

## Directors and Management

### Chairman-Cum-Managing Director



**B. CHAKRABARTI**

### Directors



**TARUN BAJAJ**



**T. S. NARAYANASAMI**



**M. RAZZACK**



**SANJAY GUPTA**



**SARAT PATTANAYAK**



**N.S.R.CHANDRA PRASAD**



**A.R. SEKAR**



### General Managers



J. K. GUPTA



V. JAYAPRAKASH



I.S. PHUKELA



S. GOPALKRISHNAN



MRS. ASHA NAIR

### CVO



MRS. GOPA RAY

### Appointed Actuary



A. R. PRABHU

# Directors' Report

## Directors' Report 2007-08

### REPORT OF THE BOARD OF DIRECTORS OF THE NEW INDIA ASSURANCE COMPANY LIMITED UNDER SECTION 217 OF THE COMPANIES ACT, 1956

To the Members :

The Directors are pleased to present the 89th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2008.

#### I. CLASS-WISE PERFORMANCE SUMMARY:

(Rupees in crores)

			Fire	Marine	Misc	Total
<b>Gross Direct Premium Income</b>	<b>India</b>	<b>CY</b>	<b>743.43</b>	<b>437.28</b>	<b>4096.20</b>	<b>5276.91</b>
		<b>PY</b>	909.98	321.02	3786.20	5017.20
	(% Growth)	<b>CY</b>	<b>-18.30</b>	<b>36.22</b>	<b>8.19</b>	<b>5.18</b>
		<b>PY</b>	8.38	7.08	3.67	4.71
	<b>Outside India</b>	<b>CY</b>	<b>237.96</b>	<b>57.55</b>	<b>579.04</b>	<b>874.55</b>
		<b>PY</b>	254.59	49.45	615.54	919.58
	(% Growth)	<b>CY</b>	<b>-6.53</b>	<b>16.38</b>	<b>-5.93</b>	<b>-4.90</b>
		<b>PY</b>	-3.51	-0.19	7.87	4.02
	<b>Global</b>	<b>CY</b>	<b>981.39</b>	<b>494.83</b>	<b>4675.24</b>	<b>6151.46</b>
		<b>PY</b>	1164.57	370.47	4401.74	5936.78
	(% Growth)	<b>CY</b>	<b>-15.73</b>	<b>33.57</b>	<b>6.21</b>	<b>3.62</b>
		<b>PY</b>	5.54	6.05	4.24	4.60
<b>Reinsurance Premium Accepted</b>	<b>India</b>	<b>CY</b>	<b>40.90</b>	<b>7.99</b>	<b>473.10</b>	<b>521.99</b>
		<b>PY</b>	46.41	6.17	28.98	81.56
	<b>Outside India</b>	<b>CY</b>	<b>302.73</b>	<b>7.37</b>	<b>29.68</b>	<b>339.78</b>
		<b>PY</b>	345.54	5.21	36.22	386.97
	<b>Global</b>	<b>CY</b>	<b>343.63</b>	<b>15.36</b>	<b>502.78</b>	<b>861.77</b>
		<b>PY</b>	391.95	11.38	65.20	468.53
<b>Reinsurance Premium Ceded</b>	<b>India</b>	<b>CY</b>	<b>289.19</b>	<b>266.50</b>	<b>1325.56</b>	<b>1881.25</b>
		<b>PY</b>	399.81	177.44	852.73	1429.98
	<b>Outside India</b>	<b>CY</b>	<b>148.13</b>	<b>11.92</b>	<b>57.65</b>	<b>217.70</b>
		<b>PY</b>	103.78	15.85	103.93	223.56
	<b>Global</b>	<b>CY</b>	<b>437.32</b>	<b>278.42</b>	<b>1383.21</b>	<b>2098.95</b>
		<b>PY</b>	503.59	193.29	956.66	1653.54
<b>Net Premium</b>	<b>India</b>	<b>CY</b>	<b>495.14</b>	<b>178.77</b>	<b>3243.74</b>	<b>3917.65</b>
		<b>PY</b>	556.57	149.75	2962.44	3668.76
	(% Growth)	<b>CY</b>	<b>-11.04</b>	<b>19.38</b>	<b>9.50</b>	<b>6.78</b>
		<b>PY</b>	24.09	14.08	4.84	7.74
	(% to Gross Premium)	<b>CY</b>	<b>66.60</b>	<b>40.88</b>	<b>79.19</b>	<b>74.24</b>
		<b>PY</b>	61.16	46.65	78.24	73.12
	<b>Outside India</b>	<b>CY</b>	<b>392.56</b>	<b>53.00</b>	<b>551.07</b>	<b>996.63</b>
		<b>PY</b>	496.35	38.82	547.83	1083.00
	(% Growth)	<b>CY</b>	<b>-20.91</b>	<b>36.53</b>	<b>0.59</b>	<b>-7.98</b>
		<b>PY</b>	29.86	17.25	4.94	15.53
	(% to Gross Premium)	<b>CY</b>	<b>164.97</b>	<b>92.09</b>	<b>95.17</b>	<b>113.96</b>
		<b>PY</b>	194.96	78.50	89.00	117.77



## Directors' Report

### I. CLASS-WISE PERFORMANCE SUMMARY: (Contd...)

		(Rupees in crores)			
		Fire	Marine	Misc	Total
<b>Global Net Premium</b>	<b>CY</b>	<b>887.70</b>	<b>231.77</b>	<b>3794.81</b>	<b>4914.28</b>
	<b>PY</b>	1052.92	188.57	3510.27	4751.76
(% Growth)	<b>CY</b>	<b>-15.69</b>	<b>22.91</b>	<b>8.11</b>	<b>3.42</b>
	<b>PY</b>	26.74	14.72	4.86	9.42
(% to Gross Premium)	<b>CY</b>	<b>90.45</b>	<b>46.84</b>	<b>81.17</b>	<b>79.89</b>
	<b>PY</b>	90.41	50.90	79.75	80.04
<b>Addition to Unexpired Risks Reserves</b>	<b>CY</b>	<b>82.61</b>	<b>-43.19</b>	<b>-142.26</b>	<b>-102.84</b>
	<b>PY</b>	-111.08	-24.20	-81.38	-216.66
(% to Net Premium)	<b>CY</b>	<b>9.31</b>	<b>-18.63</b>	<b>-3.75</b>	<b>-2.09</b>
	<b>PY</b>	-10.55	-12.83	-2.32	-4.56
<b>Earned Premium</b>	<b>CY</b>	<b>970.31</b>	<b>188.57</b>	<b>3652.54</b>	<b>4811.42</b>
	<b>PY</b>	941.84	164.37	3428.90	4535.11
<b>Incurred Claims Net</b>	<b>CY</b>	<b>601.60</b>	<b>158.24</b>	<b>3417.64</b>	<b>4177.48</b>
	<b>PY</b>	560.06	62.30	3021.25	3643.61
(% to Earned Premium)	<b>CY</b>	<b>62.00</b>	<b>83.92</b>	<b>93.57</b>	<b>86.82</b>
	<b>PY</b>	59.46	37.90	88.11	80.34
<b>Commission Net</b>	<b>CY</b>	<b>100.23</b>	<b>26.69</b>	<b>332.31</b>	<b>459.23</b>
	<b>PY</b>	79.33	14.23	297.33	390.89
(% to Earned Premium)	<b>CY</b>	<b>10.33</b>	<b>14.15</b>	<b>9.10</b>	<b>9.54</b>
	<b>PY</b>	8.42	8.66	8.67	8.62
<b>Operating Expenses</b>	<b>CY</b>	<b>196.11</b>	<b>56.63</b>	<b>766.36</b>	<b>1019.10</b>
	<b>PY</b>	284.62	52.32	816.94	1153.88
(% to Earned Premium)	<b>CY</b>	<b>20.21</b>	<b>30.03</b>	<b>20.98</b>	<b>21.18</b>
	<b>PY</b>	30.22	31.83	23.83	25.44
<b>U/W Results</b>	<b>CY</b>	<b>72.37</b>	<b>-52.99</b>	<b>-863.77</b>	<b>-844.39</b>
	<b>PY</b>	17.84	35.52	-706.64	-653.28
(% to Earned Premium)	<b>CY</b>	<b>7.46</b>	<b>-28.10</b>	<b>-23.65</b>	<b>-17.55</b>
	<b>PY</b>	1.89	21.61	-20.61	-14.40
<b>Investment Income - Policy Holders</b>	<b>CY</b>	<b>210.99</b>	<b>60.65</b>	<b>1082.13</b>	<b>1353.77</b>
	<b>PY</b>	215.18	66.46	1108.36	1390.00
<b>Revenue Account Surplus</b>	<b>CY</b>	<b>283.36</b>	<b>7.66</b>	<b>218.36</b>	<b>509.38</b>
	<b>PY</b>	233.02	101.98	401.72	736.72
<b>Investment Income - Share Holders</b>	<b>CY</b>				<b>990.85</b>
	<b>PY</b>				861.35
<b>Other Income less Outgo</b>	<b>CY</b>				<b>21.23</b>
	<b>PY</b>				15.85



## Directors' Report

<b>Profit before Tax</b>	<b>CY</b>	<b>1521.46</b>
	<b>PY</b>	1613.93
<b>Provision for Tax</b>	<b>CY</b>	<b>120.33</b>
	<b>PY</b>	153.98
<b>Profit after Tax</b>	<b>CY</b>	<b>1401.13</b>
	<b>PY</b>	1459.95
<b>Dividend (Proposed)</b>	<b>CY</b>	<b>283.00</b>
	<b>PY</b>	292.00
<b>Dividend Tax</b>	<b>CY</b>	<b>48.10</b>
	<b>PY</b>	49.63
<b>Transfer to Reserves</b>	<b>CY</b>	<b>1070.03</b>
	<b>PY</b>	1118.32

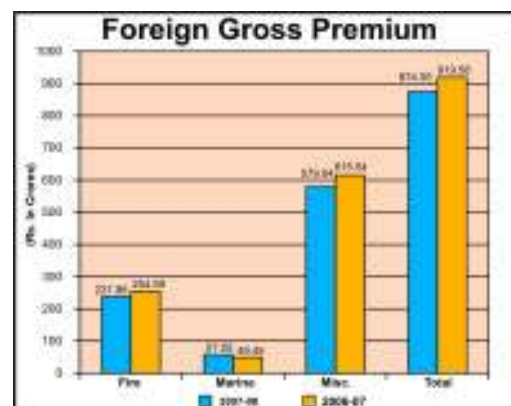
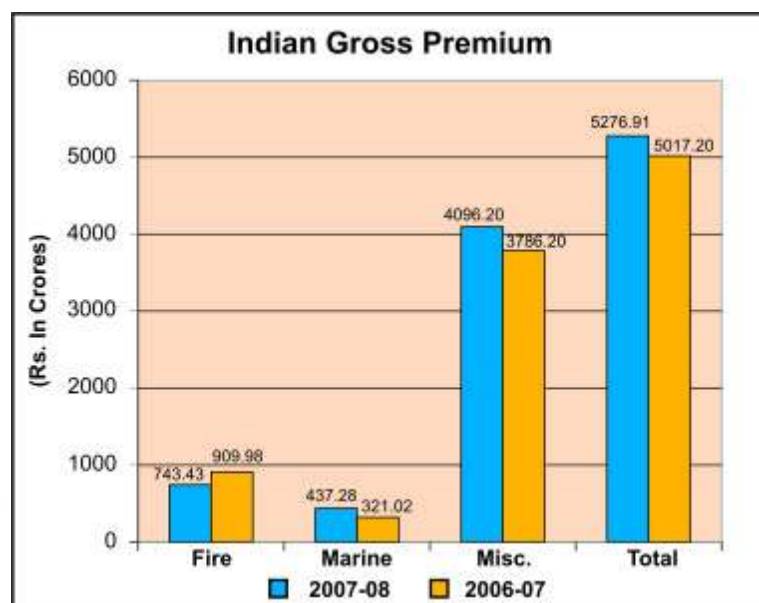
### II. PERFORMANCE REVIEW

(Rupees in crores)

	<b>2007-08</b>	<b>2006-07</b>
<b>A. GROSS DIRECT PREMIUM:</b>	<b>5276.91</b>	5017.20
<b>Percentage change over previous year:</b>	<b>5.18</b>	4.71

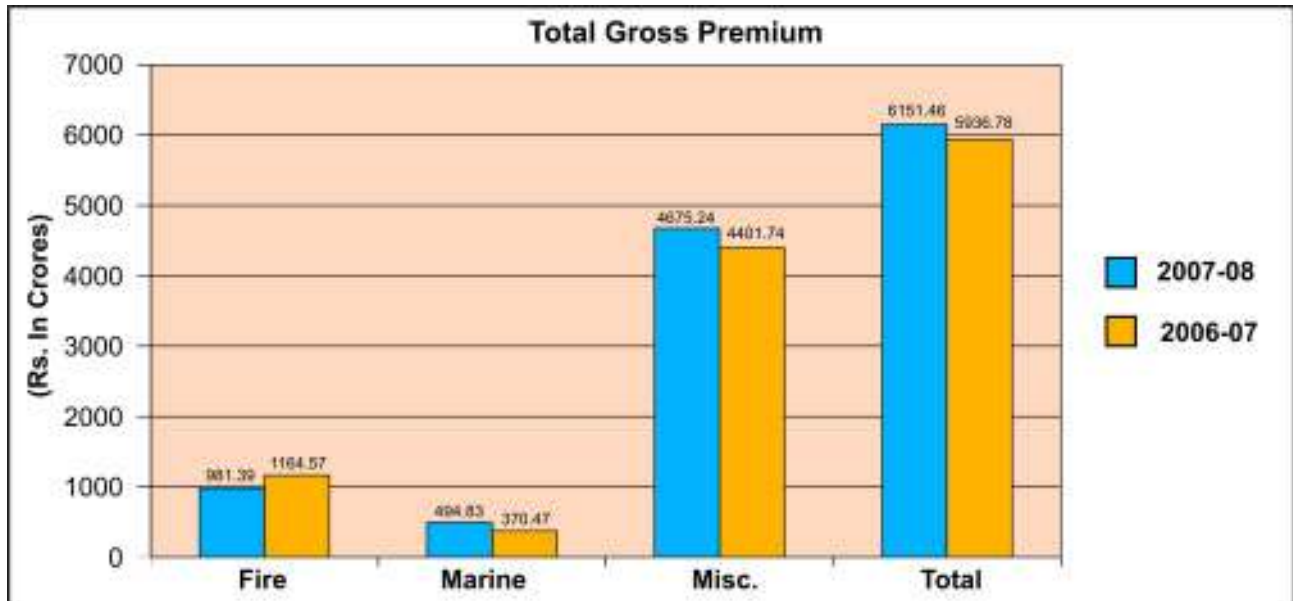
Gross Direct Premium in India has increased from Rs. 5017.20 Cr. in 2006-07 to Rs. 5276.91 Cr. in 07-08 recording a growth of 5.18% as against 4.71% growth registered during 2006-07.

The growth in business, in the backdrop of de-tariffing of Fire, Engineering, Motor OD and W.C. business during the year, which resulted in substantial reduction in the premium rates in these classes of business,



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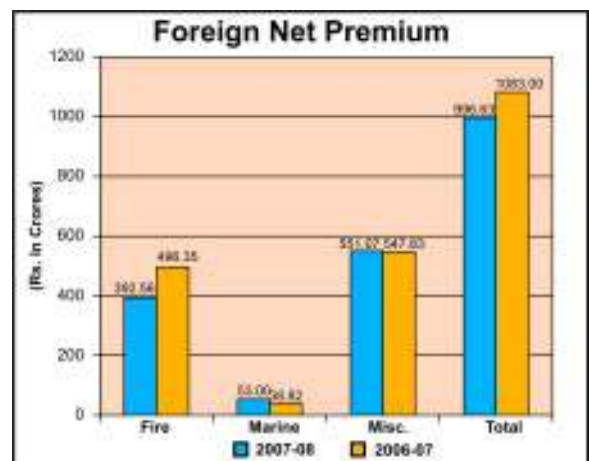
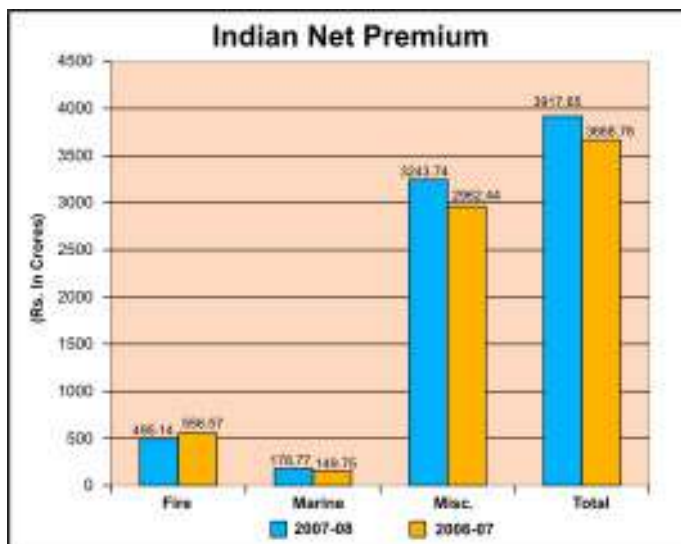
# Directors' Report



may be considered satisfactory. Marine business (Cargo + Hull) has increased by 36% and Company's market share has reasonably improved in this line of business Health business in India has increased from Rs.765.29 Cr. in 06-07 to Rs.1209.42 Cr. in 07-08 owing to increase in premium rates and an increase in market share of the Company. Foreign (Direct) business has marginally declined from Rs. 919.57 Cr. to Rs. 874.55 Cr. Company has continued to be the market leader during 07-08 in India. With global premium having crossed Rs. 6000 Cr., the Company has crossed yet another milestone during 2007-08.

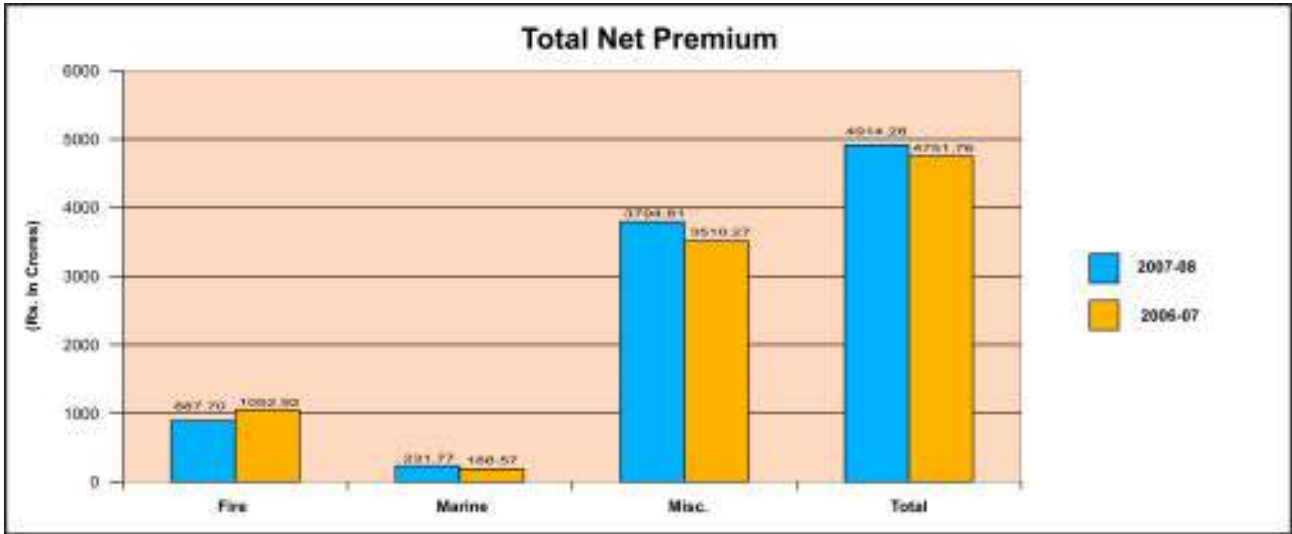
	(Rupees in crores)	
	2007-08	2006-07
<b>B. NET PREMIUM (GLOBAL)</b>	<b>4914.28</b>	<b>4751.76</b>
Percentage change over previous year:	3.42	9.42

The Net Premium grew from Rs.4751.76 Cr. to Rs. 4914.28 Crs. (i.e. by Rs. 162.52 Crs.) with a stable retention ratio of 79.89% in the current year, against previous year's ratio of 80.04%.





# Directors' Report



(Rupees in crores)

**C. ADDITIONAL UNEXPIRED RISK RESERVES :**

2007-08	2006-07
102.84	216.66

**Percentage to Net Premium:**

2.09	4.56
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Unexpired Risk Reserve has increased from Rs. 2470.17 Cr. as at 31.3.07 to Rs.2573.01 Cr. as at 31.3.08 contributing to reserve strain of Rs. 102.84 Cr. during the year. There was a reserve release of Rs. 82.61 Cr. in Fire class of business and reserve strain of Rs. 43.19 Cr. in Marine and Rs. 142.26 Cr. in Miscellaneous class of business.

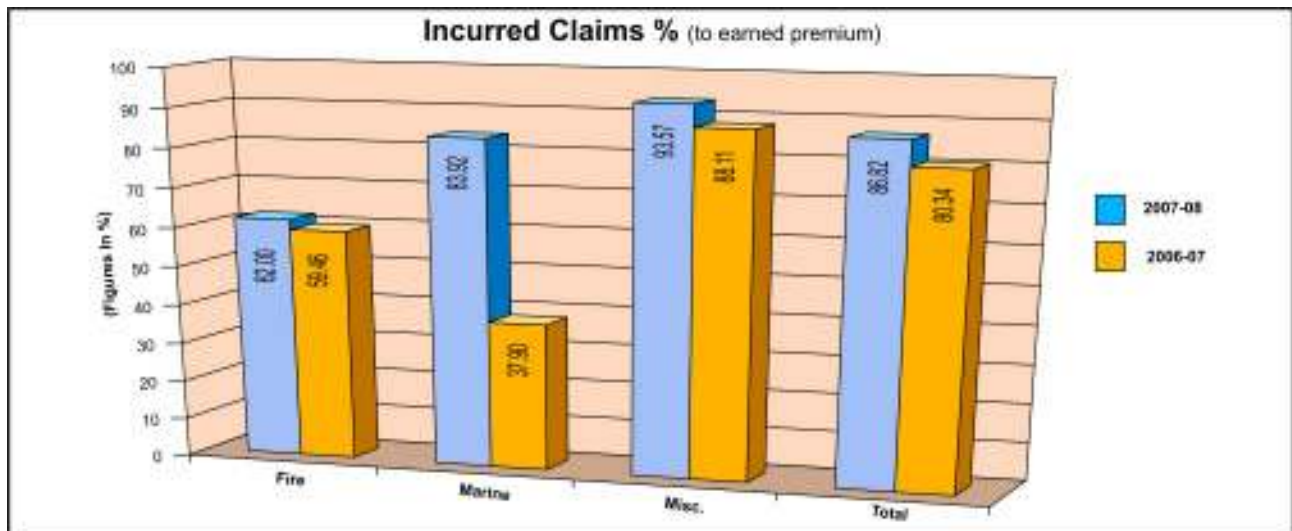
(Rupees in crores)

**D. INCURRED CLAIMS :**

2007-08	2006-07
4177.48	3643.61

**Percentage to Net Premium:**

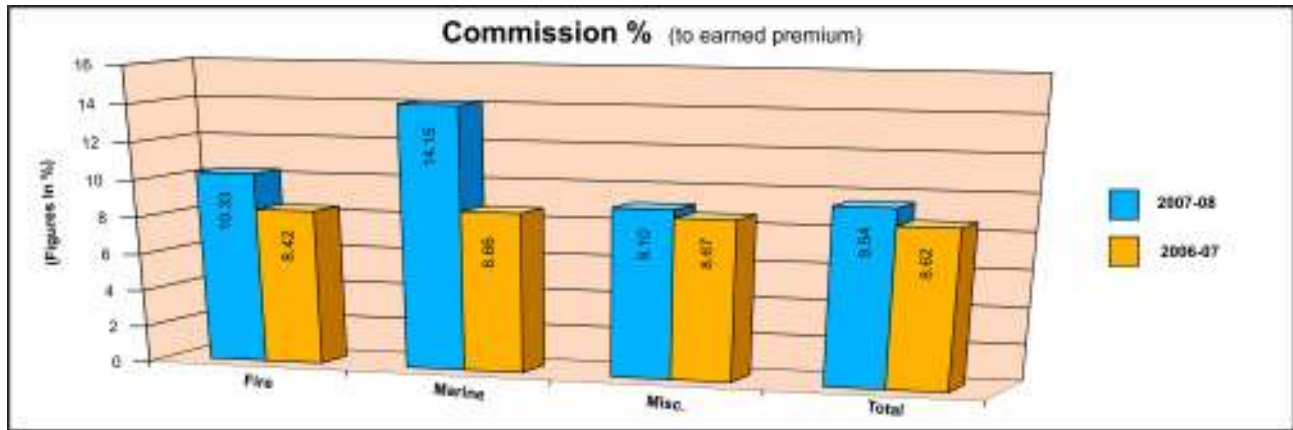
85.01	76.68
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## Directors' Report

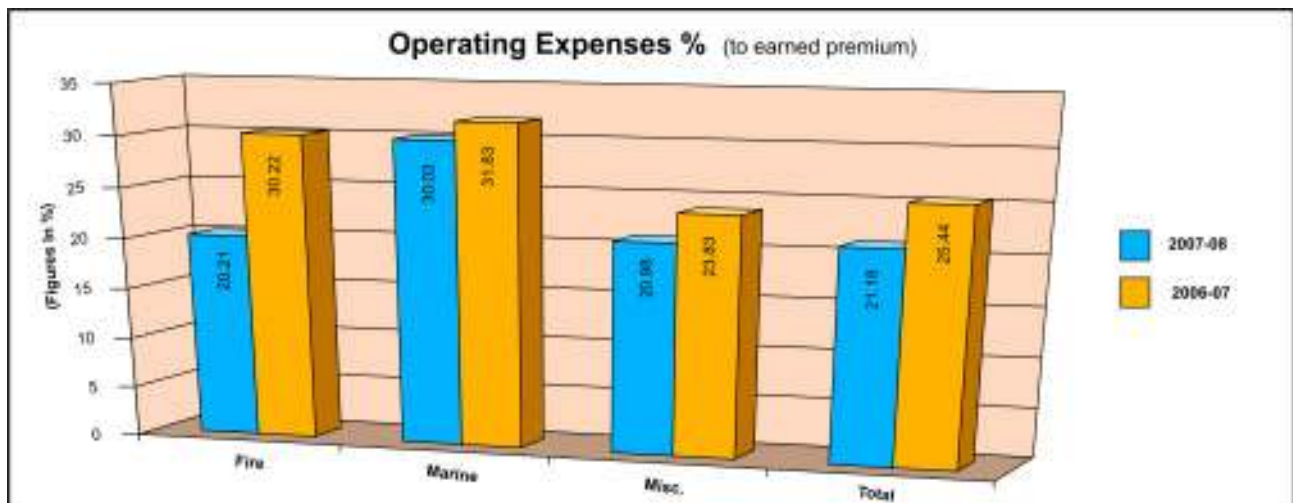
Global net incurred claims have shown an increase of Rs. 533.87 Cr. comprising of an increase in Indian net incurred claims by Rs. 427.42 Cr. and an increase in foreign net incurred claims by Rs. 106.45 Cr. Incurred claims in Indian Motor Business (Own Damage & Third Party) have shown an increase of Rs. 261 Cr. Incurred claims under Fire Department pertaining to our foreign business has caused an increase to the extent of Rs. 105 Cr. largely due to catastrophic claims in Muscat and Curacao. Owing to an increase in Health Business in India, the claims have also increased by Rs. 87 Cr.

		(Rupees in crores)	
		2007-08	2006-07
<b>E.</b>	<b>COMMISSION :</b>		
	<b>Percentage to Net Premium:</b>	<b>459.23</b>	<b>390.89</b>
		<b>9.34</b>	<b>8.23</b>



Net acquisition cost of business has gone up by an amount of Rs. 68.34 Cr. Increase in the commission of direct business by Rs. 18.60 Cr. and increase in the commission of RI Accepted business by Rs. 48.57 Cr. are responsible for the increase in the net acquisition cost from 8.23% to 9.34%

		(Rupees in crores)	
		2007-08	2006-07
<b>F.</b>	<b>OPERATING EXPENSES :</b>		
	<b>Percentage to Net Premium:</b>	<b>1019.10</b>	<b>1153.89</b>
		<b>20.74</b>	<b>24.28</b>



Operating Expenses declined by Rs. 134.79 Cr., mainly due to the reduction in the employee remuneration and welfare benefits. Operating Expenses constitute 20.74% during 07-08 as against 24.28% during 06-07 against net premium.

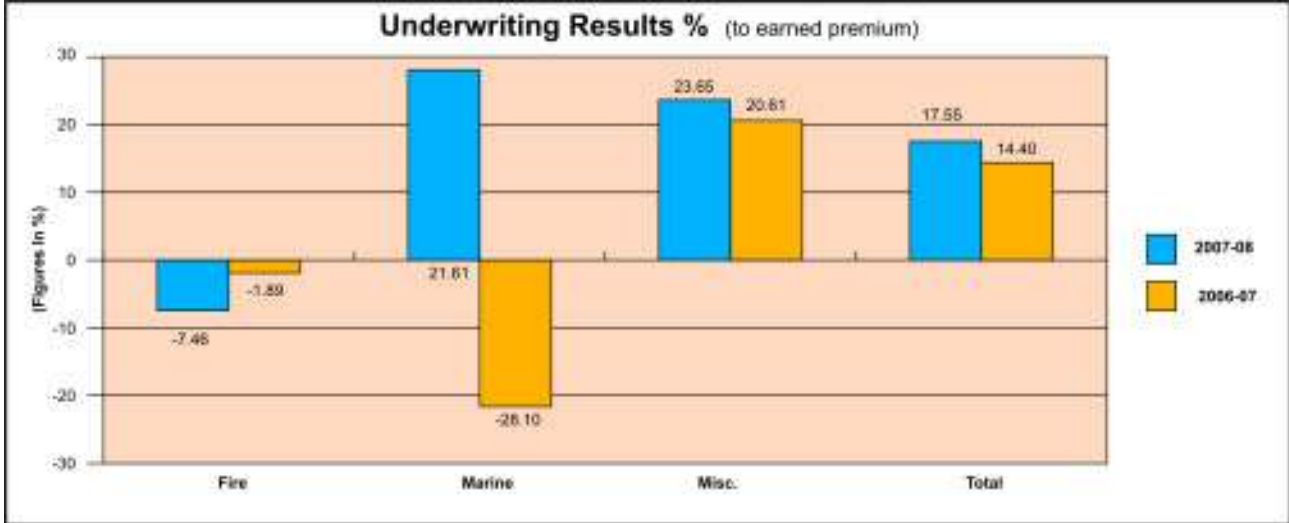




# Directors' Report

**G. UNDERWRITING RESULTS:**  
**Percentage to Net Premium:**

(Rupees in crores)	
2007-08	2006-07
<b>-844.39</b>	-653.27
<b>-17.18</b>	-13.75

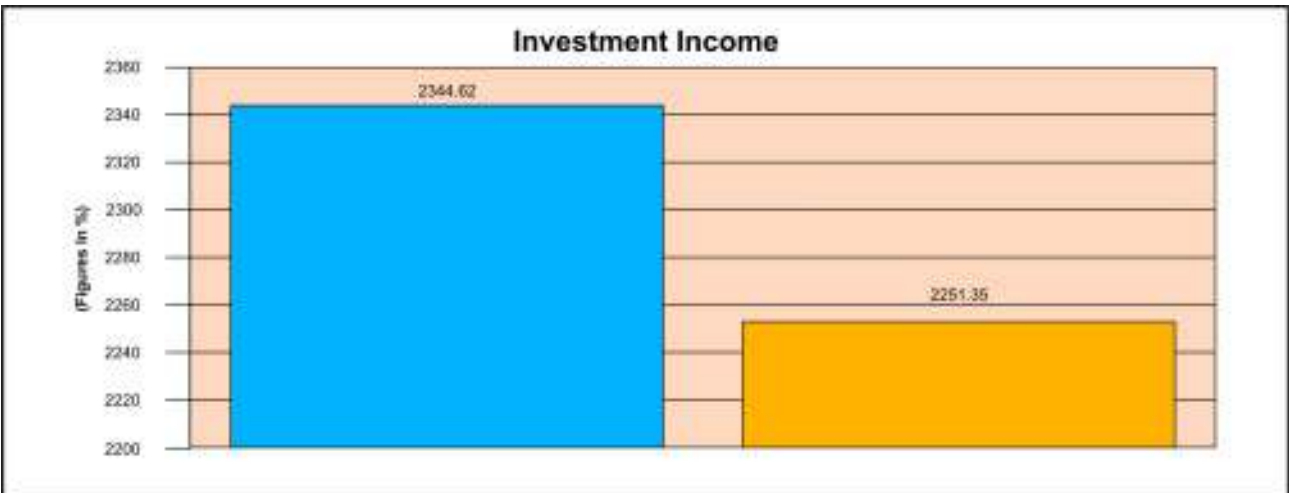


Underwriting deficit has gone up from Rs. 653.27 Cr. in 06-07 to Rs. 844.39 Cr. in 07-08 mainly on account of increase in net incurred claims by Rs. 533.87 Cr., which was partially offset by reduction in the expenses and moderate increase in the net premium.

**H. INVESTMENT INCOME (LESS PROVISIONS)**

Apportioned to Policyholders  
 Apportioned to Shareholders  
**Total**

(Rupees in crores)	
2007-08	2006-07
<b>1353.77</b>	1390.00
<b>990.85</b>	861.35
<b>2344.62</b>	2251.35



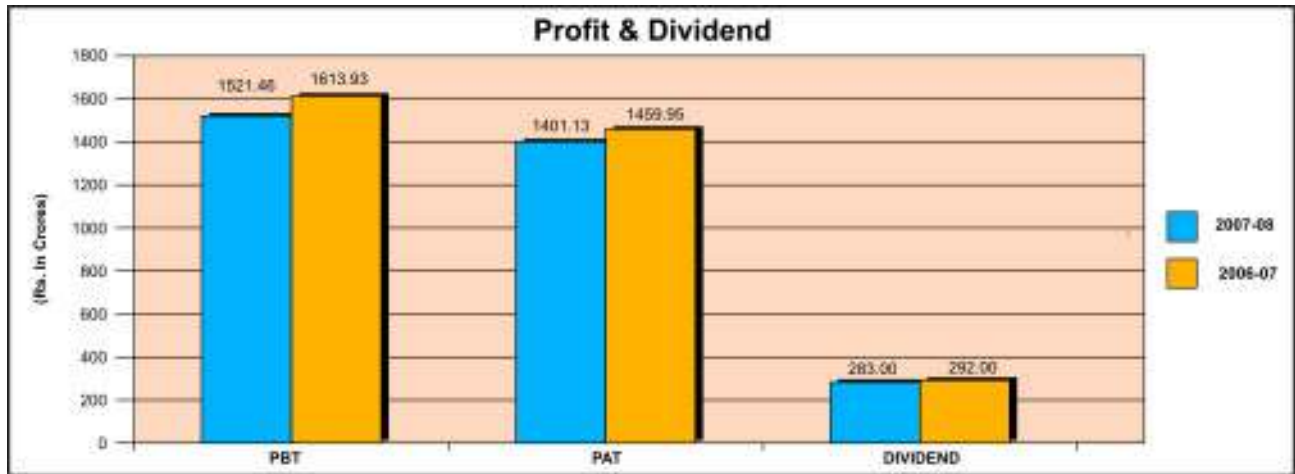
Continued good investment performance enabled the Company to earn an investment income of Rs. 2344.62 Cr. in the current year against Rs. 2251.35 Cr. of the previous year. The mean yield on funds is 19.56%. The non-performing assets come to Rs.215.34 crores.



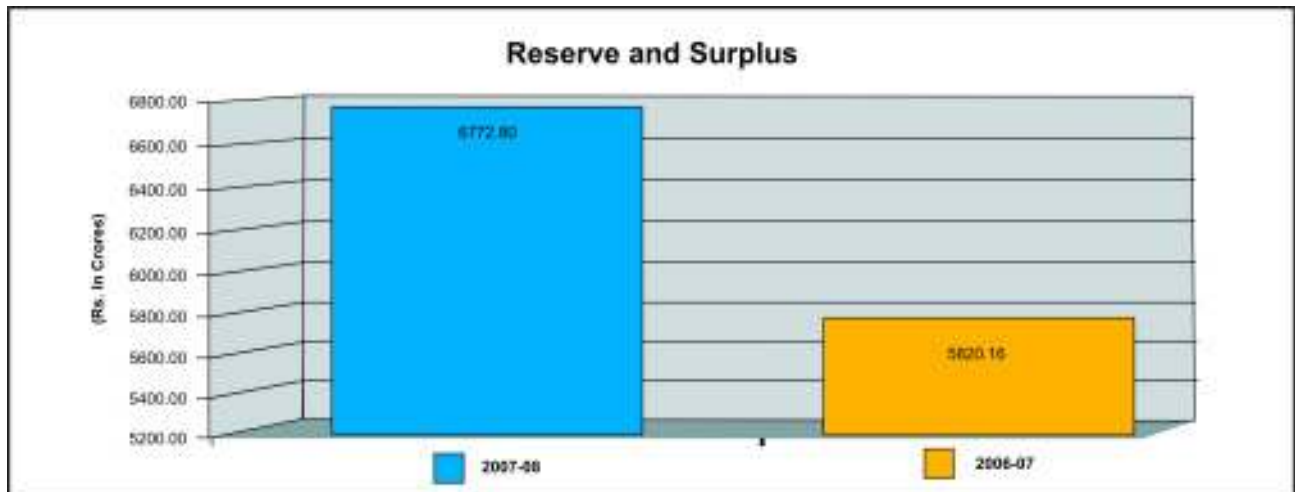
## Directors' Report

		(Rupees in crores)	
		2007-08	2006-07
<b>I. REVENUE ACCOUNT RESULTS :</b>			
	<b>Percentage to Net Premium</b>	<b>509.38</b>	736.72
		<b>10.37</b>	15.50
The policyholders' account showed a net surplus of Rs.509.38 Crs. In the current year against Rs.736.72 Cr. in the previous year, a reduction of Rs.227.34 Crs.			

		(Rupees in crores)	
		2007-08	2006-07
<b>J. OTHER INCOME / OUTGO</b>		<b>21.23</b>	15.85
<b>K. PROFIT BEFORE TAX</b>		<b>1521.46</b>	1613.93
<b>L. PROFIT AFTER TAX</b>		<b>1401.13</b>	1459.95
<b>M. PROPOSED FINAL DIVIDEND</b>		<b>283</b>	292



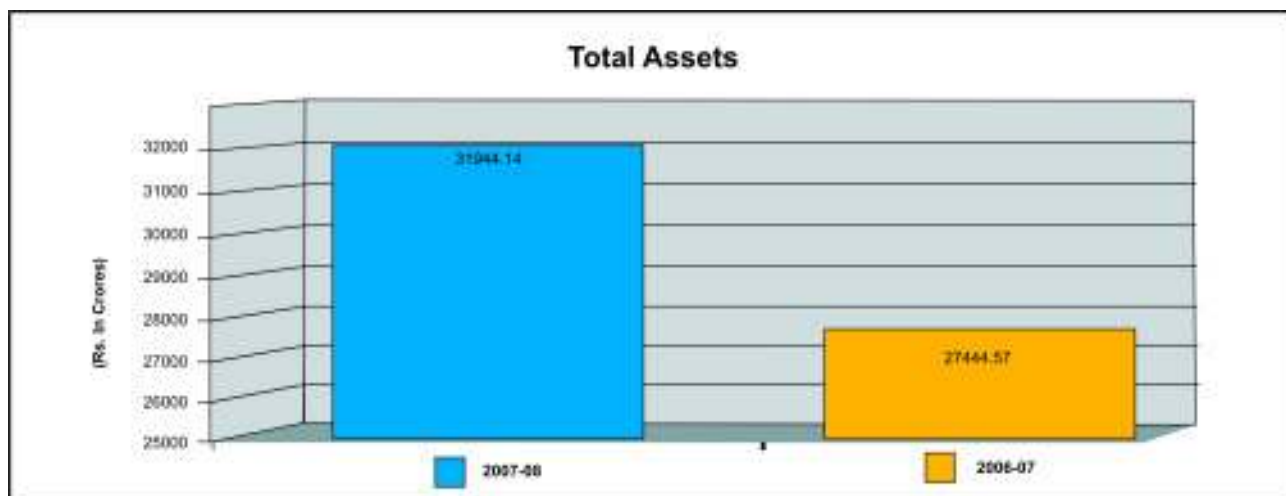
		(Rupees in crores)	
		2007-08	2006-07
<b>N. PAID-UP CAPITAL</b>		<b>200</b>	200
<b>O. RESERVES AND SURPLUS</b>		<b>6772.80</b>	5820.16



# Directors' Report

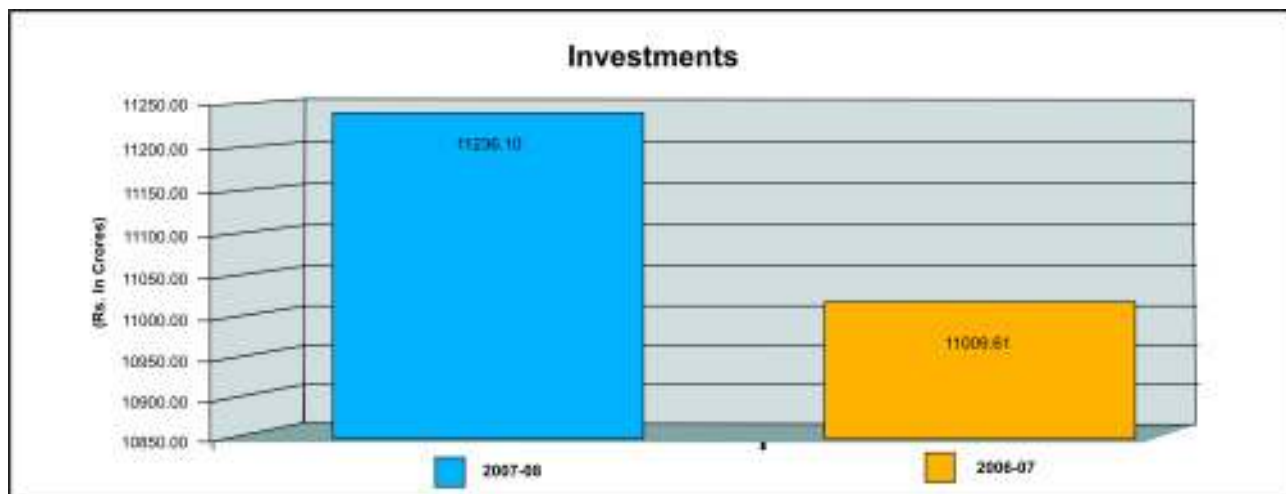
## P. TOTAL ASSETS

(Rupees in crores)  
**2007-08**      2006-07  
**31944.14**      27444.57



## Q. INVESTMENTS (AT COST)

(Rupees in crores)  
**2007-08**      2006-07  
**11236.10**      11009.61



## R. SOLVENCY MARGIN

	(Rupees in crores)	
	2007-08	2006-07
Required solvency margin under IRDA Regulations (Global)	1300.88	1327.70
Available solvency margin (Global)	5000.34	4735.68
Required solvency margin under IRDA Regulations (Indian)	1106.26	1116.73
Available solvency margin (Indian)	4425.25	5173.32

The company's global solvency ratio has improved from 3.57 to 3.84



## Directors' Report

S. COMPLIANCE WITH SECTION 40C	(Rupees in crores)	
	2007-08	2006-07
Percentage of expenses prescribed under the act	19.59	19.68
Company's actual percentage of expenses	16.77	20.26
Percentage of expenses including commission prescribed under the act	27.34	27.63
Company's actual percentage of expenses including commission	24.86	28.29
The Company's expenses are well within the limits prescribed		

### III. FOREIGN OPERATIONS:

The Gross Premium was Rs. 1143.63 crores in 2007-08 as against Rs. 1186.85 crores in 2006-07 showing a fall of 3.64%. The Net Premium was Rs. 932.07 crores in 2007-08 as against Rs. 981.44 crores in 2006-07 showing a fall of 5.03%. The fall in premium is mainly due to strengthening of rupee vis-à-vis other currencies. If the comparison of performance is done between 2007-08 and 2006-07 on the exchange rate of 2006-07, there is actually a growth in premium with accretion of 4.2% on Gross basis and 2.7% on Net basis

Foreign operations showed underwriting loss of Rs. 70.07 crores (7.5%) in 2007-08 as against underwriting profit of Rs. 20.44 crores (2.1%) in 2006-07 due to some major claims. The net profit of foreign operations for the year 2007-08 was Rs. 43.63 crores (4.7%) as against Rs. 119.86 crores (12.2%) in 2006-07.

Company's foreign operations were affected by major claims in Muscat (Gonu Cyclone), Dubai (major fire claims) and Curacao (Freezone Fire)

The Foreign Exchange earning during the year 2007-08 amounted to Rs. 6.87 crores towards dividend and repatriation of management fees from our Associate and Subsidiary Companies.

Company had organised Chief Agents' Conference for Middle East Countries in Bahrain in October 2007 wherein strategy to increase premium in Middle East was discussed.

#### Overseas operational results for the year ended 31st March 2008

Sr.No	Particulars	2006-07		2007-08	
		Rs. in crores	%	Rs.in crores	%
1	Gross Premium (Direct + Accepted)	1143.63	-3.6*	1186.85	5.7*
2	Net Premium	932.07	-5.0*	981.441	1.9*
3	Incurred Claims	693.55	74.4	567.92	57.9
4	Commission	236.16	25.3	240.65	24.5
5	Expenses of Management	88.92	9.5	97.01	9.9
6	Other Income	-2.04	-0.2	-0.15	0.0
7	Underwriting Profit/Loss before Reserve Strain	-88.6	-9.5	75.71	7.7
8	Reserve Strain/Release	-18.53	-2.0	55.27	5.6
9	Underwriting Profit/Loss after Reserve Strain	-70.07	-7.5	20.44	2.1
10	Investment Income	113.7	12.2	99.42	10.1
11	Net Profit/Loss	43.63	4.7	119.86	12.2

\* Percentage represents accretion %



# Directors' Report

The table below gives details of country-wise operational results for foreign branches and agencies for the financial year 2007-08:

(RS. IN CRORES)

COUNTRY		GROSS PREM		NET PREM		CLAIM		COMMISSION		MGT. EXP.		RES. STR.		INCOME		U/W PROFIT		INVTMENT INCOME		NET PROFIT	
		Rs.	Rs.	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
ABU DHABI	C.Y.	36.39	33.02	18.38	55.7	9.01	27.3	0.39	1.2	2.58	7.8	0	0.0	2.66	8.1	1.06	3.2	3.72	11.3		
	P.Y.	35.60	30.95	11.59	37.4	7.84	25.3	0.36	1.2	4.74	15.3	-0.01	0.0	6.41	20.7	0.86	2.8	7.27	23.5		
DUBAI	C.Y.	104.53	77.98	92.14	118.2	23.57	30.2	1.00	1.3	4.55	5.8	0.13	0.2	-43.15	-55.3	2.60	3.3	-40.55	-52.0		
	P.Y.	97.67	72.58	44.58	61.4	22.58	31.1	1.33	1.8	0	18.3	0.45	0.6	-8.76	-12.1	2.49	3.4	-6.27	-8.6		
BAHRAIN	C.Y.	37.48	29.25	14.33	49.0	7.88	26.9	1.36	4.6	-0.53	-1.8	0	0.0	6.21	21.2	2.01	6.9	8.22	28.1		
	P.Y.	37.04	30.97	12.33	39.8	7.86	25.4	1.44	4.6	0	7.1	0	0.0	7.13	23.0	2.10	6.8	9.23	29.8		
KUWAIT	C.Y.	36.48	33.27	17.75	53.4	11.48	34.5	0.77	2.3	1.97	5.9	-0.10	-0.3	1.20	3.6	1.14	3.4	2.34	7.0		
	P.Y.	33.91	30.25	12.90	42.6	10.31	34.1	0.87	2.9	1.49	4.9	-0.10	-0.3	4.58	15.1	0.81	2.7	5.39	17.8		
MUSCAT	C.Y.	105.30	83.47	136.63	163.7	22.91	27.4	0.49	0.6	6.47	7.8	0	0.0	-83.03	-99.5	4.74	5.7	-78.29	-93.8		
	P.Y.	106.85	73.95	40.47	54.7	18.70	25.3	1.26	1.7	11.38	15.4	0	0.0	2.14	2.9	3.83	5.2	5.97	8.1		
SAUDI ARABIA	C.Y.	23.09	19.82	9.16	46.2	6.07	30.6	0.77	3.9	0.75	3.8	-0.82	-4.1	2.25	11.4	0.34	1.7	2.59	13.1		
	P.Y.	21.19	18.84	7.74	41.1	5.43	28.8	0.93	4.9	2.05	10.9	-0.70	-3.7	1.99	10.6	0.28	1.5	2.27	12.0		
ARUBA	C.Y.	36.95	32.24	14.59	45.3	11.81	36.6	0.80	2.5	-3.41	-10.6	0.17	0.5	8.62	26.7	2.56	7.9	11.18	34.7		
	P.Y.	43.28	39.06	20.99	53.7	13.72	35.1	0.84	2.2	1.32	3.4	-1.00	-2.6	1.19	3.0	2.32	5.9	3.51	9.0		
CURACAO	C.Y.	14.84	12.58	19.85	157.8	3.98	31.6	0.66	5.2	-1.47	-11.7	0.06	0.5	-10.38	-82.5	1.12	8.9	-9.26	-73.6		
	P.Y.	16.97	15.47	34.48	222.9	4.82	31.2	0.85	5.5	1.12	7.2	0.24	1.6	-25.56	-165.2	1.20	7.8	-24.36	-157.5		
MAURITIUS	C.Y.	33.27	26.64	20.39	76.5	3.43	12.9	1.40	5.3	3.76	14.1	-0.04	-0.2	-2.38	-8.9	5.85	22.0	3.47	13.0		
	P.Y.	25.52	19.12	11.67	61.0	2.46	12.9	1.54	8.1	-0.56	-2.9	0.00	0.0	4.01	21.0	4.26	22.3	8.27	43.3		
HONGKONG	C.Y.	17.99	17.24	21.10	122.4	5.99	34.7	2.00	11.6	0.55	3.2	0.00	0.0	-12.40	-71.9	1.59	9.2	-10.81	-62.7		
	P.Y.	17.94	16.38	-9.45	-57.7	5.82	35.5	2.41	14.7	-0.80	-4.9	0.00	0.0	18.40	112.3	1.26	7.7	19.66	120.0		
PHILIPPINES	C.Y.	5.52	3.87	1.66	42.9	1.01	26.1	1.14	29.5	0.30	7.8	0.03	0.8	-0.21	-5.4	2.88	74.4	2.67	69.0		
	P.Y.	4.99	3.39	1.06	31.3	0.77	22.7	1.58	46.6	0.51	15.0	0.02	0.6	-0.51	-15.0	2.65	78.2	2.14	63.1		
THAILAND	C.Y.	8.61	6.07	3.92	64.6	1.40	23.1	1.59	26.2	1.22	20.1	0	0.0	-2.06	-33.9	1.20	19.8	-0.86	-14.2		
	P.Y.	8.93	3.83	1.97	51.4	0.95	24.8	1.50	39.2	0.83	21.7	0	0.0	-1.42	-37.1	1.07	27.9	-0.35	-9.1		
AUSTRALIA	C.Y.	23.21	8.56	10.01	116.9	2.51	29.3	2.62	30.6	-0.74	-8.6	-0.59	-6.9	-6.43	-75.1	5.89	68.8	-0.54	-6.3		
	P.Y.	17.32	9.96	6.98	70.1	3.74	37.6	2.28	22.9	3.42	34.3	0.13	1.3	-6.33	-63.6	4.53	45.5	-1.80	-18.1		
FIJI	C.Y.	64.06	54.36	28.22	51.9	5.54	10.2	3.40	6.3	-0.98	-1.8	0.01	0.0	18.19	33.5	6.98	12.8	25.17	46.3		
	P.Y.	63.49	56.21	20.31	36.1	5.32	9.5	3.91	7.0	3.55	6.3	0.31	0.6	23.43	41.7	3.95	7.0	27.38	48.7		
AUCKLAND	C.Y.	6.98	6.26	5.40	86.3	0.74	11.8	1.89	30.2	0.39	6.2	0.14	2.2	-2.02	-32.3	0.50	8.0	-1.52	-24.3		
	P.Y.	5.75	5.50	4.60	83.6	0.63	10.1	1.37	21.9	1.25	20.0	0.25	4.0	-2.10	-33.5	0.47	7.5	-1.63	-26.0		
JAPAN	C.Y.	145.80	117.77	63.38	53.8	21.78	18.5	39.67	33.7	-5.49	-4.7	-0.10	-0.1	-1.67	-1.4	1.30	1.1	-0.37	-0.3		
	P.Y.	163.47	128.63	60.00	46.6	22.88	17.8	41.62	32.4	-7.75	-6.0	-0.07	-0.1	11.81	9.2	1.42	1.1	13.23	10.3		
TOTAL EXCLUDING UK	C.Y.	700.50	562.40	476.91	84.8	139.11	24.7	59.95	10.7	9.92	1.8	-1.11	-0.2	-124.60	-22.2	41.76	7.4	-82.84	-14.7		
	P.Y.	699.92	555.09	282.22	50.8	133.83	24.1	64.09	11.5	38.06	6.9	-0.48	-0.1	36.41	6.6	33.50	6.0	69.91	12.6		
UNITED KINGDOM	C.Y.	443.13	369.67	216.63	58.6	97.05	26.3	28.86	7.8	-28.45	-7.7	-0.18	0.0	55.40	15.0	71.46	19.3	126.86	34.3		
	P.Y.	486.93	426.35	285.66	67.0	108.91	25.5	31.63	7.4	17.21	4.0	0.81	0.2	-16.25	-3.8	65.52	15.4	49.27	11.6		
RUN-OFF & OTHERS	C.Y.			0.01		0.00		0.11				-0.75		-0.87		0.48		-0.39	0.0		
	P.Y.			0.04		-2.09		1.29				-0.48		0.28		0.40		0.68	0.0		
TOTAL	C.Y.	1143.63	932.07	693.55	74.4	236.16	25.3	88.92	9.5	-18.53	-2.0	-2.04	-0.2	-70.07	-7.5	113.70	12.2	43.63	4.7		
TOTAL	P.Y.	1186.85	981.44	567.92	57.9	240.65	24.5	97.01	9.9	55.27	5.6	-0.15	0.0	20.44	2.1	99.42	10.1	119.86	12.2		

## IV. PLANS FOR 2008-09

### Domestic:

The company has procured a Gross Direct Premium of Rs. 5,276.91 crores from domestic market during 2007-08 as against premium of Rs. 5017.20 crores procured in the previous year, registering a growth of 5.18%. Company's growth is to be viewed in the context of dwarfing of Fire, Engineering and Motor (Own Damage) business segments during 2007 – 08 which resulted in softening of premium rates.

The Company has set up a target of Rs. 5,700.00 crores for the year 2008-09 at a targeted growth rate of 8%. The premium rates in Fire, Engineering and Motor own damage segments have been reduced considerably after the complete detariffing in these segments, which is likely to affect the growth despite overall industrial growth. But the Company is sanguine about retaining the existing clientele and getting the patronage of non-clients as well, in the prevailing detariffed regime. Further the Company expects another year of reasonable growth in Health segment due to increase in market demand, upward revision of premium rates and introduction of new customized products. Another area of growth is likely to be in the retail sector wherein the Company intends to market in a big way. This segment is likely to grow rapidly due to increase in income of middle class and new value proposition given to the growing distribution channels like Bancassurance, Brokers, and Corporate Agency by way of setting up specialised offices with focussed approach. Moreover the current low premium rates in property insurance are expected to improve and stabilize during the year 2008-09.

### Foreign:

The premium objective for 2008-09 is Rs.1257 crores (Gross) against completion of Rs.1143.63 crores and Rs. 1000 Crores (Net) against completion of Rs. 932.07 crores.

## V. ORGANISATION - STRUCTURE:

### Domestic:

The Company has entered a phase of consolidation and restructuring of offices. As on 31<sup>st</sup> March 2008 the Company has a network of 26 Regional Offices, 389 Divisional Offices, 598 Branch Offices, 28 Direct Agent Branches and 11 Extension Counters, totalling 1052 offices.

### Foreign:

New India has 19 Branches in 9 Countries and 12 Agency Offices in 10 Countries. The Company also has 2 Associate Companies in 2 Countries and 3 Subsidiary Companies operating in 7 Countries.

### A. FOREIGN BRANCHES.

Country	Branches	Year of commencement of operations.
1. Japan	1. Tokyo	1950
	2. Nagoya	1964
	3. Hiroshima	1973
	4. Okayama	1980
	5. Sapporo	1978
	6. Osaka	1962
	7. Himeji	1996
2. Hong Kong	8. Hong Kong	1952
3. Philippines	9. Manila	1930
4. Thailand	10. Bangkok	1948
5. Australia	11. Sydney	1955
6. Fiji	12. Suva	1954
	13. Lautoka	1967
	14. Labasa	1982
	15. Nadi	1996
7. Mauritius	16. Port Louis	1935
8. U.K.	17. London- Fenchurch	1920
	18. Ipswich	2000
9. New Zealand	19. Auckland	2004





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### B. FOREIGN AGENCIES:

Country	Agencies	Year of commencement of operations
1. Abu Dhabi (U.A.E.)	1. Abu-Dhabi	1973
2. Dubai (U.A.E.)	2. Dubai	1961
3. Bahrain	3. Bahrain	1959
4. Kuwait	4. Kuwait	1953
5. Oman	5. Muscat	1975
6. Saudi Arabia	6. Riyadh	1981
	7. Jeddah	1981
	8. Al Khobar	1981
7. Dutch Caribbean	9. Aruba	1963
8. Netherlands Antilles	10. Curacao	1954
9. France	11. Paris	1975
10. Canada	12. Toronto	1953

### C. ASSOCIATE COMPANIES:

Country	Year of commencement of operations
1. Ghana	1. Accra 1972
2. Saudi Arabia	2. Riyadh Full-fledged operations have commenced in July, 2008.

### D. SUBSIDIARY COMPANIES:

Country	Year of commencement of operations
1. <b>Prestige Assurance plc</b> Nigeria	1. Lagos 1970
	2. Kano
	3. Port Harcourt
2. <b>The New India Assurance Co (Sierra Leone) Ltd</b> Sierra Leone Liberia	1. Freetown 1973
	2. Monrovia 1983
3. <b>The New India Assurance Co. (Trinidad &amp; Tobago) Ltd</b> Trinidad & Tobago St. Lucia Dominica St. Maarten	1. Port of Spain 1996
	2. Castries
	3. Roseau
	4. Philipsburg

## VI. PROJECT NEW ENERGY – BUSINESS TRANSFORMATION EXERCISE

To position itself in a higher growth trajectory and equip itself to handle the market and competitive challenges of the future, the Company has appointed a premier management-consulting firm, **The Boston Consulting Group (BCG)**. The Consultants are expected to assist in the formulation of corporate Long term strategy and its phase-wise implementation. The business transformation exercise has been named “**Project New Energy**” and was started in October 2007. Project New Energy began by bringing together the top management of the Company at the National Insurance Academy, Pune to draft a long term Vision for the Company. This was followed by the Project New Energy team working closely with the company’s top management to understand the company

specific challenges and develop market landscape on the key elements like business lines, channels and segments. The team met numerous channel partners, customers and employees to develop its point of view. The study also incorporated competitive benchmarking and international learning from other relevant markets. Based on this understanding, BCG presented its initial recommendations to the Board of Directors on 17th December 2007, which were thereafter adopted. An overall transformation agenda has been drawn up for the organisation, which is to be executed in three waves.

Work on implementation of wave 1 initiatives has already started. Five wave 1 initiatives - creation of large corporate offices, creation of channel specific offices (bancassurance, brokers, motor dealers), creation of operations hubs, risk based pricing and improving profitability - were launched on a pilot basis across 8 regional offices in January 2008. The Project New Energy team has worked closely with the regional teams in the design and execution of each of these pilot initiatives. The objective of the pilots was to test the concept in a contained environment, fine tune the concepts and demonstrate the value of the initiatives to the organization. The early results from the pilots have been encouraging. Having established success in pilot regions, these initiatives will now be rolled out across all the Regions over the next 18 months. Simultaneously, design and rollout of wave 2 initiatives will also be carried out. The action agenda charted by Project New Energy is bold and ambitious, and if successfully implemented can significantly change the Company's growth trajectory.

### VII. DETARIFFING:

De-tariffing introduced in the insurance sector in the various tariff departments picked up momentum during the year 2007-08. During the preceding year IRDA had introduced a cap on the reduction in the tariff rates to control the price fall for the major renewals during the month of April 2007. Going by the experience in the first two quarters of 07-08, IRDA lifted the cap in January 2008. In anticipation of total decontrol of rates, fresh guide rates for Fire, Engineering, Workmen's Compensation and Motor were filed with IRDA after obtaining approval from the Board for the revised Underwriting Policy of the company. To meet the dynamic demands of the industry underwriters at various levels of operations were fully geared up. A significant change during the year was made by IRDA in respect of File and Use guidelines for Large Risks. Consequent to this, it has become mandatory for the direct insurer to quote the same terms and conditions as quoted by the reinsurer. A strategy was evolved to retain profitable clients and aggressive bidding was made to get profitable new clients on our books. This tactical approach resulted in a fall of only 18% in gross premium for Fire and a favorable incurred claims ratio of 58.55%. Engineering premium despite reduction in rates has shown a growth by 5.8% with an incurred claims ratio of 64%. For both Fire and Engineering departments the combined ratios are in accordance with the Underwriting Policy approved by the Board. During the year Indian Motor Third Party Insurance Pool became operational as planned w.e.f. 1st April 2007. Company ceded Rs.592.40 Crores to the Pool, and accepted Rs.388.14 Crores. The second stage of de-tariffing wherein policy wordings were to be freed w.e.f. 1.04.2008 has been deferred for the time being. After consultation with all the companies, General Insurance Council took the initiative of drafting Indian Market Wordings for different products of Fire, Engineering and Motor insurances which have been filed with IRDA.

### VIII. MOTOR LOSS CONTROL MEASURES:

Motor Insurance is the Company's largest portfolio comprising insurance of two wheelers, private cars, commercial (goods carrying vehicles and passenger) carrying vehicles.

In tune with the liberalised and competitive market scenario, the premium rates of Motor Own Damage (OD) risks have declined. However, we expect not only to retain our market share but also to have good accretion. Company's Motor OD premium was 64.81% of the Total Motor Premium of Rs.1935.27 crores and the OD Incurred Claims Ratio stood around 71.66%. Company's Third Party Premium was 24% of the Total Motor premium in 2007-08. The Third Party (TP) loss ratio continues to be a drain



## Directors' Report

mainly due to the provisions of the Motor Vehicles Act. Suggestions mooted to effect amendments to the Motor Vehicles Act, are under consideration of the Government. Indian Motor Third Party Insurance Pool was formed during 2007 – 08 in which all the registered non life insurers in India participate, to cede the Third Party Insurance Premium on commercial vehicles and share the losses through a multilateral reinsurance arrangement.

The Company has taken steps to keep its motor loss ratio under control. The Company encourages settlement of Motor Third Party claims through Lok Adalats and other conciliatory fora to reduce claims cost. Continuous efforts are being made to dispose of long pending TP claims by participating effectively in all Lok Adalats conducted by Tribunals and High Courts and reduce the outstanding TP cases. The thrust given by the Apex Court of India to reduce the pendency of Motor Accident compensation cases has added further momentum to clear off pending TP claims.

Greater emphasis is given to good underwriting and claims service practices to bring down claims cost.

The Company will shortly introduce a web-enabled system for issuance of policies and settlement of claims. We have recently instituted Organizational Development Intervention Programme. As a part of this programme, procedure for settling Motor OD claims have been simplified and pilot projects were initiated at two Regional Offices viz. Mumbai RO IV and Chennai RO. These two measures are expected to bring, not only transparency in claims servicing but also improvement in overall performance of motor insurance business and increase the customer satisfaction.

### IX. CLAIMS SETTLEMENT AND AGEWISE ANALYSIS:

The company had kept an ambitious target of 90% claims settlement in respect of Non-suit Claims. The actual ratio in respect of Non-suit claims in 2007-08 was 89.14%, which is much above industry average.

However the overall claims settlement ratio including suit claims (comprising mainly of Motor TP Claims) was 72.44% in 2007-08.

Number of Claims Outstanding as on 01.04.2007	396249
Number of Claims Intimated during 2007-08	938923
Number of Claims Settled during 2007-08	967192
Number of Claims Outstanding as on 31.03.2008	367980

Age-wise classifications of outstanding claims as on 31.03.2008 are given here under:

Claims Outstanding for less than three months	73060
Claims Outstanding for more than three months but less than one year	69687
Claims Outstanding for more than one year	225233
Total	367980

Out of a total 367980 pending claims as on 31<sup>st</sup> March 2008, 261584 claims are Motor TP claims which are pending at various MACTs across the country.

### X. RURAL INSURANCE, SOCIAL SECTOR INSURANCE AND SPECIAL SCHEMES:

The company has more than 40 products catering to the insurance need of rural and social sector. It has always remained pioneer in designing new products and developing business in the sector. The people in the rural area are adopting new practices in the farming and company is suitably devising its products to meet the requirement of the farmers and the financiers.

### 1. Janasree Vima Yojana

The Company has provided coverage for sheep in the five Districts of Karnataka, namely, Gulbarga, Bidar, Raichur, Bellary and Koppal. Sheep and Wool Development Corporation of Karnataka funded the scheme and the beneficiary paid 10% premium. The total number of sheep covered under the scheme is 88000 and a premium of Rs. 53.07 Lacs was collected.

### 2. Ganna Kamgar Vima Yojana

This is a unique scheme specially designed covering personal accident, dwellings and bullocks for the sugarcane farmer members attached to various sugar mills in the State of Maharashtra. Under the scheme, the Company has collected Rs. 35.18 Lacs premium and has paid Rs. 27.09 Lacs as claims. The number of members covered under the scheme is 18,000.

### 3. Gopal Raksha Package Policy

This scheme was devised for milk producers belonging to weaker section of the society in the State of Andhra Pradesh during the year 2006-07. The scheme provides insurance cover for milch cattle, Dwelling and also Janata Personal Accident cover for the members of milk producers union. The scheme is gaining popularity and the growth is almost 100% under this scheme during the year 2007-08.

The Premium and Incurred Claims for the year 2007-08 are Rs.114.36 Lacs and Rs.64.12 Lacs respectively as compared to Rs. 63 Lacs and Rs.30.05 Lacs respectively in the year 2006-07.

### 4. Plantation Insurance

The Company has standard Plantation Insurance Scheme for insuring Floriculture, Horticulture, and Cash Crops like sugarcane; cotton etc. The Company has started additional add-on covers for pest & diseases and drought under this scheme in addition to standard covers. The Plantation Insurance Scheme covers the input cost.

### 5. Social Security covers for weaker sections of the society:

#### • Janata Personal Accident Insurance:

To provide social security for the common masses in rural and urban areas, Janata Personal Accident was marketed. Several group policies were sold through Government, NGOs and Corporate Clients. A few examples are given here:

A single largest group JPA policy was sold by the Company through LIC of India along with the life policy issued by LIC out of Social Security Fund of the Government of India. The policy covers 90 Lac persons belonging to weaker sections of the society. The premium procured was Rs. 1.55 Crores

#### Indira Kranti Pratham and its Associates:

The Gramin JPA policies were issued to the beneficiaries of Indira Kranti Pratham in the rural area in the state of Andhra Pradesh. The total number of members covered under the above scheme is 83,200 and the premium procured is Rs.6.24 lacs under the various schemes namely: -1] Vizianagaram Zilla Samakhya 2] Maha Vaisakhi and 3] Grihalakshmi. The death cover is provided to the member and spouse under the scheme.

Similarly its associate like Morgan Maha Vaisakhi is working in the urban area. Approximately 25,000 members are covered and the premium collected is Rs 3.50 Lacs and the claim outgo is Rs. 1.25 Lacs. The members of these schemes are of weaker sections of the society.

#### Janata Personal Accident Policy for Kisan Credit Card Holders:

The Company has agreement with several leading banks like State Bank of India, Bank of Baroda, Union Bank of India, Central Bank of India, various regional rural banks and co-operative banks for coverage of farmers having Kisan Credit Card under Janata Personal Accident Policy. The Company has covered more than 30 Lac farmers under this scheme.



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- **Amruta Yojane Scheme for Women:**

The scheme is specifically devised for offering employment to the SC/ST women in rural areas for giving loan for purchase of milch cattle in the Districts of Bangalore Urban, Bangalore Rural, Dakshin Kannada, Udupi, Mysore and Chamrajnagar. M/s. Karnataka Milk Federation identifies the beneficiaries. The total number of animals covered is 9000.

- **Rajeev Gandhi Vidhyarthi Suraksha Yojana:**

This policy provides insurance cover for personal accident up to Rs. 30,000/- permanent total disablement for two limbs/eyes up to Rs. 50,000/- and loss of one limb/eye up to Rs. 20,000/-. Medical expenses arising out of accident up to Rs. 10,000/- loss of books due to accident up to Rs. 350/- reimbursement of fees up to Rs. 650/-, loss of bicycle up to Rs. 1500/- are also covered under the Scheme. The total premium collected is Rs. 23.30 Lacs from Nasik & Ahmednagar Districts of Maharashtra.

- **Universal Health Insurance Scheme:**

The scheme was implemented in the year 2003 as per the directives of the Government of India for providing hospitalization benefit to the economically weaker section of the society. The policy is meant for the people below poverty line. The Government provides subsidy of more than 50% of the premium.

The scheme provides hospitalization benefit up to Rs 30,000/- per family and personal accident benefit of Rs 25,000/- for the earning head of the family during the policy period. There is provision of cashless service through Third Party Administrators (TPA).

During the year the company covering 32716 persons issued 6936 policies and a premium of Rs22.72 Lacs was collected. Subsidy to the extent of Rs 27.28 Lacs was utilized on this account. The claims pay out for the scheme was Rs 32.14 Lacs during the year.

The Company also provides similar coverage for Non-BPL families without subsidy by the Government.

- **Insurance coverage for BPL families in Kerala:**

Ernakulam R.O. have covered 3205 BPL families of three villages namely: - 1] Venjaramoodu 2] Thattamala 3] Vaniamkulam in the district Trivandrum, Kollam and Palakkad respectively by collecting a premium of Rs.16,24,803/-. The premium for Venjaramoodu village was sponsored by M/s Gokulam Medical College and for Thattamala village by M/s Quilon Medical Trust and by Vaniamkulam Grama Panchayath for Vaniamkulam village. The coverage is likely to be extended further in the coming year.

### XI. CITIZENS' CHARTER:

Utmost care is taken to adhere to the assurances given in the citizen's charter, which are displayed in prominent places in the Head Office, all Regional Offices and Divisional Offices.

### XII. CUSTOMER SERVICE:

Customer Service & Grievance Cells are well established at company's corporate office and all Regional Offices. "May I help You?" counters have been provided in all Regional Offices, Divisional Offices and Branch Offices for customer service.

Our company's website provides addresses and contact numbers of all offices for convenience of the customers. Online information of the company's products is also provided for the benefit of public.

### XIII. GRIEVANCE REDRESSAL:

The company has well-established grievance cells at the Head Office and all Regional Offices. The grievance cell is headed by Chief Manager and supervised by General Manager at Head Office and Regional Manager at Regional Offices.

Grievance cells provide information to customers and helping to redress their grievances within the shortest time. Grievance Claim Review Committee at Regional Offices redress grievance of claims so that litigations are minimized.

Within a short span of time the Company is likely to introduce online grievance registration by customers, whereby the customers can register their complaints, see the response and get redressed of their grievances.

The grievances redressal during the year is as below:

	Cases O/s as on 01.04.2007	Cases Reported during the year	Cases Redressed during the year	Cases O/s as on 31.03.2008
<b>Directly reported to HO- HODT</b>	<b>328</b>	<b>694</b>	<b>712</b>	<b>310</b>
<b>Received through IRDA</b>	<b>170</b>	<b>318</b>	<b>326</b>	<b>162</b>
<b>Received through DPG (Directorate of Public Grievances)</b>	<b>23</b>	<b>35</b>	<b>37</b>	<b>21</b>
<b>Total</b>	<b>521</b>	<b>1047</b>	<b>1075</b>	<b>493</b>

#### XIV. TECHNO MARKETING:

New India has a Techno Marketing Department, which plays a proactive role in devising innovative insurance solutions for the large corporates in the Indian Market. The process involves identification of Large Risks in India through various sources, constant liaisoning and vigorous follow up to convert opportunities into premium income for the Company.

Out of the total 32 Large Risks existing in the country, New India retains the dominant position by writing 17 risks. The Company procured premium of Rs.170.89 crores from this category during the year. Apart from this, many Large Risks availed terrorism cover from the international market. By efficiently sourcing the terrorism capacity, New India earned a premium income of Rs.8.63 crores during the current underwriting year. When viewed in the backdrop of falling reinsurance rates and entry of more number of new players into the Large Risks insurance market, the premium earned is quite sizeable. Over and above these, the premium earned from construction insurance for large projects during the year is Rs.57.94 crores. Thus the total premium from this portfolio has been Rs.237.46 crores.

With the threshold limit having been lowered for categorization as Large Risks, many more risks are likely to fall under the Large Risks category and Techno Marketing will have a major role to play in bringing these risks also to the Company's books.

##### **Large Risks Customers Meet:**

In view of the large-scale global acquisitions by the Indian Industry, in order to update our valued Large customers on the state of Large Risks, Reinsurance Market, Sector Specific Developments, Best Practices in Risk Management strategies etc., and to deliberate on the global changes in the Large Risks segments, Two-day Customer Meet for Senior Executives of the major corporates was arranged by Techno Marketing Department in Goa on 20<sup>th</sup> & 21<sup>st</sup> August 2007. It was attended by Top Executives from Large Risk Customers.

The key speakers in the conference were mainly from major Global Reinsurance Companies.

##### **Brokers Meet:**

With total Detariffing, the distinction between Large Risks and others will thin out and Broker intermediation is likely to strengthen.

In this scenario, in order to facilitate an opportunity for our senior executives to have better personal interaction with the Brokers and to familiarize Broking Community with our capabilities, Techno Marketing Dept had organized a Brokers Meet in Mumbai on 7<sup>th</sup> December 2007. All our senior executives have participated in





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the programme and had excellent interaction with all the major Reinsurance Brokers and Large Risks Brokers.

Familiarisation sessions on handling large risks to operating offices:

In order to brief the operating offices on the procedural formalities for effectively handling Large Risks and also to supply the market information on this segment, Techno Marketing Department had held Familiarisation Sessions for the Regional-in-charges, Chief under-writers of Regional Offices and Divisional Managers/ Sr.Divisional Managers handling Large Risks.

### **XV. PUBLICITY ACTIVITIES:**

The publicity campaign of the Company is aimed at promoting its corporate image and popularizing its products among urban, semi-urban and rural masses.

Electronic Media, Outdoor Media and Print Media were utilized for publicity purposes. Hoardings and glow signs have been placed at many major road junctions, highways, railway stations and airports. Advertisements are also displayed on transit media like buses, trains, aircrafts, baggage trolleys etc. Wall paintings and banner displays at local events help the Company in brand building in rural areas.

The Company participates in fairs and exhibitions and also sponsors various sports, cultural and philanthropic events. It organizes customer seminars quite often to apprise the customers about the various insurance policies and the procedures/requirements for early settlement of their claims.

Publicity is an ongoing process for the Company. With the market undergoing drastic changes at phenomenal speed, the publicity efforts help the Company to stay in touch with the insuring community spread far and wide across the globe.

### **XVI. REINSURANCE:**

The Reinsurance Programme was structured to respond to the twin needs of the Company; namely – protection of the Balance Sheet and provide adequate Automatic Capacity to write business in an environment where economy is growing and Tariff barrier is removed.

The Automatic Capacity for Property was increased from Rs. 837 Crores to Rs. 1094 Crores for Fire Department and for Engineering (Projects) the capacity was increased to Rs. 811 Crores from Rs. 493 Crores.

No major Catastrophic or Risk losses were reported during the year. This coupled with the fact that globally reinsurers too faced a loss free year and with additional capacity coming to the reinsurance market our Excess of Loss covers protecting net account of the Company were renewed at competitive prices.

New India's prudent, disciplined underwriting in the free market regime and the focus on profits will ensure reinsurers support during the period when we are experiencing widespread changes.

### **XVII. INFORMATION TECHNOLOGY:**

The Information Technology Department of the Company has embarked on the revamp of the IT architecture of the Company through the project called CWISS (Centralized Web-based Insurance System Solution). CWISS encompasses Web Portal for customers and intermediaries, Channel Management, Business Intelligence, Customer Relationship Management, Human Resource Management, Document Management System and Executive Dashboards for various stakeholders of the Company besides call center / IVRS facility. Through a stringent evaluation process, M/s TCS Ltd. was selected from amongst six vendors who responded to the RFP (Request For Proposal).

The CWISS focus is on an integrated state of art Customer Relationship Management (CRM) solution starting with a single, complete and real-time enterprise view. This will facilitate the service call center representatives, agents and brokers to understand and serve every facet of individual customers. This level of holistic and personalized services can be the vital differentiating factor for retaining of customers. This CRM solution will provide an enhanced level of control over all aspects of customer interaction strategy, manage the customer life cycle, building a thorough profile of each and every customer and managing at

every stage in the relationship – from initial contact to the sale, managing quotes and policy information, automatic rating of clients, the fulfillment of services, claims and renewals. Since the customer's requirements will evolve with the passage of time, this will help us in better understanding of the same. This also helps in improved strategy to automate claim process by reducing cost of claim processing by optimizing the processing cycle.

The Company has planned the roll out of CWISS by Line of Business across all offices for speedy implementation. For this purpose the motor policies, which form a major chunk of business/documents issued by the Company were chosen for the initial deployment. This will cater to the maximum number of clientele of all categories and classes covering major portion of our business.

Thirteen different groups were formed for study, design and development of software for the other lines of business and peripheral applications and services, which are being carried out simultaneously to enable the Company to achieve its ambitious plan to implement an online real time services to our esteemed customers anywhere in the country by the end of the year 2008.

IT department has facilitated the operation of a Centralized Claims Hub for Motor OD Claims processing in two Regional Offices, wherein the claims team is able to log on to the Operating Office Server for registration and payment of claims.

The Company embraces the open source technology. Company adopted Linux as the operating system for the Mail Messaging Service that runs on Redhat Linux system. The new software CWISS will also be built on Mozilla browser.

In recognition of the Company's initiatives in adopting open source technology through the mail messaging service, the Company received an award called "The World is Open" award in March 2008 instituted by M/s SKOCH consultancy and Redhat.

### **XVIII. VIGILANCE ACTIVITIES:**

The Vigilance Department of the Company is headed by the Chief Vigilance Officer, who is in the rank of General Manager, and complemented by 27 Vigilance Officers at Regional Offices. The vigilance activities involve investigating into the complaints of corruption and malpractices made against the employees and taking suitable punitive actions against the erring officials.

The thrust of the vigilance activities of the Company is on prevention as well as punitive actions. The employees are educated to follow the set of rules and regulations framed by the office pertaining to underwriting, claims, accounts and other activities of the office. Simultaneously, system studies are carried out on matters relating to tender processing, salvage disposal, misuse of cover notes, cash collections vis-à-vis bank reconciliation, implementation of 'Know Your Customer' (KYC) concept especially under Mediclaim and Personal Accident Insurance etc. Based on experience, remedial measures are suggested for further improvement.

Proactively, the Vigilance Department conducts Surprise Inspection and Co-ordinates with Audit Department. As a result of such inspection reports, sometimes punitive actions have to be taken.

Training on vigilance matters are undertaken at the Training Centre at Mumbai. Vigilance as a module has been included in all induction programmes. The idea is to make employees aware of their duties and responsibilities towards the organisation; they will thereby imbibe in themselves a culture of value and ethics, in their daily work. Activities during Vigilance Awareness Week, also helps in infusing a higher degree of confidence in our employees so that better control / supervision over business & processes can be exercised.

### **XIX. INTERNAL AUDIT:**

The Internal Audit Department has maintained the focus on detection and rectification of Systems and Procedural Lapses and enhancing the performance of Audit Compliance Cells at the various operating

## Directors' Report

offices for faster compliance with respect to objections - both Internal and C.A.G. Effective measures to control recoveries due from employees have been taken.

For the last two years the department has been laying great emphasis on ensuring quality of record keeping in the operating offices and designated persons have been listed-out, who shall be responsible for the same. This has ensured immediate availability of Policy Documents and Claims Folders to auditors whilst auditing. Second-time audit of premium accounts and banking reconciliation is being done this year too; which has greatly helped in detection and curtailment of financial irregularities. Audit engagement by way of Surprise Inspection has been conducted on a random basis and is considerably helping in keeping systems and procedures in place. With the help of H.O., Internal Audit officials and Executives from H.O. – 7(seven) Audit Workshops were conducted during the year, which has substantially helped in resolving difficult queries and in the process, the number of pending queries have come down to a great extent. In co-ordination with the office of the Comptroller and Auditor General, two Zonal Workshops were conducted at Kolkata and Head Office at Mumbai for compliance of queries and confirmation of status for our East and West Zone Regional Offices respectively – whose outcome was extremely encouraging. Last year the following areas were audited by way of Special Audit – this year they have been integrated into the Regular Audit Reports and have become an on-going process: Third Party Administrators' Audit, Training Centers Audit, Bancassurance Audit, Auto tie-up Audit, Motor T.P. Audit, Pension & Gratuity Audit. Technical Audit Reports are being sent on a monthly basis to IRDA as per statute.

### XX. HUMAN RESOURCE DEVELOPMENT:

#### A) Particulars of Employees:

The number of employees as on 31<sup>st</sup> March 2008 is as follows:

Category	Total Number of Employees
Class I	4,833
Class II (Development)	2,348
Class II (Administration)	616
Class III	9,850
Class IV (Excluding Part Time Sweepers)	2,180
Part Time Sweepers	392
TOTAL	20,219

#### B) Training:

The Company provides ample opportunities to its employees for knowledge and skill updation. New India has its own Corporate Training College in Mumbai, two Zonal Training Centres at Kolkata and Chennai and twenty-one Regional Training Centres. Besides, thirty-three Agents Training Centres are also operating throughout the country. National Insurance Academy at Pune (promoted by the Company, alongwith its public sector counterparts and LIC) imparts insurance training of a higher degree to the insurance professionals. The Academy offers research facilities as well in the field of insurance.

In addition to training facilities offered at its own training centers, New India nominates its employees for technical and personality development programmes organized by outside professional agencies like Indian Bank Association, R.A. Knowledge Forums Pvt. Ltd., National Institute of Man Management and Advancement, Organisation Development Institute of India, Industrial Management Academy, National Conference on Internal Audit, Indian Merchants Chamber, IFCAI, College of Management Studies and The Institute of Company Secretaries of India, Resource Development & Management Institutes, Institutes of Actuaries of India, BSE Training Institute, Forum of Women in Public Sector, College of Insurance, etc. Executives and officers also attend international seminars, conferences and trainings conducted by M/s. Richards Hogg and Lindley, London (for marine insurance), M/s. Hannover

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Re, Malaysia (for reinsurance), Munic Re Germany (for engineering insurance), Milli Re Istanbul, Turkey (for reinsurance), Swiss RE Academy, Hongkong (for engineering insurance), B.E.S.T. RE Malaysia (reinsurance), Asian Re Bangkok (Reinsurance), International Union of Marine Insurance Denmark (Marine Insurance), Middle East Health Insurance Conference organized by Asia Insurance Review, Dubai and the like.

Details of training programmes attended by the employees for the period from 01.04.2007 to 31.03.2008 are given in the table below:

Sl. No.	Institute	No. of Programmes conducted	No. of participants from New India
1.	National Insurance Academy	93	521
2.	Corporate Training College	72	1375
3.	College of Insurance	6	30
4.	External Institution	22	75
5.	Foreign Programmes	10	14

**C) Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs), People With Disabilities (PWDs) and Ex-servicemen:**

The representation of SC/ST in various cadres as on 31.3.2008 is as under:

Category/Level	Total Number	Number of		Percentage of	
		SCs	STs	SCs	STs
Group A (Officers)	4833	1132	249	23.42	5.15
Group B (Development Officers Development & Administration)	2964	304	86	10.26	2.90
Group C (Clerical)	9850	2119	766	21.51	7.76
Group D (Sub-staff)	2180	911	173	41.78	7.93
Part time Sweepers	392	257	34	65.56	8.67
<b>TOTAL</b>	<b>20219</b>	<b>4723</b>	<b>1308</b>	<b>23.35</b>	<b>6.47</b>

The Government guidelines regarding reservations, concessions and safeguards to employees belonging to SC/ST/OBC/PWDs & Ex-Servicemen are strictly followed by the Company. Due care is taken to ensure assignment of development functions, foreign postings and training.

SC/ST & OBC Cells are actively functioning at Head Office and all Regional Offices. The cell at Head Office is under the charge of a Chief Liaison Officer assisted by Liaison Officer, whereas Assistant Liaison Officers head the Cell at various Regional Offices.

Once in a year, the Liaison Officer from the Head Office inspects the Rosters pertaining to recruitments and promotions at all Regional Offices. The inspection reports, with the observations of Liaison Officer, are put up to the General Manager (Personnel) and Chief Liaison Officer for further directions and sent back to the respective Regional Offices. Based on the inspection report, efforts are taken by the concerned Regional Office in coordination with the Head Office to clear the backlog and rectify the shortcomings in the procedure, if any, observed by the Liaison Officer.

The grievances and complaints are investigated and resolved immediately.

Two special Workshops on Reservation Policy and Implementation of Roster were held for Assistant Liaison Officers as well as Personnel Officers of the Regional Offices during the year. The workshops imparted training to the officers on effective implementation of the Government guidelines in this regard.



## Directors' Report

Special workshops were also held to train 119 officers on personality development, communication skills, time management, motivation and challenges in changing scenario for SC/ ST/OBC officers.

Dr.Ambedkar Trust has been constituted for the welfare of SC/ST and OBC employees of GIC and GIPSA Companies. The following schemes are some of the incentives given by the Trust :

1. Reimbursement of cost of books, notebooks & uniforms to the children of Part Time Sweepers.
2. Dr.Babasaheb Ambedkar Awards scheme for SC/ST employees who have passed Licentiate/ship/ Associateship/Fellowship examination conducted by Insurance Institute of India.
3. Reimbursement of expenses incurred for fees, book, study materials for MBBS, MBA, BE etc. to the children of SC/ST employees.
4. Imparting entrepreneurial development training.

### D. Industrial Relations:

The industrial relations have been cordial and smooth during the financial year. The concerns and interests of the employees were handled amicably. The Company has strived to meet its objective of maintaining cordial relationship with the unions and associations.

### E. Staff Welfare Schemes:

Many welfare related schemes are available to the employees including their families such as Housing Loan at subsidized rates of interest, Group Medclaim Policy, covering hospitalization expenses, Lumpsum Domiciliary Payment, Group Personal Accident Policy with 24 hours cover, Group Baggage Policy, Benefits to employees meeting with accident whilst on duty, Exgratia relief for uncovered medical expenses for high cost/protracted treatment, Incentives for family planning, Financial assistance for post graduate management courses, Employees Deposit Linked Insurance Scheme, Group Savings Linked Insurance Scheme and Group Term Insurance Scheme.

### F. Gender Issues and Empowerment of Women:

1. The Company continued to give equal opportunities for career development to women. No new cases of sexual harassment were reported this year.
2. Training Programme for RO/DO women representatives was conducted at CTC, where Women's Committee member apprised the participants on the various provisions available at Law and within the organization in respect of sexual harassment at workplace. The participants too gave their feedback and in general expressed satisfaction regarding the congenial work atmosphere.
3. The Company has two lady Regional In-charges, 14 Divisional In-charges and 18 Branch In-charges. One lady officer has also been posted as In-charge of our Manila office.

Our representatives participated in the 18<sup>th</sup> National Meet of Forum of Women in Public Sector on 12<sup>th</sup> & 13<sup>th</sup> February 2008 where the theme was "The New Millennium Woman: Dreams Unlimited." The highlights of the programme were the inspiring speeches of Dr. Shubha Raul, Mayor of Mumbai and Mr. P. Sainath, who has been awarded the Magasaysay Award. The central idea in their talk was doing things however small, with commitment and concern.

### G. Sports Activities:

The Company believes in the principle that the optimum output is derived if the employees are in good health. Our step in this direction has been to encourage sports activities and to give shape to this endeavor; New India Sports Clubs have been formed. Under the aegis of New India Sports Club, the Inter Office Table Tennis Tournament was conducted in May 2007 and also All India Cricket Tournament in December 2007 successfully. In addition to the above activities, various tournaments have been organized locally in all the Regional Offices.



### XXI. OFFICIAL LANGUAGE IMPLEMENTATION:

The Company supports efforts to encourage use of Hindi in routine internal work as well as communications with public and customer service. Employees are motivated to transact official business in Hindi and other languages included in 8th schedule of the constitution. During the year Ministry of Home Affairs, Govt. of India awarded Rajbhasha Trophy to the Company.

The Company organised 331 Hindi workshops during the year. These workshops were organised at different locations all over India. The Company introduced in house training curriculum for training the employees who do not possess working knowledge of Hindi. Training programmes were organised at Chandigarh, Guwahati and Ernakulam. Successful employees were paid cash prize of Rupees One Thousand each. All training centers in Region "A" and "B" are using Hindi as medium of instruction in training programmes. A special training programme was organised for Hindi Officers at Corporate Training College, Andheri in July-August, 2007.

A symposium was organised by the Company on 'Future of Indian Languages'. The participants included Shipping Corporation of India and different representatives from Press, TV channels, All India Radio, Educational Institutions, Law, Industry, Tele communication, Fertilizers, Shipping, Aviation, Banking, State and Central Government Offices. The symposium was held on 20<sup>th</sup> February 2008 and the speakers were Padmshri Kumar Ketkar of Indian Express group, Dr. Snehlata Deshmukh, Ex. Vice Chancellor of Mumbai University, and Dr. Vijaya Wad, Chairman, Marathi Vishwa Kosh Nirmity Mandal, Maharashtra State Government. Smt. P.V.Vatsala G.Kutty, Joint Secretary of Official Language Department, Ministry of Home, Govt. of India attended the event as Guest Speaker.

All India Hindi Officers Conference was organised at Khajurahoo during January, 2008.

New India brought out various House Magazines in Hindi from H.O. and different Regional Offices. The "Arjan" Hindi quarterly published by H.O. has been recently awarded a prize for its contents and quality by "Akhil Bhartiya Rashtriya Bhasha Vikas Sammelan, Delhi.

New India launched Incentive Scheme for writing original books in Hindi on Insurance and related subjects. Best-qualified entries shall be awarded First, Second and Third Prizes of Rs.2 Lacs, Rs.1 Lac and Rs. 0.5 Lacs respectively.

Existing as well as retired employees of general insurance companies (Private / Public) and Agents can participate and take benefit of the Scheme.

521 Offices were inspected and position regarding use of Hindi was reviewed, plan for action was agreed and implementation ensured. Inspection was carried out by the Parliamentary Committee on Official Language at our branch offices at Dharmshala and Veraval. Noida office was visited by Sakhya Samity on Official Language.

Check points for implementation of the Policy have been introduced. This will help strict implementation of the provisions of Official Languages Act, Rules, Instructions regarding use of Hindi. A full time Hindi Officer at H.O. is assigned job of compliance of Section 3(3). All Hindi Officers of the Company are held responsible for violation, if any, as provided under the Order No. Hindi/4/2007/137 dated 23<sup>rd</sup> July, 2007.

Our Hindi department initiated use of Hindi in RTI working, produced literature useful for training and education of general public. First book in Hindi on this topic was authored and published by one of our employees.

New India encourages use of local public languages also for dealing with customers and expansion of business in rural and social segments. Insurance documents like proposal forms, claim forms, policy clauses are now available in different state languages like Telugu, Kannada and Marathi etc.





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### XXII. RIGHT TO INFORMATION ACT, 2005:

The Central Public Information Cell set up at Head Office in the year 2005, continued to process the requests for information as well as disposal of appeals speedily and efficiently, within the provisions of the RTI Act and the same was ensured from the Public Information Officers' of 26 Regional Offices.

The CPIO, Head Office had also arranged various workshops attended by the PIOs of Regional Offices, wherein the PIOs were appraised of the sensitiveness of the RTI Act and the decisions given by the CIC from time to time so as to enable them to act accordingly and within the stipulated time limit under RTI Act.

#### Progress in 2007-08:

	Requests	First Appeals
Opening Balance as on 01/04/2007	14	20
Received during the year including cases transferred to other Public Authority	544	98
No. of cases transferred to other Public Authorities	43	0
Decisions where requests/ appeals rejected	73	30
Decisions where requests/ appeals disposed of	442	88
Outstanding as on 31.03.2008	11	3

### XXIII. CERTAIN EXPENSES OF MANAGEMENT:

Expenses of Management of the Company include:

- (a) Entertainment (Indian & Foreign): Rs.1.04 crores.
- (b) Foreign Tours undertaken by the Executives: Rs.1.13 crores.
- (c) Publicity and Advertisement: Rs.27.59 crores.

### XXIV. FOREIGN EXCHANGE EARNINGS & OUTGO:

The Company's foreign exchange earnings for the year 2007-08 is Rs.151.75 crores whereas the outgo in foreign currency has been Rs.339.80 crores.

### XXV. FINANCIAL RATING:

AM Best Co. the world renowned rating agency has rated New India as A- Excellent for the financial strength rating and Issued Credit Rating (ICR) as "a-". The outlook of both ratings has been revised to stable. The rating also reflect New India's strong risk adjusted capitalization and leading business position in the Indian market. AM Best has an improved opinion of the potential impact of country specific factors on New India's financial strength and ability to meet its financial obligations. AM Best affirmed that, New India's business profile remains strong, with the company maintaining its leading business position in the domestic market and is likely to maintain its leading position in the non-life insurance market in the near future. New India's technical reserves to net written premiums ratio was very good at 173% for the year to March 2007 and AM Best expects the ratio to remain at a similar level going forward. AM Best believes that New India's Risk Adjusted Capital position will remain strong, although volatile due to significant exposure of its investment in the domestic market. The Company considers the AM Best rating (Unique for non life insurer in India) to be significant advantage to be leveraged for obtaining quality business, especially in foreign countries.



## Directors' Report

### XXVI. BOARD OF DIRECTORS:

New India's Board consists of a perfect blend of experts from the fields of insurance, banking and finance. The Company has eight directors at present. The details are given below:

Sl. No.	Name and Designation of Directors	Category of Directorship
1.	Mr. B Chakrabarti	Chairman-cum-Managing Director
2.	Mr. Tarun Bajaj, I.A.S. Joint Secretary (Banking & Insurance), Ministry of Finance, Government of India.	Non-Executive Director
3.	Mr. T S Narayanasami Chairman & Managing Director, Bank of India.	Non-Executive Director
4.	Mr. M. Razzack Chartered Accountant	Part time Non Official Director
5.	Mr. Sanjay Gupta Chartered Accountant	Part time Non Official Director
6.	Mr. Sarat Pattanayak Social Worker	Part time Non Official Director
7.	Mr. N S R Chandra Prasad General Manager	Whole-time Director
8.	Mr. A R Sekar, General Manager, Financial Advisor & Company Secretary	Whole-time Director

The Board underwent the following changes in its composition since the date of last Directors' Report, i.e., 02.08.2007:

- a. Government of India appointed Mr. M. Razzack, Mr. Sanjay Gupta and Mr. Sarat Pattanayak as Part Time Non-official Directors on the Board with effect from 27.08.2007.
- b. Mr. Tarun Bajaj, I.A.S., Joint Secretary (Banking & Insurance), Department of Financial Services, Ministry of Finance as Director on the Board in place of Mr. G.C. Chaturvedi, I.A.S, with effect from 17.12.2007.

The Board places on record its sincere gratitude for the valuable contributions made by Mr. G.C. Chaturvedi as Director of the Company and as Chairman of Audit Committee.

Five Board Meetings took place during the year. The attendance of directors during the meetings is given below:

Name of the Director	27.06.07	29.09.07	17.12.07	08.02.08	19.03.08
Mr. B. Chakrabarti	✓	✓	✓	✓	✓
Mr. G. C. Chaturvedi	✓	✓	✓	N.A.	N.A.
Mr. Tarun Bajaj (Appointed as Director on 17.12.2007)	N.A.	N.A.	N.A.	✓	✓
Mr. T. S. Narayanasami	✓	Leave of Absence	Leave of Absence	✓	Leave of Absence
Mr. M. Razzack (Appointed as Director on 27.08.2007)	N.A.	✓	✓	✓	✓
Mr. Sanjay Gupta (Appointed as Director on 27.08.2007)	N.A.	✓	✓	✓	✓
Mr. Sarat Pattanayak (Appointed as Director on 27.08.2007)	N.A.	Leave of Absence	✓	✓	✓
Mr. N S R Chandra Prasad	✓	✓	✓	✓	✓
Mr. A R Sekar	✓	✓	✓	✓	✓



## Directors' Report

### XXVII. AUDIT COMMITTEE:

The Company has constituted Audit Committee under Section 292A of the Companies Act, 1956. The Committee was headed by Mr. G.C. Chaturvedi, Director. The other members of the Committee are Directors, Mr. T. S. Narayanasami and Mr. N. S. R. Chandra Prasad. Director, Financial Advisor & Company Secretary, Mr. A. R. Sekar is the Convener of the Committee.

Consequent on the appointment of Mr. Tarun Bajaj as Director in place of Mr.G.C..Chaturvedi, the Audit Committee was reconstituted with Mr. Tarun Bajaj as Chairman and inducted Mr. M. Razzack, Director, as member, in the Board Meeting held on 8<sup>th</sup> February, 2008.

During the financial year 2007-08, the Committee held two meetings.

The Audit Committee oversees the Company's financial reporting processes and disclosure, reviews the financial results of the Company at periodic intervals and its financial and risk management policies, evaluates the internal and external audit systems and the adequacy of internal control system and considers the audit findings and investigations.

The Audit Committee reviews the audit of all the offices of the Company conducted throughout the year. It determines the scope of audit and gives directions for correcting irregularities. The Audit Committee at its meeting held on 06.06.2008 reviewed the Company's Annual Accounts for the year 2007-08. The Committee held discussion with the statutory auditors and recommended the same to the Board of Directors for approval.

### XXVIII. INVESTMENT COMMITTEE:

Investment Committee is another sub-committee of the Board, which is functioning in the Company. The Committee was constituted in the year 2001 under Section 9 of IRDA (Investment) Regulations, 2000.

The Investment Committee presently consists of six members – Mr. B. Chakrabarti, Chairman-cum-Managing Director, Mr. Tarun Bajaj, Non-Executive Director, Mr. T. S. Narayanasami, Non-Executive Director, Mr. Sanjay Gupta, Part Time Non Official Director, Mr. A. R. Sekar, Director, Financial Advisor and Company Secretary and Mr. A R Prabhu, Appointed Actuary. The Chairman of the Committee is Mr. B. Chakrabarti, Chairman-cum-Managing Director.

Mr. T. S. Narayanasami became a member of the Committee with effect from 19.06.2007. Mr. Sanjay Gupta was inducted to the Committee in the Board Meeting held on 19<sup>th</sup> March, 2008. Dr. A.K. Khandelwal and Mr. G. C. Chaturvedi ceased to be the Members of the Committee, on their ceasing to be Directors.

Investment Committee scrutinizes the investment proposals and recommends them to the Board for approval. It considers and approves investment proposals within the financial limits delegated to it by the Board. The Committee also reviews the Investment Policy and supervises and controls all investment activities of the Company.



## Directors' Report

The Committee met four times during the year. The attendance during meetings is listed below:

Name of the Member	Attendance during meetings			
	27.06.07	29.09.07	17.12.07	19.03.08
Mr. B Chakrabarti	✓	✓	✓	✓
Mr. G C Chaturvedi	✓	✓	✓	—
Mr. Tarun Bajaj (Appointed as member on 08.02.2008)	N.A.	N.A.	N.A.	✓
Mr. T S Narayanasami	✓	Leave of Absence	Leave of Absence	Leave of Absence
Mr. A R Prabhu, Appointed Actuary	✓	✓	✓	✓
Mr. A R Sekar	✓	✓	✓	✓

### XXIX. REMUNERATION COMMITTEE:

As per the decision of the Government of India, Chairman cum Managing Director will be entitled to Performance Linked Incentives subject to achievement of broad quantitative parameters fixed for performance evaluation matrix based on the Statement of Intent (SOI) on goals and qualitative parameters and benchmarks based on various compliance reports during the last financial year. In compliance with the Government directives, a sub-committee of the Board of Directors known as Remuneration Committee was constituted with Shri G C Chaturvedi, Shri T S Narayanasami and Shri M Razzack as the Committee members. Mr. Tarun Bajaj was inducted to the Committee consequent on his appointment as Director in place of Mr. G. C. Chaturvedi. A meeting of the Committee was held on 8<sup>th</sup> February, 2008.

### XXX. AUDITORS:

Under Section 619 of the Companies Act, 1956, the Comptroller and Auditor General of India, appointed M/s. Chaturvedi & Shah, M/s Sarda & Pareek and M/s. Karnavat & Co. as the Central Statutory Auditors of the Company for the year 2007-08. Branch auditors for the various Regional Offices and Divisional Offices in India and for the Foreign Branch Offices were also appointed for the year. The Board of Directors expresses its gratitude for the directions and guidance given by the statutory auditors in drawing up the Company's annual results.

### XXXI. SUBSIDIARY COMPANIES:

#### The New India Assurance Company (Trinidad & Tobago) Limited:

New India holds 83.90% of the capital of The New India Assurance Company (Trinidad & Tobago) Limited.

As required by Section 212 of the Companies Act, 1956, the Report and Accounts of the subsidiary for the year ended 31<sup>st</sup> December 2007 are appended hereto.

The Authorised Capital of The New India Assurance Company (Trinidad & Tobago) Ltd. consists of 22000000 shares of no par value. The Issued and fully Paid-up Capital of the subsidiary consists of 17418946 shares of no par value i.e. TT\$ 17418000.

The subsidiary follows calendar year of accounting. During the year, the company has an underwriting profit of TT\$ 12081000 as against TT\$ 1627000 in the last year. Investment Income is TT\$ 4847000 and other gains are TT\$ 854000 as against TT\$ 3992000 and TT\$ (108000) respectively in the last year. The Company has a Net Income of TT\$ 17782000 before taxation. It has transferred an amount of TT\$ 300000



## Directors' Report

to a Special Catastrophe Reserve Fund. The subsidiary paid a dividend of TT\$ 14, 83,000 during the year.

### **The New India Assurance Company (Sierra Leone) Limited:**

The New India Assurance Company (Sierra Leone) Limited is a wholly owned subsidiary of New India based in Sierra Leone. The subsidiary has closed down business operations with effect from 1<sup>st</sup> January 2003, due to the civil disturbances prevailing in that country. The Company has not declared any dividend for the year 2007.

In compliance with the provisions of Section 212 of the Companies Act, 1956, the Report and Accounts of the New India Assurance Company (Sierra Leone) Limited for the year ended 31<sup>st</sup> December 2007 are appended hereto.

### **Prestige Assurance Plc., Nigeria:**

New India holds 51% of the Capital of Prestige Assurance Plc. The Authorised capital of the Prestige Assurance Plc consists of 4000000000 ordinary shares of 50k each. The Issued and Fully Paid up Capital of the company consists of 1719987728 shares. The company follows calendar year of accounting.

The Company generated an operating profit of N 90.16 crores as against N 60.05 crores in the previous year. The income before taxation of the Company is N 72.13 crores as against N 48.04 crores in the last year.

The audited Accounts of the Company for the year 2007 are appended hereto.

### **XXXII. ADOPTION OF ACCOUNTS BY SHAREHOLDERS:**

The Company's annual accounts for the year 2006-07 were adopted by the shareholders at the Annual General Meeting held on 03.08.2007.

### **XXXIII. SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT:**

The Ministry of Finance, Insurance Division has confirmed that the Annual Report of the Company for the year 2006-07 along with the Directors' Report was placed before Rajya Sabha on 27th November, 2007 and before Lok Sabha on 30<sup>th</sup> November, 2007 as per the requirement of Section 619A read with 619B of the Companies Act, 1956.

### **XXXIV. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that;

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) the Directors have selected accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for the year under review.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the Directors have arranged preparation of the accounts for the financial year ended 31st March, 2008 on 'going concern' basis.

### XXXV. ADDITIONAL INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:

The Company is not engaged in any manufacturing activity and as such no particulars are required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as regards Conservation of Energy or Technology Absorption.

### XXXVI. ACKNOWLEDGEMENT:

Directors take this opportunity to thank all the valued clientele, individual and corporate agents, bancassurance partners, surveyors, intermediaries, reinsurance brokers and insuring public of the Company for their constant support to the Company to attain greater heights.

Board wishes to place on record their appreciation to all New Indians at all levels for their hard work, dedication and commitment put in by them for achieving the Corporate goals.

Directors are grateful to the Ministry of Finance (Insurance Division), Insurance Regulatory and Development Authority (IRDA), General Insurers' (Public Sector) Association of India (GIPSA), and the Principal Director of Commercial Audit & Ex-officio Member, Audit Board - I, Mumbai, for their continued guidance and support.

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<b>B. Chakrabarti</b>	Chairman-cum-Managing Director
<b>Tarun Bajaj</b>	Director
<b>T.S. Narayanasami</b>	Director
<b>M. Razzack</b>	Director
<b>Sanjay Gupta</b>	Director
<b>Sarat Pattanayak</b>	Director
<b>N.S.R. Chandra Prasad</b>	Director
<b>A.R. Sekar</b>	Director

Place: Mumbai  
Date: 25<sup>th</sup> July, 2008





## Directors' Report

### PERFORMANCE OF SOCIAL SECTOR SCHEME FOR THE LAST FIVE YEARS

Policy Details	Year	No. of Policies Sold	No. of Persons Covered	Amt of Premium Rs.	No. of Clms Reported	No. of Clms Settled	Amt of Clm settled Rs.	Claims Ratio%
<b>Cattle Insurance</b>	2003-04	131158	378909	2435.78	30940	29230	2120.87	87.07
	2004-05	141039	442977	3018.08	30138	25332	2003.72	66.39
	2005-06	175612	594380	3842.76	35158	31397	2483.22	53.29
	2006-07	181054	635092	4128.10	39926	42631	3055.25	74.01
	2007-08	152999	536683	3488.44	33739	36252	2162.87	62.00
<b>Livestock Insurance</b>	2003-04	65492	179293	495.70	7736	7308	530.22	106.96
	2004-05	65982	180168	499.58	6838	4653	148.55	29.73
	2005-06	71520	245306	676.73	7520	5737	183.19	50.34
	2006-07	77058	320332	896.93	9975	10761	350.00	39.02
	2007-08	71318	292230	818.27	9102	9817	540.72	66.08
<b>Agriculture Pumpset</b>	2003-04	55242	77311	131.47	3112	1941	96.25	73.21
	2004-05	34565	41688	146.34	3069	1817	51.62	35.27
	2005-06	36525	57320	163.58	3025	2555	56.20	43.54
	2006-07	40220	58306	166.19	4115	4022	75.25	45.23
	2007-08	21853	31680	90.30	2236	2147	39.79	44.06
<b>Janata Personal Accident</b>	2003-04	849239	18674579	1846.04	8248	6907	400.00	21.67
	2004-05	762963	7167246	1462.39	7942	5343	2482.00	169.72
	2005-06	6820250	6542400	1308.48	7592	5250	2260.00	156.90
	2006-07	685520	7278901	1400.72	5020	5966	1820.93	130.35
	2007-08	608708	6463304	1243.77	4458	4012	1187.96	95.51
<b>Gramin Personal Accident</b>	2003-04	9385	144241	46.08	252	50	19.10	41.45
	2004-05	9401	161627	61.95	215	125	6.20	10.01
	2005-06	4250	117895	33.33	315	195	17.73	163.13
	2006-07	18671	121295	50.98	675	546	34.50	67.71
	2007-08	16521	107329	45.11	597	483	24.24	53.74
<b>Mediclaim</b>	2003-04	949648	2856675	36641.73	167898	161959	30068.12	82.06
	2004-05	1060028	3617132	45539.48	232712	237053	48980.00	107.56
	2005-06	1221880	5711438	59083.40	977121	757391	70376.26	119.11
	2006-07	1130913	6232431	74841.55	613463	552623	74105.50	99.02
	2007-08	1234554	8560474	113929.10	813463	752623	93213.00	81.82



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## Directors' Report

### PERFORMANCE OF SOCIAL SECTOR SCHEME FOR THE LAST FIVE YEARS

Policy Details	Year	No. of Policies Sold	No. of Persons Covered	Amt of Premium Rs.	No. of Clms Reported	No. of Clms Settled	Amt of Clm settled Rs.	Claims Ratio%
<b>Universal Health Insurance Scheme</b>	2003-04	66290	236490	365.07	185	54	2.18	0.60
	2004-05	5311	15641	21.82	74	58	2.50	11.46
	2005-06	2150	4884	5.07	150	88	4.16	82.05
	2006-07	5291	23098	38.14	851	746	32.79	85.97
	2007-08	6936	32170	46.96	508	460	32.14	64.33
<b>Jan Arogya Bima Policy</b>	2003-04	16985	75966	51.56	2225	1930	57.18	110.90
	2004-05	15542	67391	74.83	1940	1767	102.99	137.63
	2005-06	20061	83631	62.56	3461	3447	90.48	136.80
	2006-07	17669	105393	96.14	2796	2332	91.15	94.81
	2007-08	8230	20637	21.27	1022	1072	36.39	171.08
Bhagyashree Child Welfare Policy	2007-08	59	75	1125/-*	0	0	0	0
Rajrajeshwari Mahila Kalyan Yojana	2007-08	234	32226	3.71	0	0	0	0

\* Rupees in full



## Addendum to Directors Report

### ADDENDUM TO DIRECTORS' REPORT DATED 25<sup>TH</sup> JULY 2008 AS PER SECTION 217(3) OF THE COMPANIES ACT -1956 - RESPONSE TO QUALIFICATIONS IN AUDITORS' REPORT DATED 6<sup>TH</sup> JUNE, 2008

The Management's explanation for qualifications mentioned in the above report, which are not explained by way of notes are as follows.

#### 1. Para 1 of Auditors' Report regarding non compliance of IRDA Regulations

##### Note 8 (a)

- i) Returns prescribed by regulation 6 with respect to compliance report for exposure of investments and delay in submission of returns.

Presently the exposure of investments is compiled manually. Hence there has been delay in the submission of these returns. Company has already taken the steps for development of the required software for compliance of the prescribed exposure norms.

- ii) In view of the adequate care having been taken, the company has not exceeded the prescribed limits of exposure set by IRDA.

##### Note 8(b)

- i) The segment reporting of Indian Business has been in accordance with the requirements of the regulations. However only with respect to our health as well as public and product liability insurance business outside India, it has not been possible to adhere to the regulatory requirements. Foreign offices have been instructed to carry out the required modifications in their systems.

- ii) Provisions against investments, loans, sundry debtors:

The practice followed by the company consistently is in conformity with the formats prescribed by the IRDA. The details of NPA/doubtful amounts are indicated as footnotes to relevant schedules.

- iii) The present softwares were designed prior to the implementation of IRDA guidelines for preparation of financial statements. These softwares could not be adapted easily to meet the requirements of preparation of cash flow statement on direct method. Company's global operational network causes different platforms and softwares to be used in its foreign offices rendering preparation of single cash-flow statement on direct method difficult. The company is in the process of putting in place new centralized software, in which efforts are made to incorporate the generation of cash-flow statement on direct method.

#### 2. Para 2

- a) of Auditors' Report – Non reconciliation of inter office accounts.

Demand notices to state government for outstanding dues are sent on half yearly basis, indicating, the balances outstanding on account of principal as well as over dues of interest. And these have not been disputed by the respective state governments. As regards term loan accounts, which are restructured reconciliation of balances as per the company records and borrowers records is carried out and accounts are suitably modified already.

Further, other inter-office reconciliations were fully carried out as at 31.03.2008 and pending entries identified. Reconciliation of inter office accounts is a continuous process and necessary care has been taken to minimize the pending entries. These efforts will continue.

- b) of Auditor's Report – Regarding historical /weighted average cost of listed equity/equity related instruments, the value of which were impaired on or before 31.03.2000.

The company has prepared accounts as per IRDA regulations for the first time for the year 2001-02. IRDA Regulations on preparations of financial statements requires insurers to assess at each balance sheet date whether any impairment in value of specified assets has occurred and to recognize the same in revenue. Further the regulations also require to incorporate any reversal of impairment loss recognized in earlier years.

The company as per its own internal guidelines as also guidelines issued by GIC has been working out impairment value in respect of equity and preference shares. The exercise has been carried out for more than 25 years before notification of the same by IRDA in 2000-01. Further over the years the historical cost has undergone changes on account of subscription to rights shares allotment of bonus shares, conversion of other security into equity etc. More over the company did not have the practice of working out reversal of impairment loss recognized in the earlier years and hence the details of amounts impaired prior to 31.03.2000 is not available. This has been clearly stated in company's accounting policies.

c) of Auditors' Report – Non Reconciliation of Re-insurers' balances.

As of now all outward treaty reinsurance balances up to 31.03.2008 stand reconciled. Similarly reconciliation of inward treaty reinsurance balances up to 31.03.2008 pertaining to Public Sector Insurers is also complete. Reconciliation of facultative reinsurance balances is in progress. Thus major portion of re-insurance balances stand reconciled. Reconciliation being a continuous process, efforts will be made to reconcile the remaining balances on priority.

d) of Auditors' Report – Non-provision of tax liability on income in Foreign Countries.

During the current year our London office has already made provisions for tax liability on accrual basis. We are taking up the matter with other foreign offices for similar provisioning, though it has not been possible to ascertain with reasonable accuracy the tax liability in foreign countries before filing of the returns. In the course of time our foreign offices will be able to provide the liability for tax on accrual basis.

3. Para 3 of the Auditors' Report – Substantial strengthening in the areas of internal audit and coverage and compliance.

The financial, underwriting, claims and reinsurance softwares have many built in controls, which minimize irregularities. In addition surprise inspections, and anti fraud audits have become integral part of our internal audit system. The internal audit department has taken up special in-depth audit of operational thrust areas like bancassurance, corporate agencies, TPA administrations and Auto tie-ups. The department is aware of the need for changes in the coverage of audit programmes and has been adapting itself to the changed working environment. During the year 2007-08, 9 workshops were held for ensuring better compliance of the audit observations.

4. Para 4 of Auditors' Report - regarding amortisation of expenses under special voluntary retirement scheme.

The SVRS expenses have been amortised as per IRDA Circular F&A CIR/010/MAR/04 dated 23<sup>rd</sup> March 2004. This being the last year of amortisation the qualification will not appear in the next year.

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<b>B. Chakrabarti</b>	Chairman-cum-Managing Director
<b>Tarun Bajaj</b>	Director
<b>T.S. Narayanasami</b>	Director
<b>M. Razzack</b>	Director
<b>Sanjay Gupta</b>	Director
<b>Sarat Pattanayak</b>	Director
<b>N.S.R. Chandra Prasad</b>	Director
<b>A.R. Sekar</b>	Director

Place: Mumbai  
Date: 25<sup>th</sup> July, 2008



# Management Report

## MANAGEMENT REPORT

1. We confirm that the registration granted by the Insurance Regulatory & Development Authority is valid during the year. The same is renewed for the year 2007-08
2. We confirm that all the dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and transfer of shares during the year are in accordance with the statutory or regulatory requirements.
4. We confirm that the funds of the holders of policies issued in India have not been directly or indirectly invested outside India.
5. We confirm that the required solvency margins have been maintained.
6. We certify that the values of all the assets have been reviewed on the date of the Balance Sheet and in the best of our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value under the several headings- "Loans", "Investments", "Agents balances", "Outstanding Premiums", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or bodies carrying on insurance business", "Sundry Debtors", "Bills Receivable", "Cash" and several items specified under "Other Account".
7. The overall risk exposure for the risks accepted by us is limited to Rs.200 Crores per risk except in respect of certain risks in which case there is an exposure of Rs.300 Crores PML per policy. The same has been approved by the Board. We have made adequate reinsurance arrangements to mitigate the loss arising out of any major claim.
8. We have overseas operations in 27 countries. The foreign branches have their own reinsurance arrangements to protect their exposure. Over and above there is an excess of loss protection available, which takes care of the exposure risk of the Company as a whole, including domestic and foreign branches. The foreign branches/agencies generate enough revenue in local currencies to meet their liabilities arising out of their operations. Hence there is no major currency risk in the countries we operate. As regards the country risk, by and large all the countries in which we operate are politically stable. We also have well defined acceptance limits for foreign operations, which limits our exposure in these countries.
9. The average claim settlement time during the preceding five years is as under:

Year	No. of days
2007-08	138
2006-07	132
2005-06	134
2004-05	136
2003-04	116

10. We certify that the investments have been valued as per the Accounting Regulations of the Insurance Regulatory and Development Authority and shown in the balance sheet.
11. All investment assets are reviewed periodically and assets are classified into performing and non-performing based on IRDA / RBI prudential norms.

## Management Report

12. It is hereby confirmed:

- (i) That in preparation of financial statements, the applicable accounting standards, principles and policies have been followed, except
  - a) The accounting of Tax Liability in Foreign Countries is made on cash basis, except London Branch, which is not in conformity with AS – 22 on Accounting for Taxes on Income.
  - b) Amortisation of additional actuarial liability for Pension, Gratuity and Leave Encashment on account of Special Voluntary Retirement Scheme as per guidelines given by I.R.D.A.
- (ii) That the management has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the operating profit of the Company for the year except as mentioned in Para 12 (i) above.
- (iii) That the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act 1938(4 of 1938) and Companies Act 1956(1 of 1956) for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the management has prepared the financial statements on a going concern basis.
- (v) That the management has ensured that the internal audit system commensurate with the size and nature of business exists and is operating effectively.

13. There are no payments made to individuals, firms, companies and organizations in which directors of the Company are interested.

**B. Chakrabarti**  
Chairman-cum-Managing Director

**N S R Chandra Prasad**  
Director

**A. R. Sekar**  
Director and Company Secretary

Mumbai,  
Dated : 6<sup>th</sup> June 2008





# Auditors' Report

## AUDITORS' REPORT

To the Members,  
**The New India Assurance Company Limited**

We have audited the attached Balance Sheet of The New India Assurance Company Limited as at 31<sup>st</sup> March, 2008 and the annexed Fire, Marine & Miscellaneous Insurance Revenue Accounts, Profit and Loss Account and Receipts & Payments Account of the Company for the year ended on that date, in which are incorporated (a) Returns from twenty-six Regional Offices, three hundred and ninety three Divisional Offices and nine Foreign Branches audited by other firms of Auditors appointed by the Central Government; (b) Returns from eight Foreign Agencies audited by local auditors appointed by the Company; and (c) Returns of four unaudited run-off Foreign Agencies.

We report that:

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments in the aforesaid paragraphs, we report that:

1. *Attention is invited to Note number 8(a)(i) & (ii) & 8(b)(i) to (iii)) regarding non-compliance of Insurance Regulatory and Development Authority (IRDA) Regulations during the year. However, these non-compliances do not have any impact on the working results of the Company.*
2.
  - a. *In view of non-reconciliation of some inter-office balances and non-availability of balance confirmations (Refer Note number 9), we are unable to comment on the impact of adjustments arising out of reconciliation / confirmation of such balances on the financial statements.*
  - b. *The historical/weighted average cost of listed and unlisted equity / equity related instruments / preference shares, the value of which were impaired on or before 31.03.2000 is not available with the Company. As a result, the reversal of impairment losses recognized in Profit and Loss/Revenue Account prior to 01.04.2000 has not been accounted for. The impact of the same is not ascertainable. (Refer accounting policy number XIII – 11 & 12B).*
  - c. *In absence of reconciliation of reinsurers' and coinsurer's balances and non availability of balance confirmations as stated in Note number 3 (a), we are unable to comment on the impact of adjustments arising out of confirmation/reconciliation of such balances, on the financial statements.*
  - d. *The accounting of Tax Liability in Foreign Countries, is not in accordance with Accounting Standard 22 - Accounting for Taxes on Income in as much as the current tax is accounted for on cash basis except as mentioned in note number 11(c) instead of the amount payable on the taxable income for the period and the deferred tax is not recognized, impact of which is not ascertained. (Refer accounting policy number XIV- (b))*
3. *The Company's internal audit system requires substantial strengthening in the areas of audit coverage and compliance.*



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4. *The amortisation of expenses amounting to Rs 4760.70 lakhs debited in the current year to the Profit and Loss Account on account of Pension, Gratuity and Leave Encashment under Special Voluntary Retirement Scheme during 2003-04 is not in accordance with Accounting Standard 15 "Accounting for Retirement Benefits". (Refer Note number-14)*

### SUBJECT TO ABOVE

- a. We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit and found them satisfactory.
- b. In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account are in agreement with the books of account and returns.
- d. In our opinion and to the best of our information, the Balance Sheet, Profit and Loss Account and Receipts and Payments Account comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable to the Company and are also in conformity with the accounting principles as prescribed in the IRDA Regulations, except preparation of Receipts and Payments Account has been drawn by "Indirect Method" instead of "Direct Method" as required by Part I of Schedule B.
- e. The reports of the regional auditors consolidating divisional auditors' reports, reports of the foreign branches and foreign agencies auditors have been forwarded to us and considered by us and were adequate for the purposes of our audit.
- f. The actuarial valuation of the liabilities as at 31<sup>st</sup> March 2008, has been certified by the appointed actuary. We have relied upon the appointed actuary's certificate for forming our opinion on the financial statements of the Company.
- g. As per Circular Number 8/2002 dated 22.03.2002 of the Department of Company Affairs the directors of the Government Companies are exempted from applicability of the provisions of section 274 (1)(g) of the Companies Act, 1956.
- h. We have reviewed the Management Report and there is no apparent mistake or material inconsistency with the financial statements.
- i. The Company has complied with the terms and conditions of the registration stipulated by the Insurance Regulatory and Development Authority.
- j. In our opinion, the investments have been valued in accordance with the provisions of the Insurance Act, 1938 and the applicable IRDA Regulations.
- k. In our opinion, the accounting policies selected by the Company are appropriate and are in compliance with the applicable accounting standards and with the accounting principles, as prescribed in the IRDA Regulations.
- l. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account have been drawn up in accordance with the applicable provisions of the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and the Companies Act, 1956, to the extent applicable and in the manner so required and the financial statements read with significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies

## Auditors' Report

- (i) of the state of affairs of the Company in so far it relates to the Balance Sheet as at 31<sup>st</sup> March, 2008;
- (ii) of the surplus in so far it relates to the Revenue Accounts of Fire, Marine and Miscellaneous Business for the financial year ended on that date;
- (iii) of the profit in so far it relates to the Profit and Loss Account for the financial year ended on that date and
- (iv) For the receipts and payments in so far it relates to the Receipts and Payments Account for the financial year ended on that date.

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As per our report of even date

**For SARDA & PAREEK  
Chartered Accountants**

**Gaurav Sarda  
Partner**  
Membership No.110208

**For KARNAVAT & Co.  
Chartered Accountants**

**Sameer Doshi  
Partner**  
Membership No.117987

**For CHATURVEDI & SHAH  
Chartered Accountants**

**H P Chaturvedi  
Partner**  
Membership No. 33523

Mumbai,  
Dated: 6<sup>th</sup> June 2008



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**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF THE NEW INDIA ASSURANCE COMPANY LIMITED, FOR THE YEAR ENDED 31 MARCH 2008**

The preparation of financial statements of the New India Assurance Company Ltd., for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Insurance Act, 1938 read with the Insurance Regulatory and Development Authority (Preparation of Financial Statement and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 619 (2) of the companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 6 June 2008

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619 (3)(b) of the Companies Act, 1956 of the financial statements of the New India Assurance Company Ltd., for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of statutory auditors as is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956

For and on the behalf of  
Comptroller and Auditor General of India

A. W. K. Langstieh  
Principal Director of Commercial Audit and  
Ex-Officio Member, Audit Board-I, Mumbai

Place Mumbai  
Date 24.07.2008



## Certificate - Schedule C

**CERTIFICATE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008 AS REQUIRED BY SCHEDULE 'C' OF INSURANCE REGULATORY & DEVELOPMENT AUTHORITY REGULATIONS, 2002 FOR PREPARATION OF FINANCIAL STATEMENTS AND AUDITOR'S REPORT OF INSURANCE COMPANIES IN CASE OF THE NEW INDIA ASSURANCE COMPANY LIMITED.**

We certify that:

- 1 (a) We have verified Cash and Bank balance, Investment and Securities relating to loans, subject to paragraph (b) herein mentioned below, on following basis:

Sr. No.	Asset	Nature of Verification
1	Cash	Management certificate and branch auditor's reports.
2	Bank Balance	Bank certificates and branch auditor's reports.
3	Investments	Custodians' certificate (RBI & SHCIL) and Management's certificate.
4	Securities relating to loan	Management's certificate.

- (b) i) No confirmations were available from custodian in respect of following:
- Investments in equity shares having book value of Rs.0.98 Lakhs are under objection.
  - Equity shares, preference shares and debentures/ bonds amounting to Rs.1.16 Lakhs, Rs.2.51 Lakhs and Rs.46.00 Lakhs respectively for which no evidence of ownership was available.
  - The number of equity shares, preference shares, other approved securities and debentures /bonds actually held by Stock Holding Corporation of India Ltd. (Custodian) on behalf of the Company are in excess of the number of equity shares, preference and debentures/ bonds held as per the books of the Company. The book value of such excess is Rs.14.10 Lakhs, Rs. 27.75 Lakhs, Rs 20.00 Lakhs and Rs 12.14 Lakhs respectively.
- ii) Investment in term loans, loans to state government for the purpose of housing & fire fighting equipments, investments in pass through certificates (PTC) and balances on account of restructuring/rescheduling of debts are subject to confirmations/ reconciliations.
- iii) No evidence of ownership is available for equity shares in foreign investments amounting to Rs 522.32 Lakhs
- iv) No confirmations were available in respect of foreign investments amounting to Rs.5.92 Lakhs.
- 2 To the best of our information and explanations given to us, the Company has not undertaken any trust as trustee.
- 3 No part of the assets of Policyholders' Funds has been directly or indirectly applied in contravention of the provision of the Insurance Act, 1938 relating to the applications & investments of the Policy holders' Funds.

As per our report of even date

**For SARDA & PAREEK  
Chartered Accountants**

**Gaurav Sarda  
Partner**  
Membership No.110208

**For KARNAVAT & Co.  
Chartered Accountants**

**Sameer Doshi  
Partner**  
Membership No.117987

**For CHATURVEDI & SHAH  
Chartered Accountants**

**H P Chaturvedi  
Partner**  
Membership No. 33523



Estbd. 1919 Mumbai,  
Dated: 6<sup>th</sup> June 2008

## Revenue Account

### FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST, MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium earned (net)	1	9703118	9418404
2. Profit on sale or redemption of investments (policyholders)	-	1048958	1105823
Loss on sale or redemption of investments (policyholders)		0	(1837)
3. Interest dividend and rent (gross)	-	1061932	1051396
<b>Total (A)</b>		<b>11814008</b>	<b>11573786</b>
1. Claims incurred (net)	2	6015968	5600583
2. Commission	3	1002286	793262
3. Operating expenses related to insurance business	4	1961079	2843223
4. Others - Foreign taxes		255	2978
Amortisation, writeoff, provisions - investments		785	3555
<b>Total (B)</b>		<b>8980373</b>	<b>9243601</b>
Operating profit/loss(-) C=(A-B)		<b>2833635</b>	<b>2330185</b>
Appropriations			
Transfer to share holders account.(profit and loss account)	-	2833635	2330185
Transfer to catastrophic reserves	-	-	-
Transfer to other reserves	-	-	-
<b>Total</b>		<b>2833635</b>	<b>2330185</b>

Significant accounting policies and notes to accounts form integral part of the revenue account

As required by section 40C(2) of the Insurance Act 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of account, all expenses of management, wherever incurred, whether directly or indirectly in respect of fire insurance business have been fully debited in the fire insurance revenue account as expenses.

**A R Sekar**  
Director and Company Secretary

**N S R Chandra Prasad**  
Director

**B Chakrabarti**  
Chairman-Cum- Managing Director

As per our report of even date

**For Sarda & Pareek**  
Chartered Accountants

**For Karnavat & Co.,**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Gaurav Sarda**  
Partner  
Membership number 110208

**Sameer Doshi**  
Partner  
Membership number 117987

**H P Chaturvedi**  
Partner  
Membership number 33523

Mumbai, 06.06.2008





## Revenue Account

### MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST, MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium earned (net)	1	1885745	1643756
2. Profit on sale or redemption of investments (policyholders)	-	301559	341530
Loss on sale or redemption of investments (policyholders)		0	(567)
3. Interest dividend and rent (gross)	-	305289	324721
<b>Total (A)</b>		<b>2492593</b>	<b>2309440</b>
1. Claims incurred (net)	2	1582395	622971
2. Commission	3	266944	142275
3. Operating expenses related to insurance business	4	566319	523147
4. Others - Foreign taxes		121	95
Amortisation, writeoff, provisions - investments		225	1098
<b>Total (B)</b>		<b>2416004</b>	<b>1289586</b>
Operating profit/loss(-) C=(A-B)		<b>76589</b>	<b>1019854</b>
Appropriations			
Transfer to share holders account.(profit and loss account)	-	76589	1019854
Transfer to catastrophic reserves	-	-	-
Transfer to other reserves	-	-	-
<b>Total</b>		<b>76589</b>	<b>1019854</b>

Significant accounting policies and notes to accounts form integral part of the revenue account

As required by section 40C(2) of the Insurance Act 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of account, all expenses of management, wherever incurred, whether directly or indirectly in respect of marine insurance business have been fully debited in the marine insurance revenue account as expenses.

**A R Sekar**  
Director and Company Secretary

**N S R Chandra Prasad**  
Director

**B Chakrabarti**  
Chairman-Cum- Managing Director

As per our report of even date

**For Sarda & Pareek**  
Chartered Accountants

**For Karnavat & Co.,**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Gaurav Sarda**  
Partner  
Membership number 110208

**Sameer Doshi**  
Partner  
Membership number 117987

**H P Chaturvedi**  
Partner  
Membership number 33523



Estbd. 1919

Mumbai, 06.06.2008

## Revenue Account

### MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST, MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Premium earned (net)	1	36525388	34288952
2. Profit on sale or redemption of investments (policyholders)	-	5382703	5695844
Loss on sale or redemption of investments (policyholders)		-	(9462)
3. Interest dividend and rent (gross)	-	5449281	5415501
<b>Total (A)</b>		<b>47357372</b>	<b>45390835</b>
1. Claims incurred (net)	2	34176427	30212528
2. Commission	3	3323132	2973348
3. Operating expenses related to insurance business	4	7663639	8159563
4. Others - Foreign taxes		6620	9874
Amortisation, writeoff, provisions - investments		4026	18308
<b>Total (B)</b>		<b>45173844</b>	<b>41373621</b>
Operating profit/loss(-) C=(A-B)		<b>2183528</b>	<b>4017214</b>
Appropriations			
Transfer to share holders account.(profit and loss account)	-	2183528	4017214
Transfer to catastrophic reserves	-	-	-
Transfer to other reserves	-	-	-
<b>Total</b>		<b>2183528</b>	<b>4017214</b>

Significant accounting policies and notes to accounts form integral part of the revenue account

As required by section 40C(2) of the Insurance Act 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of account, all expenses of management, wherever incurred, whether directly or indirectly in respect of miscellaneous insurance business have been fully debited in the miscellaneous insurance revenue account as expenses.

<p><b>A R Sekar</b> Director and Company Secretary</p> <p>As per our report of even date</p> <p><b>For Sarda &amp; Pareek</b> Chartered Accountants</p> <p><b>Gaurav Sarda</b> Partner Membership number 110208</p>	<p><b>N S R Chandra Prasad</b> Director</p> <p><b>For Karnavat &amp; Co.,</b> Chartered Accountants</p> <p><b>Sameer Doshi</b> Partner Membership number 117987</p>	<p><b>B Chakrabarti</b> Chairman-Cum- Managing Director</p> <p><b>For Chaturvedi &amp; Shah</b> Chartered Accountants</p> <p><b>H P Chaturvedi</b> Partner Membership number 33523</p>
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Mumbai, 06.06.2008



# profit and loss account

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
1. Operating profit/loss (-)			
a) Fire insurance	-	2833635	2330185
b) Marine insurance	-	76589	1019854
c) Miscellaneous insurance		2183528	4017214
2. Income from investments			
a. Interest dividend and rent (gross) - shareholders		4986562	4208621
b. Profit on sale of investment - shareholders	-	4925637	4426488
Less: Loss on sale of investment - shareholders	-	0	(7353)
3. Other income misc receipts - credit balances written back		210201	150920
<b>Total (A)=1+2+3</b>		<b>15216152</b>	<b>16145929</b>
4. Provisions(other than taxation)			
a. Others - amortisation, provision for thinly traded shares - shareholders	-	49255	32086
b. For doubtful debts - investments(shareholders)	-	(42582)	(31343)
c. For dimunition in value of investments (shareholders)	-	(2989)	13485
5. Other expenses(other than those related to insurance business)			
a. Others - interest on income/service tax	-	72	(2157)
b. Profit/loss (-) on sale of assets		(2674)	(5459)
c. Penalty for breach of tariff		500	11
<b>Total (B)=(4+5)</b>		<b>1582</b>	<b>6623</b>
Profit before tax (A-B)	-	15214570	16139306
Provision for taxation - current tax	-	917923	1409736
fringe benefit tax		155000	240000
deferred tax		304037	211933
earlier years tax		(178454)	(326173)
wealth tax		4783	4316
Profit after tax		14011281	14599494
Appropriations			
a. Proposed final dividend	-	2830000	2920000
b. Dividend distribution tax.	-	480959	496300
c. Transfer to general reserves		10700322	11183194
Profit/loss (-) carried forward to the balance sheet	-	-	-
Basic and diluted earnings per share (Rs.) {Refer Note 11(B)}		70.06	73.00

Significant accounting policies and notes to accounts form integral part of the profit and loss account

**A R Sekar**  
Director and Company Secretary

**N S R Chandra Prasad**  
Director

**B Chakrabarti**  
Chairman-Cum- Managing Director

As per our report of even date

**For Sarda & Pareek**  
Chartered Accountants

**For Karnavat & Co.,**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Gaurav Sarda**  
Partner  
Membership number 110208

**Sameer Doshi**  
Partner  
Membership number 117987

**H P Chaturvedi**  
Partner  
Membership number 33523



Estbd. 1919

Mumbai, 06.06.2008

# Balance Sheet

## BALANCE SHEET AS AT 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Schedule	Current year Rs (000)	Previous year Rs (000)
<b>A. Sources of funds</b>			
1. Share capital	5 & 5A	2000000	2000000
2. Reserves and surplus	6	67728035	58201558
3. Fair value change account	-	139592747	109483549
4. Borrowings	7	-	-
<b>Total A</b>		<b>209320782</b>	<b>169685107</b>
<b>B. Application of funds</b>			
1. Investments	8	246328697	210700671
2. Loans	9	6577647	7454533
3. Fixed assets	10	1152431	1326466
4. Deferred tax assets		101563	405600
5. Current assets			
a. Cash and bank balances	11	28579276	31622732
b. Advances and other assets	12	36701783	22459659
<b>Sub total(a+b)</b>		<b>65281059</b>	<b>54082391</b>
c. Current liabilities	13	77620843	76047865
d. Provisions	14	32499772	28712758
<b>Sub total(c+d)</b>		<b>110120615</b>	<b>104760623</b>
Net current assets (a+b-c-d)		<b>(44839556)</b>	<b>(50678232)</b>
6. Miscleaneous expenditure (to the extent not written off or adjusted)	15	0	476070
<b>Total B</b>		<b>209320782</b>	<b>169685107</b>

Significant accounting policies and notes to accounts form integral part of the balance sheet

**A R Sekar**  
Director and Company Secretary

**N S R Chandra Prasad**  
Director

**B Chakrabarti**  
Chairman-Cum- Managing Director

As per our report of even date

**For Sarda & Pareek**  
Chartered Accountants

**For Karnavat & Co.,**  
Chartered Accountants

**For Chaturvedi & Shah**  
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**Gaurav Sarda**  
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**Sameer Doshi**  
Partner  
Membership number 117987

**H P Chaturvedi**  
Partner  
Membership number 33523

Mumbai, 06.06.2008



## Schedules

### SCHEDULES TO FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 1 - FIRE PREMIUM EARNED (NET)</b>		
Premium from direct business - in India	7434322	9099759
- outside India	2379582	2545893
<b>- Total</b>	<b>9813904</b>	<b>11645652</b>
Add: Premium on reinsurance accepted	3436327	3919518
Less: Premium on reinsurance ceded	4373206	5035960
Net premium	8877025	10529210
Adjustment for change in reserve for un-expired risks	(826093)	1110806
<b>Total premium earned (net)</b>	<b>9703118</b>	<b>9418404</b>
<b>SCHEDULE 2 - FIRE CLAIMS INCURRED (NET)</b>		
Claims Paid direct	7051138	7331884
Add: Claims on reinsurance accepted	1443479	1985979
Less: Claims on reinsurance ceded	2922780	3415522
Net claims paid	5571837	5902341
Add: Claims outstanding at end (net)	7999978	7555847
Less : Claims outstanding at beginning (net)	7555847	7857605
<b>Total incurred claims (net)</b>	<b>6015968</b>	<b>5600583</b>
<b>SCHEDULE 3 - FIRE COMMISSION (NET)</b>		
Commission - direct	1072144	1157590
Add : Commission on reinsurance accepted	629219	639655
Less : Commission on reinsurance ceded	699077	1003983
<b>Commission (net)</b>	<b>1002286</b>	<b>793262</b>
Break-up of commission direct		
Direct commission	835637	925522
Direct brokerage	128347	131908
Corporate agency commission	108160	100160
Referrals	-	-
<b>Total commission</b>	<b>1072144</b>	<b>1157590</b>

## Schedules

### SCHEDULES TO MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 1 - MARINE PREMIUM EARNED (NET)</b>		
Premium from direct business - in India	4372834	3210226
- outside India	575458	494534
<b>- Total</b>	<b>4948292</b>	<b>3704760</b>
Add: Premium on reinsurance accepted	153566	113850
Less: Premium on reinsurance ceded	2784163	1932864
Net premium	2317695	1885746
Adjustment for change in reserve for un-expired risks	431950	241990
<b>Total premium earned (net)</b>	<b>1885745</b>	<b>1643756</b>
<b>SCHEDULE 2 - MARINE CLAIMS INCURRED (NET)</b>		
Claims paid direct	1538008	2929306
Add: Claims on reinsurance accepted	109559	109195
Less: Claims on reinsurance ceded	375113	2149529
Net claims paid	1272454	888972
Add: Claims outstanding at end (net)	2109870	1799929
Less : Claims outstanding at beginning (net)	1799929	2065930
<b>Total incurred claims (net)</b>	<b>1582395</b>	<b>622971</b>
<b>SCHEDULE 3 - MARINE COMMISSION (NET)</b>		
Commission - direct	498210	311741
Add : Commission on reinsurance accepted	31880	25227
Less : Commission on reinsurance ceded	263146	194693
<b>Commission (net)</b>	<b>266944</b>	<b>142275</b>
Break-up of commission direct		
Direct commission	430464	263384
Direct brokerage	64088	45152
Corporate agency commission	3658	3205
Referrals	-	-
<b>Total commission (net)</b>	<b>498210</b>	<b>311741</b>





## Schedules

### SCHEDULES TO MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 1 - MISCELLANEOUS PREMIUM EARNED (NET)</b>		
Premium from direct business - in India	40962022	37861980
- outside India	5790416	6155396
<b>- Total</b>	<b>46752438</b>	<b>44017376</b>
Add: Premium on reinsurance accepted	5027743	651998
Less: Premium on reinsurance ceded	13832151	9566628
Net premium	37948030	35102746
Adjustment for change in reserve for un-expired risks	1422642	813794
<b>Total premium earned (net)</b>	<b>36525388</b>	<b>34288952</b>
<b>SCHEDULE 2 - MISCELLANEOUS CLAIMS INCURRED (NET)</b>		
Claims paid direct	37042052	34591281
Add: Claims on reinsurance accepted	246731	271760
Less: Claims on reinsurance ceded	6164798	7756573
Net claims paid	31123985	27106468
Add: Claims outstanding at end (net)	51288921	48236479
Less :Claims outstanding at beginning (net)	48236479	45130419
<b>Total incurred claims (net)</b>	<b>34176427</b>	<b>30212528</b>
<b>SCHEDULE 3 - MISCELLANEOUS COMMISSION (NET)</b>		
Commission - direct	4681903	4596922
Add : Commission on reinsurance accepted	634641	145199
Less : Commission on reinsurance ceded	1993412	1768773
<b>Commission (net)</b>	<b>3323132</b>	<b>2973348</b>
Break-up of commission direct		
Direct commission	3838527	3778368
Direct brokerage	464960	493894
Corporate agency commission	378416	324660
Referrals	-	-
<b>Total commission</b>	<b>4681903</b>	<b>4596922</b>



## Schedules

### SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 4</b>		
<b>OPERATING EXPENSES RELATED TO INSURANCE BUSINESS</b>		
1. Employees remuneration and welfare benefits	6910308	8158683
2. Travel conveyance and vehicle running expenses	376591	382775
3. Training expenses	22489	25630
4. Rent rates and taxes	481964	542067
5. Repairs and maintenance	418453	369586
6. Printing and stationery	272008	318490
7. Communication expenses	241241	209208
8. Legal and professional charges	357403	325754
(Outsourcing expenses) - TPA Fees	570587	447660
9. Auditors fees and expenses etc. as auditors	31195	31043
10. Advertisement and publicity	275878	230833
11. Interest and bank charges	79225	62977
12. Others -		
Exchange gain(-)/loss	(26144)	(89228)
Provision for bad and doubtful debts	3741	2887
IT implementation	79517	72581
Input service tax recovery	(896017)	(619252)
Donation to Prime Minister/Chief Minister Relief Fund	0	4
Others	153695	61841
Other taxes	482545	541152
13. Depreciation	356358	451242
<b>Total</b>	<b>10191037</b>	<b>11525933</b>
Apportioned to fire segment	1961079	2843223
Apportioned to marine segment	566319	523147
Apportioned to miscellaneous segment	7663639	8159563
<b>Total</b>	<b>10191037</b>	<b>11525933</b>



## Schedules

### SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 5</b>		
<b>SHARE CAPITAL</b>		
1. Authorised capital 30,00,00,000 Equity shares of Rs 10 each	<b>3000000</b>	3000000
2. Issued capital 20,00,00,000 Equity shares of Rs 10 each	<b>2000000</b>	2000000
3. Subscribed capital 20,00,00,000 Equity shares of Rs 10 each	<b>2000000</b>	2000000
4. Called up capital 20,00,00,000 Equity shares of Rs 10 each	<b>2000000</b>	2000000
<b>Total</b>	<b>2000000</b>	2000000

Of the above 19,61,49,366 shares are issued as fully paid up bonus shares by capitalisation of Premium on shares, Capital Reserves and General Reserves

#### SCHEDULE 5A

##### PATTERN OF SHARE HOLDINGS AS CERTIFIED BY MANAGEMENT

Numbers in (000)

Share holder	Current year		Previous year	
	Numbers	% of holding	Numbers	% of holding
Promoters - Indian	200000	100	200000	100
- Foreign	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>200000</b>	<b>100</b>	<b>200000</b>	<b>100</b>



Estbd. 1919

## Schedules

### SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 6</b>		
<b>RESERVES AND SURPLUS</b>		
1. Capital reserve (Opening balance)	575	575
Addition during the year	-	-
Deduction during the year	-	-
(Closing balance)	575	575
2. Capital redemption reserve	-	-
3. Share Premium	-	-
4. General reserves (Opening balance)	57411097	46227903
Addition during the year - balance transferred from P & L account.	10700322	11183194
Net deduction during the year (refer note no 11 D)	(389700)	
(Closing balance)	67721719	57411097
5. Catastrophe reserve	-	-
6. Other reserves		
a. Foreign Currency Translation Reserve		
Opening Balance	789886	(148170)
Addition during the year		938056
Deduction during the year (refer note no 19)	(784145)	
Closing Balance	5741	789886
7. Balance of profit in profit and loss account		
<b>Total</b>	67728035	58201558
<b>SCHEDULE 7</b>		
<b>BORROWINGS</b>		
1. Debentures / bonds	-	-
2. Banks	-	-
3. Financial institutions	-	-
4. Others	-	-
<b>Total</b>	Nil	Nil



## Schedules

### SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 8</b>		
<b>INVESTMENTS</b>		
Long term investments		
1. Government securities		
Central govt. securities	31551258	32411908
State govt. securities	11813315	12485366
Foreign govt. securities	1935936	1958165
2. Other approved securities	741614	1152665
3. Other investments		
a. Shares		
aa. Equity	155568773	120721794
Equity share odd lots		-
bb. Preference		
Preference shares	834398	-
Preference shares of railways in India		-
b. Mutual funds		-
c. Derivative instruments		-
d. Debentures/Bonds/PTCs		
Debentures in India	8701517	8488776
Other Debentures - Foreign	437737	596402
e. Other securities (to be specified)		
Foreign shares		76666
Foreign preference shares	16	15
Foreign securities		-
Special deposit with Govt. of India		-
f. Subsidiaries	595564	595564
g. Investment properties (real estate)		-
4. Investment in infrastructure and social sector	16594808	12716304
5. Investment in housing bonds	6614931	6052271
6. Other than approved investments	6976301	9320196
<b>Total</b>	<b>242366168</b>	<b>206576092</b>

## Schedules

### SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 8 (Cont.)</b>		
<b>SHORT TERM INVESTMENTS</b>		
1. Government securities		
Central govt. securities	356465	974633
State govt. securities	670952	882210
Govt. guaranteed securities		
Foreign govt. securities		163974
2. Other approved securities	202338	181931
3. Other investments		
a. Shares		
aa. Equity	-	-
Equity share odd lots	-	-
bb. Preference	-	-
b. Mutual funds	-	-
c. Derivative instrument	-	-
d. Debentures/Bonds/PTCs		
Debentures in India	661937	1161208
Other debentures foreign		
e. Other securities	-	-
Special deposit with Govt. of India	-	-
f. Subsidiaries		125584
g. Investment properties (real estate)	-	-
4. Investment in infrastructure and social sector	1235617	75000
5. Investment in housing bonds	835220	50078
6. Other than approved investments		509960
<b>Total</b>	<b>3962529</b>	<b>4124578</b>
<b>Grand Total</b>	<b>246328697</b>	<b>210700670</b>
<b>Investments</b>		
<b>1. India</b>	<b>243152228</b>	<b>207182765</b>
<b>2. Outside India</b>	<b>3176469</b>	<b>3517905</b>

[Debentures includes Rs (000)37828 (PY 43160) towards std provision, shown under Sch 14.5]

[Housing sector bonds include Rs (000) 29807 (PY 24420) towards std.provision, shown under Sch 14.5]

[Investment in France Agency Rs (000) 1838 (PY 1838) provided as doubtful, shown under sch 14.5]

[Investment in infrastructure includes Rs (000) 71365 (PY 51196) towards std. Provision, shown under sch 14.5]

[Investment in OAS includes Rs (000) 3776 (PY5386) towards std. Provision, shown under sch 14.5]

[Other than approved investments include Rs (000) 683220 (PY 768838) considered doubtful, shown under Sch 14.5]

Investment in associates amounting to Rs (000) 179475 (P.Y 179475) are included in equity shares stated above.

The aggregate amount of company's investments other than listed equity securities is Rs (000) 653815(PY79171115) and market value thereof is Rs (000) 630694 (PY 77915003 ) as on 31.03.2008

[Equity shares/foreign shares include provision for diminution in the value of thinly traded/unlisted shares amounting to Rs (000) 592(PY 23481) shown under Sch 14.5]

Total amount of amortisation of Rs (000) 451380 includes amortisation amount of Rs (000) 7 on CGS shown under account 5041 as deposit under section 7 of Insurance Act which is grouped in schedule 12)

Equity at cost includes thinly traded and unlisted equity shares but provision amounting to Rs (000) 24949 (PY 23481) against diminution in the value of thinly traded and unlisted equity shares are grouped in schedule 14







**SCHEDULE FOR THE YEAR ENDED 31-03-2008**

Registration Number 190

Date of Renewal with IRDA : 11.03.2008

**SCHEDULE 10**

**FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Open. Bal.	Additions During	Deletions During	*Closing Balance	Opening Balance	Additions During	Deletions During	*Closing Balance	Closing Balance	Opening Balance
	1/4/2007	2007-08	2007-08	31/3/08	1/4/2007	2007-08	2007-08	31/3/2008	31/3/2008	1/4/2007
Land Freehold	14915		22	<b>14893</b>					<b>14893</b>	14915
Buildings	1278857	4032	-1432	<b>1284320</b>	608719	39070	-637	<b>648425</b>	<b>635894</b>	670138
Furnitures & Fittings	637620	14179	4241	<b>647558</b>	521745	22233	677	<b>543302</b>	<b>104257</b>	115875
Information & Technology Equipments	1669936	89364	12483	<b>1746817</b>	1374669	223997	11619	<b>1587047</b>	<b>159770</b>	295268
Vehicles	477600	106533	67084	517050	262836	68346	37028	294153	<b>222897</b>	214764
Office Equipments	114735	2717	1885	<b>115567</b>	99230	2713	1096	<b>100847</b>	<b>14720</b>	15505
<b>Grand Total</b>	4193664	216825	84284	<b>4326204</b>	2867198	356358	49783	<b>3173774</b>	<b>1152431</b>	1326466
<b>Previous Year</b>	3726455	629142	161933	<b>4193664</b>	2515837	450784	99422	<b>2867199</b>	<b>1326466</b>	1210618

\*The Figures are inclusive of appreciation due to foreign currency appreciation.

## Schedules

### SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 11</b>		
<b>CASH AND BANK BALANCES</b>		
1. Cash (including cheques ,drafts and stamps) (includes remittance in transit Rs (000) 36987 (PY 52372))	<b>1902854</b>	2340841
2. Bank balances		
a. Deposit accounts		
aa. Short - term (due within 12 months)	<b>4277454</b>	6990461
bb. Others [balances include Rs (000) 28180 (PY 25061) (FOR) provision for bad and doubtful debts, shown under Sch. 14.5]	<b>18520591</b>	16214599
b. Current accounts (foreign balances includes (FOR) Rs (000) 9013 (PY 7671) & Indian balances Rs (000) 11129 (PY Nil) provision for bad and doubtful debts, shown under Sch. 14.5) Include balances in accounts with non scheduled banks amounting to Rs (000) 487460 PY Rs (000) 588699	<b>2635239</b>	4297238
3. Money at call and short notice		
With banks	<b>613904</b>	662227
With other institutions	<b>629234</b>	1117366
<b>Total</b>	<b>28579276</b>	31622732
<b>Cash and bank balances IN INDIA</b>	<b>7838213</b>	12964679
<b>Cash and bank balances OUTSIDE INDIA</b>	<b>20741063</b>	18658053
<b>Total</b>	<b>28579276</b>	31622732



## Schedules

### SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 12</b>		
<b>ADVANCES AND OTHER ASSETS</b>		
<b>Advances</b>		
1. Reserve deposits with ceding companies [includes Rs (000) 93984 (RI) (PY 93984) Rs (000) 10583 (FOR) ( PY9679) provision for bad and doubtful debts, shown under Sch 14.5 ]	180785	203937
2. Application money for investments	378420	-
3. Pre-payments	200946	174783
4. Advances to directors / officers	-	-
5. Advance tax paid and taxes deducted at source (net of provision for taxation)	11503617	2873415
6. Others	537828	129092
<b>Total (A)</b>	<b>12801596</b>	<b>3381227</b>
<b>Other assets</b>		
1. Income accrued on investments [includes Rs(000) 132 (PY Rs Nil (FOR) provision for bad and doubtful debts, shown under Sch.14(5))	2658256	2706628
2. Outstanding premiums	27417	28409
3. Agents balances (foreign) includes Rs (000) 21192 (PY15975) (FOR) and indian balances Rs (000) 1111 (PY Nil)provision for bad and doubtful debts, shown under Sch. 14(5)	1057781	926392
4. Foreign agencies balances [foreign balances includes Rs (000) 10523 (FOR) (PY11598) provision for bad and doubtful debts, shown under sch.14.5]	1261311	826898
5. Due from other entities carrying insurance business (including reinsurers) [RI balances include Rs (000) 902108 (PY 902108) Foreign balances include Rs (000) 1932 (PY 5816) (FOR) provision for bad and doubtful debts, shown under sch. 14.5]	16105873	16260317
6. Due from subsidiaries/holding companies [includes Rs (000) 440P.Y Rs 477) (FOR) provision for bad and doubtful debts, shown under sch. 14.5]	440	477
7. Deposit with R B I pursuant to section 7 of Insurance Act 1938	107527	107527
8. Others - Other accrued income	409818	381619
Others including sundry debtors	2271764	713580
('Others including sundry debtors' includes (INV) Rs (000) 15939 (PY 16783)Rs (000) 1678 (PY 1800) (FOR) Rs (000) 494(PY 494) (RI) provision for bad and doubtful debts, shown under Sch. 14(5)) (Misc.debtors includes Rs (000) Nil (PY Rs 26047) includes provision for bad and doubtful debts, shown under Sch.14(5))		
<b>Total (B)</b>	<b>23900187</b>	<b>21951847</b>
<b>TOTAL(A+B)</b>	<b>36701783</b>	<b>25333074</b>



## Schedules

### SCHEDULES FOR THE YEAR ENDED 31ST MARCH, 2008

[Registration No.190 dated 11.03.2008]

Particulars	Current year Rs (000)	Previous year Rs (000)
<b>SCHEDULE 13</b>		
<b>CURRENT LIABILITIES</b>		
1. Agents balances [Indian Balances includes Rs (000) 11111(PY Nil) provision for bad and doubtful debts, shown under Sch 14.5]	308558	296339
2. Balances due to other insurance companies [includes Rs (000) 2275 (PY) (RI) provision for bad and doubtful debts, shown under Sch 14.5]	8702512	7395331
3. Deposits held on reinsurance ceded	63207	116714
4. Premium received in advance [Indian Balances includes Rs (000) 313 (PY Nil ) provision for bad and doubtful debts, shown under Sch 14.5)]	767729	1200772
5. Un-allocated premium	-	-
6. Sundry creditors - Other than service tax payable [Indian Balances includes Rs (000) 49217 (PY Nil ) provision for bad and doubtful debts, shown under Sch 14.5)] Service tax Payable	6161653 43061	5376064 (306948)
7. Due to subsidiaries / holding company	-	-
8. Claims outstanding [includes Rs (000) 1123 (PY 1123) (RI) provision for bad and doubtful debts, shown under Sch 14.5)]	61398770	57592256
9. Due to officers/directors	-	-
10. Others [Indian Balances includes Rs (000) 36217PY Nil ) provision for bad and doubtful debts, shown under Sch 14.5)]	175353	4377337
<b>Total</b>	<b>77620843</b>	<b>76047865</b>
<b>SCHEDULE 14</b>		
<b>PROVISIONS</b>		
1. Resreve for un-expired risks	25730222	24701723
2. Provision for taxation (net of payment of taxes)	-	-
3. Provision for proposed dividend	2830000	2920000
4. Provision for dividend distribution tax	480959	496300
5. Others - Reserve for bad and doubtful debts. Provision for diminution in value of thinly traded/unlisted shares	3433642 24949	3444669 23481
<b>Total</b>	<b>32499772</b>	<b>31586173</b>
<b>SCHEDULE 15</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
1. Discount allowed in issue of shares and debentures	-	-
2. Others - VRS payments (Deferred expenses to the extent not written off)	0	476070
<b>Total</b>	<b>0</b>	<b>476070</b>

## Receipts & Payments Account

### THE NEW INDIA ASSURANCE COMPANY LIMITED

[Registration No.190 dated 11.03.2008]

#### RECEIPTS & PAYMENTS ACCOUNT /CASH FLOW STATEMENT FOR THE PERIOD 01.04.2007 TO 31.03.2008

	Amount in Rs (000) Current Year	Amount in Rs (000) Previous Year
Operating Activities		
Profit Appropriated to General Reserve		11183194
Adjustments for Non-Cash Items		
Deferred Expenses	476070	557500
Unexpired Risks Reserves	1028499	2166589
Provisions for Outstanding Claims	3806514	2538302
Depreciation	356358	451242
Provision for Dividend and Dividend Tax	3310959	3416300
Provision for Taxes	955668	1325722
Deferred Tax	304037	211933
Reserve for Doubtful Debts	(11027)	2888
Foreign Currency Translation Reserve	(784146)	938056
General Reserve Adjustment for AS 15	(389700)	
Other Provisions	(196797)	624765
Profit or Loss on Sale of Asset	(2674)	(5459)
Balances Written Back	210201	110320
Items considered separately - Investment Items	(23460453)	(22550706)
<b>Total</b>	<b>(14396491)</b>	<b>(10212548)</b>
Net Increase in Current assets	<b>(5086648)</b>	<b>(927316)</b>
Net Cash Flow from Operating Activities Before Tax	<b>(8782817)</b>	43330
Net Tax Expense	<b>(9529798)</b>	(2496810)
Net Cash Flow from Operating Activities After Tax	<b>(18312615)</b>	(2453480)
Investing Activities		
Interest Dividend and Rent	11849662	10367505
Net Additions to Investments	6138560	(5244156)
Net Additions to Loans	876886	410653
Net Additions to Assets	(179649)	(572550)
Net Cash Flow from Investing Activities	<b>18685459</b>	4961452
Financing Activities - Dividend Paid	<b>(3416300)</b>	(1482325)
Increase/Decrease in Cash and Bank Balances During the Year	<b>(3043456)</b>	1025647
Cash and Bank Balances as per Schedule 11 at the End of the Period	<b>28579276</b>	31622732
Cash and Bank Balances as per Schedule 11 at the Beginning of the Period	<b>31622732</b>	30597085

**A R Sekar**  
Director and Company Secretary

As per our report of even date

**For Sarda & Pareek**  
Chartered Accountants

**Gaurav Sarda**  
Partner

Membership number 110208

Mumbai, 06.06.2008

**N S R Chandra Prasad**  
Director

**For Karnavat & Co.,**  
Chartered Accountants

**Sameer Doshi**  
Partner

Membership number 117987

**B Chakrabarti**  
Chairman-Cum- Managing Director

**For Chaturvedi & Shah**  
Chartered Accountants

**H P Chaturvedi**  
Partner

Membership number 33523



Estbd. 1919


**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 -INDIAN**

SEGMENT	Fire 2006-07	Fire 2007-08	Marine Cargo 2006-07	Marine Cargo 2007-08	Marine Hull 2006-07	Marine Hull 2007-08	Marine Total 2006-07	Marine Total 2007-08
Premium Direct	9099759	7434322	1587106	1827049	1623120	2545785	3210226	4372834
Premium Accepted	464096	408962	159	228	61552	79662	61711	79890
Premium Ceded	3998113	2891866	278911	385199	1495494	2279785	1774405	2664984
<b>Net Premium</b>	<b>5565742</b>	<b>4951418</b>	<b>1308354</b>	<b>1442078</b>	<b>189178</b>	<b>345662</b>	<b>1497532</b>	<b>1787740</b>
Unexpired Risk Reserve Cl	2782871	2475709	1308353	1442078	189179	345662	1497532	1787740
Unexpired Risk Reserve Op	2242645	2782871	1110813	1308354	201850	189179	1312663	1497533
<b>Net Earned Premium</b>	<b>5025516</b>	<b>5258580</b>	<b>1110814</b>	<b>1308354</b>	<b>201849</b>	<b>189179</b>	<b>1312663</b>	<b>1497533</b>
Profit on Realisation of Investment	1102980	1047952	232035	214289	108617	86981	340652	301270
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	949128	952762	199669	194824	93466	79080	293135	273904
Investment Provisions	2934	326	617	67	289	27	906	94
<b>Total Investment Income</b>	<b>2049174</b>	<b>2000388</b>	<b>431087</b>	<b>409046</b>	<b>201794</b>	<b>166034</b>	<b>632881</b>	<b>575080</b>
Claims Paid Direct	5890750	3867428	844912	1004816	1792010	437931	2636922	1442747
Claims Paid Accepted	4147	95660	27	0	38675	57108	38702	57108
Claims Paid Ceded	3135337	1598256	175928	157422	1786755	199239	1962683	356661
<b>Paid Claims</b>	<b>2759560</b>	<b>2364832</b>	<b>669011</b>	<b>847394</b>	<b>43930</b>	<b>295800</b>	<b>712941</b>	<b>1143194</b>
Cl O/S Claims Direct	9480960	9966235	1650253	1869728	1630281	2463662	3280534	4333390
Cl O/S Claims Accepted	307163	1024990	3	0	96121	47610	96124	47610
Cl O/S Claims Ceded	5525517	7528913	838183	801214	1150755	1911558	1988938	2712772
<b>O/S Claims at end</b>	<b>4262606</b>	<b>3462312</b>	<b>812073</b>	<b>1068514</b>	<b>575647</b>	<b>599714</b>	<b>1387720</b>	<b>1668228</b>
Op O/S Claims Direct	10540764	9480960	1858978	1650254	2885678	1630281	4744656	3280535
Op O/S Claims Accepted	256017	307164	114	3	79455	96121	79569	96124
Op O/S Claims Ceded	5965949	5525517	912411	838183	2346669	1150755	3259080	1988938
<b>O/S Claims at beginning</b>	<b>4830832</b>	<b>4262607</b>	<b>946681</b>	<b>812074</b>	<b>618464</b>	<b>575647</b>	<b>1565145</b>	<b>1387721</b>
Incurred Claims Direct	4830946	4352703	636187	1224290	536613	1271312	1172800	2495602
Incurred Claims Accepted	55293	813486	-84	-3	55341	8597	55257	8594
Incurred Claims Ceded	2694905	3601652	101700	120453	590841	960042	692541	1080495
<b>Incurred Claims</b>	<b>2191334</b>	<b>1564537</b>	<b>534403</b>	<b>1103834</b>	<b>1113</b>	<b>319867</b>	<b>535516</b>	<b>1423701</b>
Commission Direct	564255	523845	188265	221327	13070	23406	201335	244733
Commission Accepted	5554	50417	20	23	14074	15880	14094	15903
Commission Ceded	913975	594790	40628	70925	126524	168854	167152	239779
<b>Commission/Brokerage</b>	<b>-344166</b>	<b>-20528</b>	<b>147657</b>	<b>150425</b>	<b>-99380</b>	<b>-129568</b>	<b>48277</b>	<b>20857</b>
Foreign Taxes	0	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	2620937	1787188	249568	234349	232679	281755	482247	516104
<b>Revenue Accounts Result</b>	<b>2606585</b>	<b>3927771</b>	<b>610273</b>	<b>228792</b>	<b>269231</b>	<b>-116841</b>	<b>879504</b>	<b>111951</b>



**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - INDIAN**

SEGMENT	Motor-OD 2006-07	Motor-OD 2007-08	Motor TP 2006-07	Motor TP 2007-08	Motor Pool 2006-07	Motor Pool 2007-08	Motor Total 2006-07	Motor Total 2007-08
Premium Direct	12337126	10972463	8010156	3446526	0	5924005	20347282	20342994
Premium Accepted	0	0	0	0	0	3881385	0	3881385
Premium Ceded	2478835	1648004	1602031	516979	0	5924005	4080866	8088988
<b>Net Premium</b>	<b>9858291</b>	<b>9324459</b>	<b>6408125</b>	<b>2929547</b>	<b>0</b>	<b>3881385</b>	<b>16266416</b>	<b>16135391</b>
Unexpired Risk Reserve Cl	4929146	4662230	3204063	1464774	0	1940693	8133209	8067696
Unexpired Risk Reserve Op	5577386	4929146	3120621	3204063	0	0	8698007	8133208
<b>Net Earned Premium</b>	<b>10506531</b>	<b>9591375</b>	<b>6324683</b>	<b>4668836</b>	<b>0</b>	<b>1940693</b>	<b>16831214</b>	<b>16200904</b>
Profit on Realisation of Investment	955166	774028	3279229	3138561	0	0	4234395	3912589
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	821932	703720	2821818	2853471	0	0	3643750	3557191
Investment Provisions	2541	241	8724	976	0	0	11265	1217
<b>Total Investment Income</b>	<b>1774557</b>	<b>1477507</b>	<b>6092323</b>	<b>5991056</b>	<b>0</b>	<b>0</b>	<b>7866880</b>	<b>7468563</b>
Claims Paid Direct	6743817	7029459	11042518	11993489	0	16980	17786335	19039928
Claims Paid Accepted	0	0	0	0	0	0	0	0
Claims Paid Ceded	1526976	1087748	2208502	1963977	0	16980	3735478	3068705
<b>Paid Claims</b>	<b>5216841</b>	<b>5941711</b>	<b>8834016</b>	<b>10029512</b>	<b>0</b>	<b>0</b>	<b>14050857</b>	<b>15971223</b>
Cl O/S Claims Direct	3289922	2568997	42979956	44253961	0	537919	46269878	47360877
Cl O/S Claims Accepted	0	0	0	0	0	2367645	0	2367645
Cl O/S Claims Ceded	2033677	507449	7787432	9445886	0	537919	9821108	10491254
<b>O/S Claims at end</b>	<b>1256245</b>	<b>2061548</b>	<b>35192524</b>	<b>34808075</b>	<b>0</b>	<b>2367645</b>	<b>36448769</b>	<b>39237268</b>
Op O/S Claims Direct	3191863	3289922	39535546	42979956	0	0	42727409	46269878
Op O/S Claims Accepted	0	0	0	0	0	0	0	0
Op O/S Claims Ceded	1427083	2033677	6945489	7787431	0	0	8372572	9821108
<b>O/S Claims at beginning</b>	<b>1764780</b>	<b>1256245</b>	<b>32590057</b>	<b>35192525</b>	<b>0</b>	<b>0</b>	<b>34354837</b>	<b>36448770</b>
Incurred Claims Direct	6841876	6308534	14486928	13267494	0	554899	21328804	20130927
Incurred Claims Accepted	0	0	0	0	0	2367645	0	2367645
Incurred Claims Ceded	2133570	-438480	3050445	3622432	0	554899	5184015	3738851
<b>Incurred Claims</b>	<b>4708306</b>	<b>6747014</b>	<b>11436483</b>	<b>9645062</b>	<b>0</b>	<b>2367645</b>	<b>16144789</b>	<b>18759721</b>
Commission Direct	1140008	1210143	177826	0	0	0	1317834	1210143
Commission Accepted	0	0	0	0	0	388138	0	388138
Commission Ceded	493485	310275	320406	103396	0	592400	813891	1006071
<b>Commission/Brokerage</b>	<b>646523</b>	<b>899868</b>	<b>-142580</b>	<b>-103396</b>	<b>0</b>	<b>-204262</b>	<b>503943</b>	<b>592210</b>
Foreign Taxes	0	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	2665916	1940353	1348788	464867	0	1322549	4014704	3727769
<b>Revenue Accounts Result</b>	<b>4260343</b>	<b>1481647</b>	<b>-225685</b>	<b>653359</b>	<b>0</b>	<b>-1545240</b>	<b>4034658</b>	<b>589767</b>


**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - INDIAN**

SEGMENT	Health 2006-07	Health 2007-08	Liability 2006-07	*Liability 2007-08	P A 2006-07	P A 2007-08	Aviation 2006-07	Aviation 2007-08
Premium Direct	7652894	12094156	606470	956510	793936	830769	1180836	781357
Premium Accepted	0	0	0	69	15233	24281	5431	8451
Premium Ceded	1530579	1814123	188126	283217	206650	69850	836318	777854
<b>Net Premium</b>	<b>6122315</b>	<b>10280033</b>	<b>418344</b>	<b>673362</b>	<b>602519</b>	<b>785200</b>	<b>349949</b>	<b>11954</b>
Unexpired Risk Reserve CI	3061158	5140017	209172	336681	301259	392600	174974	5977
Unexpired Risk Reserve Op	0	3061158	180586	209172	355011	301260	34125	174975
<b>Net Earned Premium</b>	<b>3061157</b>	<b>8201174</b>	<b>389758</b>	<b>545853</b>	<b>656271</b>	<b>693860</b>	<b>209100</b>	<b>180952</b>
Profit on Realisation of Investment	59682	357384	341023	296970	73793	77374	38769	81984
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	51357	324921	293455	269994	63500	70345	33361	74537
Investment Provisions	159	111	908	92	196	24	103	25
<b>Total Investment Income</b>	<b>110880</b>	<b>682194</b>	<b>633570</b>	<b>566872</b>	<b>137097</b>	<b>147695</b>	<b>72027</b>	<b>156496</b>
Claims Paid Direct	7316857	8454612	145063	146274	731133	632632	1136555	522614
Claims Paid Accepted	0	0	0	0	24359	4335	6059	3922
Claims Paid Ceded	1463371	1268192	29030	25477	199156	142581	992102	333618
<b>Paid Claims</b>	<b>5853486</b>	<b>7186420</b>	<b>116033</b>	<b>120797</b>	<b>556336</b>	<b>494386</b>	<b>150512</b>	<b>192918</b>
CI O/S Claims Direct	1508761	1891200	228270	252381	804142	642000	908585	1110119
CI O/S Claims Accepted	0	0	0	0	4909	3841	9300	9300
CI O/S Claims Ceded	197752	188730	44854	50619	269558	248399	487194	614431
<b>O/S Claims at end</b>	<b>1311009</b>	<b>1702470</b>	<b>183416</b>	<b>201762</b>	<b>539493</b>	<b>397442</b>	<b>430691</b>	<b>504988</b>
Op O/S Claims Direct	812417	1508761	203773	228270	596503	804142	874334	908585
Op O/S Claims Accepted	0	0	0	0	4088	4909	2346	9300
Op O/S Claims Ceded	162483	0	39001	43328	265798	269558	760644	487194
<b>O/S Claims at beginning</b>	<b>649934</b>	<b>1508761</b>	<b>164772</b>	<b>184942</b>	<b>334793</b>	<b>539493</b>	<b>116036</b>	<b>430691</b>
Incurred Claims Direct	8013201	8837051	169560	170385	938772	470490	1170806	724148
Incurred Claims Accepted	0	0	0	0	25180	3267	13013	3922
Incurred Claims Ceded	1498640	1456922	34883	32768	202916	121422	718652	460855
<b>Incurred Claims</b>	<b>6514561</b>	<b>7380129</b>	<b>134677</b>	<b>137617</b>	<b>761036</b>	<b>352335</b>	<b>465167</b>	<b>267215</b>
Commission Direct	919689	1410948	68186	114584	112299	109608	1388	-1213
Commission Accepted	0	0	0	19	9010	5493	986	1145
Commission Ceded	382645	453531	42342	49509	29258	14411	61346	46514
<b>Commission/Brokerage</b>	<b>537044</b>	<b>957417</b>	<b>25844</b>	<b>65094</b>	<b>92051</b>	<b>100690</b>	<b>-58972</b>	<b>-46582</b>
Foreign Taxes	0	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	1288630	1631257	343089	293668	162288	136001	207104	115015
<b>Revenue Accounts Result</b>	<b>-5168198</b>	<b>-1085435</b>	<b>519718</b>	<b>616346</b>	<b>-222007</b>	<b>252529</b>	<b>-332172</b>	<b>1809</b>

**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - INDIAN**

SEGMENT	Engineering 2006-07	Engineering 2007-08	Credit Guarantee 2006-07	Credit Guarantee 2007-08	Traditional 2006-07	Traditional 2007-08	Rural 2006-07	Rural 2007-08
Premium Direct	2103807	2226408	-4607	3055	1502913	1401734	1010721	749193
Premium Accepted	178527	121762	0	0	90618	142305	0	0
Premium Ceded	702264	1080423	-51	458	116394	636459	202144	112379
<b>Net Premium-</b>	<b>1580070</b>	<b>1267747</b>	<b>-4556</b>	<b>2597</b>	<b>1477137</b>	<b>907580</b>	<b>808577</b>	<b>636814</b>
Unexpired Risk Reserve Cl	790035	633874	-2278	1299	738568	453790	404289	318407
Unexpired Risk Reserve Op	546508	790035	-130	-2278	972700	738569	354896	404289
<b>Net Earned Premium</b>	<b>1336543</b>	<b>1423909</b>	<b>-2408</b>	<b>-980</b>	<b>1711269</b>	<b>1192359</b>	<b>759184</b>	<b>722696</b>
Profit on Realisation of Investment	129456	172513	2670	1217	320024	244147	101985	99438
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	111398	156843	2298	1107	275385	221970	87759	90405
Investment Provisions	344	54	7	0	851	76	271	31
<b>Total Investment Income</b>	<b>240510</b>	<b>329302</b>	<b>4961</b>	<b>2324</b>	<b>594558</b>	<b>466041</b>	<b>189473</b>	<b>189812</b>
Claims Paid Direct	685904	766631	9	-606	424035	672416	599840	685570
Claims Paid Accepted	43634	8652	0	0	36566	48364	0	0
Claims Paid Ceded	184297	140212	-46	-91	90710	168083	119968	102836
<b>Paid Claims</b>	<b>545241</b>	<b>635071</b>	<b>55</b>	<b>-515</b>	<b>369891</b>	<b>552697</b>	<b>479872</b>	<b>582734</b>
Cl O/S Claims Direct	2028811	2689954	21461	18508	1898722	1892013	959895	860117
Cl O/S Claims Accepted	181995	152655	0	0	50159	40709	0	0
Cl O/S Claims Ceded	1246083	1902969	4292	3849	714426	697816	147679	137887
<b>O/S Claims at end</b>	<b>964723</b>	<b>939640</b>	<b>17169</b>	<b>14659</b>	<b>1234455</b>	<b>1234906</b>	<b>812216</b>	<b>722230</b>
Op O/S Claims Direct	1467364	2028811	33506	21461	2007551	1898722	885689	959895
Op O/S Claims Accepted	111210	181995	0	0	109963	50159	0	0
Op O/S Claims Ceded	952807	1246083	4303	4292	652918	715952	129975	147679
<b>O/S Claims at beginning</b>	<b>625767</b>	<b>964723</b>	<b>29203</b>	<b>17169</b>	<b>1464596</b>	<b>1232929</b>	<b>755714</b>	<b>812216</b>
Incurred Claims Direct	1247351	1427774	-12036	-3559	315206	665707	674046	585792
Incurred Claims Accepted	114419	-20688	0	0	-23238	38914	0	0
Incurred Claims Ceded	477573	797098	-57	-534	152218	149947	137672	93044
<b>Incurred Claims</b>	<b>884197</b>	<b>609988</b>	<b>-11979</b>	<b>-3025</b>	<b>139750</b>	<b>554674</b>	<b>536374</b>	<b>492748</b>
Commission Direct	120018	142599	15	515	191343	184515	114816	78584
Commission Accepted	43758	18682	0	0	29474	33646	0	0
Commission Ceded	122253	160525	-13	115	46753	83508	50536	28095
<b>Commission/Brokerage</b>	<b>41523</b>	<b>756</b>	<b>28</b>	<b>400</b>	<b>174064</b>	<b>134653</b>	<b>64280</b>	<b>50489</b>
Foreign Taxes	0	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	443949	373050	-776	412	443239	318777	170190	101051
<b>Revenue Accounts Result</b>	<b>207384</b>	<b>769417</b>	<b>15280</b>	<b>3558</b>	<b>1548774</b>	<b>650296</b>	<b>177813</b>	<b>268220</b>




**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - INDIAN**

SEGMENT	UNTB 2006-07	UNTB 2007-08	Credit Shield 2006-07	*Credit Shield 2007-08	Misc Total 2006-07	Misc Total 2007-08	Total 2006-07	Total 2007-08
Premium Direct	2451511	1350461	216217	225387	37861980	40962042	50171965	52769196
Premium Accepted	0	0	0	552715	289809	4730968	815616	5219820
Premium Ceded	520890	228228	143140	163644	8527320	13255623	14299838	18812470
<b>Net Premium</b>	<b>1930621</b>	<b>1122233</b>	<b>73077</b>	<b>614458</b>	<b>29624469</b>	<b>32437387</b>	<b>36687743</b>	<b>39176545</b>
Unexpired Risk Reserve CI	965311	561117	36539	307229	14812235	16218694	19092638	20482143
Unexpired Risk Reserve Op	2967574	965311	18113	36539	14127390	14812235	17682698	19092641
<b>Net Earned Premium</b>	<b>3932884</b>	<b>1526427</b>	<b>54651</b>	<b>343768</b>	<b>28939624</b>	<b>31030929</b>	<b>35277803</b>	<b>37787041</b>
Profit on Realisation of Investment	378167	127939	1231	5986	5681195	5377541	7124827	6726763
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	325417	116318	1060	5442	4888740	4889073	6131003	6115739
Investment Provisions	1006	40	3	2	15113	1672	18953	2092
<b>Total Investment Income</b>	<b>702578</b>	<b>244217</b>	<b>2288</b>	<b>11426</b>	<b>10554822</b>	<b>10264942</b>	<b>13236877</b>	<b>12840409</b>
Claims Paid Direct	2418152	2621175	12768	22767	31256647	33564013	39784319	38874189
Claims Paid Accepted	0	0	0	0	110618	65273	153467	218041
Claims Paid Ceded	602419	462314	7386	14368	7423871	5726295	12521891	7681211
<b>Paid Claims</b>	<b>1815733</b>	<b>2158861</b>	<b>5382</b>	<b>8399</b>	<b>23943394</b>	<b>27902991</b>	<b>27415895</b>	<b>31411019</b>
CI O/S Claims Direct	762111	516875	96189	53369	55486825	57287413	68248319	71587038
CI O/S Claims Accepted	0	0	0	226462	246363	2800612	649650	3873212
CI O/S Claims Ceded	162289	156664	59501	26858	13154737	14519476	20669192	24761161
<b>O/S Claims at end</b>	<b>599822</b>	<b>360211</b>	<b>36688</b>	<b>252973</b>	<b>42578451</b>	<b>45568549</b>	<b>48228777</b>	<b>50699089</b>
Op O/S Claims Direct	1296292	762111	4205	96189	50909043	55486825	66194463	68248320
Op O/S Claims Accepted	0	0	0	0	227607	246363	563193	649651
Op O/S Claims Ceded	145645	360041	8908	59501	11495054	13154736	20720083	20669191
<b>O/S Claims at beginning</b>	<b>1150647</b>	<b>402070</b>	<b>-4703</b>	<b>36688</b>	<b>39641596</b>	<b>42578452</b>	<b>46037573</b>	<b>48228776</b>
Incurred Claims Direct	1883971	2375939	104752	-20053	35834429	35364601	41838175	42212906
Incurred Claims Accepted	0	0	0	226462	129374	2619522	239924	3441602
Incurred Claims Ceded	619063	258937	57979	-18275	9083554	7091035	12471000	11773182
<b>Incurred Claims</b>	<b>1264908</b>	<b>2117002</b>	<b>46773</b>	<b>224684</b>	<b>26880249</b>	<b>30893088</b>	<b>29607099</b>	<b>33881331</b>
Commission Direct	392486	223980	27015	28110	3265089	3502371	4030679	4270950
Commission Accepted	0	0	0	138179	83228	585302	102876	651622
Commission Ceded	123301	51635	30921	56737	1703233	1950651	2784360	2785219
<b>Commission/Brokerage</b>	<b>269185</b>	<b>172345</b>	<b>-3906</b>	<b>109552</b>	<b>1645084</b>	<b>2137022</b>	<b>1349195</b>	<b>2137353</b>
Foreign Taxes	0	0	0	0	0	0	0	0
Operating Expenses Related to Insurance	412815	182150	36408	104950	7521640	6984100	10624824	9287391
<b>Revenue Accounts Result</b>	<b>2688554</b>	<b>-700853</b>	<b>-22336</b>	<b>-83993</b>	<b>3447473</b>	<b>1281659</b>	<b>6933562</b>	<b>5321375</b>

\* Segment Reporting Schedule for the period the year ended 31.03.2008 (Indian) Amount in Rs '000'

Sub Segments	Premium	Claims Paid	Claims Outstanding at End	Claims Outstanding at Beginning	Incurred Claims
Workmens' Compensation - Sub Segment of Liability Insurance	564119	137067	188772	188869	136970
Export Credit Insurance - Subsegment of Credit Shield Insurance	30975	5894	0	0	5894

**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - FOREIGN**

SEGMENT	Fire 2006-07	Fire 2007-08	Marine Cargo 2006-07	Marine Cargo 2007-08	Marine Hull 2006-07	Marine Hull 2007-08	Marine Total 2006-07	Marine Total 2007-08
Premium Direct	2545893	2379582	357926	449475	136608	125983	494534	575458
Premium Accepted	3455422	3027365	30984	39864	21155	33813	52139	73677
Premium Ceded	1037847	1481340	41485	25694	116974	93485	158459	119179
<b>Net Premium</b>	<b>4963468</b>	<b>3925607</b>	<b>347425</b>	<b>463645</b>	<b>40789</b>	<b>66311</b>	<b>388214</b>	<b>529956</b>
Unexpired Risk Reserve Cl	2481734	1962804	347424	463645	40790	66311	388214	529956
Unexpired Risk Reserve Op	1911154	2481734	286277	347424	44816	40790	331093	388214
<b>Net Earned Premium</b>	<b>4392888</b>	<b>4444538</b>	<b>286278</b>	<b>347424</b>	<b>44815</b>	<b>40790</b>	<b>331093</b>	<b>388214</b>
Profit on Realisation of Investment	1007	1006	212	206	99	83	311	289
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	102268	109171	21514	22324	10071	9061	31585	31385
Investment Provisions	620	459	130	94	61	38	191	132
<b>Total Investment Income</b>	<b>102655</b>	<b>109718</b>	<b>21596</b>	<b>22436</b>	<b>10109</b>	<b>9106</b>	<b>31705</b>	<b>31542</b>
Claims Paid Direct	1441134	3183709	116062	71308	176322	23953	292384	95261
Claims Paid Accepted	1981832	1347819	13017	20402	57476	32049	70493	52451
Claims Paid Ceded	280185	1324524	58357	2249	128489	16203	186846	18452
<b>Paid Claims</b>	<b>3142781</b>	<b>3207004</b>	<b>70722</b>	<b>89461</b>	<b>105309</b>	<b>39799</b>	<b>176031</b>	<b>129260</b>
Cl O/S Claims Direct	2509521	2510363	178390	196422	134069	173426	312459	369848
Cl O/S Claims Accepted	2101261	3347439	56544	55643	128357	104212	184901	159855
Cl O/S Claims Ceded	1317541	1320135	81217	87908	3933	152	85150	88060
<b>O/S Claims at end</b>	<b>3293241</b>	<b>4537667</b>	<b>153717</b>	<b>164157</b>	<b>258493</b>	<b>277486</b>	<b>412210</b>	<b>441643</b>
Op O/S Claims Direct	1808740	2509521	195104	178390	197155	134069	392259	312459
Op O/S Claims Accepted	3043239	2101261	67399	56544	121140	128357	188539	184901
Op O/S Claims Ceded	1825206	1317541	79424	81217	589	3933	80013	85150
<b>O/S Claims at beginning</b>	<b>3026773</b>	<b>3293241</b>	<b>183079</b>	<b>153717</b>	<b>317706</b>	<b>258493</b>	<b>500785</b>	<b>412210</b>
Incurred Claims Direct	2141915	3184551	99348	89340	113236	63310	212584	152650
Incurred Claims Accepted	1039854	2593997	2162	19501	64693	7904	66855	27405
Incurred Claims Ceded	-227480	1327118	60150	8940	131833	12422	191983	21362
<b>Incurred Claims</b>	<b>3409249</b>	<b>4451430</b>	<b>41360</b>	<b>99901</b>	<b>46096</b>	<b>58792</b>	<b>87456</b>	<b>158693</b>
Commission Direct	593335	548298	84951	230117	25456	23361	110407	253478
Commission Accepted	634101	578802	9381	12567	1751	3410	11132	15977
Commission Ceded	90008	104287	6163	5939	21378	17428	27541	23367
<b>Commission/Brokerage</b>	<b>1137428</b>	<b>1022813</b>	<b>88169</b>	<b>236745</b>	<b>5829</b>	<b>9343</b>	<b>93998</b>	<b>246088</b>
Foreign Taxes	2978	255	85	105	10	15	95	120
Operating Expenses Related to Insurance	222286	173891	21166	22802	19734	27414	40900	50216
<b>Revenue Account Result</b>	<b>-276398</b>	<b>-1094134</b>	<b>157094</b>	<b>10307</b>	<b>-16745</b>	<b>-45668</b>	<b>140349</b>	<b>-35361</b>



SEGMENT	Motor 2006-07	Motor 2007-08	Motor Total 2006-07	Motor Total 2007-08	Liability 2006-07 (WC)	Liability 2007-08 (WC)	PA 2006-07	PA 2007-08
Premium Direct	3346866	3294824	3346866	3294824	1430602	1220254	146681	144486
Premium Accepted	148299	118511	148299	118511	458	422	7945	8777
Premium Ceded	298546	196069	298546	196069	150718	111904	25309	21890
<b>Net Premium</b>	<b>3196619</b>	<b>3217266</b>	<b>3196619</b>	<b>3217266</b>	<b>1280342</b>	<b>1108772</b>	<b>129317</b>	<b>131373</b>
Unexpired Risk Reserve Cl	1598310	1608633	1598310	1608633	640171	554386	64658	65687
Unexpired Risk Reserve Op	1426348	1598310	1426348	1598310	688094	640171	73454	64658
<b>Net Earned Premium</b>	<b>3024657</b>	<b>3206943</b>	<b>3024657</b>	<b>3206943</b>	<b>1328265</b>	<b>1194557</b>	<b>138113</b>	<b>130344</b>
Profit on Realisation of Investment	3866	3756	3866	3756	311	285	67	74
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	392613	407596	392613	407596	31597	30917	6842	8060
Investment Provisions	2381	1712	2381	1712	192	130	41	34
<b>Total Investment Income</b>	<b>394098</b>	<b>409640</b>	<b>394098</b>	<b>409640</b>	<b>31716</b>	<b>31072</b>	<b>6868</b>	<b>8100</b>
Claims Paid Direct	1957924	2155218	1957924	2155218	1023912	799127	38983	42178
Claims Paid Accepted	90665	98320	90665	98320	89	1	4995	5489
Claims Paid Ceded	180515	226434	180515	226434	60359	29895	4198	6194
<b>Paid Claims</b>	<b>1868074</b>	<b>2027104</b>	<b>1868074</b>	<b>2027104</b>	<b>963642</b>	<b>769233</b>	<b>39780</b>	<b>41473</b>
Cl O/S Claims Direct	1885460	1901428	1885460	1901428	2960173	2662876	34792	24598
Cl O/S Claims Accepted	89911	93636	89911	93636	0	0	7614	7727
Cl O/S Claims Ceded	289750	96620	289750	96620	359861	243093	1241	1000
<b>O/S Claims at end</b>	<b>1685621</b>	<b>1898444</b>	<b>1685621</b>	<b>1898444</b>	<b>2600312</b>	<b>2419783</b>	<b>41165</b>	<b>31325</b>
Op O/S Claims Direct	1770510	1885460	1770510	1885460	3005230	2960173	33635	34792
Op O/S Claims Accepted	96220	89911	96220	89911	0	0	7749	7614
Op O/S Claims Ceded	233528	289750	233528	289750	324953	359861	1039	1241
<b>O/S Claims at beginning</b>	<b>1633202</b>	<b>1685621</b>	<b>1633202</b>	<b>1685621</b>	<b>2680277</b>	<b>2600312</b>	<b>40345</b>	<b>41165</b>
Incurred Claims Direct	2072874	2171186	2072874	2171186	978855	501830	40140	31984
Incurred Claims Accepted	84356	102045	84356	102045	89	1	4860	5602
Incurred Claims Ceded	236737	33304	236737	33304	95267	-86873	4400	5953
<b>Incurred Claims</b>	<b>1920493</b>	<b>2239927</b>	<b>1920493</b>	<b>2239927</b>	<b>883677</b>	<b>588704</b>	<b>40600</b>	<b>31633</b>
Commission Direct	742345	628018	742345	628018	352753	303422	35060	34134
Commission Accepted	5332	3821	5332	3821	102	117	3114	3048
Commission Ceded	4126	2265	4126	2265	1236	572	8519	7403
<b>Commission/Brokerage</b>	<b>743551</b>	<b>629574</b>	<b>743551</b>	<b>629574</b>	<b>351619</b>	<b>302967</b>	<b>29655</b>	<b>29779</b>
Foreign Taxes	5761	3865	5761	3865	2308	1332	233	158
Operating Expenses Related to Insurance	340494	362708	340494	362708	26290	28574	13764	13233
<b>Revenue Account Result</b>	<b>408456</b>	<b>380509</b>	<b>408456</b>	<b>380509</b>	<b>96087</b>	<b>304052</b>	<b>60729</b>	<b>63641</b>



**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - FOREIGN**

SEGMENT	Aviation 2006-07	Aviation 2007-08	Engi- neering 2006-07	Engi- neering 2007-08	Others 2006-07	Others 2007-08	Misc Total 2006-07	Misc Total 2007-08	Total 2006-07	Total 2007-08
Premium Direct	0	0	267478	357477	963769	773375	6155396	5790416	9195823	8745456
Premium Accepted	43677	62914	86703	60147	75107	46004	362189	296775	3869750	3397817
Premium Ceded	95155	4152	91403	94608	378177	147908	1039308	576531	2235614	2177050
<b>Net Premium</b>	<b>-51478</b>	<b>58762</b>	<b>262778</b>	<b>323016</b>	<b>660699</b>	<b>671471</b>	<b>5478277</b>	<b>5510660</b>	<b>10829959</b>	<b>9966223</b>
Unexpired Risk Reserve Cl	-25739	29381	131389	161508	330350	335736	2739139	2755330	5609087	5248090
Unexpired Risk Reserve Op	12022	-25739	82067	131389	328204	330350	2610189	2739138	4852436	5609086
<b>Net Earned Premium</b>	<b>-13717</b>	<b>3642</b>	<b>213456</b>	<b>292897</b>	<b>658553</b>	<b>666085</b>	<b>5349327</b>	<b>5494468</b>	<b>10073308</b>	<b>10327219</b>
Profit on Realisation of Investment	35	79	118	166	787	802	5184	5162	6502	6457
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0	0	0
Interest Dividend and Rent	3595	8541	12003	17972	80111	87121	526761	560207	660614	700763
Investment Provisions	22	36	73	76	487	365	3196	2353	4007	2944
<b>Total Investment Income</b>	<b>3608</b>	<b>8584</b>	<b>12048</b>	<b>18062</b>	<b>80411</b>	<b>87558</b>	<b>528749</b>	<b>563016</b>	<b>663109</b>	<b>704276</b>
Claims Paid Direct	1898	600	51842	192656	260075	288260	3334634	3478039	5068152	6757009
Claims Paid Accepted	34250	9887	14833	20805	16310	46956	161142	181458	2213467	1581728
Claims Paid Ceded	1530	378	17187	115264	68913	60339	332702	438504	799733	1781480
<b>Paid Claims</b>	<b>34618</b>	<b>10109</b>	<b>49488</b>	<b>98197</b>	<b>207472</b>	<b>274877</b>	<b>3163074</b>	<b>3220993</b>	<b>6481886</b>	<b>6557257</b>
Cl O/S Claims Direct	365434	87500	216884	194759	623458	651219	6086201	5522380	8908181	8402591
Cl O/S Claims Accepted	63501	349910	54815	89077	101063	66421	316904	606771	2603066	4114065
Cl O/S Claims Ceded	5885	0	47348	43677	40992	24390	745077	408780	2147768	1816975
<b>O/S Claims at end</b>	<b>423050</b>	<b>437410</b>	<b>224351</b>	<b>240159</b>	<b>683529</b>	<b>693250</b>	<b>5658028</b>	<b>5720371</b>	<b>9363479</b>	<b>10699681</b>
Op O/S Claims Direct	211070	365434	161082	216884	660414	623458	5841941	6086201	8042940	8908181
Op O/S Claims Accepted	54826	63501	45974	54815	67202	101063	271971	316904	3503749	2603066
Op O/S Claims Ceded	5885	5885	51629	47348	8056	40992	625090	745077	2530309	2147768
<b>O/S Claims at beginning</b>	<b>260011</b>	<b>423050</b>	<b>155427</b>	<b>224351</b>	<b>719560</b>	<b>683529</b>	<b>5488822</b>	<b>5658028</b>	<b>9016380</b>	<b>9363479</b>
Incurred Claims Direct	156262	-277334	107644	170531	223119	316021	3578894	2914218	5933393	6251419
Incurred Claims Accepted	42925	296296	23674	55067	50171	12314	206075	471325	1312784	3092727
Incurred Claims Ceded	1530	-5507	12906	111593	101849	43737	452689	102207	417192	1450687
<b>Incurred Claims</b>	<b>197657</b>	<b>24469</b>	<b>118412</b>	<b>114005</b>	<b>171441</b>	<b>284598</b>	<b>3332280</b>	<b>3283336</b>	<b>6828985</b>	<b>7893459</b>
Commission Direct	0	0	48793	62791	152882	151165	1331833	1179531	2035575	1981307
Commission Accepted	9324	11158	24549	23399	19550	7796	61971	49339	707204	644118
Commission Ceded	7248	247	21475	20225	22936	12050	65540	42762	183089	170416
<b>Commission/Brokerage</b>	<b>2076</b>	<b>10911</b>	<b>51867</b>	<b>65965</b>	<b>149496</b>	<b>146911</b>	<b>1328264</b>	<b>1186107</b>	<b>2559690</b>	<b>2455009</b>
Foreign Taxes	-93	71	474	388	1191	807	9874	6621	12947	6996
Operating Expenses										
Related to Insurance	17565	11191	37652	36297	202159	227544	637924	679547	901110	903654
<b>Revenue Account Result</b>	<b>-227314</b>	<b>-34416</b>	<b>17099</b>	<b>94304</b>	<b>214677</b>	<b>93783</b>	<b>569734</b>	<b>901873</b>	<b>433685</b>	<b>-227623</b>






**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - GLOBAL**

SEGMENT	Fire 2006-07	Fire 2007-08	Marine Cargo 2006-07	Marine Cargo 2007-08	Marine Hull 2006-07	Marine Hull 2007-08	Marine Total 2006-07	Marine Total 2007-08
Premium Direct	11645652	9813904	1945032	2276524	1759728	2671768	3704760	4948292
Premium Accepted	3919518	3436327	31143	40092	82707	113475	113850	153567
Premium Ceded	5035960	4373206	320396	410893	1612468	2373270	1932864	2784163
<b>Net Premium</b>	<b>10529210</b>	<b>8877025</b>	<b>1655779</b>	<b>1905723</b>	<b>229967</b>	<b>411973</b>	<b>1885746</b>	<b>2317695</b>
Unexpired Risk Reserve Cl	5264605	4438513	1655777	1905723	229969	411973	1885746	2317696
Unexpired Risk Reserve Op	4153799	5264605	1397090	1655778	246666	229969	1643756	1885747
<b>Net Earned Premium</b>	<b>9418404</b>	<b>9703118</b>	<b>1397092</b>	<b>1655778</b>	<b>246664</b>	<b>229969</b>	<b>1643756</b>	<b>1885745</b>
Profit on Realisation of Investment	1103987	1048958	232247	214495	108716	87064	340963	301559
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	1051396	1061932	221183	217148	103537	88141	324720	305289
Investment Provisions	3554	785	747	160	350	65	1097	225
<b>Total Investment Income</b>	<b>2151829</b>	<b>2110105</b>	<b>452683</b>	<b>431482</b>	<b>211903</b>	<b>175140</b>	<b>664586</b>	<b>606622</b>
Claims Paid Direct	7331884	7051138	960974	1076124	1968332	461884	2929306	1538008
Claims Paid Accepted	1985979	1443479	13044	20402	96151	89157	109195	109559
Claims Paid Ceded	3415522	2922780	234285	159671	1915244	215442	2149529	375113
<b>Paid Claims</b>	<b>5902341</b>	<b>5571837</b>	<b>739733</b>	<b>936855</b>	<b>149239</b>	<b>335599</b>	<b>888972</b>	<b>1272454</b>
Cl O/S Claims Direct	11990481	12476598	1828643	2066150	1764350	2637088	3592993	4703238
Cl O/S Claims Accepted	2408424	4372429	56547	55643	224478	151822	281025	207465
Cl O/S Claims Ceded	6843058	8849048	919400	889122	1154688	1911710	2074088	2800832
<b>O/S Claims at end</b>	<b>7555847</b>	<b>7999979</b>	<b>965790</b>	<b>1232670</b>	<b>834140</b>	<b>877200</b>	<b>1799930</b>	<b>2109870</b>
Op O/S Claims Direct	12349504	11990481	2054082	1828644	3082833	1764350	5136915	3592994
Op O/S Claims Accepted	3299256	2408425	67513	56547	200595	224478	268108	281025
Op O/S Claims Ceded	7791155	6843058	991835	919400	2347258	1154688	3339093	2074088
<b>O/S Claims at beginning</b>	<b>7857605</b>	<b>7555847</b>	<b>1129760</b>	<b>965791</b>	<b>936170</b>	<b>834140</b>	<b>2065930</b>	<b>1799929</b>
Incurred Claims Direct	6972861	7537254	735535	1313630	649849	1334622	1385384	2648252
Incurred Claims Accepted	1095147	3407483	2078	19498	120034	16501	122112	35999
Incurred Claims Ceded	2467425	4928770	161850	129393	722674	972464	884524	1101857
<b>Incurred Claims</b>	<b>5600583</b>	<b>6015968</b>	<b>575763</b>	<b>1203735</b>	<b>47209</b>	<b>378659</b>	<b>622972</b>	<b>1582395</b>
Commission Direct	1157590	1072143	273216	451444	38526	46767	311742	498211
Commission Accepted	639655	629219	9401	12590	15825	19290	25226	31880
Commission Ceded	1003983	699077	46791	76864	147902	186282	194693	263146
<b>Commission/Brokerage</b>	<b>793262</b>	<b>1002285</b>	<b>235826</b>	<b>387170</b>	<b>-93551</b>	<b>-120225</b>	<b>142275</b>	<b>266945</b>
Foreign Taxes	2978	255	85	105	10	15	95	121
Operating Expenses Related to Insurance	2843223	1961080	270734	257151	252413	309169	523147	566321
<b>Revenue Accounts Result</b>	<b>2330187</b>	<b>2833635</b>	<b>767367</b>	<b>239099</b>	<b>252486</b>	<b>-162512</b>	<b>1019853</b>	<b>76587</b>

**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - GLOBAL**

SEGMENT	Motor-OD 2006-07	Motor-OD 2007-08	Motor TP 2006-07	Motor TP 2007-08	Motor Pool 2006-07	Motor Pool 2007-08	Motor Total 2006-07	Motor Total 2007-08
Premium Direct	15683992	14267287	8010156	3446526		5924005	23694148	23637818
Premium Accepted	148299	118511	0	0		3881385	148299	3999896
Premium Ceded	2777381	1844073	1602031	516979		5924005	4379412	8285057
<b>Net Premium</b>	<b>13054910</b>	<b>12541725</b>	<b>6408125</b>	<b>2929547</b>		<b>3881385</b>	<b>19463035</b>	<b>19352657</b>
Unexpired Risk Reserve CI	6527456	6270863	3204063	1464774		1940693	9731519	9676329
Unexpired Risk Reserve Op	7003734	6527455	3120621	3204063		0	10124355	9731518
<b>Net Earned Premium</b>	<b>13531188</b>	<b>12798318</b>	<b>6324683</b>	<b>4668836</b>		<b>1940693</b>	<b>19855871</b>	<b>19407846</b>
Profit on Realisation of Investment	959032	777784	3279229	3138561		0	4238261	3916345
Other Income/Expense (Apportioned)	0	0	0	0		0	0	0
Interest Dividend and Rent	1214545	1111316	2821818	2853471		0	4036363	3964787
Investment Provisions	4922	1953	8724	976		0	13646	2929
<b>Total Investment Income</b>	<b>2168655</b>	<b>1887147</b>	<b>6092323</b>	<b>5991056</b>		<b>0</b>	<b>8260978</b>	<b>7878203</b>
Claims Paid Direct	8701741	9184677	11042518	11993489		16980	19744259	21195146
Claims Paid Accepted	90665	98320	0	0		0	90665	98320
Claims Paid Ceded	1707491	1314182	2208502	1963977		16980	3915993	3295139
<b>Paid Claims</b>	<b>7084915</b>	<b>7968815</b>	<b>8834016</b>	<b>10029512</b>		<b>0</b>	<b>15918931</b>	<b>17998327</b>
CI O/S Claims Direct	5175382	4470425	42979956	44253961		537919	48155338	49262305
CI O/S Claims Accepted	89911	93636	0	0		2367645	89911	2461281
CI O/S Claims Ceded	2323427	604069	7787432	9445886		537919	10110859	10587874
<b>O/S Claims at end</b>	<b>2941866</b>	<b>3959992</b>	<b>35192524</b>	<b>34808075</b>		<b>2367645</b>	<b>38134390</b>	<b>41135712</b>
Op O/S Claims Direct	4962373	5175382	39535546	42979956		0	44497919	48155338
Op O/S Claims Accepted	96220	89911	0	0		0	96220	89911
Op O/S Claims Ceded	1660611	2323427	6945489	7787431		0	8606100	10110858
<b>O/S Claims at beginning</b>	<b>3397982</b>	<b>2941866</b>	<b>32590057</b>	<b>35192525</b>		<b>0</b>	<b>35988039</b>	<b>38134391</b>
Incurred Claims Direct	8914750	8479720	14486928	13267494		554899	23401678	22302113
Incurred Claims Accepted	84356	102045	0	0		2367645	84356	2469690
Incurred Claims Ceded	2370307	-405176	3050445	3622432		554899	5420752	3772155
<b>Incurred Claims</b>	<b>6628799</b>	<b>8986941</b>	<b>11436483</b>	<b>9645062</b>		<b>2367645</b>	<b>18065282</b>	<b>20999648</b>
Commission Direct	1882353	1838161	177826	0		0	2060179	1838161
Commission Accepted	5332	3821	0	0		388138	5332	391959
Commission Ceded	497611	312540	320406	103396		592400	818017	1008336
<b>Commission/Brokerage</b>	<b>1390074</b>	<b>1529442</b>	<b>-142580</b>	<b>-103396</b>		<b>-204262</b>	<b>1247494</b>	<b>1221784</b>
Foreign Taxes	5761	3865	0	0		0	5761	3865
Operating Expenses Related to Insurance	3006410	2303061	1348788	464867		1322548	4355198	4090477
<b>Revenue Accounts Result</b>	<b>4668799</b>	<b>1862156</b>	<b>-225685</b>	<b>653359</b>		<b>-1545239</b>	<b>4443114</b>	<b>970275</b>




**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - GLOBAL**

SEGMENT	Health 2006-07	Health 2007-08	Liability 2006-07	*Liability 2007-08	WC 2006-07	WC 2007-08	P A 2006-07	P A 2007-08
Premium Direct	7652894	12094156	2037072	2176764	0	0	940617	975255
Premium Accepted	0	0	458	491	0	0	23178	33058
Premium Ceded	1530579	1814123	338844	395121	0	0	231959	91740
<b>Net Premium</b>	<b>6122315</b>	<b>10280033</b>	<b>1698686</b>	<b>1782134</b>	<b>0</b>	<b>0</b>	<b>731836</b>	<b>916573</b>
Unexpired Risk Reserve Cl	3061158	5140017	849343	891067	0	0	365917	458287
Unexpired Risk Reserve Op	0	3061158	868680	849343	0	0	428464	365917
<b>Net Earned Premium</b>	<b>3061157</b>	<b>8201174</b>	<b>1718023</b>	<b>1740410</b>	<b>0</b>	<b>0</b>	<b>794383</b>	<b>824204</b>
Profit on Realisation of Investment	59682	357384	341334	297255	0	0	73860	77448
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0
Interest Dividend and Rent	51357	324921	325052	300911	0	0	70342	78405
Investment Provisions	159	111	1100	222	0	0	237	58
<b>Total Investment Income</b>	<b>110880</b>	<b>682194</b>	<b>665286</b>	<b>597944</b>	<b>0</b>	<b>0</b>	<b>143965</b>	<b>155795</b>
Claims Paid Direct	7316857	8454612	1168975	945401	0	0	770116	674810
Claims Paid Accepted	0	0	89	1	0	0	29354	9824
Claims Paid Ceded	1463371	1268192	89389	55372	0	0	203354	148775
<b>Paid Claims</b>	<b>5853486</b>	<b>7186420</b>	<b>1079675</b>	<b>890030</b>	<b>0</b>	<b>0</b>	<b>596116</b>	<b>535859</b>
Cl O/S Claims Direct	1508761	1891200	3188443	2915257	0	0	838934	666598
Cl O/S Claims Accepted	0	0	0	0	0	0	12523	11568
Cl O/S Claims Ceded	197752	188730	404715	293712	0	0	270799	249399
<b>O/S Claims at end</b>	<b>1311009</b>	<b>1702470</b>	<b>2783728</b>	<b>2621545</b>	<b>0</b>	<b>0</b>	<b>580658</b>	<b>428767</b>
Op O/S Claims Direct	812417	1508761	3209003	3188443	0	0	630138	838934
Op O/S Claims Accepted	0	0	0	0	0	0	11837	12523
Op O/S Claims Ceded	162483	0	363954	403189	0	0	266837	270799
<b>O/S Claims at beginning</b>	<b>649934</b>	<b>1508761</b>	<b>2845049</b>	<b>2785254</b>	<b>0</b>	<b>0</b>	<b>375138</b>	<b>580658</b>
Incurred Claims Direct	8013201	8837051	1148415	672215	0	0	978912	502474
Incurred Claims Accepted	0	0	89	1	0	0	30040	8869
Incurred Claims Ceded	1498640	1456922	130150	-54105	0	0	207316	127375
<b>Incurred Claims</b>	<b>6514561</b>	<b>7380129</b>	<b>1018354</b>	<b>726321</b>	<b>0</b>	<b>0</b>	<b>801636</b>	<b>383968</b>
Commission Direct	919689	1410948	420939	418006	0	0	147359	143742
Commission Accepted	0	0	102	136	0	0	12124	8541
Commission Ceded	382645	453531	43578	50081	0	0	37777	21814
<b>Commission/Brokerage</b>	<b>537044</b>	<b>957417</b>	<b>377463</b>	<b>368061</b>	<b>0</b>	<b>0</b>	<b>121706</b>	<b>130469</b>
Foreign Taxes	0	0	2308	1332	0	0	233	158
Operating Expenses Related to Insurance	1288630	1631257	369379	322242	0	0	176052	149234
<b>Revenue Accounts Result</b>	<b>-5168198</b>	<b>-1085435</b>	<b>615805</b>	<b>920398</b>	<b>0</b>	<b>0</b>	<b>-161278</b>	<b>316170</b>

**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - GLOBAL**

SEGMENT	Aviation 2006-07	Aviation 2007-08	Engi- neering 2006-07	Engi- neering 2007-08	Credit Guarantee 2006-07	Credit Guarantee 2007-08	Tradi- 2006-07	Tradi- tional 2007-08	RNTB tional 2006-07	RNTB 2007-08
Premium Direct	1180836	781375	2371285	2583885	-4607	3055	2466682	2175109	1010721	749193
Premium Accepted	49108	71365	265230	181909	0	0	165725	188309	0	0
Premium Ceded	931473	782006	793667	1175031	-51	458	494571	784367	202144	112379
<b>Net Premium</b>	<b>298471</b>	<b>70734</b>	<b>1842848</b>	<b>1590763</b>	<b>-4556</b>	<b>2597</b>	<b>2137836</b>	<b>1579051</b>	<b>808577</b>	<b>636814</b>
Unexpired Risk Reserve Cl	149235	35367	921424	795382	-2278	1299	1068917	789526	404289	318407
Unexpired Risk Reserve Op	46141	149236	628575	921424	-130	-2278	1300904	1068918	354896	404289
<b>Net Earned Premium</b>	<b>195383</b>	<b>184603</b>	<b>1549999</b>	<b>1716806</b>	<b>-2408</b>	<b>-980</b>	<b>2369821</b>	<b>1858444</b>	<b>759184</b>	<b>722696</b>
Profit on Realisation of Investment	38804	82063	129574	172679	2670	1217	320811	244949	101985	99438
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0	0	0
Interest Dividend and Rent	36956	83078	123401	174815	2298	1107	355496	309091	87759	90405
Investment Provisions	125	61	417	130	7	0	1338	441	271	31
<b>Total Investment Income</b>	<b>75635</b>	<b>165080</b>	<b>252558</b>	<b>347364</b>	<b>4961</b>	<b>2324</b>	<b>674969</b>	<b>553599</b>	<b>189473</b>	<b>189812</b>
Claims Paid Direct	1138453	523214	737746	959287	9	-606	684110	960676	599840	685570
Claims Paid Accepted	40309	13809	58467	29457	0	0	52876	95320	0	0
Claims Paid Ceded	993632	333996	201484	255476	-46	-91	159623	228422	119968	102836
<b>Paid Claims</b>	<b>185130</b>	<b>203027</b>	<b>594729</b>	<b>733268</b>	<b>55</b>	<b>-515</b>	<b>577363</b>	<b>827574</b>	<b>479872</b>	<b>582734</b>
Cl O/S Claims Direct	1274019	1197619	2245695	2884713	21461	18508	2522180	2543232	959895	860117
Cl O/S Claims Accepted	72801	359210	236810	241732	0	0	151222	107130	0	0
Cl O/S Claims Ceded	493079	614431	1293431	1946646	4292	3849	755418	722206	147679	137887
<b>O/S Claims at end</b>	<b>853741</b>	<b>942398</b>	<b>1189074</b>	<b>1179799</b>	<b>17169</b>	<b>14659</b>	<b>1917984</b>	<b>1928156</b>	<b>812216</b>	<b>722230</b>
Op O/S Claims Direct	1085404	1274019	1628446	2245695	33506	21461	2667965	2522180	885689	959895
Op O/S Claims Accepted	57172	72801	157184	236810	0	0	177165	151222	0	0
Op O/S Claims Ceded	766529	493079	1004436	1293431	4303	4292	660974	756944	129975	147679
<b>O/S Claims at beginning</b>	<b>376047</b>	<b>853741</b>	<b>781194</b>	<b>1189074</b>	<b>29203</b>	<b>17169</b>	<b>2184156</b>	<b>1916458</b>	<b>755714</b>	<b>812216</b>
Incurred Claims Direct	1327068	446814	1354995	1598305	-12036	-3559	538325	981728	674046	585792
Incurred Claims Accepted	55938	300218	138093	34379	0	0	26933	51228	0	0
Incurred Claims Ceded	720182	455348	490479	908691	-57	-534	254067	193684	137672	93044
<b>Incurred Claims</b>	<b>662824</b>	<b>291684</b>	<b>1002609</b>	<b>723993</b>	<b>-11979</b>	<b>-3025</b>	<b>311191</b>	<b>839272</b>	<b>536374</b>	<b>492748</b>
Commission Direct	1388	-1213	168811	205390	15	515	344225	335680	114816	78584
Commission Accepted	10310	12303	68307	42081	0	0	49024	41442	0	0
Commission Ceded	68594	46761	143728	180750	-13	115	69689	95558	50536	28095
<b>Commission/Brokerage</b>	<b>-56896</b>	<b>-35671</b>	<b>93390</b>	<b>66721</b>	<b>28</b>	<b>400</b>	<b>323560</b>	<b>281564</b>	<b>64280</b>	<b>50489</b>
Foreign Taxes	-93	71	474	388	0	0	1191	807	0	0
Operating Expenses Related to Insurance	224669	126206	481601	409347	-776	412	645398	546321	170190	101051
<b>Revenue Accounts Result</b>	<b>-559486</b>	<b>-32608</b>	<b>224483</b>	<b>863721</b>	<b>15280</b>	<b>3558</b>	<b>1763450</b>	<b>744079</b>	<b>177813</b>	<b>268220</b>




**SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31ST MARCH, 2008 - GLOBAL**

SEGMENT	UNTB 2006-07	UNTB 2007-08	Public Liability 2006-07	Public Liability 2007-08	Credit Shield 2006-07	*Credit Shield 2007-08	Misc 2006-07	Misc 2007-08	Total Total 2006-07	Total Total 2007-08
Premium Direct	2451511	1350461	0	0	216217	225387	44017376	46752456	59367788	61514652
Premium Accepted	0	0	0	0	0	552715	651998	5027743	4685366	8617637
Premium Ceded	520890	228228	0	0	143140	163644	9566628	13832151	16535452	20989520
<b>Net Premium</b>	<b>1930621</b>	<b>1122233</b>	<b>0</b>	<b>0</b>	<b>73077</b>	<b>614458</b>	<b>35102746</b>	<b>37948048</b>	<b>47517702</b>	<b>49142768</b>
Unexpired Risk Reserve Cl	965311	561117	0	0	36539	307229	17551374	18974024	24701725	25730232
Unexpired Risk Reserve Op	2967574	965311	0	0	18113	36539	16737579	17551374	22535134	24701726
<b>Net Earned Premium</b>	<b>3932884</b>	<b>1526427</b>	<b>0</b>	<b>0</b>	<b>54651</b>	<b>343768</b>	<b>34288951</b>	<b>36525397</b>	<b>45351111</b>	<b>48114260</b>
Profit on Realisation of Investment	378167	127939	0	0	1231	5986	5686379	5382703	7131329	6733220
Other Income/Expense (Apportioned)	0	0	0	0	0	0	0	0	0	0
Interest Dividend and Rent	325417	116318	0	0	1060	5442	5415501	5449281	6791617	6816502
Investment Provisions	1006	40	0	0	3	2	18309	4026	22960	5036
<b>Total Investment Income</b>	<b>702578</b>	<b>244217</b>	<b>0</b>	<b>0</b>	<b>2288</b>	<b>11426</b>	<b>11083571</b>	<b>10827958</b>	<b>13899986</b>	<b>13544685</b>
Claims Paid Direct	2418152	2621175	0	0	12768	22767	34591281	37042052	44852471	45631198
Claims Paid Accepted	0	0	0	0	0	0	271760	246731	2366934	1799769
Claims Paid Ceded	602419	462314	0	0	7386	14368	7756573	6164798	13321624	9462691
<b>Paid Claims</b>	<b>1815733</b>	<b>2158861</b>	<b>0</b>	<b>0</b>	<b>5382</b>	<b>8399</b>	<b>27106468</b>	<b>31123985</b>	<b>33897781</b>	<b>37968276</b>
Cl O/S Claims Direct	762111	516875	0	0	96189	53369	61573026	62809793	77156500	79989629
Cl O/S Claims Accepted	0	0	0	0	0	226462	563267	3407383	3252716	7987277
Cl O/S Claims Ceded	162289	156664	0	0	59501	26858	13899814	14928256	22816960	26578136
<b>O/S Claims at end</b>	<b>599822</b>	<b>360211</b>	<b>0</b>	<b>0</b>	<b>36688</b>	<b>252973</b>	<b>48236479</b>	<b>51288921</b>	<b>57592256</b>	<b>61398770</b>
Op O/S Claims Direct	1296292	762111	0	0	4205	96189	56750984	61573026	74237403	77156501
Op O/S Claims Accepted	0	0	0	0	0	0	499578	563267	4066942	3252717
Op O/S Claims Ceded	145645	360041	0	0	8908	59501	12120144	13899813	23250392	22816959
<b>O/S Claims at beginning</b>	<b>1150647</b>	<b>402070</b>	<b>0</b>	<b>0</b>	<b>-4703</b>	<b>36688</b>	<b>45130418</b>	<b>48236479</b>	<b>55053953</b>	<b>57592255</b>
Incurred Claims Direct	1883971	2375939	0	0	104752	-20053	39413323	38278819	47771568	48464325
Incurred Claims Accepted	0	0	0	0	0	226462	335449	3090847	1552708	6534329
Incurred Claims Ceded	619063	258937	0	0	57979	-18275	9536243	7193242	12888192	13223869
<b>Incurred Claims</b>	<b>1264908</b>	<b>2117002</b>	<b>0</b>	<b>0</b>	<b>46773</b>	<b>224684</b>	<b>30212529</b>	<b>34176427</b>	<b>36436084</b>	<b>41774790</b>
Commission Direct	392486	223980	0	0	27015	28110	4596922	4681903	6066254	6252257
Commission Accepted	0	0	0	0	0	138179	145199	634641	810080	1295740
Commission Ceded	123301	51635	0	0	30921	56737	1768773	1993412	2967449	2955635
<b>Commission/Brokerage</b>	<b>269185</b>	<b>172345</b>	<b>0</b>	<b>0</b>	<b>-3906</b>	<b>109552</b>	<b>2973348</b>	<b>3323132</b>	<b>3908885</b>	<b>4592362</b>
Foreign Taxes	0	0	0	0	0	0	9874	6620	12947	6996
Operating Exps. Related to Insurance	412815	182150	0	0	36408	104950	8159564	7663644	11525934	10191045
<b>Revenue Accounts Result</b>	<b>2688554</b>	<b>-700853</b>	<b>0</b>	<b>0</b>	<b>-22336</b>	<b>-83993</b>	<b>4017207</b>	<b>2183532</b>	<b>7367247</b>	<b>5093752</b>

## SHAREHOLDERS AND POLICYHOLDERS FUNDS

### Shareholders Funds

	Balances as on 31.3.2007	Percentage	Balances as on 31.3.2008	Percentage
Share Capital	2000000000		2000000000	
Capital Reserve	575088		575088	
General Reserves	57411097672		67721719485	
Miscellaneous Reserves	789885640		5739891	
<b>Total</b>	<b>60201558400</b>	<b>42.25</b>	<b>69728034464</b>	<b>44.45</b>

### Policyholders Funds

	Unexpired Risks Reserves as on 31.3.2007	Outstanding Claims Reserves as on 31.3.2007	Total Reserves as on 31.3.2007	Percentage	Unexpired Risks Reserves as on 31.3.2008	Outstanding Claims Reserves as on 31.3.2008	Total Reserves as on 31.3.2008	Percentage
Fire	5264604805	7555847412	12820452217		4438512185	7999978307	12438490492	
Marine	1885745736	1799929273	3685675009		2317695328	2109869980	4427565308	
Miscellaneous	17551372681	48236479117	65787851798		18974014787	51288921356	70262936143	
<b>Total</b>	<b>24701723222</b>	<b>57592255802</b>	<b>82293979024</b>	<b>57.75</b>	<b>25730222300</b>	<b>61398769643</b>	<b>87128991943</b>	<b>55.55</b>
<b>Total Funds</b>			<b>142495537424</b>	<b>100.00</b>			<b>156857026407</b>	<b>100.00</b>

The balances as on 31.03.2007 are used as basis for apportionment of investment income of 2007-08 between policy holders and shareholders

Average Shareholders Funds (Rs in crores)	(6020.16+6972.80)/2	6496.48
Average Policyholders Funds (Rs in crores)	(8229.40+8712.90)/2	8471.15



# Accounting Policies

## SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF FINANCIAL STATEMENTS AS ON 31ST MARCH, 2008

### SIGNIFICANT ACCOUNTING POLICIES

#### I. ACCOUNTING CONVENTION

The Financial Statements are drawn up in accordance with the provisions of section 11 (1) of the Insurance Act, 1938, regulations framed under Insurance Regulatory Development Authority Act, 1999, read with the provisions of sub-sections (1), (2) and (5) of section 211, sub-section (5) of section 227 of the Companies Act, 1956. The said statements prepared on historical cost convention and on accrual basis, comply with accounting standards referred in section 211 (3C) of the Companies Act, 1956, and Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations 2002 to the extent applicable, and conform to practices prevailing in the general insurance industry except as otherwise stated.

#### II. USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates and assumptions. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### III. BASIS OF INCORPORATION

**A. Reinsurance Accepted :** Reinsurance returns have been incorporated for the advices received upto the date of finalisation of accounts and on estimation basis wherever advices are not received.

**B. Reinsurance Ceded :** Reinsurance cessions are accounted for on the basis of actuals or estimates wherever actuals are not available.

#### C. Outstanding Claims :

- a) Estimated liability for outstanding claims at the year end are based on survey reports, information provided by clients and other sources, past experience and applicable laws and includes:
  - i) in respect of direct business, claim intimations received upto the year-end.
  - ii) in respect of reinsurance accepted, advices received as of different dates of subsequent year upto the date of finalisation of accounts and on estimation basis wherever advices are not received.
  - iii) provision for claims incurred but not reported (IBNR) and provision for claims incurred but not enough reported (IBNER), as certified by Appointed Actuary.
- b) All the outstanding claims for direct business are provided net of estimated salvage (if any).
- c) In respect of motor third party claims where court summons have been served on the Company without adequate policy particulars to establish liability of the Company, provision is made as under:
  - i) 100% of the estimated liability, where such claims are outstanding for more than one year.
  - ii) 1/3<sup>rd</sup> of the estimated liability, for all such claims for which court summons have been served on the Company during the year.
- d) Interest on MACT claims is provided based on the prevailing trends in the motor third party claim awards.



#### IV. PREMIUM RECOGNITION

Premium income is recognized on assumption of risk.

#### V. RESERVE FOR UNEXPIRED RISK

Reserve for unexpired risk is made at 100% of net premium for marine business and 50% of net premium for other classes of business.

#### VI. FOREIGN CURRENCY TRANSACTIONS

- i) Revenue transactions of re-insurance in foreign currencies are converted at the average of buying and selling rates of exchange of each quarter in which they are accounted.
- ii) Foreign operations
  - a) As per the Accounting Standard (AS) 11 "The Effects of changes in Foreign Exchange Rates"(revised 2003), foreign branches/agencies are classified as 'non-integral foreign operations'.
  - b) The assets and liabilities (including contingent liabilities), both monetary and non-monetary of the non-integral foreign operations are translated at the closing rate,
  - c) Income and expense items of the non integral foreign operations are translated at the average exchange rate of the year
  - d) Provision for outstanding claims of non-integral foreign operations are converted at the closing rate.
  - e) Depreciation on fixed assets held in foreign branches and agencies is provided on written down rupee value at the year-end at the rates and in the manner as stated in VIII (a) below.
  - f) All resulting exchange difference is accumulated in a foreign currency translation reserve until the disposal of the net investment.
- iii) Foreign investments transactions during the year are converted at the exchange rates prevailing as on the last day of the month of purchase or sale.
- iv) Other assets and liabilities in foreign currencies are converted at the average of buying and selling rates of exchange prevailing at the year end
- v) The exchange gain/loss due to conversion of foreign currencies other than relating to non-integral foreign operations is taken to revenue.

#### VII. FIXED ASSETS

- a) Fixed assets are stated at cost less depreciation.
- b) The fixed assets are assessed for any indication that an asset is impaired. In case the recoverable amount of the fixed assets is lower than its carrying amount a provision is made for the impairment loss.

#### VIII. INTANGIBLE ASSETS

Software Development /Acquisition costs, except those which meet the recognition criteria as laid down in AS 26, are charged to revenue.

#### IX. EXPENSES OF MANAGEMENT

##### a) Depreciation

- i) Depreciation on fixed assets is charged on written down value method at the rates prescribed in the schedule XIV of the Companies Act, 1956. However, where corresponding rates are higher under the Income Tax Rules, 1962, the same are adopted. In case of leasehold properties amortisation is made over the leased period.
- ii) Depreciation is provided at 50% of the applicable rates as above on additions made to fixed assets, which are put into use for less than six months. No depreciation is provided on assets sold/ discarded/destroyed during the year.



## Accounting Policies

### b) Employee Benefits

- i) Employee benefits comprise of both defined contributions and defined benefit plans. All short term employee benefits are accounted on undiscounted basis during the accounting period based on service rendered by the employees.
- ii) Provident Fund is a defined contribution plan. Company's contribution towards these funds is charged to the profit & loss and revenue accounts as applicable. Further Company has no further obligation beyond the periodic contributions. Pension, Gratuity and Leave Encashment are defined benefit plans. The Company has incorporated a Pension Trust and Gratuity Trust. The Company's liability towards pension, gratuity and leave encashment is accounted for on the basis of an actuarial valuation done at the year end and is charged to revenue accounts/profit and loss account as applicable.
- iii) Ex-gratia payable and additional actuarial liability, net of tax benefits, for pension, gratuity and leave encashment on account of Special Voluntary Retirement Scheme during 2003-04 is being amortised over a period of five years.

### c) Basis for apportionment of management expenses

Expenses of management; including provision for bad and doubtful debts and exchange gain/loss, are apportioned to the revenue accounts on the basis of gross direct premium plus reinsurances accepted giving weightage of 75% for marine business and 100% each for fire and miscellaneous business.

## X. PREMIUM DEFICIENCY

Premium deficiency, if any, is provided for the three major segments viz., Fire, Marine and Miscellaneous as directed by IRDA vide circular no. F & A/CIR/017/MAY -04 dated 18<sup>th</sup> May 2004.

## XI. BASIS FOR APPORTIONMENT OF INCOME FROM INVESTMENTS

Investment Income (net of expenses) is apportioned between Shareholders' Fund and Policyholders' Fund in proportion to the balance of these funds at the beginning of the year.

Investment income (net of expenses) belonging to policyholders is further apportioned to fire, marine and miscellaneous departments in proportion to respective technical reserves balance at the beginning of the year.

Shareholders' Funds for this purpose consist of Share Capital, General Reserves, Capital Reserves and Foreign Currency Translation Reserve.

Policyholders' Funds consist of Technical Reserves i.e. Unexpired Risk Reserve plus Provisions for Outstanding Claims.

## XII. SALVAGE/CLAIM RECOVERIES

Recoveries of claims and sale proceeds on disposal of salvage are accounted on realisation and credited to claims.

## XIII. LOANS AND INVESTMENTS

1. Short term money market instruments such as commercial papers and certificate of deposits are shown at their discounted value and the difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as accrued income.
2. Contracts for purchase and sale of shares, bonds, debentures are accounted for as "Investments" as on date of transaction.
3. The cost of investments includes premium on acquisition, expenses like brokerage, transfer stamps, transfer charges, etc., and is net of incentive/ fee if any, received thereon.
4.
  - a) Dividend income (other than interim dividend) is accounted for as income in the year of declaration. Dividend on shares/interest on debentures under objection/pending delivery is accounted for on realisation. Interim dividend is accounted where the warrants are dated 31<sup>st</sup> March or earlier.
  - b) Dividend on foreign investments is accounted for net of withholding tax.
  - c) Amount received towards compensation for future loss of interest is recognised as a income only

## Accounting Policies

- to the extent attributable to the accounting year and balance is kept in interest received in advance account for apportionment in the relevant year.
5. Profit/Loss on realisation of investments is computed by taking weighted average book value as cost of investments except:
    - a) In respect of govt. securities/debentures/bonds under trading portfolio, the profit/loss is worked out specific scrip wise.
    - b) In respect of govt. securities sold from investment portfolio, the profit/loss is worked out on First In First Out Basis (FIFO).
  6. The Company follows the prudential norms prescribed by the Insurance Regulatory and Development Authority/ Reserve Bank of India as applicable to term lending institutions as regards asset classification, recognition of income and provisioning pertaining to loans/advances.
  7. Investment in govt. securities, debt securities and redeemable preference shares are considered as held till maturity and valued at cost. However, in terms of Insurance Regulatory and Development Authority Regulations the premium paid at the time of acquisition of securities is amortised over the residual period of maturity.
  8.
    - a) Investments in Mutual Fund/s/Venture Fund/s are valued at Net Asset Value (NAV) at the year-end and the difference between cost/book value and NAV is accounted in Fair Value Change Account. However, if there is reduction in NAV in case of venture fund, the same is charged to revenue and the book value of investment is reduced accordingly. Any appreciation in NAV to the extent of loss earlier recognised, is taken to revenue.
    - b) In case of non-availability of NAV as at the Balance Sheet date, investment is shown at cost.
  9.
    - a) Investment Portfolio in respect of equity/ equity related instruments is segregated into actively traded and thinly traded as prescribed by Insurance Regulatory and Development Authority Regulations. The shares are treated as thinly traded by taking into consideration transactions in the month of March on both National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)
    - b) Actively traded equity/ equity related instruments are valued at lowest of the last quoted closing price in March at National Stock Exchange or Bombay Stock Exchange. If the shares are traded/ listed only on either of the stock exchanges then the quotation available on the respective stock exchange is considered. The difference between weighted average cost and quoted value is accounted in Fair Value Change Account
  10. Investment in thinly traded equity shares and unlisted equity shares are shown at cost. However, difference between cost and break-up value is provided for as diminution in value. If the break-up value is negative then the provision is made for the entire cost. Further, if the published accounts of an unlisted company are not available for last three accounting years ending on or immediately preceding the date of working out diminution in value, then the provision is made for the entire cost.
  11. In case of investment in listed and unlisted equity/ equity related instruments / preference shares where the value has been impaired on or before 31.03.2000, the historical/weighted average costs are not available with the Company. As a consequence, the carrying value of such investments as on 01.04.2000 is presumed to be the historical/ weighted average cost
  12.
    - a) Investments in listed equity/ equity related instruments/ preference shares made in those companies, which are making losses continuously for last 3 years and where capital is eroded, are considered to have impairment in value. Further, if the published accounts of a company are not available for last three accounting years ending on or immediately preceding the date of working out impairment in value, it is presumed that the value of investment is fully impaired and is written off to a nominal value of Re.1/- per company.

Valuation of such investments is done as under:

      - i) In respect of actively traded equity shares: - least of cost price, market price or break-up value provided break-up value is positive. However, if the break-up value is negative the nominal value is taken at Re. 1/- per company



## Accounting Policies

- ii) In respect of other than actively traded equity shares: - lower of cost price or break-up value provided break-up value is positive. However, if break-up value is negative the nominal value is taken at Re.1/- per company.
  - iii) In respect of preference shares, if the dividend is not received for the last three years, such preference shares are written down to a value which will bear to its face value, the same proportion as value taken/ which would have been taken for writing down equity shares bears to the face value of the equity shares. However, if the equity shares are written down to Re.1/- per company, preference shares are also written down to a nominal value of Re.1/ - per company.
- b) Once the value of investment in listed equity/ equity related instruments/ preference share is impaired in accordance with the above mentioned policy, then the reversal of such impairment losses are recognised in revenue/ profit and Los until only when the accumulated losses of such investee companies are completely wiped out and capital is fully restored as per the latest available published accounts on or immediately preceding the date of working out the reversal. However, in respect of investments where the historical or weighted average cost is not available as mentioned in Policy No.11, reversal of impairment loss is carried out and recognised only to the extent of impairment losses accounted after 31<sup>st</sup> March 2000.
13. REVERSE REPO transactions are treated as secured lending transactions and accordingly disclosed in the financial statements. The difference between total consideration at the 1<sup>st</sup> and 2<sup>nd</sup> leg of the transaction is treated as interest income.
14. "Collateralized Borrowing and Lending Obligation" (CBLO), which is issued at discount to the face value, is treated as money market instrument as per Reserve Bank of India Notification. Discount earned at the time of lending through CBLO is shown as income, which is apportioned on time basis.
15. a) Unrealised gains/ losses arising due to changes in the fair value of listed equity shares other than enumerated in Accounting Policy No 11 are taken under the head "Fair Value Change Account" and on realisation reported in profit and loss account.
- b) Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.

### XIV. TAX LIABILITY ON INCOME

#### a) Tax Liability in India.

- i) Tax expense for the year, comprises current tax, deferred tax and fringe benefit tax.  
A provision is made for the current tax based on tax liability computed in accordance with the relevant tax laws and tax rates. As per double taxation avoidance agreement set off is claimed for taxes in foreign countries.
- ii) A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates.
- iii) Deferred tax assets are recognized only if there is a virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

#### b) Tax Liability in Foreign Countries.

Provision for tax liability in foreign countries is made wherever possible. In other cases the tax liability in foreign countries is accounted for on actual payment basis.

### XV. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

1. The accounts incorporate audited accounts of branches in Fiji, Thailand and Kuwait on calendar year basis, prepared as per local laws. No material changes have been reported after the finalization of branches accounts
2. Buildings include Rs. 227.36 Lakhs (Previous Year Rs.313.58 Lakhs) in respect of which the deeds of conveyance are yet to be executed.
3. (a) Reinsurers' and Coinsurer's balances are subject to confirmations / reconciliations and consequential adjustments.  
(b) Reinsurance acceptance transactions pertaining to the year with Indian companies have been booked for advices received upto 26<sup>th</sup> May 2008.
4. As certified by the Custodian, Securities are held in the name of the Company as on 31.03.2008. Variations and other differences are under reconciliation and are not expected to have a material impact on the state of affairs of the Company.
5. Certificates of confirmation are awaited for earlier years' Foreign Investments amounting to Rs5.92 lakhs (Previous Year Rs. 9.32lakhs). However, the same are fully provided for.
6. a) Provision for standard assets @ 0.40% amounting to Rs.1533.29 Lakhs (Previous Year Rs.1371.82Lakhs) has been made as per Insurance Regulatory and Development Authority / Reserve Bank of India guidelines on (i) Term Loan (PFPS/DTL/Bridge loans), (ii) Debentures, (iii) Short Term Loans, (iv) Infrastructure Investments, (v) Bonds/Debentures of HUDCO, (vi) Bonds/Debentures of Institutions accredited to NHB and (vii) Loans to HUDCO for Housing (viii) Govt. Guaranteed Bonds/ Securities (ix) Housing and Fire fighting Loans to State Governments (x) Other Approved Securities  
b) During the year, the Company has undertaken restructuring of corporate debt/loans etc. as under:

Sr. No.	Particulars	Current Year (Rs in Lakhs)	Previous Year (Rs in Lakhs)
	Total amount of assets subjected to restructuring	372.00	3479.69
	The break up of the same is given here under:		
(i)	Total amount of standard assets subjected to restructuring	372.00	1568.60
(ii)	Total amount of sub-standard assets subjected to restructuring	Nil	Nil
(iii)	Total amount of doubtful assets subjected to restructuring	Nil	Nil
(iv)	Total amount of Loss assets subjected to restructuring	Nil	1911.09
	<b>TOTAL:</b>	<b>372.00</b>	<b>3479.69</b>

## c) Details of Non Performing Assets (NPA) / Provisions.

## i) Details of Non Performing Assets (NPA)

Sr. No.	Particulars	Current Year (Rs in Lakhs)	Previous Year (Rs in Lakhs)
(i)	Opening balance	22929.81	27209.58
(ii)	Additions during the year	71.45	1118.87
(iii)	Reductions during the year	1467.07	5398.64
(iv)	Closing balance	21534.19	22929.81
	Percentage of Net NPAs to Net Assets	1.92%	2.08%

## Notes

### ii) Details of Provisions

Sr. No.	Particulars	Current Year (Rs in Lakhs)	Previous Year (Rs in Lakhs)
(i)	Opening balance	22031.74	23262.98
(ii)	Incremental provision during the year	-1169.37	-1213.24
(iii)	Closing balance	20862.37	22031.74

7. Short-term investments (Schedule - 8) in debentures and other guaranteed securities include those, which are fully repayable in the next year. As regards those debentures and other guaranteed securities, which have fallen due and remain unpaid as on 31.03.2008, they have been shown under long-term investments, as their realisability is unascertainable. However, necessary provision, wherever required, has been made.
8. a) There are following cases of non-compliance/contravention of Insurance Regulatory & Development Authority (Investment) Regulations, 2000:
- i) Return prescribed by Regulation 6 with respect to compliance report for exposure of investment have been submitted although not in the prescribed format and the other returns as prescribed by Regulation 6 have not been submitted within stipulated time limit as per notification Dt.1/1/2004.
  - ii) As the existing system in the Company is not enabling proper calculation of exposure limits as per the requirement of Regulation 5, the Company is in the process of improving the system to ensure that the investment exposure at any point of time does not exceed the prescribed limits.
- b) There are following cases of non-compliance/contravention of Insurance Regulatory & Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002:
- i) Segmental reporting in respect of Health Insurance and Public / Product Liability Insurance is not disclosed separately for foreign business.
  - ii) The provisions against the investment is Rs.8259.96 Lakhs (Previous Year Rs. 8930.00 Lakhs), loans is Rs.13982.23 Lakhs (Previous Year Rs. 14312.09 Lakhs) and Sundry Debtors is Rs.153.46lakhs (Previous Year Rs. 167.87 Lakhs) have been shown in Schedule 14 "Provisions". Consequently, the "Investment", "Loans" and "Advance & Other Assets" shown in the Schedules 8, 9 and 12 respectively have not been reduced to the extent of provisions made against thereof, as required by Part V of Schedule B of the regulation.
  - iii) Receipts & Payments Account/(Cash Flow Statement) has been drawn by "Indirect Method" instead of "Direct Method" as required by Part I of Schedule B of the regulation.
9. Investment in term loans, loans to state government for the purpose of housing & fire fighting equipments, investments in pass through certificates (PTC) and balances on account of restructuring/rescheduling of debts are subject to confirmations and reconciliations. The impact of adjustments if any, arising out of confirmations / reconciliations of such balances on financial statements are unascertainable.

Further, reconciliations of some of the inter-office accounts are also pending. The impact of adjustments if any, arising out of confirmations / reconciliations of such balances on financial statements are unascertainable.



10. Prior period items have been included in the respective heads amounting to Rs 575.43 Lakhs (Debit) (Previous Year Rs. 421.51 Lakhs (Debit) consisting of the following: -

Sr. No.	Particulars	Rs. (in Lakhs)	
		Debit (Amount)	Credit (Amount)
1.	Direct Premium (Cr)	-	6.90
2.	Direct Commission (Dr)	39.26	-
3.	Direct Claims (Dr)	21.34	-
4.	Expenses (Dr)	147.79	-
5.	Reinsurance Premium (Dr)	602.43	-
6.	Reinsurance Commission (Cr)	-	228.49
	<b>Total</b>	<b>810.82</b>	<b>235.39</b>

11. Disclosure as required by Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI): -

**A. Related party disclosures as per Accounting Standard 18**

**1. Company's Related Parties**

**(a) Subsidiaries**

- i) The New India Assurance Co. (T & T) Ltd. – Port of Spain, Trinidad & Tobago
- ii) The New India Assurance Co. (S.L.) Ltd. – Free Town, Sierra Leone
- iii) Prestige Assurance Plc. – Nigeria

**(b) Associates**

- i) India International Insurance Pvt. Ltd., Singapore
- ii) KenIndia Assurance Co. Ltd., Kenya
- iii) United Insurance Co. Ltd., Jordan
- iv) Saudi Indian Company for Co operative Insurance, Riyadh

**(c) Entities over which control exist**

- i) The New India Assurance Company (Employees) Pension Fund
- ii) The New India Assurance Company Limited Employee Gratuity Fund
- iii) The New India Assurance Company Limited Staff Provident Fund

**d) Key Management Personnel of the Company**

- i) Mr. B. Chakrabarti
- ii) Mr. N. S. R. Chandra Prasad
- iii) Mr. A. R. Sekar





## Notes

### 2. Transactions with related parties:

Sr. No.	Nature of Relationship	Nature of Transaction	Current Year (Rs in Lakhs)	Previous Year (Rs in Lakhs)
i)	Subsidiaries	Management fees earned	57.85	NIL
		Premium on reinsurance accepted	Nil	129.46
		Commission on reinsurance accepted	Nil	23.63
		Purchase of shares	Nil	4180.32
		Dividend income received	582.35	156.49
		Other amount due (From Prestige Assurance PLC-out of Rights Subscription)	Nil	Nil
ii)	Associates	Dividend income received	104.70	105.97
		Investment in shares	1794.75	1252.92
		Dividend receivable	Nil	127.74
iii)	Entity over which control exits	sale of investment other amount payable	Nil	Nil
iv)	Key management personnel	Salary and allowances	19.42	22.94

### B. Disclosure as per Accounting Standard 20-“Earnings Per Share”:

Sr. No.	Particulars	Current Year (Rs in Lakhs)	Previous Year (Rs in Lakhs)
i)	Net profit attributable to shareholders (Rs. In Lakhs)	136678.80	145994.94
ii)	Weighted average number of equity shares issued	20,00,00,000	20,00,00,000
iii)	Basic and diluted earnings per share of Rs.10/- each (Rs.)	70.06	73.00

The company does not have any outstanding diluted potential equity share. Consequently, the basic and diluted earnings per share of the company remain the same.

### C. Accounting Standard – 22 Tax liability

#### Deferred Tax liability

The break up of deferred tax assets into the major components is as under:

Sr. No.	Particulars	Current Year (Rs in Lakhs)	Previous Year (Rs in Lakhs)
i)	Depreciation	179.82	497.07
ii)	Ex-gratia on VRS	-	-
iii)	Leave encashment	801.82	3818.65
iv)	Wage arrears & others	33.91	-259.72
	<b>Total</b>	<b>1015.63</b>	<b>4056.00</b>

A sum of Rs.3040.37lakhs (Previous year Rs 2119.33 Lakhs) has been charged to the profit & loss account on account of reduction in deferred assets during the year.

#### Provision for Income Tax

In case of London branch provision for tax liability amounting to Rs 958.85 lacs has been accounted. In case of other foreign operations tax liability is accounted on payment basis.

**D. Accounting Standard 15 – Employee Benefits**

The details of employee benefits for the period on account of gratuity superannuation which are funded defined employee benefit plans and encashment which is an unfunded defined benefit plan, are as under.

		Pension Funded	Gratuity Funded	(Rs in Crores) Encashment Unfunded
<b>I</b>	<b>Components of employer expense</b>			
A	Current Service Cost	49.49	8.17	8.17
B	Interest Cost	112.84	24.87	13.70
C	Expected Return on Plan Assets	(116.45)	(27.34)	-
D	Curtailment Cost/(credit)	-	-	-
E	Settlement Cost/(credit)	-	-	-
F	Past Service Cost	-	-	-
G	Actuarial Losses/(Gains)	40.58	(21.57)	12.54
H	Total expense recognized in the statement of Profit and Loss Account	86.46	(15.87)	34.41
Pension Gratuity and Leave Encashment expenses have been recognized in "Employee Remuneration and Welfare Benefits" under schedule 4.				
		<b>Pension Funded</b>	<b>Gratuity Funded</b>	<b>Encashment Unfunded</b>
<b>II</b>	<b>Actual returns for the period under 31.03.2008</b>	116.45	27.34	-
<b>III</b>	<b>Net Asset/(Liability) recognized in Balance Sheet at 31.03.2008</b>			
A	<b>Present Value of Defined Benefit Obligation</b>	1574.00	303.62	(192.08)
B	Fair Value of Plan Assets	1531.46	(340.21)	-
C	Status (Surplus/Deficit)	42.57	36.59	-
D	Un recognized Past Service Cost	-	-	-
E	Net Asset / (Liability) recognized in Balance Sheet	-	-	(192.08)



## Notes

(Rs in Crores)

		Pension Funded	Gratuity Funded	Encashment Unfunded	
IV	<b>Change in Defined Benefit Obligation during the period ended 31.03.2008</b>				
	A	Past value of the Defined Benefit Obligation at the beginning of the period	1410.03	307.15	168.49
	B	Current Service Cost	49.49	8.17	8.17
	C	Interest Cost	112.84	24.87	13.70
	D	Curtailement Cost/(credit)	-	-	-
	E	Settlement Cost/(credit)	-	-	-
	F	Plan Amendments	-	-	-
	G	Acquisitions	-	-	-
	H	Actuarial Losses/(Gains	40.58	(21.57)	12.54
	I	Asset Loss / (Gain)	59.22	(6.00)	
	J	Benefits Paid	(98.13)	(9.00)	(10.82)
	K	Present Value of Defined Benefit Obligation at the end of the period	1574.00	303.62	192.08
V	<b>Change in the fair value of Assets during the period ended 31.03.2008</b>				
	A	Plan Assets at the beginning of the period	1432.92	327.87	-
	B	Acquisition adjustment	-	-	-
	C	Expected return on Plan Assets	116.45	27.34	-
	D	Asset Losses/(Gains	59.22	(6.00)	-
	E	Actual Company Contributions	21.00	-	34.41
	F	Benefits paid	98.13	(9.00)	10.82
	G	Plan Assets at the end of the period	1531.46	340.21	-
	H	Actuarial Losses / (Gains)	40.58	(21.57)	
VI	<b>Transitional Provisions</b>				
		(Income)/Expense to be recognised	2.01	(1.08)	



VII	<b>Actuarial Assumptions</b>				
	A	Discount rate (%)	8.25	8.25	8.25
	B	Expected Return on Plan Assets (%)	-		
VIII	<b>Major Category of Plan Assets as % of the Total Plan Assets as at 31.03.2008</b>				
	A	Government Securities	40%	40%	-
	B	High Quality Corporate Bonds	57%	57%	-
	C	Others	3%	3%	-
VIII	<b>Basis used to determine the expected rate of return on plan assets</b>		The expected rate of return on plan assets is based on the current portfolio of the assets, investment strategy and the market scenario, in order to protect capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.		

12. During the year, the Company has reviewed its fixed assets for impairment of loss as required by Accounting Standard 28 on impairment of assets. In the opinion of the management no provision for impairment loss is considered necessary.
13. Pre-payment premium received in present value terms on account of restructuring/reduction of interest rates in respect of loans/debentures is spread over the remaining tenure of such loans/debentures. Accordingly Rs.429.77 Lakhs (P.Y Rs. .668.93 Lakhs) has been considered as income received in advance and shown in Schedule – 13 Current Liabilities under the head “Others”.
14. Additional actuarial liability, net of tax benefits, for pension, gratuity and leave encashment on account of Special Voluntary Retirement Scheme during 2003-04 is being amortised over a period of five years as per IRDA guidelines.
15. The management is currently in the process of identifying enterprises which have been provided goods and services to the Company which qualify under the definition of medium and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amount payable to such Micro, Small, and Medium Enterprises as at 31st March 2008 has not been made in the financial statements. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.
16. The Company does not have any dues, which are outstanding for a period exceeding 30 days due to small scale and ancillary industrial undertakings.
17. **Indian Motor Third Party Insurance Pool (IMTPIP)** In accordance with the directions of IRDA, the Company, together with other insurance companies, participates in the Indian Motor Third Party Insurance Pool (IMTPIP). The IMTPIP is a multilateral reinsurance arrangement, in which all member companies are compulsorily required to participate. The IMTPIP is administered by the General Insurance Corporation of India (‘GIC’). The IMTPIP covers reinsurance of third party risks of specified motor vehicles (“Specified risks”). Amounts collected as premium in respect of specified risks are ceded at 100% of such premium, 100% of claims incurred against specified risks ceded being recoverable from the pool.

In accordance with the terms of the agreement, each participant company, is compulsorily required to share in the revenues, expenses, assets and liabilities of the IMTPIP, including unexpired risks reserve, in the proportion that the company’s Gross Direct Premium written in India (GDPI), bears to the total GDPI of all

## Notes

participant companies. The Company's share as specified above, is recorded based on the returns submitted by GIC, under the respective heads. Accordingly, such share has been recorded by the Company, only up to 29<sup>th</sup> February 2008, the date up to which the return is submitted by GIC.

- 18 Previous year figures have been re-grouped wherever required, to make the figures comparable with current year figures.
- 19 Foreign Exchange Reserve Account has been depleted by Rs 7841.45 Lakhs due to appreciation of foreign currency under the following heads (Previous Year Rs. 9380.56 Lakhs (Credit)) consisting of the following

(Rs. In lakhs)

Sr.	Particulars	Debit Amount	Credit Amount
1	Head Office Account	-	426.66
2	Outstanding Claims	8276.25	-
3	Fixed Assets and Depreciation	-	8.14
4	Total	8276.25	434.80

**A R Sekar**  
Director and Company Secretary

**N S R Chandra Prasad**  
Director

**B Chakrabarti**  
Chairman-Cum- Managing Director

As per our report of even date

**For Sarda & Pareek**  
Chartered Accountants

**For Karnavat & Co.,**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Gaurav Sarda**  
Partner  
Membership number 110208

**Sameer Doshi**  
Partner  
Membership number 117987

**H P Chaturvedi**  
Partner  
Membership number 33523

Mumbai, 06.06.2008



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## Disclosures

### DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS

Sr. No.	Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. In Lakhs)
1.	The details of Contingent Liabilities are as under:		
	(a) Partly-paid up investments	51.19	1646.50
	(b) Underwriting commitments outstanding	Nil	Nil
	(c) Claims, other than those under policies, not acknowledged as debts	1762.64	333.50
	(d) Guarantees given by or on behalf of the Company	1929.94	3035.92
	(e) Statutory demands/liabilities in dispute not provided for	64927.70	24.88
	(f) Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
	(g) Others (matters under Litigation)	-	4985.43
2.	The details of encumbrances to the assets of the Company are as under:		
	(a) In India	Nil	Nil
	(b) Outside India	2833.82	3963.66
3.	Commitment made and outstanding for loans investments and fixed assets	16193.00	1670.44
4.	Claims, less reinsurance, paid to claimants:		
	(a) In India	314110.17	274158.88
	(b) Outside India	65572.60	64818.86
5.	Claim liabilities where claim payment period exceeds four years.	Nil	Nil
6.	Amount of claims outstanding for more than six months (Gross Indian)	519352.91	428176.68
	Number of claims	256866	247777
	Amount of claims outstanding for less than six months (Gross Indian)	135507.46	254306.51
	Number of claims	95426	142873
	Total amount of claims outstanding(Gross Indian)	654860.37	682483.19
	Total number of claims outstanding	352292	390650
7.	Premiums, less reinsurances, written from business		
	a) In India	391765.26	366877.44
	b) Outside India	99662.24	108299.59
8.	The details of contracts in relation to investments, for		
	a) Purchases where deliveries are pending	Nil	Nil
	b) Sales where payments are overdue	Nil	Nil
9.	Amount of claims settled and remaining unpaid for a period of more than six months as on balance sheet date are as under:	Nil	29.59
	Number of claims	Nil	3



## Disclosures

Sr. No.	Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. In Lakhs)
10.	Investments made in accordance with statutory requirements are as under:		
	(a) In India- Under Sec.7 of Insurance Act 1938	<b>1075.27</b>	1075.27
	(b) Outside India- Statutory Deposits under local laws	<b>19043.27</b>	13777.92
11.	Segregation of investments into performing and non-performing investments where NPA provision is required as per IRDA / RBI guidelines is as under:		
	Performing (Standard) Investments	<b>383321.77</b>	344107.82
	Non Performing Investments	<b>21534.19</b>	22929.81
	<b>Total Book Value (Closing Value)</b>	<b>404855.96</b>	367037.63

12. All significant accounting policies forming part of the financial statements are disclosed separately.
13. Premium is recognized as income on assumption of the risk. A reserve for unexpired risks is created @ 100% of net premium for marine business and @ 50% of net premium for other classes of business.
14. Operating expenses relating to insurance business are apportioned to the revenue account on the basis of gross direct premium plus reinsurance accepted giving weightage of 75% for marine business and 100% each for fire and miscellaneous business.
15. The historical/weighted average cost of investments in equity shares / venture funds, is Rs.218814.09 lakhs (Previous year Rs. 188092.30 Lakhs) and Rs.1436.59 Lakhs (Previous year Rs3097.71 Lakhs) respectively. However, the historical/weighted average cost in respect of investment in listed equity/equity related instruments/preference shares, the value of which had impaired on or before 31<sup>st</sup> March, 2000 is not available with the Company, and hence, the carrying value of the same as on 01.04.2000 is presumed to be the historical/weighted average cost.
16. Computation of managerial remuneration: Being a Government Company, the Company is exempted vide notification: GSR 235, dated 31<sup>st</sup> January 1978 u/s 620 of the Companies Act, 1956.
17. Amortisation of debt securities is done from the date of investment on the basis of actual number of days upto the date of Sale/ Redemption/ 31<sup>st</sup> March, 2008 While working out amortisation put/call option is not considered, however, partial redemption if any, is taken into account.
18. (a) Unrealised gains / losses arising due to change in the fair value of listed equity shares and equity related instruments have been taken to "Fair Value Change Account" and on realisation will be transferred to profit and loss account.  
(b) Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.
19. The Company does not have Real Estate Investment Property.
20. Sector-wise break-up of gross direct premium written in India is as under:

Sector	Current Year			Previous Year		
	(Rs. in Crores)	Percentage	Number of Policies/lives	(Rs. in Crores)	Percentage	Number of Policies/lives
Rural	<b>323.40</b>	<b>6.12</b>	<b>890906</b>	324.81	6.48	959902
Social	<b>213.02</b>	<b>4.03</b>	<b>9529969</b>	144.04	2.87	6023427
Others	<b>4740.49</b>	<b>89.85</b>		4545.86	90.65	
<b>Total</b>	<b>5276.91</b>	<b>100.00</b>		5014.71	100.00	



## Disclosures

### 21. Various Ratios

(Rs in Crores)

#### 1. Gross Premium Growth Rates

Segment	2007-08	2006-07	2007-08 (%)	2006.07 (%)
Fire	981.39	1164.57	-15.73	5.54
Marine Cargo	227.65	194.50	17.04	3.77
Marine Hull	267.17	175.97	51.83	8.70
<b>Marine Total</b>	<b>494.82</b>	<b>370.48</b>	<b>33.56</b>	<b>6.05</b>
Motor	2363.79	2369.41	-0.24	-4.32
PA	97.53	94.06	3.69	-16.31
Aviation	78.13	118.08	-33.83	1.06
Engineering	258.38	237.13	8.96	46.33
Health	1209.42	765.29	58.03	26.67
Liability*	217.67	202.63	7.42	0.07
Others	450.32	615.13	-26.79	-46.69
<b>Misc Sub Total</b>	<b>4675.24</b>	<b>4401.73</b>	<b>6.21</b>	<b>4.24</b>
<b>Grand Total</b>	<b>6151.46</b>	<b>5936.78</b>	<b>3.62</b>	<b>4.60</b>

\*Liability includes Workmens' Compensation

#### 2. Gross Premium to Share Holders Funds Ratio

	Current Year	Previous Year
Gross Premium	6151.46	5936.78
Share Holders Funds (beginning of the year)	5972.55	4706.87
Ratio (Times)	1.03	1.26

#### 3. Growth Rate of Shareholders Funds

	Current Year	Previous Year	Growth Amount	Growth %CY	Growth %PY
Share Holders Funds	6972.80	5972.55	1000.25	16.75	26.89



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## Disclosures

4. Net Retention Ratios			(Rs in Crores)	
	CY	PY		
Segment	Premium Gross	Premium Net	Retention Ratio CY( %)	Retention Ratio PY( %)
Fire	981.39	887.70	90.45	90.41
Marine Cargo	227.65	190.57	83.71	85.13
Marine Hull	267.17	41.20	15.42	13.07
<b>Marine Total</b>	<b>494.82</b>	<b>231.77</b>	<b>46.84</b>	<b>50.90</b>
Motor	2363.79	1935.26	81.87	82.14
PA	97.53	91.66	93.98	77.80
Aviation	78.13	7.07	9.05	25.28
Engineering	258.38	159.08	61.57	77.72
Health	1209.42	1028.00	85.00	80.00
Liability*	217.67	185.82	85.37	48.35
Others	450.32	387.91	86.14	80.43
<b>Misc Sub Total</b>	<b>4675.24</b>	<b>3794.80</b>	<b>81.17</b>	<b>79.75</b>
<b>Grand Total</b>	<b>6151.46</b>	<b>4914.27</b>	<b>79.89</b>	<b>80.04</b>

\*Liability includes Workmens' Compensation

5. Net Commission Ratio				
	CY	PY		
Segment	Commission Net	Premium Net	Commission Ratio CY( %)	Commission ratio PY( %)
Fire	100.23	887.70	11.29	7.53
Marine Cargo	38.72	190.57	20.32	14.24
Marine Hull	-12.02	41.20	-29.17	-40.68
<b>Marine Total</b>	<b>26.70</b>	<b>231.77</b>	<b>11.52</b>	<b>7.54</b>
Motor	122.19	1935.26	6.31	6.41
PA	13.05	91.66	14.24	16.63
Aviation	-3.57	7.07	-50.50	-19.06
Engineering	6.67	159.08	4.19	5.07
Health	95.74	1028.00	9.31	8.77
Liability*	37.57	185.82	20.22	22.56
Others	60.65	387.91	15.64	13.19
<b>Misc Sub Total</b>	<b>332.30</b>	<b>3794.80</b>	<b>8.76</b>	<b>8.47</b>
<b>Grand Total</b>	<b>459.23</b>	<b>4914.27</b>	<b>9.34</b>	<b>8.23</b>

\*Liability includes Workmens' Compensation

## Disclosures

6. Expenses of Management to Gross Premium Ratio			Rs. in Crores	
	2007-08	2006-07		
Expenses	1019.10	1152.59		
Gross Premium	6151.46	5936.78		
Ratio (%)	16.57	19.41		
<b>7. Combined ratio</b>				
Claims	4177.47	3643.61		
Expenses	1019.10	1152.59		
<b>Sub Total</b>	<b>5196.57</b>	<b>4796.20</b>		
Gross Premium	6151.46	5936.78		
Ratio (%)	84.48	80.79		
<b>8. Technical Reserves (at End) to Net Premium Ratio</b>				
Unexpired Risks Reserves	2573.02	2470.17		
Reserves for Premium Deficiency	-	-		
Outstanding Claims	6139.87	5759.22		
Total Technical Reserves	8712.89	8229.39		
Net Premium	4914.27	4751.77		
Ratio –(No of Times)	1.77	1.73		
<b>9. Underwriting Balance Ratios (after credit of policy holders Investment income)</b>				
Segment	U/W Profit	Net Premium	Ratio Current year (%)	Ratio Previous Year (%)
Fire	283.36	887.70	31.92	22.13
Marine Cargo	23.91	190.57	12.55	46.35
Marine Hull	-16.25	41.20	-39.44	109.75
<b>Marine Total</b>	<b>7.65</b>	<b>231.77</b>	<b>3.30</b>	<b>54.08</b>
Motor	97.02	1935.26	5.01	22.83
PA	31.61	91.66	34.49	-22.04
Aviation	-3.26	7.07	-46.11	-187.46
Engineering	86.37	159.08	54.29	12.18
Health	-120.67	1028.00	-11.74	-84.42
Liability	92.04	185.82	49.53	18.03
Others	35.22	387.91	9.08	93.46
<b>Misc Sub Total</b>	<b>218.33</b>	<b>3794.80</b>	<b>5.76</b>	<b>11.44</b>
<b>Grand Total</b>	<b>509.34</b>	<b>4914.27</b>	<b>10.36</b>	<b>15.50</b>

\*Liability includes Workmens' Compensation



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## Disclosures

### 10. Operating Profit Ratio

	2007-08	2006-07
Underwriting Result	-844.39	-653.27
Investment Income	2344.62	2251.35
Others	21.23	15.85
<b>Sub Total</b>	<b>1521.46</b>	<b>1613.93</b>
Net Premium	4914.28	4751.77
Ratio (%)	30.96	33.96

### 11. Liquid Assets to Liabilities Ratio

Liquid assets	6528.11	5408.24
Policy holders Liabilities	8712.89	8229.39
Ratio( %)	74.92	65.72

### 12. Net Earnings Ratio

Profit After Tax	1401.13	1459.95
Net Premium	4914.28	4751.77
Ratio %	28.51	30.72

### 13. Return on Net Worth

Profit after tax	1401.13	1459.95
Net Worth	6972.80	5972.55
Ratio( %)	20.09	24.44

### 14. Reinsurance Ratio

Risks Reinsured (Premium)	2098.95	1653.54
Gross Premium	6151.46	5936.78
Ratio( %)	34.12	27.85

## 22. Summary of Financial Statements for Last Five Years

(Rs in Crores)

Sr. No.	Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
	<b>OPERATING RESULTS</b>					
1.	Gross Premium written	6151.46	5936.78	5675.54	5103.16	4921.47
2.	Net Premium Income#	4914.28	4751.77	4342.65	3895.10	3634.95
3.	Income from Investments(Net)@	2344.62	2251.35	2010.79	1450.73	1249.66
4.	Other Income	21.23	15.85	44.10	5.72	76.54
5.	Total Income	7280.13	7018.97	6397.54	5351.55	4961.15
6.	Commissions/Brokerage	459.23	390.89	376.28	331.88	213.62



## Disclosures

### Summary of Financial Statements for Last Five Years (Continued)

(Rs in Crores)

Sr. No.	Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
7.	Brokerage (included in commissions)					
8.	Operating Expenses	1019.10	1153.89	1306.89	1188.88	1340.56
9.	Claims, increase in Unexpired Risk Reseraves and Other out-go	4280.32	3860.27	3858.80	3032.92	2759.08
10.	Operating Profit/Loss	1521.48	1613.93	855.57	797.88	647.89
11.	Total Income under Shareholders a/c					
12.	Profit/(Loss)before Tax	1521.46	1613.93	855.57	797.88	647.89
13.	Provision for Tax	120.33	153.98	139.19	395.65	66.53
14.	Net Profit/(Loss) after Tax	1401.13	1459.95	716.38	402.23	581.36
15.	Miscellaneous					
16.	Policy Holders' Account (Beginning)	8229.39	7758.91	6876.43	6283.87	5787.51
17.	Total Funds					
18.	Total Investments					
19.	Yield on Investments					
20.	Shareholders' Account (Beginning)	5972.55	4706.87	4161.69	3735.22	3404.06
21.	Total Funds					
22.	Total Investments	11236.00	11009.61	9397.55	8403.56	7928.00
23.	Yield on Investments					
24.	Paid up Equity Capital	200.00	200.00	200.00	150.00	150.00
25.	Net Worth	6972.80	5972.55	4706.87	4161.69	3735.22
26.	Total Assets	31944.14	27444.57	27025.58	19827.20	17510.45
27.	Yield on total Investments( %)	19.54	20.74	21.11	17.26	16.36
28.	Earning per Share (Rs)	70.06	73.00	35.82	26.82	59.02
29.	Book Value per Share(Rs)	10.00	10.00	10.00	10.00	10.00
30.	Total Dividend	283.00	292.00	130.00	80.00	45.00
31.	Dividend per share (Rs)	14.15	14.60	6.50	5.33	4.50

#Net of Re-insurance



## Disclosures

### 23. Age wise Analysis of Outstanding Claims as on 31.03.2008 (Gross Indian)

Department	Less than 3 months		3 - 6 months		6 months – 1 year	
	No.	Amount (in lacs)	No.	Amount (in lacs)	No.	Amount (in lacs)
Fire	876	15309.45	598	5605.97	1028	17278.01
Cargo	860	2427.05	574	2486.74	726	1796.25
Hull	22	9686.36	11	49.11	31	2326.79
Motor OD	22678	10494.18	6062	3936.48	5716	4526.92
Motor TP	14903	24755.30	13588	29407.80	27501	43299.40
Health	14755	8982.55	2650	568.43	1427	513.03
Liability	546	464.19	328	236.90	413	352.57
Personal Accident	1747	1904.09	638	957.57	500	670.39
Aviation	6	156.71	4	621.78	20	565.56
Engineering	1359	2160.39	511	7216.32	517	4910.48
Credit Guarantee						
Traditional	1121	1951.60	875	2859.04	770	2558.65
Rural Insurance	3564	1069.07	1713	529.47	1587	606.21
Urban Non Traditional	4100	1033.32	1308	564.22	1199	534.76
Credit	2	37.00	2	36.37	1	42.00
<b>Total</b>	<b>66539</b>	<b>80431.26</b>	<b>28862</b>	<b>55076.20</b>	<b>41436</b>	<b>79981.02</b>

Department	1 – 2 years		2 – 3 years		3 – 5 years	
	No.	Amount (in lacs)	No.	Amount (in lacs)	No.	Amount (in lacs)
Fire	0	0	573	18795.02	271	3779.73
Cargo	189	1046.79	16	631.50	76	430.55
Hull	0	0	141	5189.33	148	2037.99
Motor OD	0	0	3584	3365.42	726	706.98
Motor TP	0	0	74295	125302.00	310	592.33
Health	359	91.28	76	36.66	102	37.91
Liability	211	200.62	152	142.56	152	289.55
Personal Accident	259	514.05	35	83.31	28	48.60
Aviation	33	377.28	14	150.57	13	819.60
Engineering	236	3042.62	66	646.12	49	1026.52
Credit Guarantee						
Traditional	421	1761.55	183	690.43	289	998.05
Rural Insurance	1068	816.45	595	587.50	1007	1150.43
Urban Non Traditional	590	243.51	279	117.77	270	182.75
Credit	2	54.70	1	211.00	1	2.63
<b>Total</b>	<b>3368</b>	<b>8148.85</b>	<b>80010</b>	<b>155949.19</b>	<b>3442</b>	<b>12103.62</b>

## Disclosures

### 23. Age wise Analysis of Outstanding Claims as on 31.03.2008 (Gross Indian) (Continued)

Department	5 years and above		Not a Leader		Total	
	No.	Amount (in lacs)	No.	Amount in (lacs)	No.	Amount (in lacs )
Fire	332	29214.15	0	0	3678	89982.33
Cargo	219	8798.31	1	0.10	2661	17617.29
Hull	101	3127.04	0	0	454	22416.62
Motor OD	448	459.99	0	0	39214	23489.97
Motor TP	77795	193701.96	0	0	208392	417058.79
Health	756	2351.44	2	0.70	20127	12582.00
Liability	204	407.42			2006	2093.81
Personal Accident	73	351.98	0	0	3280	4529.99
Aviation	12	7629.70	0	0	102	10321.20
Engineering	127	5364.06	48	1073.03	2913	25439.54
Credit Guarantee	25	185.08			25	185.08
Traditional	413	6297.70	2	943.11	4074	18060.13
Rural Insurance	47892	1972.04			57426	6731.17
Urban Non Traditional	185	1286.59	0	5.83	7931	3968.75
Credit		0			9	383.70
<b>Total</b>	<b>128582</b>	<b>261147.46</b>	<b>53</b>	<b>2022.77</b>	<b>352292</b>	<b>654860.37</b>

24. Interest, Dividend and Rent is apportioned between revenue account and profit and loss account in proportion to the balance in shareholders funds and policyholders' funds at the beginning of the year. The same is further apportioned to fire, marine and miscellaneous revenue account in proportion to the technical reserve balance at the beginning of the year.

**A R Sekar**  
Director and Company Secretary

**N S R Chandra Prasad**  
Director

**B Chakrabarti**  
Chairman-Cum- Managing Director

As per our report of even date

**For Sarda & Pareek**  
Chartered Accountants

**For Karnavat & Co.,**  
Chartered Accountants

**For Chaturvedi & Shah**  
Chartered Accountants

**Gaurav Sarda**  
Partner  
Membership number 110208

**Sameer Doshi**  
Partner  
Membership number 117987

**H P Chaturvedi**  
Partner  
Membership number 33523

Mumbai, 06.06.2008





# Balance Sheet Abstract

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE THE COMPANIES ACT (1 OF 1956) SCHEDULE VI - PART IV

(Rs. in 000)

### I. Registration Details

Registration No.    State Code    
Balance Sheet Date

### II. Capital Raised During the Year

Public Issue :    Right Issue     
Bonus Issue :    Private Placement

### III. Position of Mobilisation and Deployment of Funds

Total Liabilities          Total Assets

#### Sources of Funds

Paid-up Capital        Reserve & Surplus           
Current Liabilities         Un-expired Risk Reserves and Provisions

#### Application of Funds

Net Fixed Assets        Investment           
Current Assets         Loans         
Accumulated Losses    Deferred Expenditure

### IV. Performance of Company

Turnover-Premium Income         Total Expenditure          
Investment & Other Income          
Profit Before Tax         Profit After Tax          
Earning per Share (Rs.)      Dividend @ %

### V. Generic Name of the Principal Products/Services of Company (as per monetary terms.)

Item Code No.  
ITC Code General Insurance Business  
Product

**A R Sekar**  
Director and Company Secretary

**N S R Chandra Prasad**  
Director

**B Chakrabarti**  
Chairman-Cum- Managing Director



Estbd. 1919 Mumbai, 09.08.2008

**STATEMENT OF INTEREST IN THE SUBSIDIARY COMPANIES AS ON 31.03.2008  
UNDER SECTION 212 OF THE COMPANIES ACT, 1956.**

<b>Particulars of Interest in the Subsidiaries</b>	<b>The New India Assurance Company (Trinidad &amp; Tobago) Limited</b>	<b>The New India Assurance Company (Sierra Leone) Limited</b>	<b>Prestige Assurance Plc., Ltd.</b>
a) (i) Paid Up Capital of the Subsidiary	TT\$ 17418000 consisting of 17418946 shares of no par value	Le 500000 divided into 250000 ordinary shares of Le 2.00 each.	N 859993864 consisting of 1719987728 shares of 50 kobos each.
(ii) New India's Share in the Subsidiary	83.90%	100.00%	51.00%
b) (i) Net Aggregate amount of subsidiary's profits after deducting the losses or vice versa or so far as it concerns members of the Company and is not dealt with in the Company's accounts	CY : TT\$ 16,522 (thousands) PY : TT\$ 3,991 (thousands)	CY : Le 30387 (thousands) PY : Le (9991) (thousands)	CY : N457,770(thousands) PY : N287,319 (thousands)
(ii) Net Aggregate amount of subsidiary's profits after deducting the losses or vice versa or so far as these are dealt with in the Company's accounts	CY : Nil PY : Nil	CY : Nil PY : Nil	CY : Nil PY : Nil
c) (i) Dividend Proposed by the Subsidiary	CY : TT\$1461 (thousands) PY : TT\$1196 (thousands)	CY : Nil PY : Nil	CY : N 343998 (thousands) PY : N 257998 (thousands)
(ii) New India's Share of Dividend (Dividend for the current year will be accounted during 2008-09 on receipt)	CY : TT\$1226 (thousands) PY : TT\$1003 (thousands)	CY : Nil PY : Nil	CY : N 175439 (thousands) PY : N 131579 (thousands)

**A R Sekar**

*Director and Company Secretary*

**N S R Chandra Prasad**

*Director*

**B Chakrabarti**

*Chairman-Cum- Managing Director*

Mumbai  
9.08.2008

Interest in the Subsidiary



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## Subsidiaries

**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**

### Report on the Financial Statements

We have audited the financial statements of The New India Assurance Company (Trinidad and Tobago) Limited (the Company) set out on pages 2 to 36 which comprise the balance sheet as at December 31, 2007 the statements of income and changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provides a basis for our audit opinion.

### Opinion

In our opinion, the financial statements, which have been prepared in accordance with International Financial Reporting Standards, present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and of its financial performance, changes in equity and cash flows for the year then ended.

Chartered Accountants

Port of Spain, Trinidad and Tobago  
May 6, 2008



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## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### BALANCE SHEET - DECEMBER 31 2007 (Expressed in thousands of Trinidad and Tobago Dollars)

	Note		2007	2006
<b>ASSETS</b>				
Property plant and equipment	4	\$	847	803
Investment property	5		16300	6500
Deferred tax asset	6(i)		7017	7558
Reinsurance assets	11		30137	23306
Trade and other receivables	7		19847	17777
Investments	8		35473	32210
Term deposits			21727	14060
Cash and cash equivalents	9		35799	39986
<b>Total assets</b>		<b>\$</b>	<b>167147</b>	<b>142200</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Stated capital	10	\$	17617	17617
Capital reserve			6461	5902
Catastrophe reserve fund			1300	1000
Statutory surplus reserve			8552	8552
Retained earnings			33400	18661
		<b>\$</b>	<b>67330</b>	<b>51732</b>
<b>LIABILITIES</b>				
Insurance contracts	11	\$	82828	74584
Deferred tax liability	6(ii)		2156	1996
Provision for taxation			708	1442
Trade and other payables	12		14125	12446
		<b>\$</b>	<b>99817</b>	<b>90468</b>
<b>Total equity and liabilities</b>		<b>\$</b>	<b>167147</b>	<b>142200</b>

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

Signed on behalf of the Board

Director

Director



## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### STATEMENT OF INCOME - DECEMBER 31 2007

(Expressed in thousands of Trinidad and Tobago Dollars)

	Note	2007	2006
Insurance contracts premium revenue		\$ 75752	61729
Reinsurers' share of insurance contracts premium revenue		(28504)	(25484)
<b>Net insurance contracts premium revenue</b>		<b>47248</b>	<b>36245</b>
Gross change in unearned premium provision and unexpired risks		(7022)	(7298)
Reinsurers' share of change in unearned premium provision and unexpired risks		939	510
<b>Net change in unearned premium provision and unexpired risks</b>		<b>(6083)</b>	<b>(6788)</b>
<b>Net insurance revenue</b>		<b>41165</b>	<b>29457</b>
Reinsurance commissions		6628	6712
Investment and other income	13	5701	3884
Revaluation of property	5	9800	-
<b>Total revenue</b>		<b>63294</b>	<b>40053</b>
Gross claims incurred		(33802)	(23372)
Reinsurers' share of gross claims incurred		9732	6490
<b>Net insurance claims incurred</b>		<b>(24070)</b>	<b>(16882)</b>
Agents and brokers commissions		(12060)	(10205)
Other operating and administrative expenses		(9382)	(7455)
Total claims incurred and other expenses		(45512)	(34542)
Profit before tax		17782	5511
Taxation	6(iii)	(1260)	(1520)
<b>Net profit for the year</b>		<b>\$ 16522</b>	<b>3991</b>

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



## Subsidiaries

**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - DECEMBER 31 2007**  
 (Expressed in thousands of Trinidad and Tobago Dollars)

	Stated Capital	Capital Reserves	Catastrophe Reserve	Statutory Surplus Reserve	Retained Earnings	Total
<b>Balance at December 31 2005 (restated)</b>	17617	7491	800	8552	16176	50636
Net income for the year	-	-	-	-	3991	3991
Transfer to catastrophe reserve	-	-	200	-	(200)	-
Net unrealized loss on revaluation of available-for-sale investments inclusive of deferred taxation	-	(1589)	-	-	-	(1589)
Dividends paid	-	-	-	-	(1306)	(1306)
<b>Balance at December 31 2006</b>	17617	5902	1000	8552	18661	51732
Net income for the year	-	-	-	-	16522	16522
Transfer to catastrophe reserve	-	-	300	-	(300)	-
Net unrealized gains on revaluation of available-for-sale investments inclusive of deferred taxation	-	559	-	-	-	559
Dividends paid	-	-	-	-	(1483)	(1483)
<b>Balance at December 31 2007</b>	17617	6461	1300	8552	33400	67330

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



## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### STATEMENT OF CASH FLOWS - DECEMBER 31 2007

(Expressed in thousands of Trinidad and Tobago Dollars)

	2007	2006
<b>Cash flows from operating activities</b>		
Net income before taxation	\$ 17782	5511
Adjustments for:		
(Gain) loss on disposal of property plant and equipment	(28)	6
Depreciation	220	210
Foreign exchange gains on insurance contracts	299	-
Impairment expense	224	-
Write-off of property plant and equipment	6	-
Gain on revaluation of investment property	(9800)	-
Operating profit before working capital changes	8703	5727
Increase in other receivables and reinsurance assets	(9125)	(4738)
Increase in insurance contracts liabilities	7945	11790
Increase in other creditors	1679	199
Corporation taxes paid	(1479)	(855)
Net cash generated by operating activities	7723	12123
<b>Cash flows used in investing activities</b>		
Additions to property plant and equipment	(275)	(330)
Purchase of investments and term deposits	(30360)	(3169)
Redemption of investments and term deposits	20175	1583
Proceeds from disposal of property plant and equipment	33	3
Net cash used in investing activities	(10427)	(1913)
<b>Cash flows from financing activities</b>		
Dividends paid	(1483)	(1196)
<b>Net cash used in financing activities</b>	(1483)	(1196)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4187)	9014
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	39986	30972
<b>Cash and cash equivalents at end of year</b>	\$ 35799	39986
<b>Represented by:</b>		
Cash in hand and at bank	\$ 33130	38114
Short-term treasury bills	2669	1872
	\$ 35799	39986

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



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## THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007

#### 1. Incorporation and principal activity

The New India Assurance Company (Trinidad and Tobago) Limited (the Company) is incorporated in the Republic of Trinidad and Tobago and is a subsidiary of The New India Assurance Company Limited Mumbai India. The Company carries on general insurance business in Trinidad and Tobago, Dominica, St. Lucia and St. Maarten. The Company also maintains run-off portfolios in the islands of Antigua, Barbados and Grenada. The registered office and principal place of business is located at 22 St Vincent Street, Port of Spain.

These financial statements were authorized for issue by the Board of Directors on May 6, 2008.

#### 2. Statement of accounting policies

##### (a) Statement of compliance

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

##### (b) Basis of measurement

These financial statements are prepared on the historical cost basis except for the measurement at fair value of available for sale investments and investment property. No account is taken of the effects of inflation.

##### (c) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

These financial statements are presented in Trinidad and Tobago Dollars which is the Company's functional and presentation currency. All financial information presented in Trinidad and Tobago Dollars has been rounded to the nearest thousand.

##### (d) Use of estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, and contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in notes 2(s) and (t) and note 22.

##### (e) Foreign currency

##### i) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Trinidad and Tobago dollars at the foreign exchange rate ruling at that



## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

date. Foreign exchange differences arising on translation are recognised in the statement of income. There are no non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency.

#### ii) Foreign operations

The assets and liabilities and income and expenses of foreign operations are translated to Trinidad and Tobago dollars at exchange rates at the reporting date.

#### (f) Segmental reporting

A geographical segment is one engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

#### (g) Impairment of assets

Judgement is required to determine whether there are indicators of impairment. If impairment is indicated then the amount is determined using the techniques described in accounting policy (n)(i).

#### (h) Property plant and equipment

Property plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

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

The rates and methods used are as follows:

Leasehold improvements	20% on cost
Motor vehicles	20 – 25% on cost
Office equipment	10 – 25% on reducing balance

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

#### (i) Investment property

Property held for capital appreciation is classified as investment property and is stated at fair value. Investment properties are valued annually either by way of Directors valuation or an external professional valuer. The property is externally valued at least once every three (3) years. Fair value is the estimated amounts for which a property can be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. Investment properties are derecognized when either its use has changed or it has been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Gains or losses arising from changes in the fair values are recognized in the statement of income in the period in which they arise.

#### (j) Reinsurance assets

The Company assumes and cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognized as revenue in the same manner as they would be if the

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

reinsurance were considered direct business taking into account the product classification of the reinsured business. Amounts due to reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the company may not receive all amounts due to it under the terms of the contract and that this can be measured reliably.

#### (k) Insurance receivables

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

#### (l) Financial instruments

##### i) Classification

The Company classifies its investments as either held to maturity financial assets or available for sale financial assets. The classification depends on the purpose for which the investments were acquired or originated.

Held-to-maturity financial assets comprise fixed or determinable income securities that the company has the positive intention and ability to hold until maturity.

Available-for-sale financial assets are financial assets that are not financial assets at fair value through profit and loss originated by the Company or held-to-maturity.

##### ii) Recognition

All regular way purchases and sales of financial assets are recognized on the settlement date. From this date any gains and losses arising from changes in fair value of assets are recognised.

##### iii) Measurement

Financial instruments are initially measured at cost being the fair value plus the transaction costs that are directly attributable to the acquisition of the instrument. A financial asset is derecognized when the contractual right to receive cash flows expire or when the asset is transferred.

Subsequent to initial recognition all available-for-sale assets are measured at fair value based on if readily available market prices at the close of business on the balance sheet date for listed instruments are available or by reference to current market values of another instrument which is substantially the same. If prices are not readily available the fair value is based on either valuation models or management's estimate of amounts that could be realised under current market conditions. Where discounted cash flow techniques are used estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost including transaction costs less impairment losses.

Gains and losses arising from the change in the fair value of available-for-sale investments subsequent to initial recognition are accounted for as changes in the capital reserve until the



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### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

investment is derecognized or the investment is determined to be impaired. On derecognition or impairment the cumulative gain or loss previously reported in equity is transferred to the statement of income.

All non-trading financial liabilities and held-to-maturity assets are measured at amortised costs less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts including initial transaction costs are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. The amortisation of premiums and discounts is taken to the statement of income.

#### (m) Cash and cash equivalents

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

#### (n) Impairment

The carrying amounts of the Company's assets other than deferred tax assets (see accounting policy (z)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated (see accounting policy (n)(i)) and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. In order to determine whether negative revaluations on investment securities correctly represent impairment all investment securities for which the market value has been significantly below cost price for a considerable period of time are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments. The impairment review focuses on issuer specific developments regarding financial condition and future prospects taking into account the intent and ability to hold the securities under the Company's long term investment strategy. Impairment losses are recognised in the statement of income.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired the cumulative loss that had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in the statement of income.

#### i) Calculation of recoverable amount

The recoverable amount of the Company's held-to-maturity financial assets carried at amortised cost is calculated as the present value of estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of income the impairment loss shall be reversed with the amount of the reversal recognised in the statement of income.

In respect of other assets an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised.

**(o) Capital reserve**

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

**(p) Catastrophe reserve**

On an annual basis the Directors determine an amount that is transferred to a catastrophe reserve. This is treated as an appropriation of retained earnings and is included as a separate component of equity.

**(q) Statutory surplus reserve**

As required by Section 171 of the Insurance Act 1980 of Trinidad and Tobago at least 25% of the Company's profit from general insurance business for the preceding year is to be appropriated towards a Statutory Surplus Reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. This reserve is not distributable.

**(r) Product classification**

**Insurance contracts**

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

Once a contract has been classified as an insurance contract it remains an insurance contract for the remainder of its lifetime even if the insurance risk reduces significantly during this period.

Any contracts not considered insurance contracts under IFRS are classified as investment contracts.

All contracts held by the Company as at December 31 2007 have been classified as insurance contracts.

**(s) Benefits and claims**

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

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company where



## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claims has happened.

**(t) Insurance contract liabilities**

**General insurance contract liabilities**

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

**Provision for unearned premiums**

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

**Provision for unexpired risks**

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

**(u) Provision for other insurance financial liabilities**

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

**(v) Employee benefits**

The directors have agreed to pay a gratuity to managerial employees on retirement after ten years or more of service. For non-managerial employees a discretionary gratuity on retirement after ten years or more of service will be paid. The liability arising is adequately provided for in these financial statements.

**(w) Revenue recognition**

**Premium income**

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

**Commission income**

The fee is recognized as revenue in the period in which it is received unless these relate to service to be provided in future periods. If the fees are for services to be provided in future periods these are deferred and recognized in the income statement as the service is provided over the term of the contract. Initiation and other front end fees are also deferred and recognized over the term of the contract.

**Investment income**

Interest income is recognized in the income statement as it accrues taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortization of any discount or premium. Investment income also includes dividends which are recognized as received.



## THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

#### Realised gains and losses recorded in the income statement

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

**(x) Expenses of management**

Expenses of management are apportioned to the various business segments on the basis of gross premium income written for each class of business with the exception of Barbados which are directly allocated.

**(y) Other income and expenditure**

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

**(z) Taxation**

Tax on income comprises current tax from business inside and outside of Trinidad and Tobago and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year using the tax rate enacted by the balance sheet date business levy and green fund levy charged on worldwide income and any adjustment of tax payable for the previous years. Premium taxes in overseas territories are deducted from the relevant premium income recognised.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (loss).

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to the statement of income except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

### 3. New standards and interpretations not yet adopted

At the date of authorisation of the financial statements there were new standards amendments to standards and interpretations which were in issue but were not yet effective for the year ended December 31 2007 and have not been applied in preparing these financial statements. These are as follows:

- IFRS 8 *Operating Segments* supersedes IAS14 Segment Reporting. This standard becomes mandatory for the Company's 2010 financial statements and requires extensive quantitative disclosures pertaining to the performance and management of business segments as internally identified and managed.
- IFRIC 11 *Group and Treasury Share Transactions* addresses the treatment of equity based payment arrangements involving the equity of the parent. This interpretation becomes mandatory for the Company's 2008 financial statements it is not expected to have any impact on the financial statements.
- IFRIC 12 *Service Concession Arrangements* addresses the accounting requirements for public-to-private service concession arrangements in private sector entities. IFRIC 12 will become mandatory for the Company's 2008 financial statements and is not expected to have any impact on the financial statements.
- IFRIC 13 *Customer Loyalty Programmes* addresses the accounting for such customer loyalty award credits by the grantor including credit card providers. IFRIC 13 does not deal with customer loyalty





## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

programmes that grant customers financial assets (e.g. cash vouchers) or incentives granted outside a sales transaction. IFRIC 13 will become mandatory for the Company's 2009's financial statements and is not expected to have any impact on the financial statements.

- IFRIC 14 *The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction* addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how a Minimum Funding Requirement might affect the availability of reductions in future contributions; and when a Minimum Funding Requirement might give rise to a liability. IFRIC 12 will become mandatory for the Company's 2008 financial statements and is not expected to have any impact on the financial statements.
- Amendments to *IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements* is effective for annual periods beginning on or after January 1 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified the entity is required to disclose the amount the timing and the reason for the reclassification. The amendments are not expected to have a material impact on the financial statements.
- Amendment to *IFRS 2 Share-based payment – Vesting Conditions and Cancellations* is effective for annual periods beginning on or after January 1 2009. Under the amendment non-vesting conditions are taken into account in measuring the grant date fair value of the share-based payment and there is no true-up for differences between expected and actual outcomes. The amendments are not expected to have a material impact on the financial statements.
- IAS 23 (Amendment) *Borrowing costs* (effective from January 1 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing cost will be removed. The Company does not have any such asset at present.

#### 4. Fixed assets

		Leasehold Improvements	Office Equipment & Motor Vehicles	Total 2007	Total 2006
<b>Cost</b>					
At beginning of year	\$	367	3096	3463	3316
Additions		-	275	275	330
Disposals		-	(234)	(234)	(183)
Write-offs		-	(24)	(24)	-
At end of year	\$	367	3113	3480	3463
<b>Depreciation</b>					
At beginning of year	\$	355	2305	2660	2624
Current year		3	217	220	210
Disposals		-	(229)	(229)	(174)
Write-offs		-	(18)	(18)	-
At end of year	\$	358	2275	2633	2660
<b>Net written down value</b>	\$	9	838	847	803

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 (contd...)

#### 5. Investment property

Investment property comprises properties at 6A Victoria Avenue and 47 New Street Port of Spain not in use at present. Raymond & Pierre Limited completed a valuation as at March 5, 2008 on the basis of market value for existing use. The properties were valued at \$16.3 million and the revaluation surplus of 9.8 million was credited to the statement of income.

		2007	2006
Balance brought forward	\$	6500	6500
Fair value gain		9800	-
Balance carried forward	\$	16300	6500

#### 6. Taxation

##### (i) Deferred tax asset

Unutilised tax losses	\$	7017	7558
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The Company has un-utilised tax losses in Trinidad and Tobago of approximately \$28070 as at December 31 2007 (2006: \$30232).

Deferred tax assets have been recognized in these financial statements for carried forward unutilised tax losses. This position will be re-assessed at the next financial year-end.

##### (ii) Deferred tax liability

The deferred tax liabilities are attributable to the following items:

Unrealised gains on revaluation of available for-sale investments	\$	(2154)	(1967)
Foreign currency translation		75	-
Claims		(46)	-
Property plant and equipment		(31)	(29)
	\$	(2156)	(1996)

##### (iii) The movement in the deferred tax account comprised:

Balance at beginning of year	\$	(1996)	(2549)
Unrealised gains on revaluation of available for sale investments		(186)	530
Foreign currency translation		75	-
Claims		56	-
Property plant and equipment		(2)	24
Prior year underprovision		(103)	(1)
	\$	(2156)	(1996)

## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

	2007	2006
<b>(iv) Tax charge for the year</b>		
Current year - Business levy	\$ 81	88
- Green fund levy	40	44
- Provision for taxation in St Maarten Dominica and St Lucia	648	931
Deferred tax expense relating to the origination/reversal of temporary differences	(129)	(24)
Utilisation of tax losses	783	481
Prior year under provision	79	-
Prior year under provision of deferred tax asset	(242)	-
	\$ <u>1260</u>	<u>1520</u>
The following is a reconciliation between tax and accounting profit multiplied by the applicable tax rate.		
Accounting profit	\$ 17782	5511
Tax at the applicable rate	4991	1712
Expenses not deductible for tax purposes	-	142
Income not deductible for tax purposes	(784)	-
Income exempt from tax	(2905)	(428)
Other	-	(17)
Business levy	81	88
Green fund	40	44
Prior year under (over) provision	79	(21)
Prior year under provision of deferred tax asset	(242)	-
	\$ <u>1260</u>	<u>1520</u>
<b>7. Trade and other receivables</b>		
Insurance receivables	\$ 14200	12582
Amounts due from reinsurers		
- New India Mumbai	1837	1838
- Other reinsurers	2575	2572
Other receivables	1235	785
	\$ <u>19847</u>	<u>17777</u>



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## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 (contd...)

#### 8. Investments

		2007	2006
<b>Available-for-sale</b>			
Bonds and other securities	\$	19570	14231
Quoted shares		11953	11344
	\$	<u>31523</u>	25575
<b>Held to maturity</b>			
Bonds		3950	6635
<b>Total investments</b>	\$	<u>35473</u>	<u>32210</u>

Bonds and securities pledged with the Inspector of Financial Institutions amount to \$32670 at December 31 2007 (2006:\$23508).

In respect of term deposits of \$21727 at December 31 2007 (2006:\$14060) the amounts pledged with the Inspector of Financial Institutions amount to \$5604 at December 31 2007 (2006:Nil).

#### 9. Cash and cash equivalents

Cash in hand and at bank	\$	33130	38114
Short-term treasury bills		2669	1872
	\$	<u>35799</u>	<u>39986</u>

#### 10. Stated capital

Authorised 22000000 shares of no par value			
Issued and fully paid 17418946 shares of no par value	\$	17418	17418
Share premium		199	199
	\$	<u>17617</u>	<u>17617</u>

#### 11. Insurance contracts liabilities

		2007			2006		
Notes	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	
Provision for claims reported by policyholders	33676	(14654)	19022	34292	(9705)	24587	
Provision for claims incurred but not reported (IBNR)	5287	(2008)	3279	3449	(1065)	2384	
Total claims reported and IBNR	11 (a) 38963	(16662)	22301	37741	(10770)	26971	
Provision for unearned Premiums	11 (b) 39877	(12250)	27627	33494	(11397)	22097	
Provision for unexpired risk	11 (c) 3988	(1225)	2763	3349	(1139)	2210	
Total insurance contracts Liabilities	82828	(30137)	52691	74584	(23306)	51278	



## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

(a) The provision for claims reported by policy holders may be analysed as follows:

Notes	2007			2006		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	37741	(10770)	26971	33249	(9574)	23675
Claims incurred	33802	(9732)	24070	23372	(6490)	16882
Claims paid During the year	(32580)	3840	(28740)	(18880)	5294	(13586)
At December 31	38963	(16662)	22301	37741	(10770)	26971

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

Notes	2007			2006		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	33494	(11397)	22097	26859	(10932)	15927
Premium written in the year	75752	(28637)	47115	61729	(25484)	36245
Premium earned during the year	(69369)	27784	(41585)	(55094)	25019	(30075)
At December 31	39877	(12250)	27627	33494	(11397)	22097

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

Notes	2007			2006		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
At January 1	3349	(1139)	2210	2686	(1093)	1593
Net incurred and utilised during the year	639	(86)	553	663	(46)	617
At December 31	3988	(1225)	2763	3349	(1139)	2210

#### 12. Trade and other payables

		2007	2006
Sundry creditors and accruals	\$	3636	3418
Amounts due to reinsurers		10489	9028
	\$	14125	12446



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### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

#### 13. Investment and other income

Investment and other income include the following:

		2007	2006
Interest income	\$	4491	3682
Dividend income		356	310
Foreign exchange gain (loss)		854	(108)
	\$	5701	3884

#### 14. Profit before taxation

Profit before taxation is arrived at after charging:

Depreciation	\$	220	210
Staff costs		3837	2955
Directors' fees		88	90
Interest expense		45	41

#### 15. Insurance contracts liabilities and reinsurance assets – terms, assumptions and sensitivities

##### Terms and conditions

The major classes of general insurance written by the Company include motor, property, and other miscellaneous types of general insurance. Risks under these policies usually cover a 12 month duration.

For these insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the balance sheet date.

The provisions are refined as part of a regular ongoing process and as claims experience develops, certain claims are settled and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

##### Assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs and claim numbers for each accident year. Claims provisions are separately analysed by geographical area and class of business. In addition, larger claims are usually separately assessed by loss adjusters. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

##### Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process, etc, is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the balance sheet date.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent financial statements.



## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

#### 16. Financial instruments

##### Fair values

With the exception of insurance contracts which are specifically excluded under International Accounting Standard No. 32, the estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates. Consequently, estimates made do not necessarily reflect the amounts that the Company would realize in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

The fair value information is based on information available to management as at the dates presented. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these financial statements since those dates and, therefore the current estimates of the fair value may be significantly different from the amounts presented herein.

##### (i) Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and short-term funds, trade and other receivables and trade and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

##### (ii) Investments

The fair value of trading investments is based on market quotations when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value.

#### 17. Insurance and risk management

##### a. Introduction and overview

The Company has exposure to the following risks from its use of financial instruments:

- Insurance risk
- Credit risk
- Liquidity
- Interest rate
- Foreign currency

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

##### b. Insurance risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the premiums written or the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid being greater than originally estimated and subsequent development of long-term claims.



### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

##### Management of insurance risk

The variability of risks is improved by careful selection and implementation of underwriting strategy and guidelines as well as the use of reinsurance arrangements. The majority of reinsurance business ceded is placed on a quota share basis with retention limits varying by product line.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

##### c. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises on reinsurance assets, investment securities and insurance receivables.

##### Management of credit risk

###### Reinsurance

Reinsurance is placed with high rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. At each year end, management performs assessment of creditworthiness of reinsurers to update reinsurance purchase strategy and ascertains suitable allowance for impairment of reinsurance assets.

###### Investment securities

The Company limits its exposure by setting maximum limits of portfolio securities with a single issuer or group of issuers. The Company also only makes use of institutions with high creditworthiness.

###### Insurance receivables

The credit risk in respect of customer balances, incurred on non payment of premiums or contributions will only persist during the grace period specified in the policy document on the expiry of which the policy is either repaid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

An estimate of the fair value of collateral and other security enhancements held against financial assets is nil.

##### d. Liquidity

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

##### Management of liquidity risk

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and the maturity of investment securities. The Company sets limits on the minimum portion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims at unexpected levels of demand.



## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

The table below shows the maturity profile of financial assets and liabilities:

#### d. liquidity (continued)

		Maturing			Total
		Within 1 yr	Between 1 to 5 yrs	Over 5 yrs	
<b>2007</b>					
<b>Assets</b>					
Investments	\$	8160	1807	25506	35473
Term deposits		21727	-	-	21727
Reinsurance assets		30137	-	-	30137
Trade and other receivables		19847	-	-	19847
		<u>79871</u>	<u>1807</u>	<u>25506</u>	<u>107184</u>
<b>Liabilities</b>					
Insurance contracts		82828	-	-	82828
Trade and other payables		14125	-	-	14125
		<u>96953</u>	<u>-</u>	<u>-</u>	<u>96953</u>
<b>Net gap</b>	\$	<u>(17082)</u>	<u>1807</u>	<u>25506</u>	<u>10231</u>
<b>Cumulative gap</b>	\$	<u>(17082)</u>	<u>(15275)</u>	<u>10231</u>	<u>-</u>
<b>2006</b>					
<b>Assets</b>					
Investments	\$	5250	1946	25014	32210
Term deposits		14060	-	-	14060
Reinsurance assets		23306	-	-	23306
Trade and other receivables		17777	-	-	17777
		<u>60393</u>	<u>1946</u>	<u>25014</u>	<u>87353</u>
<b>Liabilities</b>					
Insurance contracts		74584	-	-	74584
Trade and other payables		12446	-	-	12446
		<u>87030</u>	<u>-</u>	<u>-</u>	<u>87030</u>
<b>Net gap</b>	\$	<u>(26637)</u>	<u>1946</u>	<u>25014</u>	<u>323</u>
<b>Cumulative gap</b>	\$	<u>(26637)</u>	<u>(24691)</u>	<u>323</u>	<u>-</u>

#### e. Interest rates

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises on interest-bearing financial instruments recognized in the balance sheet.

#### Management of interest rate risk

## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

The investment committee comprises of three non-executive members and is responsible for reviewing the investment portfolio of the company and setting the general direction as to the types of investments that would comprise the company's portfolio. The aim is to balance the risk and returns with an objective of maximizing investment income.

A summary of the interest rate group position is as follows:

	Due on Demand	Due in one year	Due in two to five years	Due in over five years	Non-interest bearing	Total
<b>2007</b>						
<b>Assets</b>						
Cash and cash equivalents	33130	2669	-	-	-	35799
Term deposits	-	21727	-	-	-	21727
Investments	-	8160	1807	25506	-	35473
Trade and other receivables	-	-	-	-	19847	19847
Reinsurance assets	-	-	-	-	30137	30137
Other assets	-	-	-	-	24164	24164
<b>Total assets</b>	33130	32556	1807	25506	74148	167147
<b>Liabilities and Equity</b>						
Equity	-	-	-	-	67330	67330
Insurance contracts	-	-	-	-	82828	82828
Deferred tax liability	-	-	-	-	2156	2156
Provision for taxation	-	-	-	-	708	708
Trade and other payables	-	-	-	-	14125	14125
<b>Total liabilities and equity</b>	-	-	-	-	167147	167147
<b>Net gap</b>	33130	32556	1807	25506	(92999)	-
<b>Cumulative gap</b>	33130	65686	67493	92999	-	-
<b>2006</b>						
<b>Assets</b>						
Cash and cash equivalents	38114	1872	-	-	-	39986
Term deposits	-	14060	-	-	-	14060
Investments	-	5250	1946	25014	-	32210
Trade and other receivables	-	-	-	-	17777	17777
Reinsurance assets	-	-	-	-	23306	23306
Other assets	-	-	-	-	14861	14861
<b>Total assets</b>	38114	21182	1946	25014	55944	142200
<b>Liabilities and Equity</b>						
Equity	-	-	-	-	51732	51732
Insurance contracts	-	-	-	-	74584	74584
Deferred tax liability	-	-	-	-	1996	1996
Provision for taxation	-	-	-	-	1442	1442
Trade and other payables	-	-	-	-	12446	12446
<b>Total liabilities and equity</b>	-	-	-	-	142200	142200
<b>Net gap</b>	38114	21182	1946	25014	(86256)	-
<b>Cumulative gap</b>	38114	59296	61242	86256	-	-



## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

##### f. Foreign currency

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in a foreign currency, that is, in a currency other than the functional currency in which they are measured. The company carries on general insurance business in Trinidad and Tobago, Dominica, St. Lucia and St. Maarten. The functional and presentation currency is Trinidad and Tobago dollars. Foreign currency risk arises in the islands of operation.

##### Management of foreign currency risk

The table below summarises the exposure to foreign currency exchange rate risk.

##### 2007

Details	BDOS	TT\$	EC\$	FLS	Total
<b>Assets</b>					
Cash and cash equivalents	28	32713	2489	569	35799
Term deposits	-	9849	9629	2249	21727
Investments	606	32023	2844	-	35473
Trade and other receivables	5054	2009	12352	432	19847
Reinsurance assets	4630	15725	7609	2173	30137
Other assets	(16394)	26789	2830	10939	24164
<b>Total assets</b>	<b>(6076)</b>	<b>119108</b>	<b>37753</b>	<b>16362</b>	<b>167147</b>
<b>Liabilities and equity</b>					
Equity	(12746)	46286	27179	6611	67330
Insurance contracts	7066	51860	21290	2612	82828
Deferred tax liability	-	2156	-	-	2156
Provision for taxation	-	(6)	276	438	708
Trade and other payables	(396)	18812	(10992)	6701	14125
<b>Total liabilities and equity</b>	<b>(6076)</b>	<b>119108</b>	<b>37753</b>	<b>16362</b>	<b>167147</b>

##### 2006

<b>Assets</b>					
Cash and cash equivalents	16	37402	2008	560	39986
Term deposits	-	3321	8489	2250	14060
Investments	606	28833	2771	-	32210
Trade and other receivables	4829	1178	11500	270	17777
Reinsurance assets	4368	12138	2933	3867	23306
Other assets	(15968)	14661	7820	8348	14861
<b>Total assets</b>	<b>(6149)</b>	<b>97533</b>	<b>35521</b>	<b>15295</b>	<b>142200</b>
<b>Liabilities and equity</b>					
Equity	(12488)	35576	22842	5802	51732
Insurance contracts	6947	38952	24187	4498	74584
Deferred tax liability	-	1996	-	-	1996
Provision for taxation	-	19	932	491	1442
Trade and other payables	(608)	20990	(12440)	4504	12446
<b>Total liabilities and equity</b>	<b>(6149)</b>	<b>97533</b>	<b>35521</b>	<b>15295</b>	<b>142200</b>

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

#### 18. Segmental reporting

The relevant segmental information for the Company is as follows:

	2007			2006		
	Trinidad & Tobago	Other islands	Total	Trinidad & Tobago	Other islands	Total
Total revenue	44363	18931	63294	24275	15778	40053
Profit before tax	12484	5298	17782	2758	2753	5511
Total assets	122517	44326	166843	97533	44667	142200
Total liabilities	76616	23276	99892	61956	28512	90468
Purchase of fixed assets	275	-	275	115	215	330
Depreciation	177	43	220	161	49	210

#### 19. Contingent liabilities

##### a) July 27, 1990

The Company has denied liability for claims intimated arising from the events of July 27, 1990. This is based on legal advice, which is reinforced by reinsurers' common stand that these losses are not covered under treaty workings. Also, no provision has been made for legal costs, which may be incurred in respect of court actions arising out of these claims.

##### b) Claims in litigation

The Company is defending various legal actions relating to claims in dispute. These arose during the normal course of business. After taking legal advice, management has established certain provisions that are reflected in these financial statements.

The actual outcome of these legal actions could result in payments that differ from the provisions established by management.

#### 20. Related Party Transactions

##### (a) Identity of related party

The Company has a related party relationship with its parent and with its directors and executive officers.

##### (b) Related party transactions

A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and condition.

	2007	2006
<b>(i) Income and expenses</b>		
Management fees	\$ 500	500
Reinsurance premiums	\$ 3443	5999
Directors' fees	\$ 88	90

Amounts due from related parties are disclosed in note 7.



## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

##### (c) Transactions with key management personnel

In addition to their salaries, the Company also provides non-cash benefits to executive officers. The key management personnel compensation is as follows:

	2007	2006
<b>Short-term employee benefits</b>		
Accommodation	\$ 121	118
Vehicle	\$ 65	65

##### 21. Operating Leases

	2007	2006
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	\$ 733	665
Between one and five years	2683	3323

The company leases the facilities under operating leases. The leases typically run for a period of 1-3 years, with an option to renew the lease after that date. Lease payments are increased on renewal to reflect market rentals.

During the year ended December 31, 2007 \$780 (2006: \$662) were recognised as an expense in the statement of income in respect of operating leases.

##### 22. Use of Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the date of the financial statements and income and expenses during the reporting period. Actual results could differ from these estimates.

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

- **Held-to-maturity investments**

The company follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires judgement. In making this judgement, the company evaluates its intention and ability to hold such investments to maturity. If the company fails to keep these investments to maturity other than for the specific circumstances for example, selling other than an insignificant amount close to maturity it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value, not amortised cost. If the entire class of held-to-maturity investments is compromised, the fair value would be recorded in investments with a corresponding entry in the capital reserve in shareholders' equity

- **Determining fair values**

Fair value reflects the present value of future cash flows associated with a financial asset or liability where an active market exists. Observable market prices or rates are used to determine fair value. For financial instruments with no active market or a lack of price transparency, fair values are estimated

### THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

#### NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2007 (contd...)

using calculation techniques based on factors such as discount rates, credit risk and liquidity. The assumptions and judgements applied here affect the derived fair value of the instruments.

- **Impairment of assets**

The identification of impairment and the determination of recoverable amounts is an intently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

- **Litigation**

There are certain legal proceedings outstanding against the Company. Appropriate provision has been made in these financial statements to reflect the loss that in management's opinion is likely to occur.





## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

#### DIRECTORS' REPORT

The directors present their annual report together with the financial statements for the year ended 31 December 2007.

#### STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing those financial statements, the Directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act Cap 249. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### PRINCIPAL ACTIVITY

The principal activity of the Company continued to be that of carrying on insurance business. However, the Company has ceased business operations with effect from 1st January 2003

The liabilities include dues to Insurance Companies' which is due to New India in Mumbai as the reinsurer of the company's operations in certain areas.

#### DIRECTORS

The directors as at 31 December 2007, and their interests in the Share Capital of the Company were as follows.

	Share of Le 2.00 each	
	End of year	Beginning of year
I. S. Phukela	-	-
K. G. Arora	-	-

#### AUDITORS

In accordance with Section 130 of the Companies Act Cap 249 of the Laws of Sierra Leone a resolution for the re-appointment of PKF, as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

#### TRADING RESULT

The results for the year and other key indicators are set out in the attached financial statements. The Company made a profit for the financial year of Le 30,387,000 thus reducing the accumulated loss to Le 20,873,000 from Le 51260000 of last year.

The Directors do not recommend the payment of dividend for the year

BY ORDER OF THE BOARD

SECRETARY



Estbd. 1919 21st May 2008  
Mumbai

### AUDITORS' REPORT TO THE SHAREHOLDERS OF THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under accounting policies set out on page 7.

#### Respective Responsibilities of Directors and Auditor

As described on page 1 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of Opinion

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Going Concern

We draw attention to note 10 which states that the Company has a deficiency of net assets amounting to Le 29,069,000 and is dependent on the financial support of the directors for the continuance of normal operations.

#### Opinion

In our opinion the financial statements give a true and correct view of the state of the Company's affairs as at 31st December 2007 and of its results for the year then ended and have been properly prepared in accordance with the companies Act Cap 249, and Insurance Act 2000.

**FREETOWN**

21st May 2008

Chartered Accountants



Estbd. 1919

## Subsidiaries

### THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED PROFIT AND LOSS ACCOUNT - 31ST DECEMBER 2007

	Note	2007 Le 000	2008 Le 000
Investment Income		42716	4238
Other Income		-	-
		<u>42716</u>	<u>4238</u>
Operating Expenses		(12329)	(14229)
Taxation	3	-	-
Profit for the financial year	2	<u>30387</u>	<u>(9991)</u>

Movement on reserves is set out in note 9.

### THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED CASH FLOW STATEMENT YEAR ENDED 31ST DECEMBER 2007

	2007		2006	
	Le 000	Le 000	Le 000	Le 000
OPERATING ACTIVITIES	30387		(9991)	
Operating profit (Loss) before taxation				
(Increase) in debtors	(830)		(3409)	
Net cash inflow / (outflow) from operating activities		29557		(13400)
FINANCING ACTIVITIES				
Exchange gain			7737	
Net cash inflow / (outflow) from financing activities		-		7737
Net cash inflow / (outflow)		29557		(5663)
Analysis of changes in cash and cash Equivalents during the year :				
Beginning of year		14383		241046
Net cash outflow / (outflow)		29557		(5663)
Less : Transfer to fixed deposits		(41886)		(221000)
End of year		<u>2054</u>		<u>14383</u>



Estbd. 1919

**THE NEW INDIA ASSUANCE COMPANY (SIERRA LEONE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2007**

**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material to the Company's affairs:

a) Accounting convention

The financial statements set out on pages 4 to 11 are prepared under the historical cost convention.

**2. LOSS FOR THE FINANCIAL YEAR**

Loss for the financial year is stated after charging the following :

	2007 Le 000	2006 Le 000
Auditors' remuneration	<u>5000</u>	<u>5000</u>

**3. TAXATION**

No provision has been made for taxation as there was an adjusted loss for the year.

**4. TANGIBLE FIXED ASSETS**

	Motor Vehicles Le 000	Office Fixture and Fitting Le 000	Residential Equipment Le 000	Total Le 000
<b>COST</b>				
Beginning and end of year	-	-	-	-
<b>DEPRECIATION</b>				
Beginning of year and end of year	-	-	-	-
Charge	-	-	-	-
Disposals	-	-	-	-
End of year	-	-	-	-
<b>NET BOOK AMOUNT</b>				
End of year and beginning of year	-	-	-	-

**5. INVESTMENTS**

Investments comprised :

Deposit with the Bank of Sierra leone	60000	60000
Deposit with Rokel Commercial Bank Sierra Leona Ltd	<u>262886</u>	<u>221000</u>
	<u>322886</u>	<u>281000</u>

**6. DEBTORS**

Debtors comprised :

Taxation	8669	2262
Sundry debtors	165	165
Interest receivable	-	5577
	<u>8834</u>	<u>8004</u>



## Subsidiaries

### THE NEW INDIA ASSUANCE COMPANY (SIERRA LEONE) LIMITED NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2007

	2007 Le 000	2006 Le 000
<b>7. CREDITORS</b>		
Amount falling due within one year comprised :		
Sundry creditors	8868	8868
Amount due to Insurance Companies	353975	353975
	<u>362843</u>	<u>362843</u>

#### 8 CALLED UP SHARE CAPITAL

Called up share capital comprised allotted called up and fully paid ordinary shares of Le 2.00 each. The authorised share capital of the company throughout the year was Le 500000 divided into 250000 ordinary shares of Le 2.00 each.

#### 9 PROFIT AND LOSS ACCOUNT

The movement on this account during the year was as follows :

	Le 000
Beginning of year	(51260)
Profit for the year	30387
	-----
End of year	(20873)
	=====

#### 10 Going Concern

The balance sheet shows that liabilities exceed assets by Le 29 069.

The Directors have confirmed their intention to maintain financial support for the foreseeable future to enable the Company to continue normal operations. The financial statements are therefore drawn on a going concern basis.

#### 11 LIBERIA BRANCH

In view of the current situation in Liberia the financial statements for 2007 as in the case of 2002 to 2006 represent only the transactions of the Freetown office.

#### 12 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2007 (2006-Nil)

#### 13 CONTINGENT LIABILITIES

The Company had denied liability for claim amounting to 8679769 United States Dollars and 7770556 Liberian Dollars on the Liberia Branch arising from the situation in Liberia. There is pending litigation for which the Company has obtained legal opinion that it will incur no liability on these claims.



## Subsidiaries

### THE NEW INDIA ASSUANCE COMPANY (SIERRA LEONE) LIMITED SHORT TERM BUSINESS REVENUE ACCOUNT - YEAR ENDED 31ST DECEMBER 2007

	2007		2006	
	Le 000	Le 000	Le000	Le000
Premium written		-		-
Less reinsurance Increase / decrease in provision for unearned premiums		-		-
Premiums earned		-		-
Commission received from reinsurers		-		-
Claim incurred	-		-	
Commission paid	-		-	
Expenses	12329		14229	
Contingency reserve	-		-	
		<b>12329</b>		14229
Underwriting (loss)		<b>12329</b>		14229
Underwriting (loss) comprised :				
Fire	-		-	
Marine	-		-	
Motor	-		-	
Miscellaneous accident Expenses	-		-	
		<b>12329</b>		14229
		<b>12329</b>		14229

#### BALANCE SHEET - 31ST DECEMBER 2007

#### FIXED ASSETS

Tangible assets	4	-	-
Investement	5	322886	281000

#### CURRENT ASSETS

Debtors	6	8834	8004
Deposits bank and cash balances		2054	14383
		10888	22387

#### CREDITORS

Amount falling due within one year	7	(362843)	(362843)
<b>NET CURRENT LIABILITIES</b>		(351955)	(340456)

#### TOTAL ASSETS LESS CURRENT LIABILITIES

<b>CAPITAL AND RESERVE</b>			
Called up share capital	8	500	500
Profit & Loss Account	9	(20873)	(51260)
Exchange equalisation account		(20910)	(20910)
Contingency reserve		12214	12214
		(29069)	(59456)

APPROVED BY THE BORD ON 21ST MAY 2008

I S Phukela - Director  
K. G. Arrora - Director



## Subsidiaries

### REPORT OF THE AUDITORS TO THE MEMBERS OF PRESTIGE ASSURANCE PLC

We have audited the financial statements of Prestige Assurance Plc as at 31 December 2007 set out on pages 2 to 18, which have been prepared on the basis of the accounting policies on pages 2 to 5 and other explanatory notes on pages 10 to 15.

#### RESPECTIVE RESPONSIBILITY OF DIRECTORS AND AUDITORS

In accordance with the Companies and Allied Matters Act, CAP C20 Laws of Federation of Nigeria 2004 and the Insurance Act, CAP 117 Laws of Federation of Nigeria 2004, the Company's directors are responsible for the preparation of the financial statements. Our responsibility is to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### BASIS OF OPINION

We conducted our audit in accordance with generally accepted auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

The financial statements drawn up in conformity with generally accepted accounting principles and the accounting standards issued to date by the Nigerian Accounting Standards Board are in agreement with the books of account, which in our opinion have been properly kept. We have obtained all the information and explanations we required for the purposes of our audit.

#### OPINION

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 31 December, 2007 and of the profit and cash flow for the year ended on that date, and have been properly prepared in accordance with the Companies and Allied Matters Act, CAP C20 Laws of Federation of Nigeria 2004 and the Insurance Act, CAP 117 Laws of Federation of Nigeria 2004.

CHARTERED ACCOUNTANTS

LAGOS

DATE:



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## PRESTIGE ASSURANCE PLC

### STATEMENT OF ACCOUNTING POLICIES - YEAR ENDED 31 DECEMBER, 2007

The following are the significant accounting policies adopted by the Company in the preparation of its financial statements. These policies have been constantly applied to all years' presentations, unless otherwise stated.

#### 1. BASIS OF ACCOUNTING

The financial statements are prepared in compliance with Nigerian Statements of Accounting Standards (SAS). The financial statements are presented in the functional currency, Nigeria Naira and prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The annual accounting basis is used to determine the underwriting result of each class of insurance business written.

#### 2. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated at the cost, less depreciation on a straight-line basis over the estimated useful life of the assets, taking into consideration any residual value, excluding the costs of day-to-day servicing.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Assets on lease are accounted for in accordance with the substance and financial reality of the transaction. Depreciation is provided to write off the related assets over the period of the lease. Income from assets on lease is accrued evenly over the respective period of the leases.

#### 3. DEPRECIATION OF PROPERTY, PLANT & EQUIPMENT

Depreciation is calculated to write off the cost of property, plant & equipment during their expected useful lives on a straight-line basis. In the case of revalued property, plant & equipment, depreciation is calculated by reference to the enhanced value of the assets concerned. The principal annual rates of depreciation, which are consistent with those of previous years, are:

Leasehold Land & Buildings	2% or amortised over the life of lease if less than 50 years
Furniture, Fittings & Equipment	10%
Computers	33 <sup>1</sup> / <sub>3</sub> %
Motor Vehicles	25%
Plant & Machinery	12 <sup>1</sup> / <sub>2</sub> %

Depreciation is not calculated on property, plant & equipment until they are brought into use. Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

#### 4. PROVISION FOR UNEXPIRED RISKS

Reserves for unexpired risks are those proportions of the premiums written in a year, less re-insurance, that relate to the period of risks from January in the following accounting year to the subsequent date of expiry of the policies and have been computed in accordance with Section 20(1)(a) of the Insurance Act 2003, which stipulates that provision for unexpired risk shall be calculated on a time apportionment basis of the risks accepted in the year.

### PRESTIGE ASSURANCE PLC

#### STATEMENT OF ACCOUNTING POLICIES YEAR ENDED 31 DECEMBER, 2007

##### 5. PROVISION FOR OUTSTANDING CLAIMS/INCURRED BUT NOT YET REPORTED

Full provision is made for the estimated amount of outstanding claims notified but not settled at the date of the balance sheet, less reinsurance recoveries, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the balance sheet date on the basis of claims notified but not settled in compliance with the provisions of Section 20(1) (b) of the Insurance Act 2003. Similarly, provisions are made for “unallocated claims expenses” being the estimated administrative expenses that will be incurred after the balance sheet date in settling all claims outstanding as at the date, including IBNR. Differences between the provisions for outstanding claims at a balance sheet date and the subsequent settlement are included in the revenue Account of the following year.

##### 6. CONTINGENCY RESERVE

Contingency reserve has been calculated at 3% of the total premium or 20% of the net profit before tax which ever is greater in accordance with Section 21(2) of the Insurance Act 2003 until the accumulated reserve reaches the amount of the minimum paid-up capital or 50 per centum of the net premiums (which ever is greater).

##### 7. FOREIGN CURRENCIES TRANSLATION

The financial statements are presented in Naira, which is the Company’s functional and presentation currency. Income and expenses denominated in foreign currencies are translated to the Naira at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency balances are converted to the Naira at the applicable rates of exchange ruling at the balance sheet date. Any profits or loss arising on the conversion of foreign currencies is included in the profit and loss account.

##### 8. INVESTMENTS

Long-term investments are stated at market value on balance sheet date while short term investments are stated at cost less provision for diminution in values.

No provision is made for diminution in the market value of government securities as it is the Company’s policy to hold such securities until maturity.

##### 9. INVESTMENT INCOME

Interest and rental income are shown gross and are accounted for on accrual basis. Dividends are accounted for on the basis of the amounts actually received during the year.

##### 10. DEBTORS

Debtors are recognized and earned at the original invoice amounts less an allowance for any un-collectible amounts. Specific provision is made where there is objective evidence that the collection of any debt is considered doubtful. Debts considered Irrecoverable are written off.

##### 11. EMPLOYEES’ RETIREMENT BENEFITS

###### i) Pension Fund Scheme

The Company operates a defined contributory retirement benefits scheme for members of staff, which is independent of its finances and is managed by Pension Fund Administrators. The Scheme, which is funded by contributions from employees (7½%) and the Company (7½%) is consistent with the provisions of the Pension Reform Act 2004. The company’s contribution in each year is charge against income and is included in staff cost.

###### ii) Gratuity Scheme

The company operates a non-contributory and unfunded defined benefit service gratuity scheme for its employees. The employees’ entitlement to retirement benefits under the service gratuity scheme depends

**PRESTIGE ASSURANCE PLC**

**STATEMENT OF ACCOUNTING POLICIES - YEAR ENDED 31 DECEMBER, 2007**

on the individual years of service, terminal salary and conditions of service. Benefits payable to employees on retirements or resignation are accrued over the service life of the employee concerned based on current salary at the balance sheet date. The company's contribution to the service gratuity scheme is charged to the income statement.

**12. TAXATION**

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax, education tax and deferred income/capital gains tax.

**i) Income Tax**

Income tax payable is provided by applying the currently enacted tax rates on the profit of the company as adjusted for taxation purposes.

**ii) Deferred Taxation**

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the year when the asset is realized or the liability settled, based on tax rates and tax laws that have been enacted at the balance sheet date.

**iii) Capital Gain Tax**

Capital Gain Tax is included in the tax expenses for the period to which it relates. Capital Gain Tax relating to a disposal of an extra ordinary item is deducted from such item.

**iv) Value Added Tax**

Non recoverable VAT paid in respect of an expensed: Non recoverable VAT paid in respect of property, plant & equipment is capitalized as part of the cost of the property, plant and equipment.

The net amount owing to or due from the tax authority is included in the recoverable VAT outstanding for over three years is fully provided for output VAT is excluded from the turnover shown in the profit and loss account.

**v) Withholding Tax**

The withholding tax credit is used to set off against income tax payable. Tax credit which is considered irrecoverable is written off as part of the tax charge for the year.

**13. CLAIMS**

Claims paid are stated alongside amounts recoverable from re-insurers.

**14. MAINTENANCE EXPENSES**

Maintenance expenses are apportioned amongst the various classes of insurance business on the basis of net premium earned in each class.

**15. PREMIUM**

Full credit is taken for premium receivable upon the issuance of the related policies.

**16. COMMISSION**

Commissions are accounted for in the profit and loss account in the period they are incurred and calculated on a time basis of the risks accepted in the year.

**17. ASSETS ON LEASE**

Assets on lease to customers are stated at cost less accumulated depreciation. Depreciation is provided on an



## Subsidiaries

### PRESTIGE ASSURANCE PLC

#### STATEMENT OF ACCOUNTING POLICIES - YEAR ENDED 31 DECEMBER, 2007

appropriate basis to write-off the related assets cost over the period of the lease, and is included in operating expenses. Rental income from assets on lease to customers is credited to lease income on a consistent basis over the lease term.

#### 18. PROVISIONS

Provisions is recognized when the Company has present obligation, whether legal or constructive , as a result of a past event for which it is possible that an outflow of a resources embodying economic benefit will be recognized to settle the obligation in accordance with the statement of Accounting Standard (SAS23).

#### 19. UNCLAIMED DIVIDEND

Unclaimed dividends are amounts payable to shareholders in respect of dividend previously declared by the company, which have remained unclaimed by the shareholder. In compliance with section 385 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, unclaimed dividend after twelve years are transferred to general reserves.

#### 20. CASH AND CASH EQUIVALENT

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; cash balances with banks and bank overdrafts.

#### 21. DIVIDEND PAYABLE

Proposed dividends for the year, is recognized as a liability after the balance sheet date when declared and approved by shareholders at the Annual General Meeting.

#### 22. COMPARATIVE

Where necessary, comparative figures have been adjusted to conform to changes.



## Subsidiaries

### PRESTIGE ASSURANCE PLC (NIGERIA) BALANCE SHEET AT 31ST DECEMBER 2007

	Notes	2007 N' 000	2006 N' 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property Plant & Equipment	6	555405	495627
Statutory Deposit	5	300000	20000
Long Term Investment	4	1609824	768124
Short Term Investments	1	2345278	2281837
		<b>4810507</b>	<b>3565588</b>
<b>Current assets</b>			
Cash and Cash Equivalents		180605	287116
Debtors	2	1263182	957193
Deferred Acquisition Expenses	3	30111	25101
		<b>1473898</b>	<b>1269410</b>
<b>Total assets</b>		<b>6284405</b>	<b>4834998</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share Capital	9	859994	797652
Share Premium	10	1349986	1335829
Bonus Income Reserve	11	214998	-
Statutory Contingency Reserve	12	585261	404947
Investment Revaluation Reserve	13	859909	466929
General Reserve	14	811771	611999
<b>Total equity</b>		<b>4681918</b>	<b>3617356</b>
<b>Insurance funds</b>	8	<b>343170</b>	<b>298040</b>
		<b>343170</b>	<b>298040</b>
<b>Non-current liabilities</b>			
Deferred Tax Liability	19b	<b>69491</b>	<b>66272</b>
<b>Current liabilities</b>			
Creditors	7	904730	667570
Provision for Taxation	19a	285095	185760
		<b>1189825</b>	<b>853330</b>
<b>Total equity and liabilities</b>		<b>6284405</b>	<b>4834998</b>

Signed on behalf of the Board by :

#### DIRECTORS

The accounting policies on pages 2 to 5 the notes on pages 9 to 15 form part of these accounts



## Subsidiaries

### THE PRESTIGE ASSURANCE PLC (NIGERIA) STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER 2007

	2007 N' 000	2006 N' 000
Gross Ppremium Written	2260710	1539098
Underwriting Profits / (Losses):		
General Accident	6276	38820
Fire	366078	239672
Workmen's Compensation	104558	38581
Motor	117603	91618
Marine & Aviation	110931	75266
	<u>705446</u>	<u>483957</u>
Transfer to Statutory Contingency Reserve	<u>(180314)</u>	<u>(120097)</u>
	525132	363860
Investment Income	751385	487068
Other Income	1402	1609
Management Expenses	(467311)	(321799)
Provision for Bad and Doubtful Debts	(89353)	(50351)
Income Before Taxation	721255	480387
Taxation	<u>(263485)</u>	<u>(193068)</u>
	<u>457770</u>	<u>287319</u>

### THE PRESTIGE ASSURANCE PLC (NIGERIA) STATEMENT OF SHAREHOLDERS EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2007

	Share Capital N'000	Share Premium N'000	Bonus Issue Reserve N'000	Statutory Contingency Reserve N'000	Investment Revaluation Reserve N'000	General Reserve N'000	Total N'000
Balance at 1st January 2006	366122	94174	-	284850	259195	324681	1329022
Addition/movement in the year	340000	1360000	-	120097	207733	-	2027830
Retained earnings	-	-	-	-	-	287319	287319
Bonus issue allotted	91530	-	-	-	-	-	91530
Right issue expenses	-	(118345)	-	-	-	-	(118345)
Transfer to bonus Issue reserve	-	-	-	-	-	-	-
<b>Balance at 31st December 2006</b>	<b>797652</b>	<b>1335829</b>	<b>-</b>	<b>404947</b>	<b>466928</b>	<b>612000</b>	<b>3617356</b>
Addition/movement in the year	-	249367	-	180314	392980	-	822661
Retained earnings	-	-	-	-	-	457770	457770
Dividend proposed in 2006 declared during the year	-	-	-	-	-	(257998)	(257998)
Bonus issue allotted/(transferred)	-	-	-	-	-	-	-
Right/Bonus issue expenses	-	(20212)	-	-	-	-	(20212)
Public issue allotted	62342	-	-	-	-	-	62342
<b>Balance at 31st December 2007</b>	<b>859994</b>	<b>1564984</b>	<b>-</b>	<b>585261</b>	<b>859908</b>	<b>811772</b>	<b>4681918</b>



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The accounting policies on pages 2 to 5 the notes on pages 10 to 15 form part of these accounts.

## Subsidiaries

### PRESTIGE ASSURANCE PLC STATEMENT OF CASH FLOW YEAR ENDED 31 DECEMBER, 2007

		2007	2006	
	N' 000	N' 000	N'000	N'000
<b>Cash Flows from Operating Activities</b>				
Premium received from policy holders	1602995		1373017	
Commission received	312570		183614	
Other operating receipts	1402		1609	
Reinsurance receipts in respect of claims	563570		168817	
Cash paid to and on behalf of employees	(302250)		(197169)	
Reinsurance premium paid	(705130)		(627210)	
Other operating cash payments	(615487)		(169381)	
Claims paid	(465925)		(419598)	
Company income tax paid	(160932)		(149456)	
Net cash provided by operating activities		<b>230815</b>		164243
<b>Cash Flows from Investing Activities</b>				
Purchase of fixed assets	(411747)		(392335)	
Purchase of investments	(448720)		(63555)	
Realisation of /(Addition to) other investments	(63440)		(1575513)	
Sale of fixed assets	9371		3139	
Dividend received	13942		16104	
Interest received	234514		149918	
Lease rental received	385526		285358	
Profit on sale of investment	109281		32549	
Net cash provided by investing activities		<b>(171273)</b>		(1544335)
<b>Cash Flows from Financing Activities</b>				
Expense of script issue & filing fees	(20382)		(118370)	
Issue of ordinary shares	311709		1700000	
Payment of statutory deposit	(280000)		-	
Dividend paid	(177380)		(74115)	
Net cash provided by financing activities		<b>(166053)</b>		1507515
Increase in cash and cash equivalents		<b>(106511)</b>		127423

The accompanying notes form part of this Statement of Cash Flows.





## Subsidiaries

### THE PRESTIGE ASSURANCE PLC (NIGERIA) NOTES OF ACCOUNT - YEAR ENDED 31 DECEMBER, 2007

#### 1 Reconciliation of operating profit to the cash provided by operating activities

	2007	2006
	N' 000	N' 000
Operating profit before tax	901569	600484
Stamp duty and filing fees	170	25
Investment income	(751385)	(487068)
Depreciation	350719	244751
Increase /(Decrease) in unearned premiums	17666	8481
Increase /(Decrease) in creditors	156542	252845
Increase /(Decrease) in claims provisions	27464	20642
(Increase) /Decrease in debtors	(305988)	(317849)
(Increase) /Decrease in deferred acquisition expenses	(5010)	(8610)
Tax paid	(160932)	(149456)
Cash provided by operating activities	230815	164245

#### 2 Analysis of changes in cash and cash equivalents and other liquid Investments

	Cash & Cash Equivalents	Investments	Total	
	N'000	N'000	N'000	
Balance as at 1 Jan. 2007	287116	3049961	3337077	1362854
Net cash inflow	(106511)	-	(106511)	127423
Purchase of investments	-	624835	624835	1639089
Sales of investment	-	(75960)	(75960)	(32000)
Investments revaluation surplus	-	356265	356265	239711
	180605	3955101	4135706	3337077

#### 3 Analysis of the balance of cash and cash equivalents and other liquid investments

	2007	2006	Changes during the year
	N'000	N'000	N'000
Cash at bank and in hand	180605	287116	(106511)
Investments	3955101	3049961	905140
	4135706	3337077	798629



**PRESTIGE ASSURANCE PLC**  
**NOTES ON THE ACCOUNT - YEAR ENDED 31 DECEMBER, 2007**

	2007 N' 000	2006 N' 000
<b>1 SHORT TERM INVESTMENTS</b>		
Commercial Papers	41170	78056
Bankers Acceptances	2097500	2054371
Government Securities (Market value 130m)	130000	130000
Call Deposits	1980	9410
Others	74628	-
	<b>2345278</b>	<b>22818372</b>
<b>2 DEBTORS</b>		
Outstanding Premiums	473047	423924.
Amounts due from Re-Insurance and Insurance Companies	562916	290088
Amounts due from Insurance Brokers and Agents	421368	329995
Sundry Debtors & Prepayments	44839	62821
	<b>1502170</b>	<b>1106828</b>
Provision on Doubtful Debts	(238988)	(149635)
	<b>1263182</b>	<b>9571933</b>
<b>3 DEFFERED ACQUISITION EXPENSES</b>		
Deffered Acquisition Expenses	30111	25101
<b>4 LONG TERM INVESTMENTS</b>		
These comprise of:		
<b>(i) Quoted investments</b>		
<b>Ordinary shares</b> Balance as at beginning of the year	570667	355651
Addition during the year	457020	7305
Disposal during the year	(75960)	(32000)
Excess of market value over the cost		
Transferred to investment revaluation reserve	356265	239711
Closing balance	<b>1307992</b>	<b>570667</b>
<b>(ii) Unquoted investments at cost</b>		
<b>Ordinary shares</b> balance as at beginning of the year	197457	141185
Additions during the year	104375	56272
	<b>301832</b>	<b>197457</b>
	<b>1609824</b>	<b>768124</b>

The directors are of the opinion that the market value of unquoted investments is not lower than cost.

4.1 Ordinary Shares of quoted investments were valued at market value in line with NAICOM guidelines 2007

**5 STATUTORY DEPOSIT**

Balance brought forward	20000	20000
Deposit during the year	280000	-
Balance brought forward	<b>300000</b>	<b>20000</b>

This represents deposit with Central Bank of Nigeria thesum of N300000000 ( 2006-N20000000 ).

This is in accordance with section 10(2) of the Insurance Act 2003.

## Subsidiaries

### PRESTIGE ASSURANCE PLC

#### NOTES ON THE ACCOUNT YEAR ENDED 31 DECEMBER, 2007

	LEASEHOLD FURNITURE						TOTAL N'000
	PLANT & MACHINERY N'000	LAND & BUILDING N'000	FIXTURES & FITTINGS N'000	COMPUTER EQUIPMENT N'000	MOTOR VEHICLES N'000	ASSETS ON LEASE N'000	
<b>6. PROPERTY PLANT &amp; EQUIPMENT</b>							
<b>Cost :</b>							
At 1st January 2007	14835	141912	19328	31522	53338	753076	1014009
Additions	6523	3558	6573	7168	14798	373167	411787
Adjustment/Written off	-	-	(40)	-	-	-	(40)
Disposal	-	-	-	-	(16850)	(229984)	(246834)
At 31st December 2007	<u>21358</u>	<u>145470</u>	<u>25861</u>	<u>38690</u>	<u>51286</u>	<u>896259</u>	<u>1178922</u>
<b>Depreciation:</b>							
At 1st January 2007	10886	11325	12591	22261	33040	428280	518382
Charge for the year	1434	2511	2477	8110	13321	322869	350723
Adjustment/Written off	-	-	(4)	-	-	-	(4)
Disposal	-	-	-	-	(15600)	(229984)	(245584)
At 31st December 2007	<u>12320</u>	<u>13837</u>	<u>15064</u>	<u>30371</u>	<u>30761</u>	<u>521165</u>	<u>623517</u>
Net book value :							
At 31st December 2007	<u>9038</u>	<u>131633</u>	<u>10797</u>	<u>8319</u>	<u>20525</u>	<u>375094</u>	<u>555405</u>
At 31st December 2006	<u>3949</u>	<u>130586</u>	<u>6737</u>	<u>9261</u>	<u>20298</u>	<u>324796</u>	<u>495627</u>

#### 7 CREDITORS

	2007 N'000	2006 N'000
Amounts falling due within one year:		
Amounts due to Re-Insurance and Insurance Companies	385827	154688
Amounts due to Insurance Brokers and Agents	64623	129821
Amounts due to Policy Holders	78960	69060
Sundry Creditors and Accrued charges	230170	249469
Dividend Payable (Note 19)	145150	64532
	<u>904730</u>	<u>66757011</u>



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## Subsidiaries

### PRESTIGE ASSURANCE PLC NOTES ON THE ACCOUNT - YEAR ENDED 31 DECEMBER, 2007

	2007 N' 000	2006 N'000
<b>8 INSURANCE FUNDS</b>		
Unexpired Risks:		
Accident	34976	16126
Fire	42755	33019
Workmen's Compensation	12260	45522
Motor	56714	39812
Marine and Aviation	29075	23635
	<b>175780</b>	<b>158114</b>
Outstanding Claims:		
Accident	37349	39460
Fire	58276	21080
Workmen's Compensation	15097	19571
Motor	18415	17289
Marine and Aviation	38253	42526
	<b>167390</b>	<b>139926</b>
Total Insurance Funds	<b>343170</b>	<b>298040</b>
<b>9 SHARE CAPITAL</b>		
AUTHORISED		
4000000000 Ordinary Shares of 50k each	<b>2000000</b>	2000000
ISSUED AND FULLY PAID		
1595304 Balance as at 1 January	797652	366122
- Bonus issue allotted-	91530	124684
124684 Public Issue allotted in the year	62342	340000
	<b>1719988</b>	<b>797652</b>
On 6 February the Board considered that the surplus application of 124683500 ordinary shares of 50k each out of the oversubscription in the offer for subscription of 680000000 ordinary shares of 50kobo each be absorbed after Regulators' Approval.		
<b>10 SHARE PREMIUM</b>		
Balance brought forward	1335829	94174
Additions in the year	249367	1360000
Rights/Bonus issue expenses	(20212)	(118345)
	<b>1564984</b>	<b>1335829</b>
Transfer to Bonus issue Reserve (Note 11)	(214998)	-
	<b>1349986</b>	<b>1335829</b>
<b>11 BONUS ISSUE RESERVE</b>		
Transfer from Share Premium (Note 10)	<b>214998</b>	-
<b>12 STATUTORY CONTINGENCY RESERVE</b>		
Balance brought forward	404947	284850
Additional provision made during the year	180314	120097
At 31 December	<b>585261</b>	<b>404947</b>



## Subsidiaries

### PRESTIGE ASSURANCE PLC

#### NOTES ON THE ACCOUNT YEAR - ENDED 31 DECEMBER, 2007

#### 13 INVESTMENTS REVALUATION RESERVE

Balance as at January	466929	259196
Movement during the year	392980	207733
At 31 December	859909	466929

#### 14 GENERAL RESERVE

At 1 January	612000	324681
Dividend proposed in 2006 declared during the year	(257998)	-
Retained Earnings	457770	287319
At 31 December	8117726	1200012

	2007 N'000	2007 N'000	2006 N'000	2006 N'000
<b>15 PREMIUM EARNED AND UNDERWRITING PROFITS</b>	<b>PREMIUM EARNED</b>	<b>UNDER-WRITING PROFIT/(LOSS)</b>	<b>PREMIUM EARNED</b>	<b>UNDER-WRITING PROFIT</b>
Accident Insurance Business	100825	6276	89561	38954
Fire Insurance Business	485680	366078	339062	239672
Workmen's Compensation Insurance Business	152837	104558	94163	38447
Motor Insurance Business	223010	117603	142563	91618
Marine and Aviation	200839	110931	215771	75266
	1163191	705446	881120	483957

#### 16 UNDERWRITING EXPENSES

Acquisition Cost:		
Commission Paid		238482
Maintenance Expenses		380988
		619470

#### 17 OTHER OPERATING INCOME

Sundry Income		1402
		1609

#### 18 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging and (crediting):

Directors' Remuneration:		
Fees		560
Gratuity		1140
Other Remuneration		14759
Depreciation		350719
Auditors' Remuneration		2400
Exchange Loss (Gain)		14214
(Profit) /Loss on disposal of fixed assets		(8121)
Lease Rental Income		385526
		285358



## PRESTIGE ASSURANCE PLC NOTES ON THE ACCOUNT - YEAR ENDED 31 DECEMBER, 2007

	2007 N' 000	2006 N'000
<b>19a TAXATION</b>		
I Profit and Loss Account-		
Income Tax on Profit for the year	237068	150982
Education Tax	23199	16510
	260267	167492
Deferred Taxation (19b)	3218	25576
	263485	193068
ii Balance Sheet-		
Balance at 1st January	185760	167724
Charge for the year (Income Tax and Education Tax)	260267	167492
Tax paid	(160932)	(149456)
	285095	185760
The charge for taxation in these accounts is based on the Companies Income Tax Act. 1979 as amended to date.		
<b>19B DEFERRED TAXATION</b>		
<b>BALANCE BROUGHT FORWARD</b>	66273	40697
Provision made in the year	3218	25576
	69491	66273
The company has adopted the Statement of Accounting Standard SAS 19 on deferred taxation which is now computed using the liability method.		
<b>20 DIVIDEND</b>		
At 1 January	64532	138647
Declared during the year	257998	-
Payments	(177380)	(74115)
At 31 December	145150	64532
A final dividend of 20k per 50k share held has been proposed. This is subject to shareholders' ratification. No provision would be made for dividends until ratification at the Annual General Meeting.		
<b>21 STAFF</b>		
Average number of persons employed in the financial year and staff costs were as follows:	<b>2007</b>	2006
	<b>Number</b>	Number
Managerial	7	21
Senior Staff	41	26
Junior Staff	21	21
	69	68
<b>22 STAFF COSTS</b>	<b>N</b>	<b>N</b>
Salaries and welfare	228515	166420
Staff gratuity and pension	75364	19114
	303879	185534

## Subsidiaries

### PRESTIGE ASSURANCE PLC

#### NOTES ON THE ACCOUNT YEAR ENDED 31 DECEMBER, 2007

	2007 N' 000	2006 N'000
Medical	8668	6072
Training	9643	5564
	<u>322190</u>	<u>197170</u>
Gratuity		
Total liability	-	30045
Balance b/f	20030	-
Provision during the year	(20030)	(10015)
Balance as at December	<u>-</u>	<u>20030</u>

#### 23 CHAIRMAN'S AND DIRECTORS' EMOLUMENTS PENSIONS AND COMPENSATION FOR LOSS OF OFFICE:

	N'000	N'000
Emoluments:		
Chairman	150	100
Other Directors	560	375
Gratuity	1140	1140
Other Emolument of Executives	14759	13685
Emolument of highest paid director	14759	13685

The number of directors excluding the chairman whose emoluments were within the following ranges were:

N	N	Number	Number
10001	20000	Nil	Nil
20001	30000	Nil	Nil
50001	60000	Nil	Nil
70001	80000	6	5
Above	80000	-	1

#### EMOLUMENTS WAIVED

Number of directors who have waived their rights to receive emoluments

Nil Nil

#### 24 EMPLOYEES REMUNERATION AT HIGHER RATES

The number of employees in respect of emoluments within the following ranges were:

N	N	2007 Number	2006 Number
150001	180000	6	16
180001	210000	8	12
210001	240000	10	8
240001	280000	9	11
280001	320000	11	11
Above	320000	25	10
		<u>69</u>	<u>68</u>

#### 25 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit after tax attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the year.



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### PRESTIGE ASSURANCE PLC

#### NOTES ON THE ACCOUNT YEAR ENDED 31 DECEMBER, 2007

Profit after tax for the year attributable to ordinary shareholders	<b>638084</b>	407416
Weighted average number of shares in issue	<b>1616085</b>	972197
Basic earnings per share (kobo)	<b>39.48</b>	41.91

#### 26 FINANCIAL COMMITMENTS

The Directors are of the opinion that all known commitments and liabilities which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these Financial Statements.

#### 27 CONTINGENT LIABILITIES

There is no material contingent liability other than in the normal course of business.

#### 28 POST BALANCE SHEET EVENTS

No event or transactions have occurred since the balance sheet date which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements in order to make them misleading as to the financial position or result of operations at the balance sheet date.

#### 29 RECLASSIFICATION OF BALANCES

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year in accordance with the statement of Accounting Standard (SAS) 2.

#### 30 APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Board of Directors on .....



## Subsidiaries

### PRESTIGE ASSURANCE PLC

#### INSURANCE REVENUE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2007

	2007 N'000	2006 N'000
<b>Accident</b>		
Amount of fund at beginning of year		
Provision for un-earned premiums	16126	13427
Provision for outstanding claims	39460	27853
Premiums less reinsurances	119675	92127
Commission received	104008	38671
	<u>279269</u>	<u>172078</u>
Commissions paid	53657	22192
Claims paid (net of recoveries)	55059	14762
Expenses of management	91952	40718
Profit/(loss) transferred to income statement	6276	38820
Amount of fund at end of year		
Provisions for un-earned premiums	34976	16126
Provisions for outstanding claims (net)	37349	39460
	<u>279269</u>	<u>172078</u>
<b>FIRE</b>		
Amount of fund at beginning of year		
Provision for un-earned premiums	33019	26624
Provision for outstanding claims	21080	42684
Premiums less reinsurances	495417	345458
Commissions received	146963	83420
	<u>696479</u>	<u>498186</u>
Commissions paid	118806	56866
Claims paid (net of recoveries)	(49275)	34305
Expenses of management	159838	113241
Profit transferred to income statement	366079	239672
Amount of fund at end of year		
Provision for un-earned premiums	42755	33019
Provision for outstanding claims (net)	58276	21080
	<u>696479</u>	<u>498183</u>
<b>WORKMEN COMPENSATION</b>		
Amount of fund at beginning of year		
Provision for un-earned premiums	45523	40508
Provision for outstanding claims	19571	9293
Premiums less reinsurances	119575	99312
Commissions received	-	760
	<u>184669</u>	<u>149873</u>



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## Subsidiaries

### PRESTIGE ASSURANCE PLC

#### INSURANCE REVENUE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2007

	2007	2006
	N°000	N°000
Commissions paid	9130	9709
Claims paid (net of recoveries)	23472	18275
Expenses of management	20151	18214
Profit/(Loss) transferred to income statement	104558	38581
Amount of fund at end of year		
Provision for un-earned premiums	12260	45523
Provision for outstanding claims (net)	15098	19571
	184669	149873
<b>MOTOR</b>		
Amount of fund at beginning of year		
Provision for un-earned premiums	39812	52259
Provision for outstanding claims	17289	12318
Premiums less reinsurances	239912	130116
Commissions received	-	20579
	297013	215272
Commissions paid	12375	16644
Claims paid (net of recoveries)	51475	16324
Expenses of management	40431	33586
Profit/(loss) transferred to income statement	117603	91618
Amount of fund at end of year		
Provisions for un-earned premiums	56714	39812
Provisions for outstanding claims (net)	18415	17289
	297013	215273
<b>MARINE AND AVIATION</b>		
Amount of fund at beginning of year		
Provision for un-earned premiums	23635	16817
Provision for outstanding claims	42526	27137
Premiums less reinsurances	206279	222590
Commissions received	61601	40184
	334041	306727
Commissions paid	44515	33287
Claims paid (net of recoveries)	42652	66344
Expenses of management	68615	65669
Profit transferred to income statement	110931	75266
Amount of fund at end of year		
Provision for un-earned premiums	29075	23635
Provision for outstanding claims (net)	38253	42526
	334041	306727



## Subsidiaries

**PRESTIGE ASSURANCE PLC**  
**UNDERWRITING MAINTENANCE EXPENSES IN RESPECT OF THE**  
**TOTAL INSURANCE BUSINESS FOR THE - YEAR ENDED 31ST DECEMBER 2007**

	2007	2006
	N'000	N'000
Salaries	228515	166420
Staff Gratuity & Pension	75364	19114
Travelling Expenses	20102	39685
Postage Telephones and Telegrams	8480	6892
Entertainment and Hotel Accommodation	23014	18252
Motor Vehicle Expenses	5273	6097
Conveyance Expenses	1928	2128
Industrial Training Fund	3184	1206
Staff Training	6460	5564
Medical	8668	6072
	<u>380988</u>	<u>271430</u>
Other Expenses of Management		
Directors' Fees	560	475
Audit Fees	2400	1750
Advertising	13645	6205
Printing and Stationery	5081	3547
Office Rent and Maintenance	11948	11964
Insurance Levy	13000	10000
Association's Fees and Subscriptions	19219	8273
Donations	5375	600
Residential Expenses	6619	6763
Insurance	4172	5439
Miscellaneous Expenses	1618	8034
Legal & Professional Charges	9844	7514
Directors Expenses	2610	1285
Stamp Duty and Filing Fees	170	25
Depreciation	350719	244751
Finance Charge	6117	3569
Exchange Loss	14214	1605
	<u>467311</u>	<u>321799</u>



INFORMATION REGARDING EMPLOYEES DRAWING A REMUNERATION OF RS.2400000 AND ABOVE FOR THE YEAR ENDED 31ST MARCH, 2008.”  
Information as per section 217(2A) of Companies Act 1956 for the year ended 31.03.2008.

NAME OF THE EMPLOYEES	SERVICE IN YRS	DESIGNATION	REMUNERATION	QUALIFICATION	DATE OF JOINING	AGE	LAST EMPLOYMENT HELD	PLACE
Y.OKUDA	37	GIFU SUB BM	2,927,861		3/1/1971	55		GIFU
KOTERAZAWA. M.	32	BR.MANAGER	3,225,290	B.Com.	15/3/76	54	N.A.	HIMEJI
MASUI Y HIROSHIMA	19	MANAGER	2,790,315		B.COM.	27/3/89		56 N.A.
SHIMODA N.	18	MANAGER.	2,598,309	HIGH SCHOOL	10/4/1989	55	N.A.	HIROSHIMA
TERAMOTO K.	35	BR.MANAGER.	2,799,484	B.COM	1/3/1973	60	N.A.	HIROSHIMA
RAVI RAJPUROHIT	31	MANAGER	2,898,148	B.SC,DBM,FIII”	3/1/1977	51	N.A.	HONGKONG
DR.G. VENKATAIAH	23	MANAGER	2,418,005	Bachelor of Vet.Sce., Bachelor of low,AIII”	8/7/1985	54	State Bk of Mysore	Rural Dev. Off.in KUWAI
GARDNER BROWN	43	BRANCH MANAGER	4,024,373	Chartered Insurer FCII	1/1/2002	61	Guardian Insurance	LONDON
A. GANESAN	24	MANAGER	4,194,308	M.Com, FIII,ACWA”	1984	47	Office of CAG India	LONDON
K.G. ARORA	36	C.E.O.	5,730,541	M.Com, CIP,FIII,ACI, FBMS, MBIM,CPCU”	1974	52	Indian Investment Centre Govt. of India	LONDON
N MACKENNEY	41	SR. U/W MANAGER.	4,856,192	ACII	1999	62	SUN ALLIANCE	LONDON
SABARATNASABAPATHY	31	CHIEF ACCOUNTANT	3,695,103	FCEA	1995	54	HENLEY INDUSTRIES.	LONDON
PANNA SHAH	30	ASST. ACCOUNTANT	2,715,510	BOOK KEEPING	1993	53	PSJ ALEXANDER & CO	LONDON
DR. BALLA SWAMY	23	MANAGER	2,465,944	B.V.Sc.,AIII”	22/4/85	48	N.A.	MANILA



INFORMATION REGARDING EMPLOYEES DRAWING A REMUNERATION OF RS.2400000 AND ABOVE FOR THE YEAR ENDED 31ST MARCH, 2008.”  
 Information as per section 217(2A) of Companies Act 1956 for the year ended 31.03.2008.

NAME OF THE EMPLOYEES	SERVICE IN YRS	DESIGNATION	REMUNERATION	QUALIFICATION	DATE OF JOINING	AGE	LAST EMPLOYMENT HELD	PLACE
Y.OKUDA	37	GIFU SUB BM	2,927,861		3/1/1971	55		
K. ITO	4	DY.BM	2,609,027	B.COM	16/4/2003	54	Saison	NAGOYA
T. KANAMORI	3	ASTT. MANAGER	2,589,843	B.COM	13/1/2005	51	Generali	NAGOYA
IWATANI K.	28	B.M.	2,700,828	B.COM.	1/4/1984	53	N.A.	OKAYAMA
YOSHIMARA S.	28	GEN. MANAGER	2,627,044	B.Com.	1/8/1979	54	N.A.	OKAYAMA
O.TAKASE	16	DEPUTY B.MANAGER	3,162,883	B.COM	1/10/1991	52	N.A.	OSAKA
T. KAWAI	1	DEPUTY B.MANAGER	2,775,151	B.COM	1/4/2007	57	N.A.	OSAKA
KATO S.	29	DY.BM	2,942,620	B.A.	1/4/1978	55	N.A.	SAPORO
NISHIKIMI Y.	2	GEN. MANAGER	2,554,487		1/3/2006	62	Sanpo	SAPORO
SASAOKA H.	28	MANAGER	2,601,153	GRADUATE	1/4/1979	50	N.A.	SAPORO
SUJAY BANARJI	26	MANAGERFORAUSTRALIA	5,211,085	M.A., AllI”	1/6/1982	50	N.A.	SYDNEY
ABE M.	29	GEN. MANAGER	3,529,942	B,COM.”	13/2/79	52	N.A	TOKYO
MEKAWA H	7	MANAGER	2,519,821	B.COM.	4/9/2000	48	Nittan Capital Group	TOKYO
NAMIKI K.	34	SECRETARY	3,124,323	B.A.	25/2/74	54	N.A.	TOKYO
T. SHIRAKURA	3	Dy. CEO	4,675,914	B.Com	1/2/2005	58	Tokio Marine	TOKYO
K. TAMARU	2	ACTURY	3,740,577	B.COM	1/4/2006	53	Nippon Koa	TOKYO
S. MIURA	-1	GEN.MANAGER	2,741,756	B.COM	1/7/2006	59	Tokio Marine	