(b) Additional pensions for employees who left on Voluntary Retirement Scheme.

The benefit is a defined benefit scheme which is wholly unfunded.

As per the requirement of the IAS 19 (Employee Benefits) accounting standard, the liability in respect of these benefit improvements are being recognised in the Financial Statements.

(ii) The movements in the statement of financial position are as follows:

	<u>2022</u>	<u>2021</u>
	Rs'000	Rs'000
Present value of unfunded obligations	19,381	20,322
Liability in the statement of financial position	<u>19,381</u>	<u>20,322</u>

	<u>2022</u>	<u>2021</u>
	Rs'000	Rs'000
At 1 July	20,322	40,652
Profit or loss charge	1,610	1,214
Other comprehensive income charge	(2,324)	(21,255)
Contributions paid	(227)	(289)
At 30 June	<u>19,381</u>	<u>20,322</u>

(iii) The movement in the defined benefit obligations over the year is as follows:

	<u>2022</u>	<u>2021</u>
	Rs'000	Rs'000
At 01 July	20,322	40,652
Current service cost	502	552
Interest expense	1,108	662
Benefits paid	(227)	(289)
Liability experience loss	(2,803)	2,155
Actuarial losses on demographic assumptions	-	(24,084)
Liability loss due to change in financial assumption	479	674
At 30 June	<u>19,381</u>	<u>20,322</u>

	<u>2022</u>	<u>2021</u>
	Rs'000	Rs'000
(iv) Split of Defined Benefit Obligation		
Actives Guarantee	14,300	13,151
Pensioners Guarantee	3,563	2,631
Additional Pensions	1,518	4,540
At 30 June	<u>19,381</u>	<u>20,322</u>

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20. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(b) Guaranteed Pension Plan (Continued)

	2022	2021
	Rs'000	Rs'000
(v) The amounts recognised in profit or loss are as follows:		
Current service cost	502	552
Net interest on net defined benefit liabilities	1,108	662
Total included in "employee benefit expense"	<u>1,610</u>	<u>1,214</u>

	2022	2021
	Rs'000	Rs'000

(vi) The movement in the defined benefit obligations in Other Comprehensive Income (OCI):

Actuarial losses on demographic assumptions	-	(24,084)
Liability experience loss	(2,803)	2,155
Liability loss due to change in economic assumptions	479	674
	<u>(2,324)</u>	<u>(21,255)</u>

(vii) Principal actuarial assumptions at end of period for Guaranteed pension plan.

	2022	2021
	%	%
Discount rate	5.45	5.35
Salary Increase rate	3.75	3.50
Inflation rate	2.75	2.50
Pension Increase rate	2.75	2.50
Average retirement age (ARA) (years)	65	65
Average life expectancy for:		
-Male at ARA	16.0	16.0
-Female at ARA	<u>19.1</u>	<u>16.9</u>

(viii) Sensitivity analysis on Guaranteed pension plan at end of the reporting date:

	2022		2021	
	Increase	Decrease	Increase	Decrease
	Rs'000	Rs'000	Rs'000	Rs'000
Discount rate (1% movement)	<u>3,398</u>	<u>2,836</u>	<u>3,872</u>	<u>3,201</u>
Salaries assumptions (1% movement)	<u>1,888</u>	<u>1,703</u>	<u>2,117</u>	<u>1,909</u>
Pension assumptions (1% movement)	<u>1,873</u>	<u>1,690</u>	<u>1,980</u>	<u>1,794</u>

(c) Defined contribution plan

The Company also operates a defined contribution pension plan.

	2022	2021
	Rs'000	Rs'000
Contribution for the year	<u>1,634</u>	<u>1,133</u>

SICOM GENERAL INSURANCE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

21. INVESTMENT INCOME

	2022	2021
	Rs'000	Rs'000
Interest income using effective interest rate	35,599	38,687
Dividend income	1,497	469
	<u>37,096</u>	<u>39,156</u>

22 (a) OTHER INCOME

	2022	2021
	Rs'000	Rs'000
Policy fees	6,567	5,395
Exchange (loss)/gains	(1,464)	3,921
Gain on termination (Note 8)	-	2,072
Others	4,427	708
	<u>9,530</u>	<u>12,096</u>

The exchange gains arise mainly on deposits, insurance and other receivables. The others relate mainly to stale cheques credited back and miscellaneous receipts.

22 (b) REVENUE FROM CONTRACT WITH CUSTOMERS

	2022	2021
	Rs'000	Rs'000
Breakdown of revenue from contract with customers		
Management fee income	<u>531</u>	<u>373</u>

Revenue from management services are recognised over time.

Management fees are received from Managed Medical Fund for managing the assets backing this Fund.

23. ADMINISTRATIVE AND OTHER EXPENSES

	2022	2021
	Rs'000	Rs'000
Employees benefit expense (note 23(a))	118,294	117,233
Support service cost (note 23(b))	55,707	48,116
Administration fees	16,490	19,261
Management fees	8,440	8,540
Rental charges	555	594
Bank charges	3,227	3,002
Amortisation (note 7)	1,334	1,415
Advertising	1,178	1,355
Depreciation (note 6)	1,974	1,801
Depreciation on right-of-use assets (Note 8)	8,047	6,091
Provision for impairment of Insurance receivables	726	2,428
Provision for impairment of reinsurance receivables (Note 12(b)(i))	(1,315)	(1,910)
Audit fees	1,334	1,271
Directors' and Secretary's Fee	3,217	3,119
Consultancy and professional fees	12,809	3,470
Maintenance- IT Support	3,136	3,691
Others	6,872	2,852
	<u>242,025</u>	<u>222,329</u>

The Others relate mainly to fees paid to service providers, repairs and maintenance, printing and stationery and other miscellaneous expenses incurred in the day to day operations of the Company.

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 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2022

23. ADMINISTRATIVE AND OTHER EXPENSES (CONTINUED)

(a) Employees benefit expense

	2022	2021
	Rs'000	Rs'000
Wages and salaries, including termination benefits	100,242	101,402
Social security costs	568	533
Pension cost - defined benefit plan (note 20(a))	14,240	12,951
Pension cost - guaranteed pension plan (note 20(b)(v))	1,610	1,214
Pension cost - defined contribution plan (note 20(c))	1,634	1,133
	<u>118,294</u>	<u>117,233</u>

(b) Support service cost

As regards to services required by SICOM General Insurance Ltd in respect of information Technology, Finance and Investment, Legal and Compliance, Actuarial and General Administration, these are provided by State Insurance Company of Mauritius Ltd and the costs involved are allocated to SICOM General Insurance Ltd.

24. MANAGED MEDICAL FUND

The financial statements of the Company exclude the net assets of the Managed Medical Fund amounting to Rs 2,693,219 (2021: Rs. 2,582,452) as the assets backing this fund do not belong to the Company.

25. CAPITAL COMMITMENTS

Capital expenditure contracted for at reporting date, but not yet incurred is as follows:

	2022	2021
	Rs'000	Rs'000
Computer Software	<u>802</u>	<u>414</u>

26. HOLDING COMPANY

The Directors regard the State Insurance Company of Mauritius Ltd, a Company incorporated in Mauritius, as the Holding Company.

27. PRIOR YEARS ADJUSTMENTS

The Salary Report commissioned by State Insurance Company of Mauritius Ltd previously introduced a guaranteed pension of 12.5 years in case of death of employees in service or after retirement and additional pensions for employees leaving on Voluntary Retirement Scheme.

As per the requirement of the IAS 19 (Employee Benefits), the liability in respect of these benefit improvements are being recognised in the Financial Statements. Prior year adjustments have been made to reflect the additional liability in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

	30 JUNE 2019		
	As previously reported Rs'000	Adjustments Rs'000	As restated Rs'000
Impact as at 30 June			
Non-Current Assets:			
Deferred Tax assets	21,866	5,621	27,487
Non- Current Liabilities:			
Employee benefit obligations	133,036	33,069	166,105
Shareholder's equity:			
Reserves	143,951	(35,343)	108,606
Current Liabilities:			
Trade and Other Payables	267,192	7,895	275,087

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 NOTES TO THE FINANCIAL STATEMENTS
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27. PRIOR YEARS ADJUSTMENTS
 (CONTINUED)

	30 JUNE 2020		
	As previously reported Rs'000	Adjustments Rs'000	As restated Rs'000
Impact as at 30 June			
Non-Current Assets:			
Deferred Tax assets	27,507	6,910	34,417
Non- Current Liabilities:			
Employee benefit obligations	164,561	40,652	205,213
Shareholder's equity:			
Reserves	134,503	(42,481)	92,022
Current Liabilities:			
Trade and Other Payables	289,800	8,739	298,539
Statements of Profit or Loss and other comprehensive income			
Employee benefit expenses:			
Remeasurement of defined benefit obligations	23,998	844	24,842

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28. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

	2022	2021
	Rs'000	Rs'000
(i) Holding Company		
Pension contribution payable	8,591	7,758
Rent payable	11,257	8,831
Other contributions payable	1,171	1,185
Management fees payable	8,440	8,540
Support service cost payable	55,707	48,116
Dividend payable	51,713	63,231
Premium and contribution receivable	<u>14,736</u>	<u>12,624</u>

(ii) Key management personnel (including directors) of the Company

	2022	2021
	Rs'000	Rs'000
Premium receivable	278	246
Salaries and other short term benefits	16,895	20,268
Post-employment benefits	<u>4,771</u>	<u>1,474</u>

(iii) Key management personnel (including directors) of the Holding Company

	2022	2021
	Rs'000	Rs'000
Premium receivable	<u>847</u>	<u>715</u>

(b) Outstanding balances with related parties

	2022	2021
	Rs'000	Rs'000
(i) Holding company		
Rent and support service cost to holding company	(5,379)	(13,217)
Management fees due to holding company	(757)	(727)
Amount due from holding company	407	4,380
Capital expenditure and other expenses due to holding company	(754)	(782)
Dividend payable	(51,713)	(63,231)
Premium receivable	<u>243</u>	<u>93</u>
(ii) Key management personnel (including Directors) of the Company		
Premium receivable	<u>5</u>	<u>98</u>
(iii) Key management personnel (including directors) of the Holding Company		
Premium receivable	<u>91</u>	<u>208</u>

Terms and conditions of transactions with the related parties

The transactions from related parties are made at normal market prices. Outstanding balances at year end are unsecured, interest free except for loan granted to key management personnel (including directors) and settlement occur in cash. There have been no guarantees provided or received for any related party receivables and payables. At each financial year, an assessment of provision for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates.

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NOTES TO THE FINANCIAL STATEMENTS
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29. EVENTS AFTER THE REPORTING PERIOD

There are no events after the end of reporting period which the directors consider may materially affect the financial statements for the year ended 30 June 2022.

30. POST-COVID 19 ASSESSMENT

Mauritius has been subject to a second national lockdown in March 2021, after new local cases had been detected. The continued spread of the coronavirus presents immense challenges in credit and financial markets locally and internationally. Most industries and sectors of the economy worldwide are being impacted by the COVID-19 outbreak. Some industries like tourism, including SMEs linked to the hospitality sector, airlines, construction and real estate are heavily impacted as these sectors will not only depend on the success of the local outbreak containment but also on the global economic situation and recovery.

Management has considered the following to be the most likely impacts of Covid-19 on the business:

- A decrease in new business given the expected decline in economic activities.
- Cut-throat competition in the new business segment with some insurers undercutting premium rates.
- Renewal retention could be challenging given some clients would implement cost cutting measures and may consider reviewing their insurance portfolio and shop around for lower premium.
- An increase in bad debts due to clients facing financial difficulties and not settling premium as per agreed dates.

In addition, Management has considered the impact on the statement of financial position of the Company due to the impact of Covid-19. This is described below:

Investment Income

The investment climate during the forthcoming financial year will be challenging, especially following the outbreak of the Covid-19 pandemic, which resulted in more difficult economic and financial conditions. The already low market interest rates have fallen further attaining new all-time lows, while equity markets have been in turmoil.

Going concern

In the light of the anticipated economic impact of COVID-19, Management has made an assessment of the Company's ability to continue as a going concern.

Liquidity risks

The liquidity position of the Company has remained strong as at 30 June 2022. Based on the projected business operations, interest income, dividend income, maturing investments over the next one year, Management does not expect any liquidity concerns in the foreseeable future.

Capital risks

The Company's Capital Available as a % of Minimum Capital Required for the financial year 2022 stood at 213% (2021: 212%) and is well above the regulatory requirement of 150%.

Management strongly believes that there is sufficient buffer and headroom to ensure the Company is adequately capitalised and withstand the impact of COVID-19.

The following measures have been implemented to mitigate the impact of COVID 19 on the Company:

- 1) A more prudent approach adopted before approving any new business;
- 2) New arrears recovery procedures has been implemented to adapt to the COVID 19 situation, as some households will be affected by cashflow issues;
- 3) A close monitoring of all regulatory and governance guidelines;
- 4) Regular assessment of the cash flow of the Company and an active campaign to retain business or obtain new business; and
- 5) A tight control on administrative expenses while also being on the lookout for less costly ways of doing business.

A recovery of the general situation and a boost to the economy are expected with the ongoing vaccination campaign and the reopening of our borders on 01 October 2021. However the full magnitude of the economic and financial impact of COVID-19 remain unknown. As events continue to unfold, predicting the outcome of the COVID-19 remains a challenge for most organisations given that the situation is continuously evolving. Taking into consideration the series of measures taken to mitigate the downside risks caused by the outbreak, management is satisfied that there is no material uncertainty around the going concern assumption.

STATUTORY DISCLOSURES FOR THE YEAR ENDED 30 JUNE 2022

(Pursuant to Section 221 of the Companies Act 2001)

Principal Activities

The Company is mainly engaged in General Insurance business.

Directors

The Directors of SICOM General Insurance Ltd during the financial year 2021-2022 were as follows:

K G Bhoojedhur-Obeegadoo (appointed Chairperson as from 21 December 2021)
N Ramdewar (Group CEO)
S Ancharaz (appointed as from 09 July 2021)
Y K Aukhojee
A Chummun
C Dussoye
V K Koonjoo
J Moonien
D Ramkallawon (appointed as from 09 May 2022)
C Dabeea (appointed as from 11 January 2022)
A Balluck (up to 21 December 2021)
M Y Salemohamed (Chairperson up to 21 December 2021)

Directors' Service Contracts

The Executive Directors have service contracts with the Company without expiry date.

Directors' Emoluments

The total remuneration and benefits for the directors of the Company were as follows:

Non-Executive		Executive	
2022	2021	2022	2021
Rs'000	Rs'000	Rs'000	Rs'000
3,091	2,972	4,592	10,189

The remuneration as mentioned above, received by the Directors during the financial year and for the period they held office were as follows: M Y Salemohamed (Chairman up to 21 December 2021, Rs 197,581), K G Bhoojedhur-Obeegadoo (Non-Executive Chairperson as from 21 December 2021, Rs 384,548), A Balluck (Non-Executive Director, up to 20 December 2021, Rs 192,500), C Dussoye (Independent Director and SIC Representative Rs 436,200), V K Koonjoo (Independent Director, Rs 430,200), A Chummun (Independent Director, Rs 409,200), Dr Y K Aukhojee (Independent Director, Rs 409,200), K Ancharaz (Executive Director, Rs 3,848,200 as emoluments and Rs 743,922 as pension related contributions made by the Company and other benefits), J Moonien (Independent Director, Rs 430,200), C Dabeea (Non-Executive Director as from 11 January 2022, Rs 141,935), D Ramkallawon (Independent Director as from 09 May 2022, Rs 59,400).


The Executive Directors of the Company have a service contract without expiry date and do not receive directors' fees.

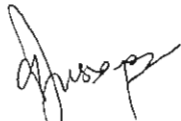
Audit fees

The fees payable to the auditors, for audit and other services were:

	2022	2021
	Rs'000	Rs'000
Deloitte		
Audit fees payable:	1,334	1,271
Fees payable for Tax Services	117	112
Fees payable for Other Services	217	207

For and on behalf of the Board of Directors


K G BHOOJEDHUR-OBEEGADOO
Chairperson


C DUSSOYE
Director

Date: 20 SEP 2022



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