SICOM
GENERAL INSURANCE
A member of the SICOM Group

ANNUAL REPORT 2021

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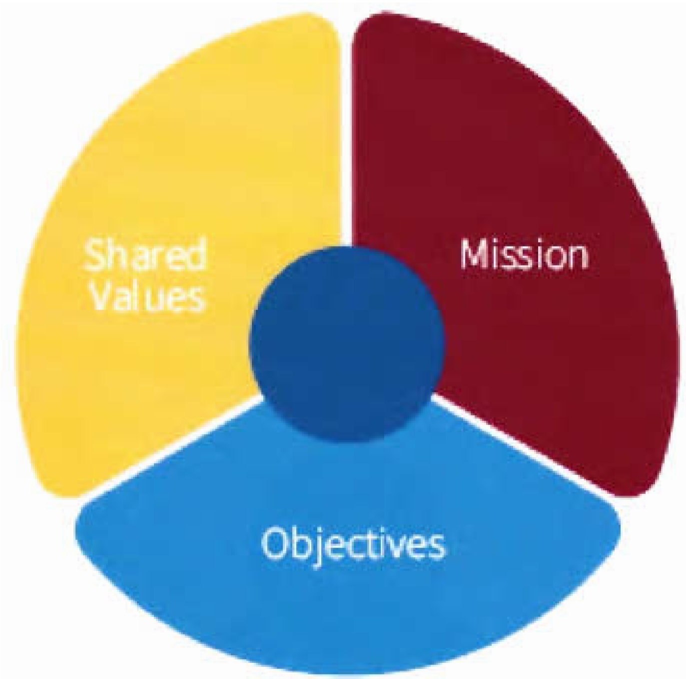
Corporate Profile

Our Mission, Shared Values and Objectives

- Our Customers: The focus of all actions
- Our Employees and Agents: The source of our success
- Our Products and services: Competitive and first-class security
- Commitment to innovation and teamwork
- Assisting the development of the community

- Dedicated to providing the best in insurance and financial services, with focus on competitive quality products and excellent levels of customer care



- Provide excellent customer service
- Respond to new customer needs
- Maximise profits and returns to stakeholders
- Highly effective staff and agents
- Increase market share
- Identify diversification opportunities

Corporate Profile

Locate Us

SICOM OFFICE

SICOM CUSTOMER SHOP

POSTASSURANCE HUB

SICOM Offices

Port Louis (Head Office)

SICOM Building 1, Sir Célicourt Antelme Street,
Port Louis
203 8400 | email@sicom.mu

Trianon

SICOM Trianon Customer Shop
1st Floor, La City, Trianon
460 1177 | sicomtrianon@sicom.mu

Rose Belle

SICOM Rose Belle Customer Shop
Plaisance Family Shopping Village, Rose Belle
660 1746 | sicomrosebelle@sicom.mu

PostAssurance Hubs

Curepipe

Curepipe Post Office
Arcades Salaffa, Curepipe
674 0723 | sicom.curepipehub@sicom.mu

Flacq

Flacq Post Office, Flacq Coeur de Ville
Avenue Président François Mitterrand, Central Flacq
420 1621 | sicom.flacqhub@sicom.mu

Cascavelle

Cascavelle Shopping Mall
452 4834 | cascavelle.postassurance@sicom.mu

Grand Bay

Grand Bay Post Office
Super U Grand Bay, La Salette Road, Grand Bay
268 0496 | sicom.grandbayhub@sicom.mu

Rodrigues

Port Mathurin Post Office
Port Mathurin, Rodrigues
831 2098 | sicomrod@yahoo.com

Corporate Profile

Corporate Information

Registered Office

SICOM General Insurance Ltd
SICOM Building
Sir Célicourt Antelme Street, Port Louis, Mauritius
Telephone: (230) 203 8400
Fax: (230) 203 8502
Email Address: sicomgin@sicom.mu
Website: www.sicom.mu

Auditor

Deloitte

Consulting Actuary

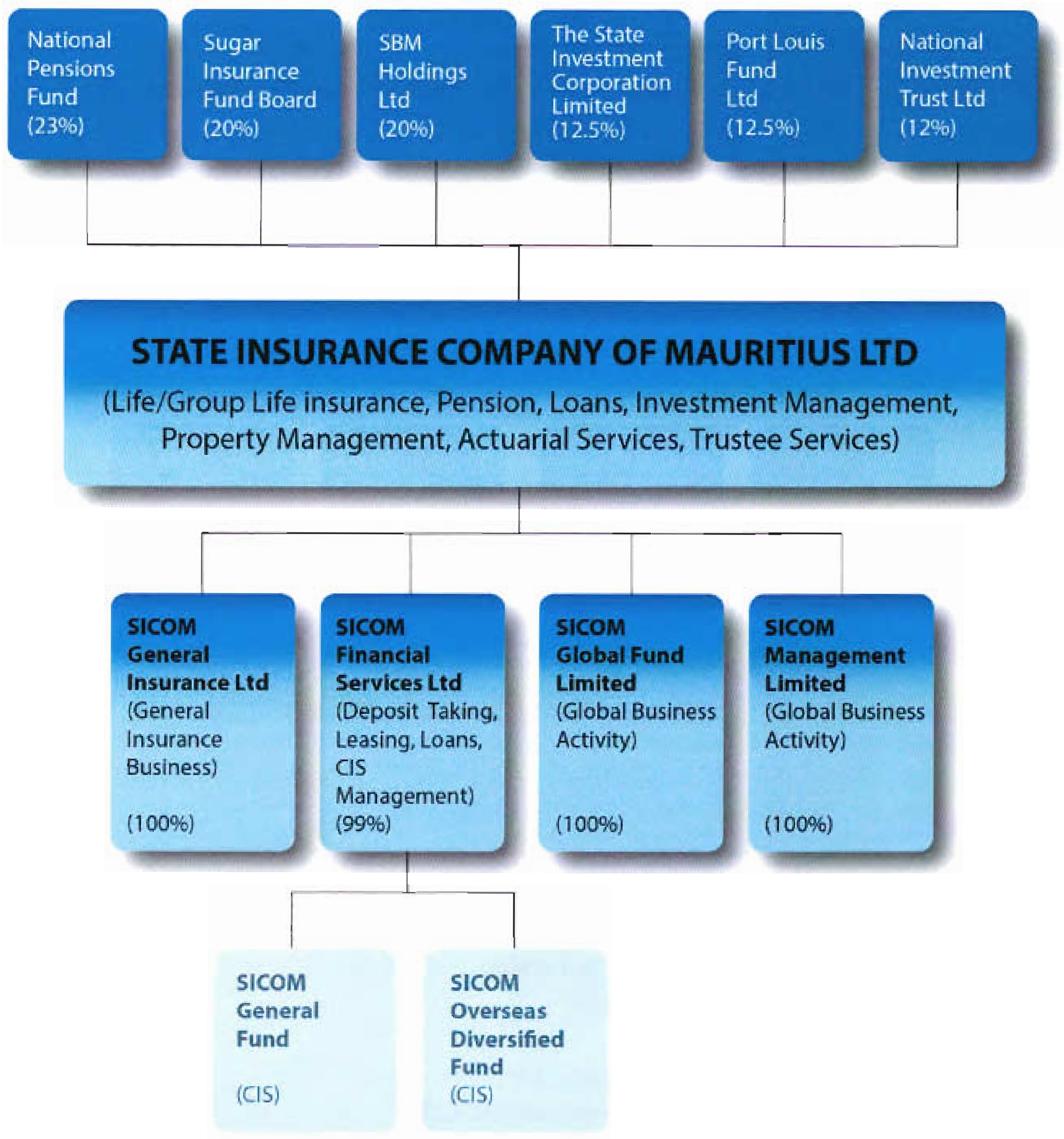
QED Actuaries & Consultants (Mauritius) Ltd

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

Board of Directors

Members	Category
M Y Salemohamed (Chairperson)	Non-Executive Director
S Ancharaz (as from 9 July 2021)	Executive Director
Y K Aukhojee (as from 22 December 2020)	Independent Director
A Balluck	Independent Director
K G Bhoojedhur-Obeegadoo	Non-Executive Director
A Chummun (as from 22 December 2020)	Independent Director
C Dussoye	Independent Director
V K Koonjoo	Independent Director
J Moonien (as from 22 December 2020)	Independent Director
N Ramdewar (as from 15 December 2020)	Executive Director
R Ballah (up to 17 November 2020)	Independent Director
B Boodhoo (up to 1 December 2020)	Independent Director
H Y K Leung Lam Hing (up to 1 June 2021)	Executive Director

Committee of the Board

Risk and Audit Committee

Members	Category
C Dussoye (Chairperson as from 26 February 2021)	Independent Director
K G Bhoojedhur-Obeegadoo (as from 26 February 2021)	Non-Executive Director
V K Koonjoo (as from 26 February 2021)	Independent Director
J Moonien (as from 26 February 2021)	Independent Director
R Ballah (Chairperson up to 17 November 2020)	Independent Director
B Boodhoo (up to 1 December 2020)	Independent Director
A Balluck (up to 26 February 2021)	Independent Director

Profile of Directors

Mr Muhammad Yoosuf SALEMOHAMED

Muhammad Yoosuf Salemohamed started his career in one of the leading Audit firms where he trained in Accounting and Auditing. In 1975, he joined a vertically integrated textile manufacturing company as Accountant and climbed the corporate ladder to the post of General Manager.

Since he resigned from the company in 1992, Yoosuf Salemohamed has been using his wealth of knowledge and expertise, acting in various capacities in the textile and property development sectors. He served as a President of the Mauritius Chamber of Commerce and Industry and of the MEFPA (now Business Mauritius Provident Association), Chairperson of the Mauritius College of the Air and of Enterprise Mauritius. He was also a Director on the boards of the Development Bank of Mauritius Ltd, and an Adviser to the Ministry of Commerce and Industry. He was also the navigator spearheading the project for the design of the National Export Strategy.

Yoosuf Salemohamed is presently the Managing Director of both Aurdally Bros & Co Ltd and Genuine Services Ltd. He also currently serves as Chairperson of State Insurance Company of Mauritius Ltd and SICOM Global Fund Limited and is a Director of SICOM Management Limited and Air Mauritius Limited.

Mr Surendranath ANCHARAZ (Kiran)

Holder of an Executive MBA & Degree in Economics

Kiran Ancharaz joined SICOM General Insurance Ltd in January 2019 after gaining more than 19 years of experience in the insurance sector. He has a sound knowledge of General Insurance products, Underwriting, Claims and Marketing, among others and is well acquainted with most forms of distribution for an insurance company, while driving top line growth and profitability.

He is currently the Senior Executive Officer and is responsible for the management of the overall General Insurance Business Operations of the Company.

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.

Profile of Directors (Continued)

Mr Awadhkoomarsing BALLUCK

Diploma in Human Resource Management, University of Mauritius

Awadhkoomarsing Balluck had a long career in the public service and has served at different levels in the Ministry of Labour, Industrial Relations and Employment prior to being the Registrar of Associations.

He was also a former Customs and Excise Officer in the Customs and Excise Department. From 1995 to 2012, Awadhkoomarsing Balluck has been successively a Board Member, Vice-Chairperson and Chairperson of the Board of Directors as well as the Chairperson of the Building Committee and has been throughout, a member of the Finance Committee at the Mauritius Civil Service Mutual Aid Association Ltd. He is also in the co-operative sector (credit union) as President of a co-operative society for more than 30 years.

Mrs Karuna G. BHOOJEDHUR-OBEEGADOO

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, Remuneration Corporate Governance Committee and a member of the Board of MCB Equity Fund Ltd.

Profile of Directors (Continued)

Mr 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.

Mr Chandrek DUSSOYE

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 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.

Mr Vinod Kumar KOONJOO

BSc (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.

Profile of Directors (Continued)

Mr 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. Previously served at the D'Epinay Village Council as Chairperson and former district councilor at Pamplemousses District Council.

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.

Mrs Nandita RAMDEWAR

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 Chief Executive Officer 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 Chief Executive Officer, besides acting as Chief Finance Officer. She was acting as Officer-in-Charge from August 2019 to April 2021.

She currently serves as Director on the Boards of 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.

Management Team

Mr Surendranath (Kiran) ANCHARAZ - Senior Executive Officer - General Insurance

Kiran Ancharaz joined SICOM General Insurance Ltd in 2019 after gaining more than nineteen years of experience in the Insurance sector, and has been appointed as Executive Director of the Company as from 9 July 2021. 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.

Kiran holds an Executive MBA from IIELM, India and a degree in Economics from Delhi University, India.

Mr Ashvin SOOKENRAM - Manager - Property and Casualty

With more than 20 years' experience in the Insurance Industry, Ashvin Sookenram started his career as a Reinsurance Broker for a leading South African Firm based in Mauritius before joining SICOM Group in 2002. He has assumed several responsibilities within General Insurances in SICOM Group.

He currently oversees Property, Engineering, Liability, Transportation and Accident and Medical Insurance classes.

Ashvin holds a Bachelor of Arts in Economics with Honours Degree from University of Delhi, and a MSc in Insurance and Risk Management from City University Business School, London.

Mr Ashley Kumar MOTI - Manager - Motor

During his 39 years dedicated to the SICOM Group, Ashley Moti has occupied several posts at supervisory, technical and managerial positions. He has managed the SICOM Customer Care and Marketing Departments for over 8 years handling Life, Personal Pensions, Property, Motor along with Investment products.

Ashley is currently in charge of the Motor and Personal Lines and also engages in Business Development.

Management Team (Continued)

Mr Irshad CHOOLUN - Deputy Manager - Head - Reinsurance and Special Risks

Irshad Choolun joined SICOM in 2018 after having worked for leading insurance groups in Mauritius and Sub Saharan Africa. He is currently the Head of Reinsurance and Special Risks at SICOM General Insurance Ltd and is responsible for the Reinsurance, Statistics and Actuarial functions of the Company, whilst also overseeing the administration and development of the Financial Lines and Specialist classes of business.

Irshad is a Chartered Insurance Practitioner, UK, and an Associate of the Chartered Insurance Institute, UK, and holds a Bachelor's Degree in Actuarial Science, University of Cape Town RSA.

Miss Neeta SUBNAUTH - Deputy Manager - Finance and Support

Neeta Subnauth joined SICOM in 2018 after having worked for a leading management company in Mauritius. At SICOM General Insurance Ltd, she is responsible of the finance function including statutory reporting and compliance with International Financial Reporting standards. She also provides support in coordinating the non-insurance functions of the Company.

Neeta is a Member of the Association of Chartered Certified Accountants, UK, and the Mauritius Institute of Directors, and holds a Bachelor's Degree in Finance from University of Mauritius.

Mrs Suzanne H Y K LEUNG LAM HING

Chartered Insurer
Associate of the Chartered Insurance Institute UK (ACII)

Suzanne Leung Lam Hing served the Group in various capacities both in the General and Life Insurance Departments. In 2002, she was appointed Manager of the General Insurance Business and since the inception of SICOM General Insurance Ltd in 2010, she has been at the helm of the overall strategic and operational functions of the business by way of a solid organisation structure which addressed both Client needs and Business imperatives. She was appointed Chief Operating Officer in 2013 and retired on 10 February 2021.

Directors' Report

The Board of Directors of the SICOM General Insurance Ltd (the "Company" or "SGIN") is pleased to present the eleventh Annual Report together with the audited financial statements of the Company for the year ended 30 June 2021.

Economic Review

Due to the impact of the COVID-19 pandemic, Statistics Mauritius has estimated an economic contraction of 14.9% in 2020. All industry groups, except for "Information and Communication" and "Financial and Insurance activities" are expected to have ended 2020 in negative territory. In 2021, the local economy is expected to grow by 5.4%. Both the saving and investment rates are expected to have decreased in 2020 to reach 8.2% (2019: 8.8%) and 17.9% (2019: 19.6%) respectively. The headline inflation rate was 2.2% for the twelve months ended 30 June 2021 compared to 1.8% for the corresponding period last year. The Insurance, Reinsurance and Pension sector is estimated to have grown at a lower rate of 2.4% in 2020 (2019: 5.0%), while contribution to GDP has increased slightly to 2.8% (2019: 2.5%). In 2021, the growth rate is forecasted to reach 4.0% as the economy recovers.

Insurance Industry and Challenges

The general insurance industry faces a truly unique moment in its long history. The fundamental disruption caused by the Covid-19 pandemic equates to an opportunity for the industry to remake itself in line with new societal realities and market needs. A more challenging economic environment in 2021 as a result of a second wave of Covid-19 in Mauritius has kept the general insurance market growth in check. The market gross premium has increased by 7.5% to reach Rs 11.1 billion in 2020 compared to Rs 10.3 billion in 2019. General insurance premium growth has been driven by the core lines of motor and health insurance which represent altogether 65 % of industry premium. While we expect to see increased demand in health insurance, the long-lasting impact of the pandemic on household incomes poses a downside risk to future premium growth. The other challenges for the insurance industry are the increase in reinsurance costs, the impact of low interest rates on investment income and rising costs of claims following the depreciation of the Mauritian rupee against major foreign currencies and significant increase in freight costs.

Our Achievements

In order to further enhance Customer Experience, we understand that being closer to our customers and building relationships is more important than ever. We have moved the head office operations to a recently acquired and completely renovated building and upgraded our existing post-assurance offices to better service our market. The organizational structure of branches has been reviewed to provide personalized customer service and cross selling and upselling.

While our employees were working from home during the lockdowns, investments in Digital Platforms adopted a few years ago enabled us to service our customers seamlessly, maintaining high retention rates and also secure new businesses. During the year, we have noticed an increase in the usage of the SGIN Portal, with existing clients renewing their car insurance 100% online and accessing their certificate and vignette on the same platform. We ensured increased adoption of our digital tools by agents for boosting sales and uninterrupted customer service. The motor online quotation and sales platform which was recently launched has been beyond our expectations and customers have adopted this platform for finalizing policies.

The pandemic has driven a sudden realization around the significance of protective investments, especially when it comes to the aspects of health. While the demand for health insurance increased considerably, SGIN successfully launched SICOM WeCare: a unique Inpatient only Health insurance cover with add-on features.

We have also rolled out digital payments facilities. In the coming months, a new digital platform will be implemented to make our physical and digital onboarding and servicing facilities seamless for the customer.

Our financial performance

Despite the challenging economic conditions during the financial year ended 30 June 2021, SGIN has maintained a Gross Written Premium (GWP) of MUR 1.2 billion, that is, the same GWP as for financial year 2019/2020. Considering all insurance classes except the aviation portfolio, growth in GWP in 2020/2021 has been 12.0% as compared to last year.

An increase of 20.0% was noted in the underwriting surplus, being an amount achieved of MUR 283.2 million compared to MUR 236.0 million for the last financial year. All classes of insurance had profitable underwriting results. The Profit Before Tax for the year is MUR 110 million as compared to MUR 80.8 million (restated) achieved in the previous financial year showing an increase of 36.1% compared to last year.

This performance is the result of the strategy put in place and the different initiatives taken and demonstrates resilience of the Company despite of the challenging market conditions.

The disruptive effects of the COVID-19 pandemic on the domestic economy are still prevalent despite the surfacing of measured optimism subsequent to the gradual re-opening from the second lockdown of many activities following successful vaccine rollouts and the full-opening of national border without quarantine restriction. The recently heightened level of credit, reinvestment, interest rate and price risks related to our investments is expected to prevail in the near-term. Even though a few of the listed companies are resuming dividend payments, albeit at lower than pre-covid level, investment income is expected to remain under pressure as a result of interest rates failing to pick up given the excess liquidity prevailing in the system.

Investment income of SGIN decreased from MUR 41 million for the corresponding period last year to reach to MUR 38.6 million for the financial year ended 30 June 2021, impacted by the low interest rate environment and the fall in dividends declared by listed companies.

Our Future Strategy

The outlook for both the insurance industry and the economy in general is improving thanks to a return to global economic growth in 2021 and reduced uncertainty due to progress in vaccination. Looking at 2021, global GDP is expected to rebound strongly, projected growth above 5 percent as per IMF and this economic environment should give the insurance industry more opportunities for strong growth across all insurance classes.

We have already started to shape our foreseeable future in the sense that we have embarked on a mission to build a more agile, resilient, disruptive company that meets customer growth and satisfaction. We shall continue investing in the digitalisation of business processes to achieve efficiency and cost reduction using integrated workflows that improve customer servicing capabilities for both policy servicing and claims management.

Targeted product offerings for specific customer segments would be developed with new features that can help customers personalize standard products.

Acknowledgements

Our people are at the heart of the Company's progress and we would like to thank all our employees and their families for going beyond their call of duty and ensuring business continuity in such uncertain times. The safety of our employees and partners has been and shall continue to be of paramount importance to us. We would also take this opportunity to thank all our stakeholders for the contribution made and look forward to their continued support. We are confident of truly building a better tomorrow for our business, our customers and for the Mauritian economy through the activities of the Company.

Engaging with Stakeholders

SGIN believes that stakeholder engagement is an important part of how it operates since it is on the basis of open dialogue and mutual trust that the Company is able to move forward its agenda. Effective two-way communication enables understanding and response to the legitimate interests and expectations of key stakeholders, hence creating winning partnerships. Leveraging such strong relationships adds to the process of unlocking value for all parties and is a catalyst for the Company in remaining aligned with its objectives and statement of lifetime commitment.

Key stakeholders of SGIN are as follows:

Stakeholders	Expectations	Response to Expectations	Channels of Communication	Capital Impacted
Customers	- Excellent service - Seamless experience across channels - Instant support - Competitive prices - Simplification of buying processes - Partnership and relationship - Customised solutions - Value- Added services	- Soft skills and general skills training to staff - Opening of a new customer lounge, new branches and hubs across the island - Digitalisation of our services - Call centre services for greater availability - Campaigns for new and existing products - Regular campaigns and reminder campaigns for products - Timely communication to our customers - Offer innovative products to better meet customers' needs -Tailor made packages - Integrated solutions are provided to conglomerates, small and medium enterprises across industries -New bancassurance partnerships	- Customer service through frontliners - Implementation of customer satisfaction surveys - Distribution channels such as Hubs, Customer shop - Events such as Open day - Implementation of Online Sales facilities & platforms - Email, Phone call, SMS, Letters, Customer Portal - Website, Social Media, Google Ads, Digital Marketing - Press, TV, radio, billboards and social media - Media Campaigns - Presentations	- Financial - Intellectual - Relationship
Shareholders	- Strong governance, ethics and transparency - Higher returns on investment and long term business value - Clear and consistent business strategy	- Risk Management and compliance functions to oversee soundness of financial, operation, compliance and strategic risk management - Timely reporting of financial performance to the authorities and the shareholders	- Annual General Meeting - Annual Report - Website	- Financial - Intellectual

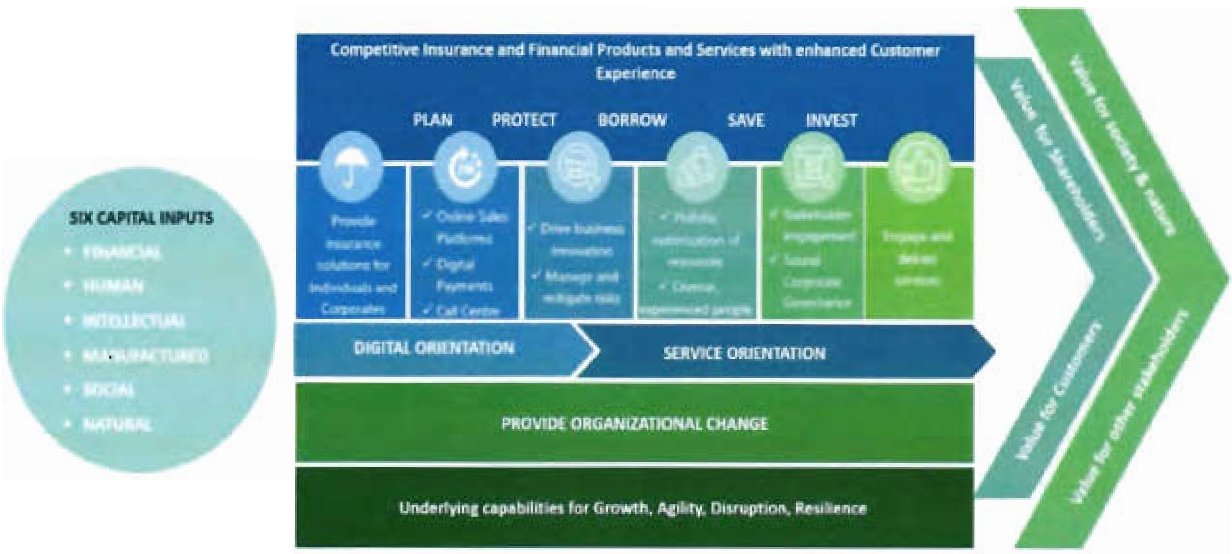
Stakeholders	Expectations	Response to Expectations	Channels of Communication	Capital Impacted
Employees	- Stimulating and rewarding package - Training and career development opportunities - Work-Life balance - Regular communication - Performance culture - Enabling culture	- Competitive remuneration and employment conditions - Learning culture and continued professional development are encouraged by way of various schemes that motivate employees to pursue their self-development. - Workshops, training and development programmes are organised - Various Communication channels - A performance appraisal system has been designed to differenti ate and subsequently reward the outperforming employees - Organistaion of various activities in line with Staff Welfare	- Townhall communications - Communication via Intranet, Creation of a Learning Zone - At staff events such as family day... - Via Departmental head - Involve them in Project committees - Staff Club, Comite dÊntreprises, Other Subcommittees - Tea/Coffee with CEO events	- Human - Intellectual - Relationship
Intermediaries	- Commissions - Quality of service - Relationship	- We listen to the needs of our intermediaries regularly - Key Performance Indicators to ensure alignment to mutual objectives - 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	- Face-to-face meetings - Agent Awards Ceremony - Email, Phone call, SMS, Letters - Trainings	- Financial - Human Relationship
Business partners (Reinsurers, Valuers, Car dealers, Legal advisors, Consultants, Suppliers, Third Party Administrator)	- Fair payment practices - Comply to terms in Service Level Agreements - Fair tender process - Supplier relationship management	- 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	- Face-to-face meetings - Email, Phone call, Letters - Regular Visits	- Financial - Relationship - Manufactured

Stakeholders	Expectations	Response to Expectations	Channels of Communication	Capital Impacted
Government and Regulators	- Good governance - Statutory and legal Compliance - Proactively engage with regulators - Responsible development of insurance sector	- Engage constructively on new policies and regulations - Compliance with existing rules - Timely filing of returns and reports - Good governance practices - Abide to capital adequacy ratio and minimum capital requirement - Comply with new laws and create organisation wide awareness - Providing expert services and advice to government bodies and institutions	- Annual Report - Corporate Governance Report - ORSA Report - Returns - Workshops - Meetings - Email, Phone call, Letters - Presentations	- Financial - Intellectual - Relationship - Manufactured
Community	- Social Welfare activities - Job creation - Poverty alleviation	- Supporting the National Social Inclusion Foundation for CSR projects - Sponsorships and donations to Non-Governmental Organisations and charitable funds - Trainees periodically onboarded for short-term training within the organisation	- Distribution of wheelchairs - Sponsorships	- Social - Relationship
Environment	- Care for the environment - Energy saving initiatives	- Installation of LED bulbs in the buildings - Used paper sent for recycling - Use of rain water harvesting for maintenance purposes - Encourage use of natural ventilation - Introduce indoor plants in new set-ups - Keep premises clean and use of environmental friendly products - Undertake energy audits of buildings - Procurement of energy efficient equipment	- Sustainability projects for the environment being considered	- Natural - Relationship

Value Creation Model

As an insurance company, we play a key role in the economic activity of individuals, businesses and the country. We help to create, grow and protect wealth through partnerships which also impact economic development. Through these activities, we consider our stakeholders as we pursue our ambition to have a positive impact on society and deliver shareholder value. We measure the impact and outcomes of our business and report about them through main Key Performance Indicators on the six capitals (Financial, Human, Manufactured, Intellectual, Social and Natural) that support value creation. Our ability to create value is impacted by a variety of factors, including the operating environment, our responses to the risks and opportunities and our chosen strategy. We constantly strive to find creative ways to deliver our core services innovatively and invest in technologies and projects that will help shape a world that values progress and economic activity to serve the common good. We believe in growth that is sustainable, which serves to benefit generations of our customers, our employees, and our communities.

Our Value Creating Business Model



Corporate Governance Report

The SICOM General Insurance Ltd (the 'Company') operates within a clearly defined governance framework which provides a solid basis for transparent decision making and which reflects the importance that it places on honesty, integrity, quality and trust. The Board of Directors of the Company (the 'Board') is collectively accountable for the performance, long-term success, reputation and governance of the Company. The Board also assumes the accountability for the Company meeting all its statutory and regulatory requirements. The Board acknowledges its responsibility for applying and implementing the eight principles set out in the National Code of Corporate Governance for Mauritius (2016) (the 'Code') as explained in appropriate sections of the Report.

Principle 1: Governance Structure

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. The Company operates within a clearly defined governance framework, which provides for delegation of authority and clear lines of responsibility while enabling the Board to retain effective control.

The Board provides effective leadership and strategic guidance towards the achievement of the Company's strategy within a framework of robust risk management and sound internal controls, alongside ensuring adherence of the Company to relevant legal and regulatory requirements. 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.

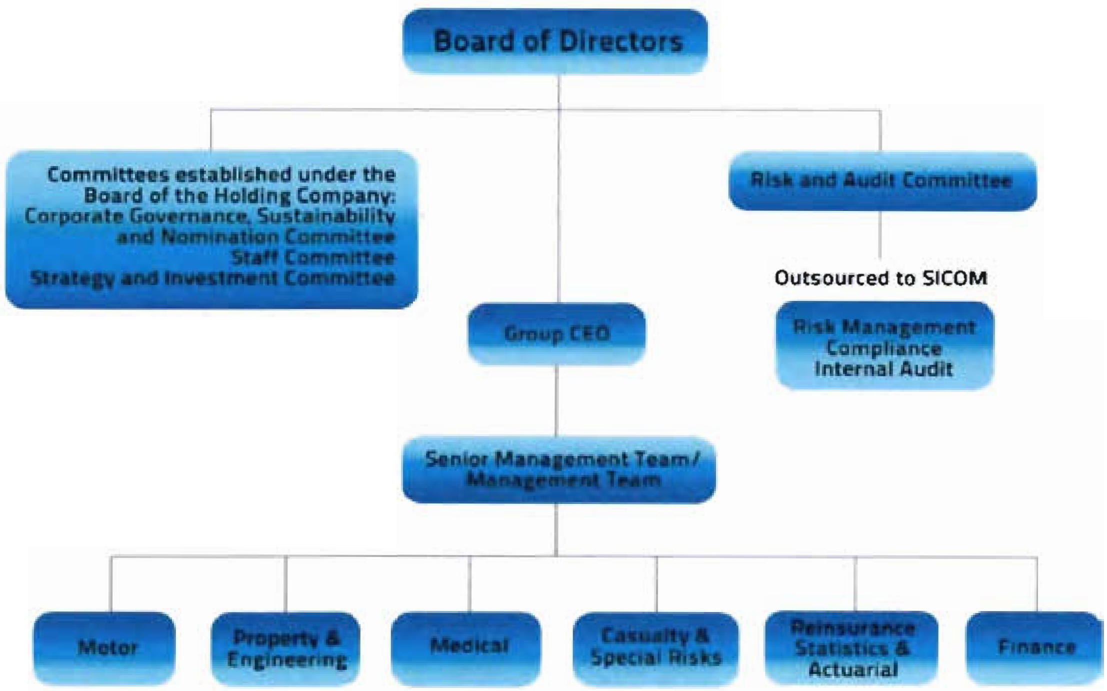
Board Committee facilitates the discharge of the Board's responsibilities and provides in-depth focus on specific areas. In fulfilling his role of providing oversight and guidance, the Board Committees' Chairpersons escalate all significant matters affecting the affairs and reputation of the Company to the Board. Board Committees established under the Board of the Holding Company, the State Insurance Company of Mauritius Ltd, also look at matters pertaining to the Company.

The day-to-day operations are entrusted to management under the responsibility of the Group CEO.

Corporate Governance Report

Principle 1: Governance Structure (Continued)

A high-level organisation chart is provided below:



Support Services are outsourced to the Holding Company

Members of senior management have clearly defined job descriptions and report to the Group CEO. Profile of the management team is on pages 13 to 14 and on the Company's website www.sicom.mu.

To apply the above principle, the Company has in the place the following documents:

- Board's Charter;
- Risk and Audit Committee Charter;
- Code of Ethics for Directors;
- Code of Ethics for Employees;
- Position Statements of the Chairperson of the Board and the Risk and Audit Committee;
- Group CEO and Company Secretary;
- Corporate Governance Policy for the Group;
- Director's Orientation and Induction Process;
- Remuneration Policy for Directors and Senior Executives for the Group;
- Conflict of Interest and Related Party Transactions Policy of the Company;
- Anti-Harassment and Non-Discriminatory Policy for the Group; and
- Whistleblowing Policy for the Group.

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

Corporate Governance Report

Principle 2: The Structure of the Board and its Committees

Board size and composition

The Company is headed by a unitary Board with ten (10) Directors - eight (8) male gender and two (2) female gender. The Board consists of two (2) Executive Directors, two (2) Non-Executive Directors and six (6) Independent Directors, who are all residents of Mauritius. The Board has 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.

The functions and responsibilities of the Chairperson and Group CEO are separate. The Chairperson is a Non-Executive Director and leads the Board, ensuring 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 have diverse business backgrounds and bring a wide range of experience and skills to the Board. They do not have any involvement in the operations of the Company, which could materially affect their ability to exercise independent judgement. Moreover, none of the appointed Independent Directors were employed by the Company during the past three (3) years.

After taking into consideration the varied director profiles that the Company needs, as per the Board Charter, coupled with the number of sub-committees including those established by the Board of the Holding Company, as detailed out below, that are presently assisting the Board in the discharge of its responsibilities and the current number of directors with their mix of knowledge, skills and experience, the Board is of opinion that these are sufficient to effectively meet the requirements of the Company.

The Company Secretary plays a key role in the application of corporate governance and acts as a vital bridge between the Board and the Executive Management. The Company Secretary ensures that the Company complies with all relevant statutory and regulatory requirements, and any procedures set by the Board. Up to 30 September 2020, Theresa M. Lee Shing Po, was the Secretary to the Group, and as from 1 October 2020, DTOS Ltd has been appointed as the Group Company Secretary.

Corporate Governance Report

Principle 2: The Structure of the Board and its Committees (Continued)

Directors of the Company are:

Independent

Y K Aukhojee (as from 22 December 2020)
A Balluck
A Chummun (as from 22 December 2020)
C Dussoye
V K Koonjoo
J Moonien (as from 22 December 2020)
R H Ballah (up to 17 November 2020)
B Boodhoo (up to 1 December 2020)

Non-Executive

M Y Salemohamed (Chairperson)
K G Bhoojedhur-Obeegadoo

Executive

N Ramdewar (Group CEO)
S Ancharaz (as from 9 July 2021)
H Y K Leung Lam Hing (up to 1 June 2021)

The profile of the Directors can be found at pages 9 to 12.

Other directorships held by Members of the Board

M Y Salemohamed

- State Insurance Company of Mauritius Ltd
- SICOM Global Fund Limited
- SICOM Management Limited
- Aurdally Bros & Co Ltd
- Genuine Services Ltd
- Air Mauritius Limited

Y K Aukhojee

- Médecin à Domicile Ltd

K G Bhoojedhur-Obeegadoo

- State Insurance Company of Mauritius Ltd
- SICOM Financial Services Ltd
- SICOM Global Fund Limited
- SICOM Management Limited
- MCB Group Limited
- MCB Equity Fund Ltd

Corporate Governance Report

Principle 2: The Structure of the Board and its Committees (Continued)

A Chummun

- Cads Farm Ltd

C Dussoye

- Morning Light 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
- SIC Fund Management Ltd
- National Equity Fund Ltd
- Terragen Ltd
- Terragen Management Ltd
- Partners Technologies Ltd

J Moonien

- JKB Moonien Company Ltd

N Ramdewar

- State Insurance Company of Mauritius Ltd
- SICOM Financial Services Ltd
- SICOM Global Fund Limited
- SICOM Management Limited
- National Housing Development Co. Ltd

Board Committee

The Board has established a Risk and Audit Committee to assist it in the discharge of its responsibilities.

The Risk and Audit Committee has its own charter, approved by the Board and which may be reviewed as and when required. It assists the Board of Directors 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.

Corporate Governance Report

Principle 2: The Structure of the Board and its Committees (Continued)

The Risk and Audit Committee consists of one (1) Non-Executive Director and three (3) Independent Directors. During the financial year 2020/2021, the Committee met four (4) times.

The members of the Committee are:

Members	Category
C Dussoye (Chairperson as from 26 February 2021)	Independent Director
K G Bhoojedhur-Obeegadoo (as from 26 February 2021)	Non-Executive Director
V K Koonjoo (as from 26 February 2021)	Independent Director
J Moonien (as from 26 February 2021)	Independent Director
R H Ballah (Chairperson up to 17 November 2020)	Independent Director
B Boodhoo (up to 1 December 2020)	Independent Director
A Balluck (up to 26 February 2021)	Independent Director

Until the end of the financial year 2020/2021, the following Committees established by the Board of the Holding Company (State insurance Company of Mauritius Ltd), details of which are available in its Annual Report, also look at matters pertaining to the Company:

- Corporate Governance Committee (reconstituted as Corporate Governance, Sustainability and Nomination Committee as from July 2021);
- Staff Committee; and
- Investment and Finance Committee (reconstituted as Strategy and Investment Committee as from July 2021).

Corporate Governance Report

Principle 2: The Structure of the Board and its Committees (Continued)

Attendance at Board and Committee meetings

The Directors who served on the Board and on the Board Committee and their attendance at meetings during the financial year 2020/2021 are provided in the following table:

Directors	Classification	Board	Risk and Audit Committee
Number of meetings held		5	4
Directors' attendance during their period of directorship			
M Y Salemohamed	Non-Executive Director	5 of 5	
Y K Aukhojee	Independent Director	2 of 2	
A Balluck	Independent Director	3 of 5	2 of 2
K G Bhoojedhur-Obeegadoo	Non-Executive Director	5 of 5	2 of 2
A Chummun	Independent Director	2 of 2	
C Dussoye	Independent Director	4 of 5	3 of 4
V K Koonjoo	Independent Director	4 of 5	2 of 2
J Moonien	Independent Director	2 of 2	2 of 2
N Ramdewar	Executive Director	2 of 2	
R H Ballah	Independent Director	2 of 2	2 of 2
B Boodhoo	Independent Director	1 of 3	1 of 2
H Y K Leung Lam Hing	Executive Director	5 of 5	

Principle 3: Director Appointment Procedures

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 such as gender and age;
d) Independence (where required); and
e) Any conflict of interest.

Corporate Governance Report

Principle 3: Director Appointment Procedures (Continued)

The Corporate Governance, Sustainability and Nomination Committee of the Holding Company reviews the profile of prospective Directors and makes recommendations to the Board for approval. Once a prospective Director has been selected, his/her appointment is put forward to the Shareholders at the Annual Meeting or by way of resolution for appointment, which is subject to the approval of the Financial Services Commission.

It is to be noted that, the total number of Directors shall not at any time be less than seven (7) as prescribed by the Insurance Act 2005.

Non-Executive Directors are given a letter of appointment, and all Directors receive appropriate induction and orientation programme. New Directors are given a copy of the latest Annual Report of SICOM General Insurance Ltd (SGIN), an overview of SGIN, the National Code of Corporate Governance for Mauritius (2016), the Board Charter, the Risk and Audit Committee Charter, the Financial Services Act 2007, the Insurance Act 2005, the Code of Ethics for directors, extracts of Companies Act 2001 regarding statutory duties and responsibilities of directors.

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

Directors are encouraged to keep themselves updated with industry practices, trends and standards, and to request for any specific training of interest to them in fulfilment of their duties as directors. During the financial year 2020/2021, the Directors received training on Anti-Money Laundering and Combating the Financing of Terrorism ('AML/CFT'), global economic and investment outlook as well as on International Financial Reporting Standard ('IFRS') 17 (Insurance Contracts).

The Board ensures that suitable plans are in place for the orderly succession of appointment to the Board and to Senior Executive positions in order to maintain an appropriate balance of knowledge, skills and experience on the Board and within the Company.

Corporate Governance Report

Principle 4: Directors' Duties, Remuneration and Performance

Legal duties

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

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.

Information, information technology and information security governance

The confidentiality, integrity and availability of information have a significant importance within the Company. With a spike in cyber security threats around the world and with Covid-19 new challenges, 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 Information Security Policy is a key component of the Group's overall Information Security Management Framework and reflects the commitments of Management to information security. This policy aims to establish and maintain the security and confidentiality of information, information systems, applications and networks owned or held by the Group.

Other policies under information security governance include password-protection and monitoring access to computer systems. Security solutions, such as anti-virus software, are regularly updated and encryption is used to protect sensitive information. These policies apply to all information, information systems, networks, applications, locations and users of the Group. An internal Cyber Security Committee has been set up to oversee the Group's risk assessment and management processes with regards to cyber risks.

Principle 4: Directors' Duties, Remuneration and Performance (Continued)

Assessment and evaluation of Board Members

An evaluation of the effectiveness of the Board and its Committees was conducted internally and the method employed to secure relevant information was done through questionnaires. Overall, Directors were satisfied with the performance of the Board and its Committee.

In view of the recent appointment of new Directors, the assessment of individual Directors will be carried out during this financial year.

Remuneration

The Company has a Board-approved Remuneration Policy. Its underlying remuneration philosophy is to set the appropriate level of remuneration to be able to attract, motivate and retain its Employees, taking into consideration the Company's strategies and its long-term objectives of growth, market positioning, development and innovation.

The remuneration of the Chairman and the non-Executive Directors is determined every 3 years by an independent Salary Commissioner, who takes into account a benchmarking with market as well as the duties and responsibilities of the Directors for companies of such size and complexity as well as the required time commitment.

The recommended remuneration of the Chairman and non-Executive Directors of the Company is approved by the Shareholder at the Annual Meeting. The remuneration of Employees, including the Executive Directors of the Company, is aimed at attracting, rewarding and retaining talent and is based on a broad set of elements which includes responsibilities, accountability, performance in a commercial and highly competitive environment, remuneration in the financial services sector, qualifications, skills and past experience.

The remuneration of the Company's Employees and Executive Directors is determined through a Review of Salaries and Conditions of service, which is carried out every 3 years by an independent Salary Commissioner. It includes a benchmarking exercise with the market and is approved by the Board of Directors. The remuneration of Employees and Executive Directors comprises of certain benefits such as travelling allowances (as applicable), bonus schemes and refund of leaves, contribution to pension and other schemes, loans and insurance schemes at preferential rates and passage benefits. Details on Directors' remuneration are found on page 113 of the Annual Report under section 221.

Corporate Governance Report

Principle 5: Risk Governance and Internal Control

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 complete Risk Management Report can be found at pages 40 to 49.

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;
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;

Corporate Governance Report

Principle 5: Risk Governance and Internal Control (Continued)

Internal controls (continued)

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 deficiencies. Both the Internal and the External Auditors have access to the Risk and Audit Committee.

Board opinion

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

Principle 6: Reporting with Integrity

In preparing this year's report, the Company is improving further its disclosures on non-financial aspects of the business which is in line with its objective to prepare an integrated report. There is also enhanced section about the Company's value proposition to stakeholders and how it engages with them. The business model and the value creation are set out on page 22.

The Annual Report is available in full on the Company's website.

Donations

The Company did not make any political donation during the financial year 2020/2021.

Corporate Governance Report

Principle 7: 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 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.

The Internal Audit function is headed by the Manager - Internal Audit and reports 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, however, not responsible for the implementation of the controls.

The Manager - Internal Audit's profile is available on the Group's website.

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

During the financial year 2020/2021, the Internal Audit function conducted the following reviews for both Motor and Non Motor businesses, as per its annual Internal Audit plan:

- Monitoring and recovery of premium arrears; and
- Effectiveness of AML/CFT procedures.

Principle 7: Audit (Continued)

In addition, an ad-hoc audit inspection was carried out at the Trianon Branch.

Subsequent to the findings of these reviews, appropriate recommendations were made to the Risk and Audit Committee and to Management, and their implementation is monitored.

External audit

The Board had recommended the appointment of Deloitte as the External Auditor of the Company for the financial years 30 June 2021-2025 following a tender exercise.

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:

	2021	2020*
	Rs'000	Rs'000
Statutory audit	1,271	729
Review of tax computation	112	101
Other services**	207	345

* *Figures for 2020 relate to fees paid to Ernst & Young (outgoing external auditor)*

** *Other services for 2020 and 2021 relate to review as per the Insurance (Risk Management) Rules 2016*

Principle 8: Relations with Shareholders and Other Key Stakeholders

Key Stakeholders of the Group and the principal ways in which we engage with them are found on pages 18 to 21.

Corporate Governance Report

Principle 8: Relations with Shareholders and Other Key Stakeholders (Continued)

Shareholder's diary

Details	Date
Financial year-end	30 June 2021
Audited Financial Statements (year ended 30 June 2021)	December 2021
Statutory Returns to Financial Services Commission	December 2021
Annual Meeting	December 2021
Dividend Payment	December 2021

Shareholder's communication

The Company holds an Annual Meeting of the Shareholder with prior notice given to the shareholders 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 shareholders through an optimum return on equity. Dividends are proposed and paid after taking into consideration the profit after taxation, projects, technical provisions and appropriations to statutory and other reserves for ongoing operational activities. Dividends are only authorised and paid out if the Company shall, upon the distribution being made, satisfy the Solvency Test. The current policy of dividend distribution is a minimum of 25% of the profit after tax of the Company. A dividend of 75% (2020: 75%) on profit after tax, amounting to Rs. 63,231,441 (Rs. 252.93 per share) in respect of current financial year was declared and not paid as at 30 June 2021. (2020: Rs. 62,132,648 (Rs. 248.53 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 2021

On behalf of the Board of Directors of SICOM General Insurance Ltd, 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 (2016) (the 'Code') in all material aspects except for the assessment of individual Directors which will be carried out in the course of the next financial year.

M Y SALEMOHAMED	**C DUSSOYE**
Chairperson of the Board of Directors	**Director**

Date: 29 October 2021

Secretary's Certificate

We certify to the best of our knowledge and belief that for the year ended 30 June 2021, 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: 29 OCT 2021

Risk Management Report

Taking risks is inherent to the insurance business, but such risk-taking needs to be made in an informed and disciplined manner, and within a pre-determined risk appetite and risk tolerance levels. Enterprise Risk Management ("ERM") is a structured framework aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the uncertainties the Company faces as it creates value.

A fully integrated ERM framework enables an enhanced understanding of the Company's risk profile by providing a platform for analysing the interrelationship between risks. The objective of the ERM Framework is to support the Board of Directors' efforts to prudently run the Company by consistently and effectively identifying, assessing, managing, monitoring and reporting all material risks facing the Company.

Regulatory Requirements

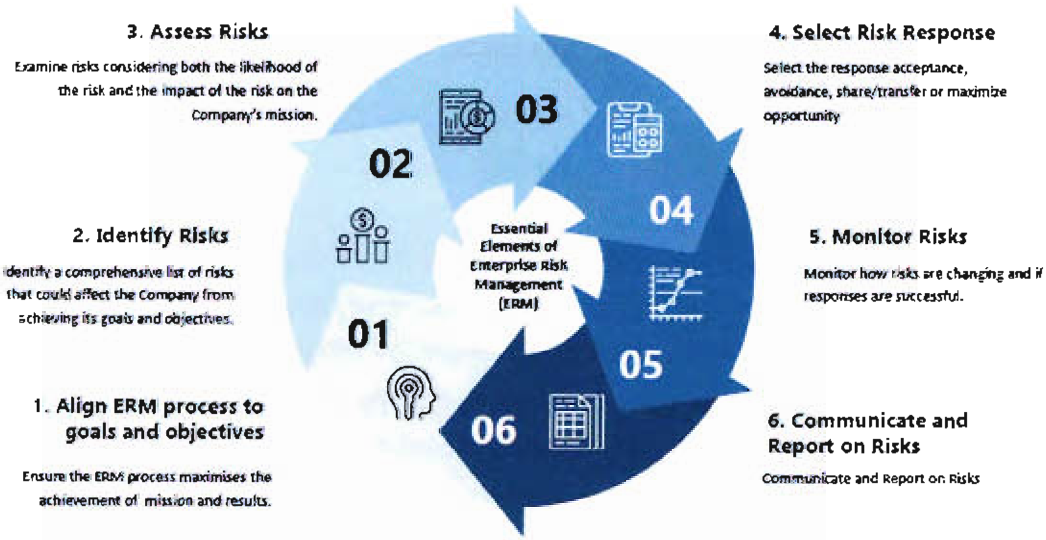
The Insurance (Risk Management) Rules 2016 ("the Rules") issued by the Financial Services Commission require insurers, registered under the Insurance Act 2005, to establish and at all times maintain a Risk Management Framework to effectively develop and implement strategies, policies, procedures and 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 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.

ESSENTIAL ELEMENTS OF ERM



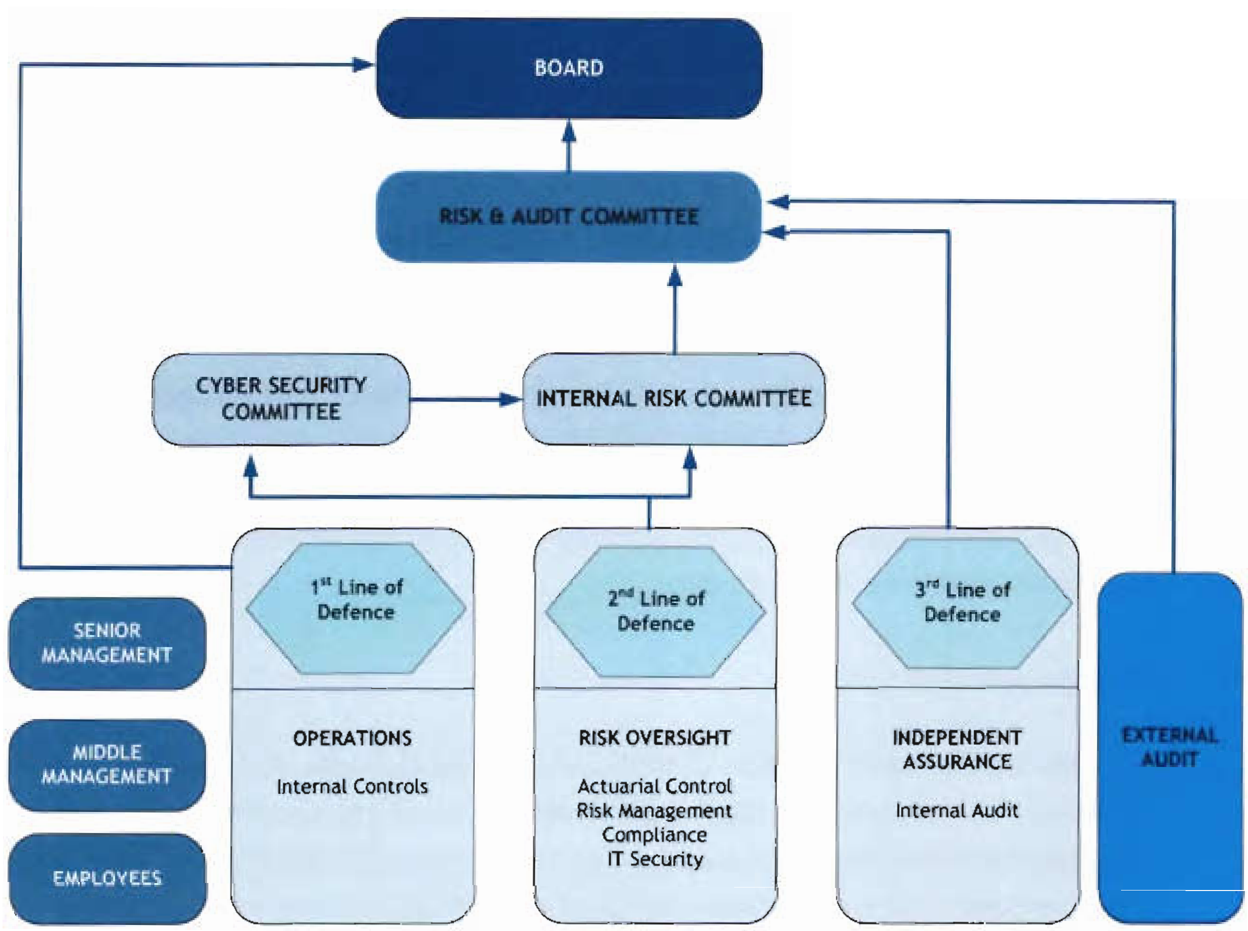
The risks are identified and classified in a consistent manner across the organisation with reference to the Company's Risk Taxonomy. The inherent risks that are identified are then assessed in terms of their probability of occurrence, their financial impact as well as their reputational impact. A corresponding 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 register.

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 Governance

For Risk Governance, the Company adopts the Three Lines of Defence Model. In this model, key functions and operations are grouped into three categories or lines of defence depending on their specific roles and responsibilities. For each line of defence, the corresponding functions' roles and responsibilities are defined so that they align with that particular line of defence.



First Line of Defence: Operations

The First Line of Defence comprises all functions that own and manage risks on a day-to-day basis. These functions are responsible for identifying, assessing and managing risks on an ongoing basis. They would also report on any risk-related issues or concerns.

Risk Management Report

Risk Governance (Continued)

Second Line of Defence: Oversight

Oversight functions are necessary to avoid potential conflicts of interest and lack of impartiality. This line of defence is comprised of the Actuarial Control, Risk Management, Compliance functions and IT Security, all of which oversee the management of risks by Operations but are not involved in the day-to-day operations of the Company. The roles and responsibilities of the Second Line functions are to assist the Company to identify, assess, monitor, manage and report on its key risks in a timely manner by overseeing the ERM Program. The Second Lines Functions also ensure that the Company meets its legal and regulatory obligations and to promote and sustain a culture of compliance within the Company.

Third Line of Defence: Independent Assurance

The Third Line of Defence, which has the highest level of independence achievable internally, is responsible for independently reviewing the effectiveness of the risk governance system. This line comprises of the Internal Audit function and reports to the Risk and Audit Committee. Internal Auditors provide comprehensive assurance based on utmost independence and objectivity.

Risk Management Function

The Risk Management Function coordinates and oversees risk management activities, processes, and controls and their implementation across the Company. The function's core responsibility consists in ensuring that the Company has an effective best practice risk governance system, enabling the identification and management of all key risks, current or emerging. This requires the Risk Management Function to monitor the risk management framework and the internal control framework in order to identify any material shortcomings and provide possible solutions.

In addition, the function continually reviews the most effective risk management tools, techniques, concepts, and approaches to make sure that the Company has a robust and effective risk governance system.

Risk Management Report

Risk Governance (Continued)

Internal Risk Committee

An Internal Risk Committee ("IRC") is in place which includes membership from all key business units and subsidiary companies. The primary function of the IRC is to perform centralised oversight of the risks to which the Group is exposed and oversee the Group's risk assessment and management processes. The IRC reports directly to the Risk and Audit Committee of the Board. The IRC meets as frequently as necessary to review the management of current and emerging risks and provide guidance for areas of focus.

Cyber Security Committee

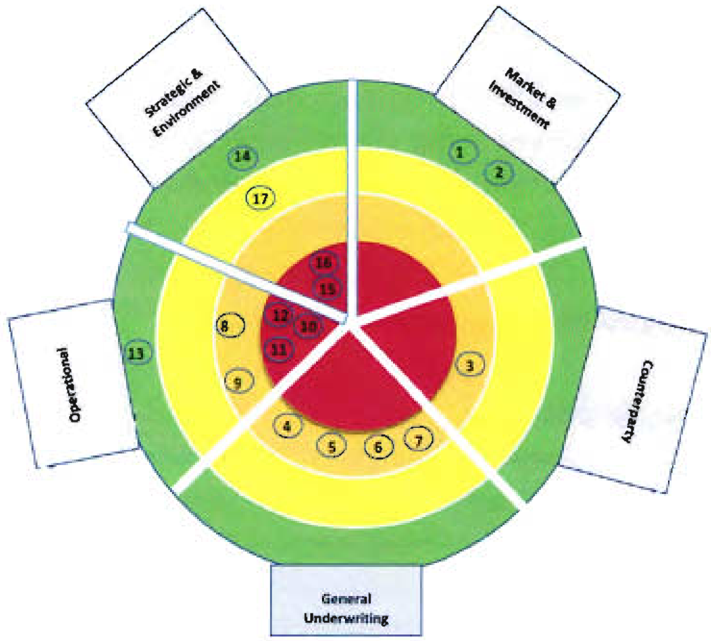
Technology is becoming increasingly vital in both our professional and personal lives. Work-from-Home is a required way of working to ensure business continuity but comes with its own risks. Indeed, accessing office servers and infrastructure remotely through secure technological means nevertheless exposes the IT infrastructure and internal processes to cyber risk. To manage those risks, a Cyber Security Committee ("CSC") has been established, with the primary function of overseeing the Group's risk assessment and management processes with regards to Cyber Risks. The CSC is a sub-committee of the IRC.

Risk Radar

The Risk Radar gives a visual representation of our risk profile and main risks. The Risk Radar, illustrated hereunder, is divided in five risk categories: (i) Market and Investment, (ii) Counterparty, (iii) General Underwriting (iv) Operational, (v) Strategic and Environmental. Risks closer to the centre of the radar are the highest ranked risks which could jeopardise attainment of the business objectives while risks which gradually move towards the outer end are those which should not prevent the Company from attaining its objectives but need to be monitored. All the risks situated on the Risk Radar are monitored by Management and the IRC and any emerging risks identified are also assessed.

Risk Radar (Continued)

Risk Radar



List of Risks				
Market & Investment	Counterparty	General Underwriting	Operational	Strategic & Environmental
1.Liquidity / Market Liquidity	3.Default & Settlement	4.Claims Experience	8.Earnings Volatility	14.Group Affiliation
2.Investment		5.Reserving	9.People	15.Regulation
		6.Reinsurance Related	10.Cyber	16.Change in Insurance Industry
		7.Natural Calamities	11. Data Management	17.Capital
			12.IT Resiliency and Continuity	
			13 Outsourcing & Contract Management	

Legend

Very High
High
Medium
Low

Business Planning and Own Risk and Solvency Assessment

1) Business Planning

Business Planning is an essential aspect of strategic planning which facilitates the management of risk exposure not only at a particular point in time, but also on a forward-looking basis. Business planning focuses on financial forecasts and the projected solvency position for a span of three years following the assessment of the impact of risk over a longer time horizon, both when considering the financial impact of a material new business venture. These plans are adjusted for any known deviations from the prior detailed business plan or after the occurrence of any material event which could alter the strategic direction and impact on the solvency position of the Company.

Risk Management Report

Business Planning and Own Risk and Solvency Assessment (Continued)

2) Own Risk and Solvency Assessment

The Company performs an Own Risk and Solvency Assessment (ORSA) once a year with quarterly reviews. The purpose of the ORSA is for the Company to assess the resilience of its solvency across a range of possible scenarios over its full business planning cycle of three years. The Company carries out this exercise by taking into consideration its regulatory solvency position over this period as well as how its risk profile changes relative to its overall risk appetite measures and detailed risk tolerance limits.

During the ORSA process, the company also assesses the quality of its capital resources and capital planning processes as well as the adequacy of its risk management framework. The ORSA consists of an assessment of the impact of stress testing the business plan, a review of the ERM Framework and a review of the capital management framework.

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.

Risk Management Report

Business Continuity Plan and Covid-19 Positive Case

The Company recognises the risk attached to a pandemic which constitutes a major challenge to ease of doing business. The new normal requires businesses to adopt new models of operations to adapt to the ever-changing environment and meet stakeholders' requirements. In this respect, the existing Business Continuity Plan will be further enhanced with strategies to ensure continuity of services to our clients and other stakeholders.

The two national lockdowns imposed after the surge of the Covid-19 required the Company to utilise its Business Continuity Plan where the majority of employees shifted to working from home to ensure seamless operations and reduce any risk of contamination. The previous year lockdown was a similar scenario which urged the Company to incorporate the sudden change of the working environment resulting in less disruption of services than experienced in the previous lockdown.

Following a COVID 19 positive case of an employee, the Group activated its plan to apply all safety measures to minimise the risk of infection. To cope with the crisis situation, the Company prioritised key operational and strategic operation in a pragmatic manner. The safety of our employees and customers was prioritised while laying emphasis on the continuity of our operations. The Head Office and the ex Harel Mallac buildings were completely disinfected. All employees were required to undergo a PCR test organised at the SICOM Building 1. Fortunately, there were no further cases detected and operation was able to restart on a gradual basis under the highest safety conditions. A Work from Home policy was established and put into force with a minimum number of staff coming at office. We implemented health and safety measures such as wearing of mask and hand sanitising for staffs and customers.

Challenges of Covid-19 for the Insurance Industry

1) Shift to Remote Working

Shifting from a physical location to an online operating system is one of the many challenges that stands out for the insurance industry following the onset of the Covid-19. Essential services which require face to face contact with customers are requiring companies to devise alternate ways of working or to impose strict sanitary precautions to continue operations safely.

Risk Management Report

Challenges of Covid-19 for the Insurance Industry (Continued)

1) Shift to Remote Working (Continued)

Agility in finding solutions to challenges which crop up on an almost daily basis is key to maintaining operations and business continuity. The old ways of working have been overhauled and we now need leaders who communicate clearly, frequently and effectively with their teams to ensure that they are informed of developments and understand priorities. Face to face interactions have been replaced to a large extent with remote connectivity, extensive use of video conferencing facilities or 'virtual coffee' with teams to catch up, maintain team spirit and address any concerns. Monitoring of staff performance remotely also requires a totally new mindset which needs to focus on deliverables rather than physical presence, especially for team members with young families.

At the Company we had a larger number of laptops made available to facilitate employees who did not have adequate equipment to ensure continuity of services. Staff in essential business lines, requiring face to face contact with customers have switched to an alternating teams' patterns to eliminate risks of contamination.

2) Digitalisation of Services

With lockdowns, restrictions to movement and a general fear of contamination, the Company was forced to invest more in digital underwriting and claims processing as well as administration of insurance using digital means without compromising on processing time. These implied additional budget allocation, specific application developments or some areas of the business might even find themselves in a need to redesign their approaches and processes to support the digitalisation of services or a reconfiguration of their internal resources available to process heavy load of information.

The Company had already stepped into the digitalisation era with the launching of an online sales platform for Motor Services where the range of services cover queries and quotation request for new car insurance as well as renewal of current policy. Digitalisation of other services within the Company are also well under way with many upcoming projects in the pipeline.

Risk Management Report

Challenges of Covid-19 for the Insurance Industry (Continued)

3) Disruption in Business Operations

The COVID 19 Pandemic has led to the worsening of the economy, the customers' channel situation where there exist financial pressures created from job losses or income reduction altered the spending more to basic needs. Some intermediaries selling business or products primarily face-to-face even with some technology enablement might have fallen out of clientele.

Having customer satisfaction as main focus, the Company has been redesigning internal processes to ease the use of the customer Portal and allowing online premium payments. The settlement of claims and other direct expenses were effected through internet banking and guidance were provided to policy holders through email and phones to help business flow.

The COVID 19 Pandemic while negatively impacting the economy, has created financial pressures on households and businesses by forcing restrictions on expenditure. It is thought that this difficult situation may lead to a fall in insurance clientele. As the market behaviour is changing, technology enablement is necessary in retaining customers and providing scope to increase customer base.

With Customer Satisfaction as main focus, the Company is redesigning its internal processes to facilitate and encourage customers to use its on-line Customer Portal. This is being achieved by guiding policyholders through emails and phone calls. Claims settlement and other claims related expenses are increasingly being effected through internet Banking. With digitalisation of our services, we are aiming at further developing easily accessible products for a wider range of customers.

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 2020/2021 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 Mrs H Y K Leung Lam Hing, Mr R Ballah and Mr B Boodhoo for their invaluable involvement in the Board during their directorship. We welcome Mrs N Ramdewar, Mr S Ancharaz, Dr Y K Aukhojee, Mr A Chummun and Mr J Moonien who have been appointed as new members on the Board.

Signed on behalf of the Board of Directors.

SALEMOHAMED M Y
Chairperson

DUSSOYE C
Director

Date: 29 October 2021

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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 55 to 112, which comprise the statement of financial position as at 30 June 2021, 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 2021, 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 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' *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
Valuation of insurance contract liabilities and reinsurance assets	
The valuation of insurance contract liabilities involves a high degree of subjectivity and complexity. At 30 June 2021, the Company's insurance contract liabilities were Rs585.5M. 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. The methodology and methods used can have a material impact on the valuation of insurance contract liabilities. The valuation of insurance contract 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. Further details of the liabilities are set out in Note 14(b) to the financial statements.	We performed, among others, the following procedures: • 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. • Compared the claims IBNR reserve to the reports of the Company's actuary.

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Emphasis of matter relating to comparative information

We draw attention to Note 27 to the financial statements which describes the retrospective adjustments to the comparative information presented in the accompanying financial statements. Consequently, the comparative information in the accompanying financial statements has been restated as at 30 June 2020 and 1 July 2019 and for the year ended 30 June 2019. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The financial statements of the Company as at and for the year ended 30 June 2020 and 30 June 2019 (from which the statement of financial position as at 1 July 2019 has been derived), excluding the adjustments described in Note 27 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 September 2020 and 24 September 2019 respectively. As part of our audit of the financial statements as at and for the year then ended 30 June 2021, we also audited the adjustments described in Note 27 that were applied to restate the comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 30 June 2020 or 30 June 2019 of the Company, other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 30 June 2020 and 30 June 2019 financial statements taken as a whole.

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.

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.

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.

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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.

- 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.

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

Report on other legal and regulatory requirements (cont'd)

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

Deloitte

Chartered Accountants

14 DEC 2021

LLK Ah Hee, FCCA

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	Notes	2021	2020	2019
		Rs'000	Rs'000	Rs'000
			Restated	*Restated*
NON-CURRENT ASSETS				
Equipment	6	**5,493**	2,800	3,005
Intangible assets	7	**5,009**	4,202	5,220
Right of use assets	8(a)	**79,124**	47,690	-
Financial Assets at FVOCI	9 (a)	**32,693**	26,798	36,528
Financial Assets at FVTPL		**-**	-	66
Financial Assets at Amortised Cost	9 (b)	**648,628**	676,739	576,363
Loans and advances	10	**10,239**	9,276	12,040
Deferred tax assets	11(a)	**28,680**	34,417	27,487
		809,866	801,922	660,709
CURRENT ASSETS				
Loans and advances	10	**2,194**	2,412	133
Insurance and other receivables	12	**604,759**	589,756	545,917
Deferred acquisition costs receivables	14(d)	**30,414**	26,237	22,264
Reinsurance assets	14(a)	**499,775**	589,838	462,076
Financial Assets at Amortised Cost	9 (b)	**178,328**	148,808	141,684
Cash and cash equivalents		**108,483**	104,962	68,446
		1,423,953	1,462,013	1,240,520
TOTAL ASSETS		**2,233,819**	2,263,935	1,901,229
EQUITY AND LIABILITIES				
Stated capital	18	**25,000**	25,000	25,000
Reserves		**131,730**	92,022	108,608
Subordinated loan	19	**341,625**	341,625	341,625
TOTAL EQUITY		**498,355**	458,647	475,233
NON-CURRENT LIABILITIES				
Lease liabilities	8(b)	**69,528**	41,616	-
Pension benefit obligations	20	**175,777**	205,213	166,105
		245,305	246,829	166,105
CURRENT LIABILITIES				
Insurance contract liabilities	14(a)	**1,055,248**	1,100,556	900,935
Deferred acquisition costs payables	14(e)	**41,623**	37,402	31,898
Trade and other payables	16	**273,756**	298,539	275,087
Lease liabilities	8(b)	**9,856**	7,310	-
Dividend payable	17	**63,231**	62,133	37,011
Current tax liabilities	15(a)	**8,475**	3,723	7,090
Bank overdraft		**37,970**	48,796	7,870
TOTAL CURRENT LIABILITIES		**1,490,159**	1,558,459	1,259,891
TOTAL LIABILITIES		**1,735,464**	1,805,288	1,425,996
TOTAL EQUITY AND LIABILITIES		**2,233,819**	2,263,935	1,901,229

These financial statements have been approved for issue by the Board of Directors on **29 October 2021**

SALEMOHAMED M Y
Chairperson

DUSSOYE C
Director

The notes on pages 60 to 112 form an integral part of these financial statements.
Auditors' report on pages 51 to 54.

	Notes	2021	2020
		Rs'000	Rs'000 *Restated*
Gross insurance premiums	13(a)	**1,254,061**	1,137,267
Premiums ceded to reinsurers	13(b)	**(624,825)**	(570,351)
Net earned premiums		**629,236**	566,916
Gross claims paid	14(b)	**596,126**	575,086
Claims settled from reinsurers	14(b)	**(251,296)**	(259,978)
Gross change in contract liabilities	14(b)	**2,333**	119,050
Change in contract liabilities ceded to reinsurers	14(b)	**11,328**	(96,403)
Net claims incurred		**358,491**	337,755
Commissions receivable from reinsurers	14(f)	**93,910**	81,829
Commissions paid to agents and brokerage fees	14(g)	**(81,418)**	(74,988)
		12,492	6,841
Underwriting surplus		**283,237**	236,002
Interest Income using effective interest rate	21	**38,687**	41,029
Other Investment income	21	**469**	1,273
Expected credit loss allowance	9(b)	**233**	(345)
Revenue from contract with customers	22(a)	**373**	386
Other income	22	**12,096**	12,427
		335,095	290,772
Administrative and other expenses	23	**(222,329)**	(207,079)
Profit from operations		**112,766**	83,693
Finance costs	8(c)	**(2,740)**	(2,846)
PROFIT BEFORE TAX		**110,026**	80,847
Income tax expense	15(c)	**(25,718)**	(4,298)
PROFIT FOR THE YEAR		**84,308**	76,549

The notes on pages 60 to 112 form an integral part of these financial statements.
Auditors' report on pages 51 to 54.

	Notes	2021	2020
		Rs'000	Rs'000 *Restated*
Profit for the year		84,308	76,549
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations	20(a) (vii)& 20(b) (vi)	19,043	(25,014)
Income tax relating to components of other comprehensive income	11(a)	(6,236)	4,252
		12,807	(20,762)
Fair value gain/(loss) on equity investment designated at fair value through other comprehensive income	9 (a)	5,824	(10,240)
Other comprehensive income		18,631	(31,002)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		102,939	45,547

The notes on pages 60 to 112 form an integral part of these financial statements.
Auditors' report on pages 51 to 54.

	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 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 for the year		-		12,807	5,824	-	18,631
Total comprehensive income for the year		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**
Balance at 01 July 2019		25,000	237,085	(91,789)	(1,345)	341,625	510,576
Prior year adjustment	27	-	(35,343)	-	-	-	(35,343)
Balance at 01 July 2019 (as restated)		25,000	201,742	(91,789)	(1,345)	341,625	475,233
Profit for the year (as restated)		-	76,549		-	-	76,549
Other comprehensive income		-	-	(20,762)	(10,240)	-	(31,002)
Total comprehensive income for the year		-	76,549	(20,762)	(10,240)	-	45,547
Dividend	17	-	(62,133)	-	-	-	(62,133)
Balance at 30 June 2020 (as restated)		25,000	216,158	(112,551)	(11,585)	341,625	458,647

* Refer to Note 19 of the financial statements.

The notes on pages 60 to 112 form an integral part of these financial statements.
Auditors' report on pages 51 to 54

	Notes	2021	2020
		Rs'000	Rs'000
			Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**110,026**	80,847
Adjustments for:			
Depreciation of Equipment	6	**1,801**	883
Equipment and intangible asset	6 & 7	**19**	-
Depreciation of right of use assets	8(c)	**6,091**	5,700
Interest expense on lease liabilities	8(c)	**2,740**	2,846
Amortisation of intangible assets	7	**1,415**	1,307
Pension benefit obligations	20(a)(vi) & 20(b)(v)	**14,165**	20,317
Expected credit loss allowance	9(b)	**(233)**	345
Gain on termination of Lease		**(2,072)**	-
Investment income	21	**(39,156)**	(42,302)
Operating cash flows before working capital changes		**94,796**	69,943
Increase in insurance and other receivables and prepayments		**(15,003)**	(14,038)
Decrease/(Increase) in reinsurance assets		**90,063**	(127,762)
Increase in deferred acquisition costs receivables		**(4,177)**	(3,973)
Decrease/(Increase) in trade and other payables		**(24,783)**	23,518
Increase in deferred acquisition costs payable		**4,221**	5,504
Decrease/(Increase) in insurance liabilities		**(45,308)**	169,374
Net cash flows generated from operations		**99,809**	122,566
Interest received		**37,368**	39,968
Dividend received		**469**	1,720
Income tax paid	15(a)	**(21,465)**	(10,342)
Contribution paid on retirement benefit obligations	20(a)(ii) & 20(b)(ii)	**(24,558)**	(6,224)
Net cash flows generated from operating activities		**91,623**	147,688
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Equipment	6	**(4,500)**	(678)
Purchase of intangible assets	7	**(2,235)**	(289)
Proceeds on disposal /maturity of financial assets	9(b)	**172,441**	183,505
Purchase of financial assets	9(b)	**(172,369)**	(290,800)
Loans advanced	10	**(5,359)**	(2,772)
Loans repaid	10	**4,614**	3,257
Net cash flows used in investing activities		**(7,408)**	(107,777)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal portion - lease liabilities	8(b)	**(7,735)**	(7,310)
Dividend paid	17	**(62,133)**	(37,011)
Net cash flows used in financing activities		**(69,868)**	(44,321)
Net increase/(decrease) in cash and cash equivalents		**14,347**	(4,410)
CASH AND CASH EQUIVALENTS AT 01 JULY		**56,166**	60,576
CASH AND CASH EQUIVALENTS AT 30 JUNE		**70,513**	56,166
CASH AND CASH EQUIVALENTS			
Bank and cash balances		**108,483**	104,962
Bank overdraft		**(37,970)**	(48,796)
		70,513	56,166

The notes on pages 60 to 112 form an integral part of these financial statements.
Auditors' report on pages 51 to 54.

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.

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 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

IAS 1	Presentation of financial statements - Amendments regarding the definition of material
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material
IAS 39	Financial Instruments : Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform
Conceptual Framework	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework

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. None of these 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 - Amendments regarding classification of liabilities	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 on leases and decommissioning obligations	01 January 2023
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 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform	01 January 2021
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform	01 January 2021
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	01 January 2021
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018 - 2020 (fees in the '10 per cent' test for de-recognition of financial liabilities)	01 January 2022
IFRS 17	Insurance contracts	01 January 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting Standards and Interpretations issued but not yet effective (continued)

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment -related service contracts, and the premium allocation approach mainly for short - duration which typically applies to certain non-life insurance contracts.

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

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, 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 if 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Equipment (continued)

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.

2.7 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Financial assets at amortised cost (debt instruments)

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 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* instrument *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 instrument 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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

***Impairment of financial assets* (Continued)**

***Overview of the ECL principles* (Continued)**

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 Defoult* 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.

The mechanics of the ECL method are summarised below:

- 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

***Impairment of financial assets* (Continued)**

***The calculation of ECLs* (Continued)**

- 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)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.15 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Pension benefit obligations (Continued)

Defined Benefit plan (Continued)

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

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

Unfunded benefits

In addition to the Defined Benefit Plan SICOM 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.

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 incepting 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition (continued)

(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 365^{th} 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.

2.18 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Insurance contracts (continued)

Insurance contracts - classification **(Continued)**

Reinsurance contracts (continued)

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.

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.

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 and subrogation reimbursements

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Insurance contracts (Continued)

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.

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.

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.

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).

2.19 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.

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.

3. MANAGEMENT OF INSURANCE RISKS (CONTINUED)

3.1 Insurance risk (Continued)

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.

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.

	2021				
Class of Business	**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
Incurred but not Reported (IBNR)			91,332	57,136	34,196
	50,056		**585,535**	**293,348**	**292,187**
Incurred but not Reported (IBNR)			91, 332	57,136	34,196

3. MANAGEMENT OF INSURANCE RISKS (CONTINUED)

3.1 Insurance risk (Continued)

3.1.2 Concentration of insurance risk (Continued)

Class of Business	No of claims	Expected run off assumptions	2020 Gross	Reinsurance of liabilities	Net
			Rs'000	Rs'000	Rs'000
Motor	5,473	1	214,202	23,864	190,338
Property	100	3	37,772	27,046	10,726
Transport	21	2	26,419	26,394	25
Engineering	42	5	40,175	38,331	1,844
Accident & Health	31,926	6	56,599	39,524	17,075
Liability	743	10	57,617	54,178	3,439
Miscellaneous	196	4	5,820	5,288	532
Incurred but not Reported (IBNR)	-		144,598	97,425	47,173
	38,501		583,202	312,050	271,152
Incurred but not Reported (IBNR)			144,598	97,425	47,173

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.

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.

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.

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.

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
Average claim cost	10%	49,420	23,621	25,799	21,413

2020 (as restated)

	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
Avarage claim cost	10%	43,860	21,463	22,398	18,590

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	Prior	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	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		192,934	313,975	103,383	137,609	146,290	130,455	179,911	205,520	231,074	278,761	359,558	429,679	450,286	3,159,436
One year later		84,527	100,457	64,664	29,153	25,467	21,396	47,084	35,732	37,093	66,697	81,647	64,884		658,999
Two years leter		5,326	17,607	7,959	4,422	26,261	13,952	1,991	13,090	131,821	(6,160)	2,996			219,264
Three years later		9,222	7,409	1,542	(1,139)	67,624	4,852	494	(1,951)	1,073	51,410				140,536
Four years later		176	4,942	5,109	1,853	6,527	419	40	13,007	(552)					31,521
Five years later		2,862	247	2,523	1,441	1,867	1,072	(1,015)	2,907						11,905
Six years later		441	2,800	611	1,887	7,017	(59)	(284)							12,412
Seven years later		2,171	674	835	(61)	(3,334)	1,349								1,634
Eight years later		620	(169)	269	661	9,972									11,553
Nine years later		3,266	189	1,520	79										5,054
Ten years later		114	(121)	519											511
Eleven years later		(8,669)	352												(8,317)
Twelve years later		14													14
Total claims paid	605,283	293,004	448,362	188,933	176,104	287,692	173,435	228,221	268,306	400,508	390,708	444,402	494,563	450,286	4,849,806
Undiscounted reserves	7,003	628	421	124	2,022	16,489	7,053	40,087	6,547	6,618	15,819	15,246	37,974	216,539	372,571
Outstanding Reported	7,003	628	482	22	2,542	14,854	6,220	38,926	6,053	6,519	7,469	10,565	28,757	152,894	282,934
IBNR Reserve	-	-	(60)	102	(520)	1,635	833	1,161	495	98	8,350	4,682	9,217	63,645	89,637

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	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	-	133,442	120,076	90,867	114,745	126,789	122,660	159,841	183,423	199,785	232,760	263,299	274,984	333,969	2,356,639
One year later	-	31,722	14,906	10,135	6,090	3,600	7,033	18,112	23,856	23,559	30,966	37,087	28,733		235,799
Two years later	-	584	211	3,095	535	2,962	(1,626)	(1,835)	(3,938)	(7,470)	(9,929)	(8,752)			(26,164)
Three years later	-	2,287	5,832	439	(2,076)	5,224	1,511	(628)	(2,535)	(3,936)	(7,569)				(1,450)
Four years later	-	(1,164)	4,809	3,327	1,136	5,828	(656)	(227)	12,032	(4,468)					20,617
Five years later	-	2,598	169	2,399	574	1,036	1,114	(1,023)	(10,326)						(3,458)
Six years later	-	441	2,362	56	1,838	6,865	(64)	(284)							11,215
Seven years later	-	2,171	(161)	834	153	(23,125)	705								(19,423)
Eight years later	-	261	(1,306)	269	(6)	(2,778)									(3,561)
Nine years later	-	3,266	189	1,521	(41)										4,934
Ten years later	-	114	(121)	(173)											(180)
Eleven years later	-	(1,090)	334												(756)
Twelve years later	-	(1,573)													(1,573)
Current claims paid to date	370,826	173,058	147,302	112,768	122,947	126,400	130,678	173,957	202,513	207,469	246,227	291,634	303,717	333,969	3,116,524
IBNR	-	-	739	184	(545)	750	832	767	113	-	498	1,138	1,288	26,731	32,496
Outstanding reported	64	433	(739)	(169)	1,741	(256)	4,746	2,897	(3,691)	246	(758)	(931)	1,815	35,326	40,724
Net liability	64	433	-	15	1,196	493	5,579	3,664	(3,577)	246	(260)	207	3,103	62,057	73,220

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 and lease liabilities. The carrying amount of the Company's foreign currency denominated financial assets at the reporting date is as follows:

Concentration of assets under:

Financial assets	2021	2020
	Rs'000	Rs'000 *Restated*
MUR	1,918,507	1,826,131
USD	52,592	40,365
GBP	4,546	64
EUR	298	269
	1,975,943	1,866,829

Financial liabilities	2021	2020
	Rs'000	Rs'000 *Restated*
MUR	403,239	287,493

Categories of financial instruments

As at 30 June 2021	Financial assets at FVOCI Rs'000	Financial assets at Amortised Cost Rs'000	Financial liabilities at Amortised Cost Rs'000	Total 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
	32,693	1,550,674	-	1,583,367
Lease liabilities (Note 8)	-	-	79,384	79,384
Trade and other payables (Note 16)	-	-	273,756	273,756
Bank Overdraft	-	-	37,970	37,970
Dividend payable (Note 17)	-	-	63,231	-
	-	-	454,341	311,726

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 Amortised Cost	Financial liabilities at Amortised Cost	Total
As at 30 June 2020	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at FVOCI (Note 9(a))	26,978		-	26,978
Financial assets at Amortised Cost (Note 9(b))	-	825,547	-	825,547
Loans and advances (Note 10)		11,688	-	11,688
Insurance and Other receivables (Note 12)		588,822	-	588,822
Cash and Cash equivalents		104,962	-	104,962
	26,978	1,531,019	-	1,557,997
Lease liabilities (Note 8)	-	-	48,926	48,926
Trade and other payables (Note 16)	-	-	298,539	298,539
Bank Overdraft	-	-	48,796	48,796
Dividend payable (Note 17)	-	-	62,133	62,133
	-	-	458,394	458,394

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

		2021		2020	
	Changes in variables	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%	2,630	2,183	2,018	1,675
	-5%	(2,630)	(2,183)	(2,018)	(1,675)
GBP	+5%	227	188	3	2
	-5%	(227)	(188)	(3)	(2)
EUR	+5%	15	12	13	11
	-5%	(15)	(12)	(13)	(11)

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, Mauritius government securities, fixed deposits, cash and cash equivalents, bank overdrafts and short term deposits

The interest rate profile of the Company at 30 June 2021 and 2020 was:

	2021	2020
	% per annum	% per annum
Government bonds	3.25 - 9.25	3.25 - 9.25
Treasury notes	1.60 - 4.12	3.18 - 4.15
Treasury Bills	-	0.28 - 0.41
Corporate bonds - Floating	Repo + (0.65 - 2.05)	Repo + (0.65 - 1.40)
Corporate bonds - Fixed	2.70 - 6.00	4.20 - 6.00
Fixed deposits - Local.		
Non-current	3.35	n/a
Current	0.40	0.50 - 0.55

4. FINANCIAL RISKS (CONTINUED)

4.1 Market risk (Continued)

4.1.2 Interest rate risk (Continued)

	2021	2020
	% per annum	% per annum
Fixed deposits - Foreign - USD	1.00 - 1.20	2.45 - 2.75
Floating deposits - Local		
Non-current	n/a	n/a
Current	n/a	n/a
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 - 0.35	0.00 - 0.55

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.

	2021	2020
Changes in interest rate	Impact on profit before tax	Impact on profit before tax
	Rs' 000	Rs' 000
+ 250 basis points	57	108
- 250 basis points	(57)	(108)

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 2021 as compared to 30 June 2020.

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.

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:

	2021	2020
	Rs'000	Rs'000
Equities (Quoted)	32,678	26,784
	32,678	26,784

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

	2021	2020
Changes in share price	Impact on equity	Impact on equity
	Rs' 000	Rs' 000
+5%	1,634	1,340
-5%	(1,634)	(1,340)

4.2 Credit risk

Credit risks 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 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.

4. FINANCIAL RISKS (CONTINUED)

4.2 Credit risk (Continued)

Financial assets	2021	2020
	Rs'000	Rs'000
Financial assets at amortised cost*	826,956	825,547
Loan receivables	12,433	11,688
Insurance and other receivables**	495,603	356,792
Reinsurance assets	499,775	589,838
Cash and bank balances	108,483	56,166
	1,943,250	1,840,031

* Excludes equity instruments.

**Excludes sundry deposits 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
At 30 June 2021	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial liabilities						
Insurance contract liabilities*	585,535	-	-	-	-	585,535
Trade and other payables**	-	43,441	111,469	-	168,945	323,855
Bank Overdraft		37,970				37,970
Lease liabilities ****	-	2,464	7,392	69,528	-	79,384
Dividend payable	-	-	63,231	-	-	63,231
Total liabilities	585,535	83,875	182,092	89,528	168,945	1,089,975
At 30 June 2020						
Financial liabilities						
Insurance contract liabilities*	379,761	-	-	-	-	379,761
Trade and other payables**	-	29,363	11,388	-	185,120	225,871
Bank Overdraft		48,796				48,796
Lease liabilities ****	-	1,827	5,482	54,312	-	61,622
Dividend payable	-	-	82,133	-	-	62,133
Total liabilities	379,761	79,986	79,003	54,312	185,120	776,183

* 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. Consequantly, the insurance contract liabilities have been disclosed as current under 'Not Stated' maturity.

**** The lease liabilities payable after 1 year include Rs. 12,778,671 payable between 1 and 2 years, Rs. 12,478,177 payable between 2 and 3 years, Rs. 12,164,661 payable between 3 and 4 years, Rs. 12,443,338 payable between 4 and 5 years and Rs.19,663,182 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 mimimum 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 miminum 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 mimimum 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 2021, 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).

4. FINANCIAL RISKS (CONTINUED)

4.6 Fair value measurements (Continued)

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

Financial assets at FVOCI	2020 Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Quoted Equities	26,784	-	-	26,784
Unquoted Equities	-	-	14	14
Total	26,784	-	14	26,798

	Fair value hierarchy - 2021 & 2020	Valuation approach	Observable input	Carrying amount 2021	Carrying amount 2020	Fair Value 2021	Fair Value 2020
				Rs'000	Rs'000	Rs'000	Rs'000
Loans and receivables:							
Other loans	Level 2	DCF	Floating market rate	12,433	11,688	12,433	11,688
Other financial assets:							
Government and other bonds	Financial assets at Amortised cost	YTM	Government bond yields	734,214	757,152	775,767	847,580
Term deposits	Financial assets at Amortised cost	YTM	Government bond yields	92,742	69,382	92,643	69,382
Financial assets at amortised cost				839,389	838,222	880,843	928,650

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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.

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 concemed 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.

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

Limitation of sensitivity analysis (continued)

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.

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.

In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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 7.7 million for the year under review (2020: Rs 7.3million).

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).

6. EQUIPMENT

		Furniture & Fittings	Office Equipment	Computer Equipment	Total
(a)	**COST**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
	At 01 July 2019	1,174	404	5,213	6,791
	Additions	99	13	566	678
	Scrapped	-	-	(1,052)	(1,052)
	At 30 June 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**
	DEPRECIATION				
	At 01 July 2019	546	206	3,034	3,786
	Charge for the year	110	44	729	883
	Scrapped	-	-	(1,052)	(1,052)
	At 30 June 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**
	NET BOOK VALUE				
	At 30 June 2021	**1,901**	**179**	**3,413**	**5,493**
	At 30 June 2020	617	167	2,016	2,800

(b) Depreciation charge of Rs 1,801,000 (2020: Rs. 883,000) has been included in administrative and other expenses.

7. INTANGIBLE ASSETS

		Computer Software	
		2021	2020
(a)	**COST**	**Rs'000**	Rs'000
	At 01 July	**13,234**	13,499
	Additions	**2,235**	289
	Disposal	**-**	(554)
	At 30 June	**15,469**	13,234
	AMORTISATION		
	At 01 July	**9,032**	8,279
	Charge for the year	**1,415**	1,307
	Adjustment	**13**	(554)
	At 30 June	**10,460**	9,032
	NET BOOK VALUE		
	At 30 June	**5,009**	4,202

(b) Amortisation charge of Rs. 1,415,000 (2020: Rs. 1,307,000) has been included in administrative and other expenses.

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:

	Buildings	Total
	Rs'000	Rs'000
Cost		
At 01 July 2019	53,390	53,390
Addition	-	-
At 30 June 2020	53,390	53,390
Additions	80,465	80,465
Termination	(53,390)	(53,390)
At 30 June 2021	80,465	80,465
Accumulated depreciation		
At 01 July 2019	-	-
Charge for the year	5,700	5,700
At 30 June 2020	5,700	5,700
Charge for the year	6,091	6,091
Termination	(10,450)	(10,450)
At 30 June 2021	1,341	1,341
Net Book Value		
At 30 June 2021	79,124	79,124
At 30 June 2020	47,690	47,690

(b) **Lease liabilities**

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

	Buildings	Total
	Rs'000	Rs'000
At 01 July 2019	53,390	53,390
Repayment	(7,310)	(7,310)
Accretion of interest	2,846	2,846
At 30 June 2020	48,926	48,926
Repayment	(7,735)	(7,735)
Accretion of interest	2,740	2,740
	43,931	43,931
Additions	80,465	80,465
Disposals	(45,012)	(45,012)
At 30 June 2021	79,384	79,384

8. LEASES (CONTINUED)

(b) Lease liabilities (continued)

	2021	2020
	Rs'000	Rs'000
Analysed as:		
Non-current	69,528	41,616
Current	9,856	7,310
	79,384	48,926

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:

	Building	
	2021	2020
	Rs'000	Rs'000
Depreciation expense of right-of-use assets	6,091	5,700
Interest expense on lease liabilities	2,740	2,846
Total amount recognised in profit or loss	**8,831**	8,546

The total cash outflow for leases in year ended 30 June 2021 was Rs 7,734,204 (30 June 2020 Rs 7,309,795) which includes principal portion of Rs 4,994,204 and interest portion of Rs 2,740,000

(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.

	2021	
Changes in interest rate	**Impact on profit before tax**	**Impact on equity**
	Rs'000	**Rs'000**
+100 basis points	**(88)**	**(88)**
-100 basis points	**88**	**88**

	2020	
Changes in interest rate	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000
+100 basis points	(139)	(115)
-100 basis points	159	132

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

9. FINANCIAL ASSETS

(a) Financial assets at fair value through other comprehensive income (FVOCI)

	2021	2020
	Rs'000	Rs'000
Equity securities:		
Quoted	32,678	26,784
Unquoted	15	14
	32,693	26,798

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 purchased Rs 71,000 (2020: Rs.510,000) worth of financial assets through FVOCI and did not dispose any. The net fair value gain amounted to Rs 5,824,000 (2020: net fair value loss Rs. 10,240,000) and are disclosed in the statement of comprehensive income for the year.

In 2021, the Company received dividends of Rs 468,791 (2020 : Rs 1,273,359) from its equity investments which was recorded in the Statement of Comprehensive Income as investment income.

(b) Financial assets at amortised cost

	2021	2020
	Rs'000	Rs'000
Government bonds	522,058	538,811
Treasury bills and treasury notes	115,285	132,336
Corporate bonds and notes	96,614	85,748
Preference shares	257	-
Term deposits	92,742	68,652
	826,956	825,547
Analysed between:		
Current	178,328	148,808
Non-current	648,628	676,739
	826,956	825,547

The Company has investments in Government bonds, treasury bills and Treasury notes, corporate bonds 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 0.4% - 12.00% p.a. with maturities varying from 2021 to 2031.

An amount of Rs 8,000,000 (2020: 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.

9. FINANCIAL ASSETS (CONTINUED)

(b) Financial assets at amortised cost (continued)

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

At 30 June 2021

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

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

	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	329	-	-	329
At 30 June 2021	827,615	-	-	827,615

Amortisation adjustments include amortisation of interest income and discounts.

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 2020	892	-	-	892
New assets purchased	196	-	-	196
Assets derecognised on maturity	(151)	-	-	(151)
Amortisation adjustment	(278)	-	-	(278)
ECL allowance at 30 June 2021	659	-	-	659

At 30 June 2020

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Performing high grade	826,439	-	-	826,439
Past due but not impaired	-	-	-	-
Non-performing	-	-	-	-
	826,439	-	-	826,439

9. FINANCIAL ASSETS (CONTINUED)

(b) Financial assets at amortised cost (continued)

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

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying value at 1 July 2019	718,594	-	-	718,594
New assets purchased	290,290	-	-	290,290
Asset derecognised or matured	(183,505)	-	-	(183,505)
Amortisation adjustments	1,060	-	-	1,060
At 30 June 2020	826,439	-	-	826,439

Amortisation adjustments include amortisation of interest income and discounts.

There were 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 2019	547	-	-	547
New assets purchased	171	-	-	171
Assets derecognised on maturity	(99)	-	-	(99)
Amortisation adjustment	273	-	-	273
ECL allowance at 30 June 2020	892	-	-	892

c) The Company purchased financial assets worth Rs 172,369,000 (2020: Rs 290,800,000) during the year. Conversely, the Company also received proceeds of Rs 172,441,000. (2020: Rs 182,570,000) on maturity of financial assets during the year.

10. LOANS AND ADVANCES

	Total
	Rs'000
At 01 July 2019	**12,173**
Additions	2,772
Repayments	(3,257)
At 30 June 2020	**11,688**
Additions	5,359
Repayments	(4,614)
At 30 June 2021	**12,433**

Analysed as follows:

	Total
	Rs'000
2021	
Non-current	**10,239**
Current	**2,194**
	12,433
2020	
Non-current	9,276
Current	2,412
	11,688

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 2020	**11**	-	-	**11**
New assets purchased	-	-	-	-
Assets derecognised on maturity	-	-	-	-
ECL allowance at 30 June 2021	**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 2019	11	-	-	11
New assets purchased	3	-	-	3
Assets derecognised on maturity	(3)	-	-	(3)
ECL allowance at 30 June 2020	11	-	-	11

11. DEFERRED TAXATION

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 17% (2020: 17%).

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

	2021	2020
	Rs'000	Rs'000 *Restated*
At 01 July as previously stated	**27,507**	21,866
Prior year adjustment	**6,910**	5,621
At 01 July as restated	**34,417**	27,487
Credited to profit or loss (note 15(b))	**499**	1,561
Credited to Retained Earnings (note 15(b))	-	1,116
Credited to other comprehensive income	**(6,236)**	4,254
At 30 June	**28,680**	34,417

(b)

	2021	2020
	Rs'000	Rs'000 *Restated*
Deferred tax liabilities	**(1,555)**	(1,790)
Deferred tax assets	**30,235**	36,207
	28,680	34,417

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:

	2021	2020
<u>Deferred tax liabilities</u>	Rs'000	Rs'000
Accelerated tax depreciation	**(1,555)**	(1,031)
Interest expense on lease liability	-	(759)
	(1,555)	(1,790)

11. DEFERRED TAXATION (CONTINUED)

	2021	2020
	Rs'000	Rs'000
Deferred tax assets		*Restated*
Pension benefit obligations	**29,882**	34,885
Depreciation of rights of use asset	**-**	969
Provision for expected credit loss	**95**	95
Provision for impairment of insurance receivables	**258**	258
	30,235	36,207

12. INSURANCE AND OTHER RECEIVABLES

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
		Restated	*Restated*
Insurance receivables	**284,786**	356,002	334,990
Provision for credit impairment (Note 12(a))	**(4,307)**	(1,878)	(1,521)
	280,479	354,124	333,469
Other receivables from Third Party Insurers	**210,817**	203,441	173,194
Deposit Debtors	**28,114**	26,518	22,032
Amounts due from reinsurers (Note 12(b))	**76,554**	714	14,139
Dividend and interest receivables	**311**	1,039	498
Prepayments	**1,957**	933	1,074
Other receivables	**6,527**	2,987	1,511
	604,759	589,756	545,917

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.

(a) Movement in provision for credit impairment:

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At 01 July	**1,878**	1,521	849
Charge for the year	**3,470**	776	891
Reversal	**(1,041)**	(419)	(219)
At 30 June	**4,307**	1,878	1,521

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.

12. INSURANCE AND OTHER RECEIVABLES (CONTINUED)

Analysis of the age of insurance receivables is as follows

	2021	2020	2019
	Rs'000	Rs'000 *Restated*	Rs'000 *Restated*
Current	**388,226**	422,412	319,681
Up to 2 mths	**5,984**	66,931	114,569
> 2months < 3 months	**12,959**	15,422	8,667
> 3months < 6 months	**36,292**	37,922	58,275
> 6 months < 1 year	**20,296**	12,864	5,471
> 1 year	**27,539**	2,014	-
	491,296	557,565	506,663

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:

	2021	2020	2019
	Rs'000	Rs'000 *Restated*	Rs'000 *Restated*
MUR	**516,304**	551,087	433,806
USD	**85,502**	37,556	109,522
EURO	**845**	180	933
AUD	**151**	-	582
	602,802	588,823	544,843

b) <u>Amounts due from reinsurers:</u>

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Amounts due from reinsurers	**81,230**	8,588	23,658
Provision for credit impairment	**(4,676)**	(7,874)	(9,519)
	76,554	714	14,139

b) i) Movement in provision for credit impairment:

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
At 01 July	**7,874**	9,519	5,085
Reversal	**(1,288)**	-	-
Movement	**(1,910)**	(1,645)	4,434
At 30 June	**4,676**	7,874	9,519

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.

13. NET EARNED PREMIUMS

		2021	2020
		Rs'000	Rs'000
(a)	Gross premiums written	1,206,419	1,187,591
	Change in unearned premium provision	47,642	(50,324)
		1,254,061	1,137,267
(b)	Premiums ceded to reinsurers	(553,464)	(601,710)
	Change in unearned premium provision - reinsurance part	(71,361)	31,359
		(624,825)	(570,351)
	Net earned premiums	629,236	566,916

14. INSURANCE LIABILITIES AND REINSURANCE ASSETS

(a)

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Gross		*Restated*	*Restated*
Claims reported	494,203	438,604	384,454
Claims incurred but not reported (IBNR)	91,332	144,598	49,451
Outstanding claims (note 14(b))	585,535	583,202	433,905
Unearned premiums (note 14 (c))	469,712	517,354	467,030
Total gross insurance liabilities	1,055,248	1,100,556	900,935
Recoverable from reinsurers			
Claims reported	236,212	214,625	215,647
Claims incurred but not reported (IBNR)	57,136	97,425	-
Unearned premiums	206,427	277,788	246,429
Total reinsurers' share of insurance liabilities	499,775	589,838	462,076
Net			
Claims reported	257,991	223,979	168,807
Claims incurred but not reported (IBNR)	34,196	47,173	49,451
	292,187	271,152	218,258
Unearned premiums	263,285	239,566	220,601
Total net insurance liabilities	555,473	510,718	438,859

14. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

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

	2021			2020		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
				Restated	*Restated*	*Restated*
At 01 July						
Notified claims	583,202	(304,676)	278,526	464,152	(215,647)	248,505
Increase/(decrease) in liabilities	507,127	(182,832)	324,295	549,538	(258,956)	290,582
Cash paid for claims settled in the year	(596,126)	251,296	(344,830)	(575,086)	259,978	(315,108)
	494,203	(236,212)	257,991	438,604	(214,625)	223,979
Claims incurred but not reported (IBNR)	91,332	(57,136)	34,196	144,598	(97,425)	47,173
At 30 June	585,535	(293,348)	292,187	583,202	(312,050)	271,152
Movement in claims outstanding and IBNR	2,333	11,328	13,661	119,050	(96,403)	22,647
Claims incurred but not reported (IBNR)	91,332	(57,136)	34,196	144,598	(97,425)	47,173

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

	2021			2020		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs 000	Rs'000
At 01 July	517,354	(277,788)	239,566	467,030	(246,429)	220,601
(Decrease)/Increase during the year	(47,642)	71,361	23,719	50,324	(31,359)	18,965
At 30 June	469,712	(206,427)	263,285	517,354	(277,788)	239,566

14. INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONTINUED)

(d) Deferred acquisition costs receivables

	2021	2020
	Rs'000	Rs'000
At 01 July	26,237	22,264
Movement	4,177	3,973
At 30 June	30,414	26,237

(e) Deferred acquisition costs payables

	2021	2020
	Rs'000	Rs'000
At 01 July	37,402	31,898
Movement	4,221	5,504
At 30 June	41,623	37,402

(f) Commissions receivable from reinsurers

	2021	2020
	Rs'000	Rs'000
Gross commission income	98,131	87,333
Change in deferred acquisition costs payables	(4,221)	(5,504)
	93,910	81,829

(g) Commissions paid to agents and brokerage fees

	2021	2020
	Rs'000	Rs'000
Gross commission expense	85,595	78,961
Change in deferred acquisition costs receivables	(4,177)	(3,973)
	81,418	74,988

15. TAXATION

Income tax

Income tax is calculated at the rate of 17% (2020: 17%) on the profit for the year as adjusted for income tax purposes.

(a) Statement of financial position

	2021	2020
	Rs'000	Rs'000
At 01 July	3,723	7,090
Income tax charge for the year (note 15(b))	21,132	10,307
Under/(over) provision of income tax	5,085	(3,332)
Tax paid during the year	(21,465)	(10,342)
At 30 June	8,475	3,723
Analysed as follows:		
Current tax liabilities	8,475	3,723

(b) Statement of profit or loss

	2021	2020
	Rs'000	Rs'000
		Restated
Current tax expense	21,132	10,307
Under/(over) provision of income tax	5,085	(3,332)
Deferred tax (note 11(a))	(499)	(2,677)
	25,718	4,298

15. TAXATION (CONTINUED)

(c) Tax reconciliation

	2021	2020
	Rs'000	Rs'000
		Restated
Profit before taxation	**110,026**	80,847
Tax calculated at 17% (2020: 17%)	**18,704**	13,744
CSR	**955**	-
Income not subject to tax	**(518)**	(6,278)
Expenses not deductible for tax purposes	**1,491**	164
Under/(over) provision in previous year	**5,085**	(3,332)
Tax charge	**25,717**	4,298

16. TRADE AND OTHER PAYABLES

	2021	2020
	Rs'000	Rs'000
		Restated
Amounts due to reinsurers	**168,945**	185,120
Other payables and accruals	**91,594**	97,481
Amount due to holding company	**13,217**	15,938
	273,756	298,539

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% (2020: 75%) on profit after tax, amounting to Rs 63,231,441 (Rs 252.93 per share) in respect of current year was declared by the directors on 30 June 2021. (2020: Rs 62,132,648 (Rs 248.53 per share).

18. STATED CAPITAL

	2021	2020
	Rs'000	Rs'000
Issued and fully paid		
250,000 ordinary shares at No par value each	**25,000**	25,000

Pursuant to section 8 "Restriction on Composite Insurance Business" of the Insurance Act 2005, the Shareholders of State Insurance Company of Mauritius 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. SUBORDINATED LOAN

All the assets and liabilities of the General Insurance Business of State Insurance Company of Mauritius 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.

20. PENSION BENEFIT OBLIGATIONS

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
		Restated	*Restated*
Defined Benefit plan (Note (a))	**155,455**	164,561	133,036
Guaranteed Pension (Note (b))	**20,322**	40,652	33,069
	175,777	205,213	166,105

(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 2021 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:

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Present value of funded obligations	**333,757**	324,221	277,226
Fair value of plan assets	**(178,302)**	(159,660)	(144,190)
Liability recognised in the statement of financial position	**155,455**	164,561	133,036

	2021	2020
	Rs'000	Rs'000
At 01 July	**164,561**	133,036
Profit or loss charge	**12,951**	13,668
Other comprehensive income charge	**2,212**	23,998
Contributions paid	**(24,269)**	(6,141)
At 30 June	**155,455**	164,561

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

	2021	2020
	Rs'000	Rs'000
At 01 July	**324,221**	277,226
Current service cost	**6,700**	5,600
Administration Expenses	**(248)**	(177)
Risk Premiums	**(198)**	(164)
Employee contributions	**2,744**	2,698
Interest expense	**12,620**	16,682
Benefits paid	**(19,249)**	(4,879)
Liability experience loss	**(5,162)**	16,668
Actuarial losses on demographic assumptions	**29,823**	-
Liability loss due to change in financial assumption	**(17,494)**	10,567
At 30 June	**333,757**	324,221

	2021	2020
	Rs'000	Rs'000
(iv) **Split of Defined Benefit Obligation**		
Actives	**220,749**	247,896
Pensioners	**111,884**	75,243
Deferred Pensioners	**296**	285
Benefits due	**828**	797
At 30 June	**333,757**	324,221

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:

	2021	2020
	Rs'000	Rs'000
At 01 July	159,660	144,190
Interest income	6,369	8,614
Administration expenses	(248)	(177)
Risk premium	(198)	(164)
Employer contributions	24,269	6,141
Employee contributions	2,744	2,698
Benefits paid	(19,249)	(4,879)
Return on plan assets excluding interest income	4,955	3,237
At 30 June	178,302	159,660

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

	2021	2020
	Rs'000	Rs'000
Current service cost	6,700	5,600
Net interest on net defined benefit liabilities	6,251	8,068
Total included in "employee benefit expense" (note 23(a))	12,951	13,668
Actual return on plan assets	11,324	11,851

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

	2021	2020
	Rs'000	Rs'000
Actuarial losses on demographic assumptions	29,823	-
Return on plan assets below interest income	(4,955)	(3,237)
Liability experience loss	(5,162)	16,668
Liability loss due to change in financial assumptions	(17,494)	10,567
	2,212	23,998

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

	2021	2020
	Rs'000	Rs'000
Equity - local quoted	5,884	17,563
Equity - local unquoted	-	1,597
Debt - local quoted	6,241	1,597
Debt - local unquoted	148,526	94,199
Investment Funds	-	33,529
Property - local	-	1,597
Cash and others	17,652	9,580
Total	178,302	159,660

20. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(a) Defined benefit plan (Continued)

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

	2021	2020
	%	%
Discount rate	5.35	3.90
Future long term salary increases	3.50	2.40
Future pension increases	2.50	1.40
Average retirement age (ARA) (years)	65	65
Average life expectancy for:		
-Male at ARA	16.9	16.9
-Female at ARA	16.9	19.9

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

	2021		2020	
	Increase	Decrease	Increase	Decrease
	Rs'000	Rs'000	Rs'000	Rs'000
Discount rate (1% movement)	68,573	56,363	51,430	64,248
Salaries assumptions (1% movement)	24,720	27,555	29,677	25,658
Pension assumptions (1% movement)	35,094	40,008	32,910	29,032

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 defined benefit pension plan exposes the Company to actuarial risks such as investment risk, interest risk, longevity and salary risk.

Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

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

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

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

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

20. **PENSION BENEFIT OBLIGATIONS (CONTINUED)**

(a) Defined benefit plan (Continued)

(xiii) The Company expects to pay Rs 7,088,000 in contributions to its post-employment benefit plans for the year ending 30 June 2022 (30 June 2021: Rs 14,795,000).

(xiv) The weighted average duration of the defined benefit obligation is 17 years at the end of the reporting period (2020: 16 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. Prior year adjustments have been made to reflect these additional liabilities in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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

	2021	2020	2019
	Rs'000	Rs'000	Rs'000
Present value of unfunded obligations	**20,322**	40,652	33,069
Fair value of plan assets	-	-	-
Liability in the statement of financial position	**20,322**	40,652	33,069

	2021	2020
	Rs'000	Rs'000
At 1 July (as restated)	**40,652**	33,069
Profit or loss charge	**1,214**	6,650
Other comprehensive income charge	**(21,255)**	1,016
Contributions paid	**(289)**	(83)
At 30 June	**20,322**	40,652

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

	2021	2020
	Rs'000	Rs'000
At 01 July	**40,652**	33,069
Current service cost	**552**	5,160
Interest expense	**662**	1,490
Benefits paid	**(289)**	(83)
Liability experience loss	**2,155**	-
Actuarial losses on demographic assumptions	**(24,084)**	-
Liability loss due to change in financial assumption	**674**	1,016
At 30 June	**20,322**	40,652

	2021	2020
	Rs'000	Rs'000
(iv) **Split of Defined Benefit Obligation**		
Actives Guarantee	**13,151**	37,598
Pensioners Guarantee	**2,631**	1,599
Additional Pensions	**4,540**	1,455
At 30 June	20,322	40,652

20. PENSION BENEFIT OBLIGATIONS (CONTINUED)

(b) Guaranteed Pension Plan (Continued)

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

	2021	2020
	Rs'000	Rs'000
Current service cost	552	5,160
Net interest on net defined benefit liabilities	662	1,489
Total included in "employee benefit expense"	1,214	6,649

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

	2021	2020
	Rs'000	Rs'000
Actuarial losses on demographic assumptions	(24,084)	-
Liability experience loss	2,155	1,016
Liability loss due to change in financial assumptions	674	-
	(21,255)	1,016

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

	2021	2020
	%	%
Discount rate	5.35	3.90
Future long term salary increases	3.50	2.40
Future pension increases	2.50	1.40
Average retirement age (ARA) (years)	65	65
Average life expectancy for:		
-Male at ARA	16.9	16.9
-Female at ARA	16.9	19.9

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

	2021	
	Increase	Decrease
	Rs'000	Rs'000
Discount rate (1% movement)	3,872	3,201
Salaries assumptions (1% movement)	1,909	2,117
Pension assumptions (1% movement)	1,794	1,980

(c) Defined contribution plan

The Company also operates a defined contribution pension plan.

	2021	2020
	Rs'000	Rs'000
Contribution for the year	1,133	972

21. INVESTMENT INCOME

	2021	2020
	Rs'000	Rs'000
Interest income using effective interest rate	**38,687**	41,029
Dividend income	**469**	1,273
	39,156	42,302

22. OTHER INCOME

	2021	2020
	Rs'000	Rs'000
Policy fees	**5,395**	4,949
Exchange gains	**3,921**	7,156
Gain on termination (Note 8)	**2,072**	-
Others	**708**	322
	12,096	12,427

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

22 (a) REVENUE FROM CONTRACT WITH CUSTOMERS

	2021	2020
Breakdown of revenue from contract with customers	**Rs'000**	Rs'000
Management fee income	**373**	386

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

	2021	2020
	Rs'000	Rs'000 *Restated*
Employees benefit expense (note 23(a))	**117,233**	107,402
Support service cost (note 23(b))	**48,116**	49,248
Administration fees	**19,261**	19,714
Management fees	**8,540**	7,973
Rental charges	**594**	817
Bank charges	**3,002**	2,038
Amortisation (note 7)	**1,415**	1,307
Advertising	**1,355**	2,658
Depreciation (note 6)	**1,801**	883
Depreciation on right-of-use assets (Note 8)	**6,091**	5,700
Provision for impairment of insurance receivables	**2,428**	357
Provision for impairment of reinsurance receivables (Note 12(b)(i))	**(1,910)**	(1,645)
Audit fees	**1,271**	729
Directors' and Secretary's Fee	**3,119**	2,925
Consultancy and professional fees	**3,470**	2,712
Maintenance- IT Support	**3,691**	1,502
Others	**2,852**	2,759
	222,329	207,079

The others relate mainly to repairs and maintenance, professional charges and stationery.

23. ADMINISTRATIVE AND OTHER EXPENSES (CONTINUED)

(a) Employees benefit expense

	2021	2020
	Rs'000	Rs'000 *Restated*
Wages and salaries, including termination benefits	**101,402**	85,618
Social security costs	**533**	494
Pension cost - defined benefit plan (note 20(a))	**12,951**	13,668
Pension cost - guaranteed pension plan (note 20(b)(v))	**1,214**	6,649
Pension cost - defined contribution plan (note 20(b))	**1,133**	972
	117,233	107,402

(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. 2,562,452 (2020: Rs. 2,434,890) 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:

	2021	2020
	Rs'000	Rs'000
Computer Software	**414**	1,883

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		
Impact as at 30 June	As previously reported	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
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)	108,608
Current Liabilities:			
Trade and Other Payables	267,192	7,895	275,087

	30 JUNE 2020		
Impact as at 30 June	As previously reported	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
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

	30 JUNE 2020		
Statements of Profit or Loss and other comprehensive income	As previously reported	Adjustments	As restated
	Rs'000	Rs'000	Rs'000
Employee benefit expenses:			
Remeasurement of defined benefit obligations	23,998	844	24,842

28. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

	2021	2020
	Rs'000	Rs'000 *Restated*
(i) Holding Company		
Pension contribution payable	7,758	7,113
Rent payable	8,831	8,546
Other contributions payable	1,185	1,035
Management fees payable	8,540	7,973
Support service cost payable	48,116	57,987
Dividend payable	63,231	62,133
Premium and contribution receivable	12,624	11,268

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

	2021	2020
	Rs'000	Rs'000
Premium receivable	246	182
Salaries and other short term benefits	20,268	13,775
Post-employment benefits	1,474	1,423

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

	2021	2020
	Rs'000	Rs'000
Premium receivable	715	752

(b) Outstanding balances with related parties

	2021	2020
	Rs'000	Rs'000 Restated
(i) Holding company		
Rent and support service cost to holding company	(13,217)	(15,938)
Management fees due to holding company	(727)	(721)
Amount due (to)/from holding company	4,380	(48,626)
Capital expenditure and other expenses due to holding company	(782)	(20)
Dividend payable	(63,231)	(62,133)
Premium receivable	93	655
(ii) Key management personnel (including Directors) of the Company		
Premium receivable	98	6
(iii) Key management personnel (including directors) of the Holding Company		
Premium receivable	208	107

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.

29. CONTINGENCIES

In common practice with insurance Industry in general, the Company is subject to litigations arising in the normal course of insurance business.The directors are of the opinion that these litigations will not have a material effect on the financial position or results of the Company as the insurance contract liabilities take into account the claims related to these litigations.

Following an investigation by the Competition Commission of Mauritius, all insurance companies transacting Medical Insurance have been fined for breach of the Competition Act 2007.

30. 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 2021. 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 2021 stood at 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 2021

(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 2020-2021 were as follows:

M Y Salemohamed (Chairperson)
Y K Aukhojee (as from 22 December 2020)
A Balluck
K G Bhoojedhur-Obeegadoo
A Chummun (as from 22 December 2020)
C Dussoye
V K Koonjoo
J Moonien (as from 22 December 2020)
N Ramdewar (as from 15 December 2020)
R Ballah (up to 17 November 2020)
B Boodhoo (up to 1 December 2020)
H Y K Leung Lam Hing (up to 1 June 2021)

Directors' Service Contracts

The Executive Directors of the Company have service contract without expiry date.

Directors' Remuneration

The remuneration for the Directors of the Company were as follows:

Non-Executive		Executive	
2021	2020	2021	2020
Rs'000	Rs'000	Rs'000	Rs'000
2,972	2,650	10,189	7,928

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 (Chairperson, Rs 420,000), S Ancharaz (Executive Director as from 9 July 2021, nil), Y K Aukhojee (Independent Director as from 22 December 2020, Rs 216,000), R Ballah (Independent Director up to 17 November 2020, Rs 163,000), A Balluck (Independent Director, Rs 416,000), K G Bhoojedhur-Obeegadoo (Non-Executive Director, Rs 307,000), B Boodhoo (Independent Director up to 1 December 2020, Rs 174,000), A Chummun (Independent Director as from 22 December 2020, Rs 215,000), C Dussoye (Independent Director, Rs 422,000), V K Koonjoo (Independent Director, Rs 416,000), H Y K Leung Lam Hing (Executive Director up to 1 June 2021, Rs 9,196,000 as emoluments, including retirement benefits and Rs 993,000 as pension related contributions made by the Company and other benefits), J Moonien (Independent Director, Rs 223,000). The Executive Directors have 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:

	2021 Rs'000	2020 Rs'000
Audit fees payable to:		
Deloitte	**1,271**	
Ernst & Young		729
Fees payable for Tax Services:		
Deloitte	**112**	
Ernst & Young		101
Fees payable for Other Services		
Deloitte	**207**	
Ernst & Young		345

For and on behalf of the Board of Directors

SALEMOHAMED M Y
Chairperson

DUSSOYE C
Director

Date: 29 October 2021

SICOM
GENERAL INSURANCE
A member of the SICOM Group

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